



Discussion Paper:

Definitions and Distinctions between Change and Transformation

Key words: transformation, change, organisation, approaches, definitions

Abstract:

An organisation's ability to adapt to a constantly shifting environment is critical to its survival. A lack of clarity currently exists around the differences between 'change' and 'transformation', and how to manage them.

What is the difference, and why is this important to your organisation?

This discussion paper offers definitions and a model for organisations to approach change and transformation in an unpredictable landscape.

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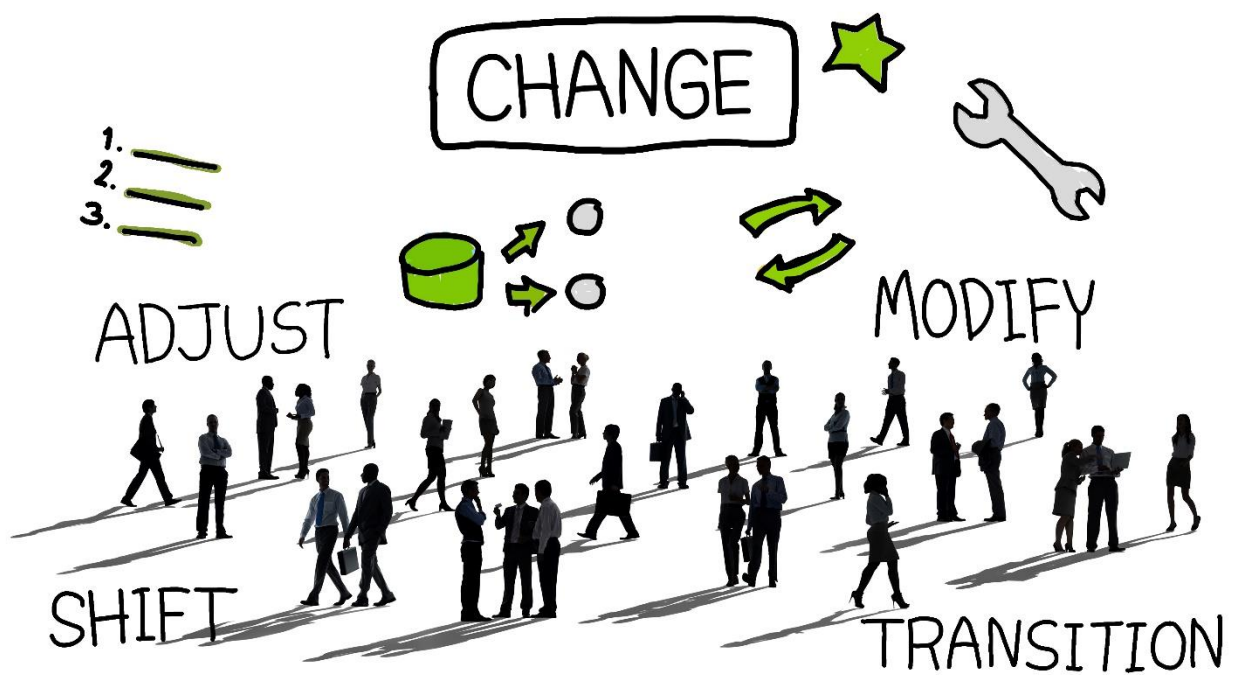
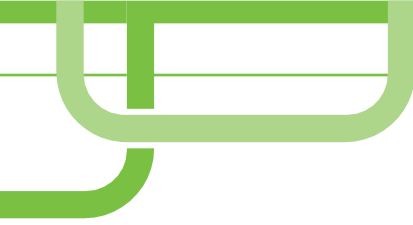
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Contents

Introduction	4
Assumptions of this research:	4
Definitions - Oxford Dictionary	5
Literature review	5
Survey overview	6
Definitions and Scorecard for Change / Transformation	7
Applying the framework	8
National postage service	8
Mining industry insurance and health and safety provider	9
National dairy company	10
Unsuccessful transformation	11
Kodak.....	11
Discussion Paper Summary	12
Glossary of Terms	13
References	15
Further reading	15

Introduction

The intersection of organisational change and transformation is attracting interest from both practitioners and academics because, in a rapidly evolving environment, an organisation's ability to develop and adapt is critical to its survival. Much of the current research and rhetoric on transformation and change has focused on project management and change, and has paid little if any attention to establishing a commonly accepted definition for transformation as distinct from change. The research that exists is contradictory and inconsistent. Recognising this gap, Asq Projects has initiated cross industry research to find out more about current organisational understanding of these concepts and practices.

Our initial research revealed that inconsistencies are rife in the understanding of change and transformation at organisational, practitioner and academic levels. Some believe the terms are essentially interchangeable, or that transformation is simply large change. Nevertheless, there is a growing recognition that transformation is more than just 'big change'; and that the two are qualitatively different, with characteristics that require very specific management challenges, skills and approaches.

This paper presents the results of an initial, limited study undertaken to identify the extent to which the definitions of change and transformation differ, and offers its own definitions for further discussion. If we accept that change and transformation are different, why is it important? And how does management of each differ? We invite commentary, and the results of this debate will provide useful insights for both organisations and practitioners interested in developing their capability in a constantly shifting landscape.

Assumptions of this research:

- that developing clear definitions for and understanding of the distinction between the terms 'change' and 'transformation' will allow these fields to be understood and managed more successfully
- that theory and practice in the fields of organisational change and transformation will benefit from enhanced understanding and development of the relationship between the disciplines
- that enhanced understanding of the activities, underpinning knowledge and skills required to effectively manage organisational and behavioural change and transformation will be of value to project, change, organisational development and general management.

A useful adjacent space providing context for this important investigation is the research currently undertaken on complex projects; the relationship between transformation and change is similar to that between complex projects and projects. Complexity research can be viewed at the International Centre for Complex Project Management at <https://iccpm.com>.



Definitions - Oxford Dictionary

- Transform - Verb - Make a marked change in the form, nature, or appearance of.
- Transform - Noun - The product of a transformation.
- Change - Verb - Make or become different.
- Change - Noun - An act or process through which something becomes different.

Literature review

We performed an explorative literature review, and found considerable attention devoted over the last 20 years to discussing change and transformation. However, it is clear that the literature does not agree on a definition of transformation, or offer a clear explanation of how it differs from change.

In an early article, John Kotter, seminal author on change and transformation, explores the conditions necessary for successful change and transformation in, 'Leading Change: Why Transformation Efforts Fail' (1995). Kotter identifies many of the criteria our own research has recognised as crucial for transformation, particularly strong leadership at executive level and vision. He frames the unpredictable nature of transformation as 'usually a bit blurry, at least initially', aligning with our own findings. Nevertheless, he uses the terms change and transformation interchangeably, and offers no clear definitions for either.

Later evidence of this lack of consensus in literature is where, only a year apart, Hill & Jones (2001) define change the same way Appelbaun & Wohl (2000) define transformation.

Change is defined as "the movement of a company away from its present state toward some desired future state..." (Hill & Jones, 2001, p. 486)

"...transformation where there is a *bona fide* metamorphosis (the organizational equivalent of caterpillar to butterfly). Transformation in contrast to change is not about improving on what is, but creating what is not." (Appelbaun & Wohl, 2000, p. 281).

In the early 2000s a small number of authors began to offer more distinct definitions for change and transformation. Moran and Brightman (2001) define change as 'the process of continually renewing an organization's direction, structure, and capabilities to serve the ever-changing needs of external and internal customers'. Anderson and Anderson (2001) define transformation as 'the radical shift from one state of being to another, so significant that it requires a shift of culture, behaviour, and mindset to implement successfully and sustain over time. In other words, transformation demands a shift in human awareness that completely alters the way the organization and its people see the world, their customers, their work, and themselves.'

Nevertheless, ambiguity in the literature is apparent to the present day, where PMI offers a definition of high level change that is very close to others' definition of transformation. According to PMI's Managing Change in Organisations (2013), third-order change 'modifies the founding principles of the organisation' and is 'irreversible' (Casey, 2000).

A surprising number of recent sources describe transformation as essentially 'big change'. The Harvard Business Review article 'Two Routes to Resilience' (Gilbert et al, 2012) defines transformation as 'making a clean break from the past and turning your firm into something entirely new'. However the article then offers case studies exemplifying some of the tenets of large scale change rather than transformation, calling them Transformation A (solidifying core business) and Transformation B (a disruptive business added on to the core business), in



Barnes & Noble's expansion into ebooks, Xerox's development of online document management, and a newspaper's introduction of online publishing.

This absence of clear definitions for transformation and change has remained largely unexamined until 2015 when Ron Ashkenas in the Harvard Business Review describes transformation in ways that align closely with our own research in 'We Still Don't Know the Difference Between Change and Transformation':

'Unlike change management, (transformation) doesn't focus on a few discrete, well-defined shifts, but rather on a portfolio of initiatives, which are interdependent or intersecting. More importantly, the overall goal of transformation is not just to execute a defined change - but to reinvent the organization and discover a new or revised business model based on a vision for the future. It's much more unpredictable, iterative, and experimental.'

Recognising the need to develop transformational leadership competencies and capabilities such as 'dynamic coordination of resources, stronger collaboration across boundaries, and communication in the midst of uncertainty', Ashkenas acknowledges an opportunity for further research.

In 2017, Allen, Root and Schwedel contribute to the literature in 'The Firm of the Future', introducing the concept of two engines demanding different approaches where Engine 1 utilises discipline, repeatability and small continuous improvements, and Engine 2ⁱ is characterised by agility, creativity and leaps into the unknown. Their assertion that organisations will 'use Engine 2s not just as sources of new growth but as vehicles to *transform* their companies into firms of the future' adds significantly to the debate.

Our examination of the literature on change and transformation suggests that organisations will need to look beyond current practice to develop expertise that will underpin effective performance. It is evident that a significant gap in knowledge in this space still exists. Our research strives to address this gap.

Survey overview

In an effort to measure current understanding of the concepts of change and transformation, Asq surveyed a number of people involved in the fields of transformation and change at practitioner, consultant, academic, and executive levels. Participants completed a multi choice survey and a written commentary.

In the multi choice survey, all survey participants agreed that change and transformation are fundamentally different. In the written section, however, some participants offered almost identical definitions for change and transformation. This parallels the dissonance we found in academic literature, and indicates the absence of a common definition.

Definitions and Scorecard for Change / Transformation

A series of workshops were conducted with a small panel of industry practitioners and academics to develop the framework. We identified several critical criteria for transformation as distinct from change. Our intent is to examine questions that arose from that discussion, supporting a conversation around what these criteria are and how the fields of change and transformation are related to them.

These criteria emerged as distinct indicators for change and/or transformation:

TABLE 1

Quality	Change	Transformation
Predictability	From known state to known state	Unpredictable – may not know what it looks like when it's done
Reversibility	Can be reversed; includes back-out plan	Cannot be reversed; you don't plan to reverse
Values	Unchanged	Changed
Extent	Discrete Structure	Whole of organisation
Initiative	Tactical	Strategic
Responsibility	Delegated by highest authority	Owned by highest authority
Intentionality	Execution	Vision
Process	Improvement	Destabilisation, disruption and uncertainty
Driven by	Adaptation	Crisis or inflection point
Timeline	Highly defined	Impossible to define

Please refer to our Glossary of Terms on page 15 for a better understanding of the terms and how we are using them

Applying the framework

We assessed the following organisations through our scorecard model.

National postage service

In the decades leading to the last 5 years this organisation struggled to survive in an age when email and other electronic forms of communication replaced letters and other physical forms of communication, combined with the rise and rise of courier services and specialised point to point delivery.

Its leadership was charged with finding a path for the business to survive or die. They needed to develop a model that would be profitable and attractive to customers, something that was very unclear and fraught with risks and possible failure.

What emerged was a clear strategy but unclear results; only now are we seeing the returns and confirmation that the strategy was successful. The organisation is competitive and profitable where previously its future was considered very uncertain.

Is this transformation or just change on a business wide scale?

TABLE 2

Quality	Description	Choice	Assessment commentary
Predictability	Change: From known state to known state	Transformation	Unpredictable
	Transformation: Unpredictable – may not know what it looks like when it's done		
Reversibility	Change: Can be reversed includes back-out plan	Transformation	Unpredictable
	Transformation: Cannot be reversed; you don't plan to reverse		
Values	Change: Unchanged	Transformation	Changed – refocused on value and profit
	Transformation: Changed		
Extent	Change: Discrete structure	Transformation	Whole of organisation
	Transformation: Whole of organisation		
Initiative	Change: Tactical	Transformation	Strategic
	Transformation: Strategic		
Responsibility	Change: Delegated by highest authority	Transformation	Owned by highest authority
	Transformation: Owned by highest authority		
Intentionality	Change: Execution	Transformation	Vision
	Transformation: Vision		
Process	Change: Improvement	Transformation	Involves destabilisation, disruption and uncertainty
	Transformation: Destabilisation, disruption and uncertainty		
Driven by	Change: Adaptation	Both	Driven by both adaptation and crisis / inflection point
	Transformation: Crisis or inflection point		
Timeline	Change: Highly defined	None	We have no information about any timelines
	Transformation: Impossible to define		

Is this transformation? According to our criteria, definitely.

Mining industry insurance and health and safety provider

This organisation provides insurance and health and safety solutions to the mining industry working as a monopoly, with a paper based model. The organisation anticipated a possible change in legislation where mining organisations may move to other providers.

- The metamorphosis touched employees, employers, health providers (doctors, physios), and its intent to provide a centralised case management tool
- Their current offering was overpriced with high overheads, and highly siloed.
- The inflection point was perceived – the risk of a deregulated market
- Significant resistance existed, with an average employee tenure of 20 years.
- The intent was to do a better job for the customers. Externally the service offering was the same, but more efficient. Internally driven by competition. If completed, there would be reduced staff, new tools, different skills.
- The organisation was changing its values, strategically reviewing their positioning. Previously valued its siloed skills - each silo had a different expertise. No customer centric values because of monopoly, but values around safety, reliability, injured worker rehabilitation.

TABLE 3

Quality	Description	Choice	Assessment commentary
Predictability	Change: From known state to known state	Transformation	Unpredictable
	Transformation: Unpredictable – may not know what it looks like when it's done		
Reversibility	Change: Can be reversed includes back-out plan	Transformation	Cannot be reversed
	Transformation: Cannot be reversed; you don't plan to reverse		
Values	Change: Unchanged	Transformation	Changed
	Transformation: Changed		
Extent	Change: Discrete structure	Transformation	Whole of organisation
	Transformation: Whole of organisation		
Initiative	Change: Tactical	Transformation	Strategic
	Transformation: Strategic		
Responsibility	Change: Delegated by highest authority	Change	Delegated – led by GMs and change team
	Transformation: Owned by highest authority		
Intentionality	Change: Execution	Transformation	Vision
	Transformation: Vision		
Process	Change: Improvement	Transformation	Involves destabilisation, disruption and uncertainty
	Transformation: Destabilisation, disruption and uncertainty		
Driven by	Change: Adaptation	Transformation	Crisis, inflection point
	Transformation: Crisis or inflection point		
Timeline	Change: Highly defined	Transformation	Only partially defined – did not fully consider people change
	Transformation: Impossible to define		

All are present except for leadership. Is this transformation? Yes.

National dairy company

A national company manufacturing a range of dairy products was bought by an overseas company, who wanted to introduce SAP within 24 months. This was not led by an external force, but a desire to increase efficiency - a standard organisational approach.

- › Intent was to reduce costs, standardise reporting; predictable, specific, achievable deliverables.
- › Big change contributes to a larger strategy, impacting many through upskilling, cross skilling and staff reduction. However, only a small part of the organisation is impacted, ie sales, warehouse and distribution. Replacing disparate systems with an integrated system.
- › No change in values and vision.

TABLE 4

Quality	Description	Choice	Assessment commentary
Predictability	Change: From known state to known state	Change	From known state to known state
	Transformation: Unpredictable – may not know what it looks like when it's done		
Reversibility	Change: Can be reversed includes back-out plan	Change	Can be reversed
	Transformation: Cannot be reversed; you don't plan to reverse		
Values	Change: Unchanged	Change	Unchanged
	Transformation: Changed		
Extent	Change: Discrete structure	Transformation	Whole of organisation
	Transformation: Whole of organisation		
Initiative	Change: Tactical	Transformation	Strategic
	Transformation: Strategic		
Responsibility	Change: Delegated by highest authority	Change	Delegated
	Transformation: Owned by highest authority		
Intentionality	Change: Execution	Change	Execution
	Transformation: Vision		
Process	Change: Improvement	Change	Improvement
	Transformation: Destabilisation, disruption and uncertainty		
Driven by	Change: Adaptation	Change	Adaption
	Transformation: Crisis or inflection point		
Timeline	Change: Highly defined	Unknown	
	Transformation: Impossible to define		

More points are present in change than transformation. Is this big change rather than transformation? Yes.

Unsuccessful transformation

Kodak

Kodak is an American technology company with a historic basis in photography, providing packaging, functional printing, graphic communications and professional services to businesses around the world. It held a dominant position throughout the 20th century and began to struggle in the 1990s as a result of the decline in sales of photographic film and Kodak's slowness in transitioning to digital photography. It filed for bankruptcy in 2012, and emerged from it in 2013. What happened?

TABLE 5

Quality	Description	Choice	Assessment commentary
Predictability	Change: From known state to known state	Change	From known state to known state
	Transformation: Unpredictable – may not know what it looks like when it's done		
Reversibility	Change: Can be reversed includes back-out plan	Change	Can be reversed
	Transformation: Cannot be reversed; you don't plan to reverse		
Values	Change: Unchanged	Change	Unchanged – their focus was making the business fit the old model
	Transformation: Changed		
Extent	Change: Discrete structure	Change	Discrete
	Transformation: Whole of organisation		
Initiative	Change: Tactical	Change	Tactical
	Transformation: Strategic		
Responsibility	Change: Delegated by highest authority	Transformation	Owned by highest authority
	Transformation: Owned by highest authority		
Intentionality	Change: Execution	Change	Execution
	Transformation: Vision		
Process	Change: Improvement	Change	Improvement, although destabilisation and disruption were necessary to survive
	Transformation: Destabilisation, disruption and uncertainty		
Driven by	Change: Adaptation	Change	Adaptation, rather than responding to a clear crisis / inflection point
	Transformation: Crisis or inflection point		
Timeline	Change: Highly defined	Transformation	Undefined
	Transformation: Impossible to define		

Did Kodak implement big change, when it should have transformed?

Although their intent was strategic transformation, Kodak's approach was tactical rather than strategic. The cause of its collapse was by not taking a strategic, holistic view of a developing industry, and by ignoring how progress of the other components of the industry's ecosystem would render Kodak's tactical goals obsolete.

- Kodak was aware of the shift away from photographic film, but initially ignored it. Kodak's client base was conservative and not likely to move quickly to new technologies, allowing Kodak time to consider their position.
 - They remained primarily focused on photography. Initially this approach was successful:
- Successfully invested in digital imaging in 2001 with EasyShare and Ofoto.
- Successfully becoming no. 4 in the printer inkjet market in 2010.
 - However, Kodak didn't anticipate industry developments beyond this; they missed the evolution of smart phones and social media and their impact.
 - While investigating some new areas, Kodak focused on defending the existing business model instead of creating a new one, they committed resources in large lump sums rather than staged investments, and they tightened the existing organisation's authority instead of giving the new venture autonomy.
 - Successful organisations ensured each step was proven before committing to the next level rather than responding too quickly and putting all their eggs in one basket.
 - Ultimately, Kodak framed the disruptive technology primarily as a threat. Organisations who responded successfully to the disruption saw it as both threat and opportunity. They treated the disruptive innovation as a threat when allocating resources, and responded to new markets as an opportunity.

Discussion Paper Summary

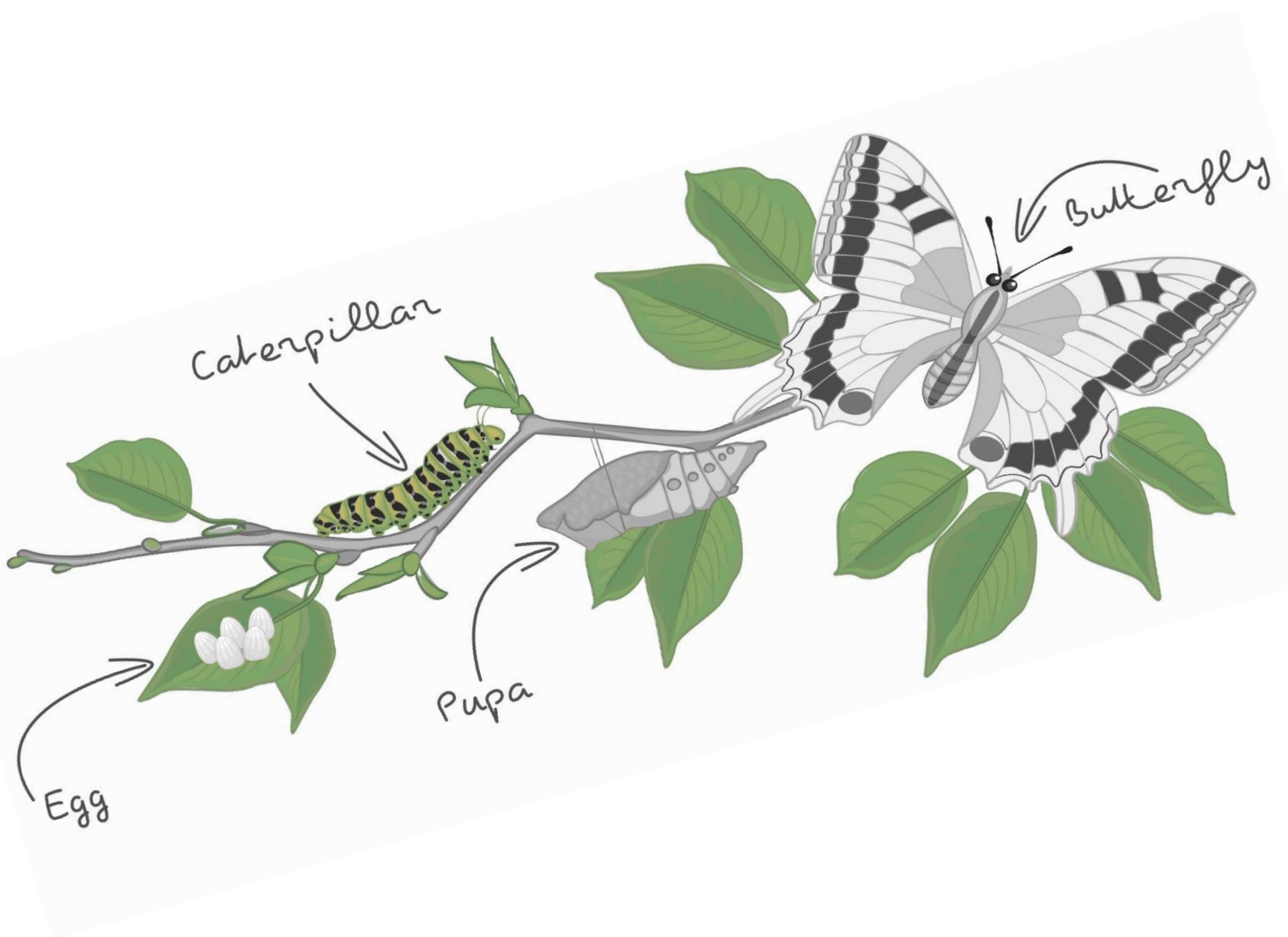
Questions for discussion:

- Are all these criteria necessary for change and transformation?
- Are some of the criteria present in both change and transformation?
- For those criteria present in both change and transformation, is the difference a matter of degree?
- Must all of these criteria be present for transformation to occur?
- Are some more important than others?
- Do they need to occur individually or as a subset for transformation to occur?
- Who manages transformation, and does that differ from change?
- What skills and capabilities are required to manage each? Qualifications / certifications?
- Success and failure:
- How do you know when transformation is successful?
- If transformation fails, why didn't it work? Was it execution, intent or other factors?

How can you contribute?

We welcome further questions and invite discussion of any additional academic and other papers we may have missed, just visit:

<https://www.surveymonkey.com/r/changeandtransformationdiscussionpaper>



Glossary of Terms

Predictability: the extent to which the end result of the endeavour can be anticipated. The end result of change can be planned for and defined. Transformation is uncertain and variable; its end result cannot be foreseen or predicted.

Reversibility: the extent to which the organisation can be returned to its original state and survive. Change can be unwound and returned to its original state. Transformation cannot be unwound without the organisation dying; 'the tree cannot be returned to the acorn'.

Values: value is used here as both a noun and a verb; a statement about what the organisational culture holds as its core values, and what it defines as important. What organisations value is reflected in what they measure; if what is measured alters, then the organisation is transforming. Values are impacted by transformation, but not by change. However, if core values remain the same, transformation is still possible.

Extent: the degree and magnitude to which the organisation is impacted by the endeavour. Change impacts discrete sections of the business; transformation impacts the entire organisation.

Initiative: the approach and scope of the endeavour. Change is tactical, planned, specific and localised. Transformation is strategic, essential and fundamental.

Responsibility: the level of seniority driving the endeavour. Transformation requires the highest level of leadership in order to achieve executive buy-in and deliver full transformation. The leader needs to have the authority to drive the transformation; change can be led at less senior levels.

Intentionality: whether the metamorphosis occurs at the level of its overarching vision, or its facilitation and execution. A useful analogy is Michelangelo's statue of David; change involves the tools that carve the statue, while transformation is the vision that drives it.

Process: the means by which the metamorphosis is effected. Change involves an improvement in process; transformation requires organisational disruption, a re-ordering and destabilising of processes and values.

Driven by: the impetus for the endeavour. Change is an incremental adjustment to conditions, but transformation is qualitatively different in that it is driven by a crisis or inflection point, either internally or in response to its environment.

Timeline: the temporal distinction between change and transformation is not in the length of time it takes to execute them, but in the extent to which their timelines can be predicted. Change has a definable, anticipated timeline, whereas transformational timelines are much less certain.

Survival: many survey participants and academics define survival as a crucial driver of transformation, but not of change. However, after consideration of multiple case studies and examples, we agreed that survival is as critical a driver of change as it is of transformation.

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Further reading

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