Kotter's Theory Of Organizational Change Management

The organizations need to change over a period of time and the successful business may not be successful at all times unless they transform the operating model. The top companies in the fortune 500 may not able to sustain on the board if they don't transform their way of operations. The digital transformation is drastically impacting the global business operations and the organizations must transform to meet the customer demands (Lewis, 2018). Organizations must diversify the approach to support the organizational changes and leaders must play an important role in driving the change. The organizations that fail to change may not sustain for a longer time and many examples have driven the change to be successful. Some organizations failed to change and have to go for bankruptcy. Blockbuster is one of the organizations that failed to change and has to close its business operations. Kotter’s approach is a good method of driving the change in the organization and the implementation of this change management would have helped Blockbuster to sustain in the business (Kotter, 1995).

Organizational Change Management

Change management is necessary for organizations and many organizations change at the right time and get successful. But, some organizations may not adapt to the changes and end up in s disaster. The organizations can sustain only if the change happens at the right time and the leaders play a very important role in driving the change as change agents. Organizational change requires people's mindset change and this is a journey that cannot happen overnight. The change is a continuous process of improvement and everyone in the organization plays an important role in supporting change management (Burke, 2017). Organizational change is a multi-dimensional change and this requires a change from people, processes, and technology. The people are the key foundation for driving the change and processes help people to collaboratively work as a team to drive value for the organization. The process itself does not bring the change but requires strong support from technology that drives the digital transformation (Rouse, 2009).

Failed Organizational Change - Blockbuster

The best example of failed organizational change is Blockbuster. Blockbuster LLC is an American-based video rental service that rents videos, DVDs, games, mail DVD services, and cinema theaters. The company was founded in the year 1985 and was at its peak in 2004 with 84, 300 people and 9,094 stores. The company went into bankruptcy in 2010 and has to close its operations. In 2000, Netflix offered to sell their company for US$ 50 million, but the Blockbuster CEO doesn’t want to buy the niche business. In 2017, Netflix is 103.95 million subscribers with US$8.8 billion in revenue. There are drawbacks to the organization concerning internal and external areas. This impacted the organizations a lot and could not able to sustain in the market because of failing to change at the right time. The change at the right time would have helped blockbuster to sustain itself in the market (Satell, 2014).

The company business model has weaknesses in which the revenue is made from overcharging customers for late fees and Netflix was giving at a subscription model without late fees. The Netflix disruptive innovation triggered Blockbuster to change its business model, but Blockbuster

failed to adopt niche business practices. Even though the Netflix model is not rightly accepted by people due to the lack of physical stores, but slowly adopted the mail services. Blockbuster failed to succeed with the online services and this resulted in a $200 million loss. The dropping of late fees also caused a $200 million decrease in profits. Blockbuster failed because of different reasons, but leadership plays a very important role in its failure. The organizational change at the right time by the leadership would have helped Blockbuster to sustain itself in the market (Satell, 2014).

Successful Organizational Change

The organizational change models would have helped the organization to meet the market demands and changing business needs. The organizational change models like Lewin's change management model, McKinsey's 7-S model, Kotter's theory, Nudge theory, and Kübler-Ross's change curve provide a structured approach to drive organizational change. Kotter's theory provides a step-by-step approach to driving the change in the organization. Kotter defined eight steps for organizational transformation. They are establishing a sense of urgency; forming a powerful guiding coalition; creating a vision; communicating the vision; empowering others to act on the vision; planning for and creating short-term wins; consolidating improvements and producing still more change, and institutionalizing new approaches. These eight steps help the organization to drive the change and many organizations adopt this model to change. The organizational change management approach should look into the facts before driving the change and this eight-step model provides a stepwise approach for organizational change (Kotter, 1995).

Implementation of Kotter's Theory for Blockbuster

Establish a Sense of Urgency. In this step, the organization needs to identify the market and its competitive realities that can be a threat to the organization. Netflix was the budding competitor that was ignored by Blockbuster. The start-up strategies would have been analyzed and understood the market disruptive methods and identify y the opportunities to grow. The potential crisis would have been determined and would have taken over Netflix when there was an offer from Netflix company. Blockbuster leadership would have acquired Netflix when there was an opportunity, and this would have minimized the impact of a potential crisis (Kotter, 1995).

Forming a Powerful Guiding Coalition. Blockbuster would require a strong team to drive the change and this group is made from the people. The organization needs to form a team or group from the workforce who understand both the internal and external environment. This team understands a definitive approach to drive the change concerning people, processes, and technology. The power to lead the change is required for the organization to drive the change and change is a collective approach rather than individual effort (Kotter, 1995).

Creating a vision. The vision is required for the change and the creation of vision helps the organization to direct the change effort. Blockbuster would have created a vision and this vision requires strategic goals that need to be accomplished over a period of time. These strategies need to align both from internal and external environments. The strategies like the no late fees charge approach, online video model, and other disruptive approaches would have thought through. The Netflix model of not having a brick and motor store was identified as an unsustainable model, but the same model was slowly accepted by the people. Netflix had taken

the Blockbuster share with a subscription model and mail service. Blockbuster would have implemented these models as s strategic initiatives (Kotter, 1995).

Communicate the Vision. The vision is one of the important things that must be communicated to the people. The people should understand the vision and leaders must communicate the vision by using all means of communication. The vision and strategies were clearly defined and people should understand the goals of change. The change cannot be driven without clear communication and new behaviors must be cultivated to drive the change. The vision must be communicated to the people with different examples and leaders play an important role in communicating the vision (Kotter, 1995).

Empowering others to Act on the Vision. The change requires the empowerment of people and there are different barriers to the vision. The people must be trained in new technologies and strategies to reach the new vision. The people need to upgrade their skills to support the new vision. Disruptive innovation requires technology transformation and people need to drive the change. Risk-taking ideas need to be encouraged and people need to get confidence in achieving the strategic goals (Kotter, 1995).

Planning for and Creating Short-term wins. Blockbuster must pan for the visible performance improvement that can be appreciated by the organization. Every step requires an area of improvement that would help the organization to mee the organization's goals to changing dynamic markets. The shorter wins provide a sense of confidence for the people to drive the change. The recognition, awards, rewards, and application help Blockbuster to give equal participation to everyone in change management (Kotter, 1995).

Consolidating Improvements and Producing Still More Change. The change is continuous improvement and this requires sustainable change management. The structured approach and policies help the organization to determine the change systems, their structures, and policies. The change should be driven by the new projects and their approaches. Blockbuster would have taken the practices in new approaches like online platforms, video-on-demand, and other strategic projects (Kotter, 1995).

Institutionalizing New Approaches. The cultivation of new behaviors helps the organization to drive a consistent transformation. The culture of change is driven by a sense of urgency and this process is continuous and helps the organization to sustain. Organizational change is important for the organization and Blockbuster must drive the culture that is sustainable for the changing demands of the customers and drive value (Kotter, 1995).

Conclusion

Kotter’s theory is an efficient model in driving the change in the organization. The failing organization can use this model to overcome the impact of the market forces. The change is from the internal environment that is influenced by the external environment. The organizational change at the right time would have helped Blockbuster to sustain itself in the market. Leading change is important and leaders are the change agents to drive the change. The opportunities must be captured to sustain the changing business needs