Leaders Who Create Change and Those Who Manage It
How Leaders Limit Success

John G. Bruhn, PhD

There is no formula for either leading or managing change. Every organization and leader is unique. Leading change, however, is more art than science. Managing change is more science than art. Leading change is not simply a matter of a leader’s style or personality; it is a leader’s philosophy of how to generate and mobilize the total resources of an organization to enable it to be its best. Managing change, on the other hand, is focused on maintaining stability in an organization and containing the effects of unwanted and unexpected change. Leaders set the limits of success in their organizations by how they manage change. The different approaches of 2 leaders who have created change to correct problems in our health care delivery system are discussed. Key words: leadership and change, leadership and organizational success, leadership philosophy and change, organizational change

ONE OF THE most common and potentially divisive topics in work organizations centers on change. There are people who think their work organization is too changeable, while others think their organization is too complacent. Change happens while we talk about it. Some change we create; some change is created by other people and events. Change produces more change.

Change is considered good when it has beneficial effects. When change threatens our position or security, we see it as destructive and unnecessary. Drucker1 said some people think that change, like death and taxes, should be postponed as long as possible and no change would be preferable. Change, to many people, means that they must live with the consequences of actions and events they had no input into and over which they have no control.

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Therefore, it is not surprising that we are better critics of change than leaders and managers of it. Some organizational leaders are visionaries in creating change and become experts in “growing” their organization. They create and lead change. Other leaders see change as an intrusion and try to minimize its effects on their organization. These leaders manage change.

In our society, we consider leaders as role models who keep their eye on their organizations’ missions while they adapt their products and services to changing market needs and maintain a forward momentum. These proactive leaders have the ability to lead change, manage its effects, and anticipate and plan for the opportunities and constraints of new waves of change. On the other hand, leaders who react to change in their organizations by containing or controlling its effects can easily become overwhelmed with putting out fires created by changes they did not make or want. The rapidity of change and its compounding effects can result in burned out and disillusioned leaders and organizations.

Change is an integral part of the life cycle of organizations. Consequently, it is advantageous for leaders to be historians of change.
in their organizations, learning about positive outcomes and barriers to previous change. Change is rarely a solitary event; we continuously experience the multiple effects of previous change, which in turn influences our receptivity to present and future change.

There is no formula for either leading or managing change. Every organization and leader is unique. Leading change, however, is more art than science. Managing change is more science than art. Change is not an entity to be conquered, out-witted, or prevented. It is an ongoing process that is never completed.

The purposes of this article are to (1) identify characteristics that differentiate change leaders from change managers, (2) examine the evidence that leaders of change create more successful change than managers of change, and (3) suggest that screening criteria for new members of organizations include their attitudes toward change and their ability to cope with it to insure greater compatibility with the organization they wish to join.

LEADING AND MANAGING CHANGE: TWO SIDES OF THE SAME COIN

Leaders who lead change and those who manage it have the same objective (i.e., to achieve organizational goals). However, they differ in their approaches to reaching these goals in at least 6 ways (Table 1).

First, leaders of change believe that members of their organizations are their greatest asset. Drucker suggested that too often employees of an organization are treated as liabilities. They are seen as part of the problem but not part of the solution. Managers of change tend to see people in the organization as obstacles to change, while creative leaders see tradition and bureaucracy as the biggest obstacles.

All changes in organizations touch people’s values. Members evaluate the goodness of change by whether it threatens or supports their values. Leaders in organizations who have been effective in targeting positive change have a strategy for touching people’s values. These leaders also encourage participation by all organizational members in planning changes with acceptable outcomes. On the other hand, managers of change see the planning and implementation of change as a responsibility of the chief executive officer. Such an approach ignores the importance of value transactions between members of an organization. The values of members are as important as the values of the leaders. The core idea of successful change leadership is to tie the value fulfillment of all members of the organization to desired goals. When people’s values get

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<td>1. Believe that members are the organization’s greatest asset</td>
<td>1. Believe that people are the major source of problems</td>
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<td>2. Protect the organization’s culture while creating change</td>
<td>2. Focus on problem-solving; culture should be considered a given</td>
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<td>3. Implement change incrementally but present the complete plan for change up-front to the total organization</td>
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attention, they are more likely to listen; if their knowledge and skills are sought out and used, and if they can reconcile any imbalance between costs and benefits of change for themselves, they are more likely to support it.

Second, change leaders protect the culture of the organization while creating change. Culture is the embodiment of the values of the organization; an organization’s culture is what makes it unique. Culture is what leaders and members buy into when they join an organization. Therefore, it is rare that leaders attempt to make changes in their organization’s culture. A major cultural change would be a merger or take-over, where the aggressor culture is dominant. Usually, organizations merge for financial reasons, and leaders mistakenly think that cultures blend as easily as finances. The reason many mergers fail is because the cultures were not able to integrate fully.

Leaders of change insure that their organization’s culture and mission remain intact and are continuously reinforced during organizational change. The culture and mission are the north stars of organizations and provide stability and security to members who want reassurance that the purpose and values of the organization they joined have not changed. Managers of change, on the other hand, take culture and mission for granted. The reason members often do not understand change is because leaders do not explicitly link it to the organization’s mission and culture. Leaders who lead change are more likely to explain the “whys” of change, whereas leaders who manage change are more concerned with the “hows” of change. If members of organizations are to be full partners in the change process, they need to have explanations of both the “whys” and the “hows.”

Third, leaders of change implement change incrementally but present the entire plan for change up-front to the total organization. Change leaders do not harbor secrets about their desired goals of change or how they will be implemented. If members understand the rationale for change, they are more likely to accept it, support it, help facilitate it, and trust their leaders’ statements about its positive and negative effects. Managers of change, on the other hand, are usually more protective of information, because if their management strategies include eliminating positions or firing people, they do not want to reveal this in advance.

The key to presenting a complete change plan to all members of an organization requires trust between the leader and the rest of the organization. Trust takes time to develop. One way to develop trust is for leaders to be open, honest, and model the behaviors they expect of others. Some long-term members of the organization may distrust the culture, having been negatively impacted by change created by previous leaders. Members must experience a trusting culture before they can trust a leader. Leaders of change often inherit significant baggage about an organization’s previous experiences with change. They have to deal with this baggage before they can create significant new change.

Leaders of creative change do not conduct change activities any differently than how they conduct themselves in general. They believe they have a moral obligation to involve the entire organization in planning its destiny. These leaders have learned that communication is key to trust. When they have established credibility, members will listen and participate. They may not always agree with the leader’s plan, but when given a voice, choices, and opportunities to participate, members will respond. Sometimes, however, exiting an organization is the best option for members who perceive that personal risks and penalties outweigh their job security and rewards.

Leaders who create and lead change have a fourth characteristic that distinguishes them from managers of change. They assume responsibility for the organization’s plan of change and nurture and guide its implementation but delegate the details. It takes a confident leader to share a plan of change and delegate its implementation to others. No leader alone can make an organization successful. It takes an entire
organization to make a plan a reality. Leaders of change limit their involvement in implementing change to that of overseer, ensuring fairness, integrity, and focus. On the other hand, managers of change are “hands on.” They want to remove barriers to change before a long-term plan is implemented. Usually, managers of change see their main purpose as problem-solvers. Solving problems and getting the organization prepared for change is usually time-consuming so that managers of change neglect to consider long-term goals. They often accept attitudinal change for substantive behavioral change.

Members of organizations are keen observers of their leader’s personalities, behavior, and intentions. Members may respond to their leader’s plan for change as they are expected to do (i.e., to please their supervisors while they may be quietly opposed to it). There is gamesmanship in all organizations, but it is most apparent in tightly managed organizations and especially in times of change. Leaders who create change do not regard it as a zero sum game. They work to minimize losers and maximize winners. While there are some casualties in the best-run organizations, creative leaders do not consider solving personnel problems as the main objective of organizational change. Managers of change, on the other hand, are more likely to see a time of flux as an opportunity to solve a variety of organizational problems. They consider members of the organization as dispensable if they are barriers or obstacles to change. There is less psychological safety in organizations where change is managed than in organizations that value risk, creativity, and the potential of all members.

Fifth, leaders of change use change strategies appropriate to the organization’s stage in its life cycle. Organizations adapt differently to change depending on their stage in the life cycle. Schein8 pointed out that the role of leaders will occur through different mechanisms at different developmental stages of an organization. Creating or managing change will differ whether an organization is in its formative, midlife, mature, or declining years. Creative change is important in new and young organizations, while managing change is more important in older and declining organizations.

What is essential is that a leader’s philosophy and expectations about change should match those of the organization. For example, a leader who manages change is not a good match for a new organization still forming its culture and establishing its competitive niche vis-a-vis other peer organizations. Likewise, a leader who creates change and establishes new goals is not a good match for a 90-year-old organization concerned with maintaining its traditions.

A sixth characteristic of creative leaders of change is that they keep their visions realistic and adaptable. Leaders of creative change do not give up on their visions; rather, they tweak them to keep them alive and achievable. As Bennis and Nanus9 have said, leaders of change take charge of change. These leaders will not be heard to say, “I guess we cannot do that” or “that will not work, we tried it before.” Creative leaders of change establish an optimistic, energetic, exciting “tone” for their organization. Their view is that if members of an organization see positive changes and are a part of them, they will be more likely to continue their support of change leadership. Managers of change, on the other hand, are focused on maintaining consistency in the organization rather than to create inconsistencies through change. Managers of change are often uncomfortable with visions because they are fluid, ambiguous, not measurable, and not manageable until they become strategic plans. Leaders of change are dreamers of what might be. Managers of change are realists concerned with what is.

Recruiting leaders who have value-based visions is usually not a high priority for The boards of directors. Most boards do not question prospective leaders about their successes and failures in leading change, how they have used culture as an asset in transforming organizations, or how they involve all members of an organization in
planning and implementing goals. Boards select leaders who they believe will "make the numbers." Therefore, it is not surprising that there are many chief executive officers and organizations that become dysfunctional, adversarial, and unethical, resulting in short relationships.

Schein suggested that future organizations will be learning organizations that will be able to make their own diagnoses about change and self-manage it. To do so, leaders and organizations will need to develop open and honest communication, spend a greater amount of time understanding and transacting values, and learn how to establish partnerships based on shared responsibility for planning and implementing change. Johnson\textsuperscript{10} reminds us that one way to cope with organizational change is to look for new cheese; another way is to look for who moved the old cheese. Creative leaders of change look for new cheese and managers of change look for who moved the old cheese.

**LEADERSHIP PHILOSOPHY AND THE LIMITS OF ORGANIZATIONAL SUCCESS**

Leading change is not simply a matter of a leader's style or personality; it is a leader's philosophy of how to generate and mobilize the total resources of an organization to enable it to be its best. Organizations, like individuals, have different potentials for success. Insightful and analytic leaders of change learn about their organization's potential, engage the total organization in an educational effort to recognize their potential, and discuss goals to match it. Convincing reluctant members, naysayers, and pessimists to participate in visioning is always a challenge; there will be critical nonparticipant observers in any change effort. Some negative members may become positive when they see results. Leaders of change are not dissuaded by those members who are satisfied with their organization being an underachiever; remaining the same is always a less risky choice. Leaders of change address the "What is in it for me?" question up-front and early on in their tenure. There must be rewards for members doing what the leader wants. Members will ask, "What is the bottom line for me if I support and participate in change?" Managers of change find it difficult to answer this question, because their goal is to make the organization perform better and that means intervening in operations, policies, and procedures. This can be very threatening to organizational members. It is impossible to present members with a complete plan of intervention because the plan evolves as problems are discovered. There is no end point in managing change.

**SETTING LIMITS OF SUCCESS**

What evidence is there that leaders of change create more successful change than managers of change?

One example is to contrast the different approaches of 2 leaders of change who set out to improve the US health care system. Dr Paul Ellwood, a pediatric neurologist and psychiatrist, is acknowledged as the founder of managed care, particularly health maintenance organizations (HMOs). He saw that the existing fee-for-service system rewarded physicians for treating illnesses, not for preventing them. Dissatisfied by weaknesses in the insurance system and committed to the idea that physicians should be compensated to promote the health of their patients, he encouraged the federal government to approve the prepaid medical practice approach that Kaiser-Permanente and other groups were establishing across the country. Ellwood created the phrase "health maintenance organization" to avoid the negative connotation of prepaid practice. President Nixon, in 1971, supported HMOs and made them a cornerstone of his health policy. Congress passed the HMO Act in 1973, enabling HMO development across the country.

Ellwood's vision was partially realized as the numbers of HMOs grew, but by the late 1980s, there was public discontent with traditional HMOs especially dissatisfaction with limited provider choice. To compete, insurance companies developed preferred
provider plans that offered more provider choice but at higher fees. Concurrently, to reduce administrative costs, employers offered and contracted with managed care organizations. Managed care currently dominates the health care market. Intense competition among managed care organizations and the variability of services and costs between regions greatly affects consumer satisfaction. Managed care continues to be in constant flux, because it is influenced by market forces, which create changes in its structure and focus; therefore, many of the problems in delivering health care persist and some have worsened.

Ellwood was aware of growing public dissatisfaction with health care in the United States. His approach to the problem was to manage it. He believed costs could be reduced by compensating physicians for spending time promoting the health of their patients, creating, in the long-term, greater patient responsibility for health behavior and fewer office visits. Ellwood's approach to changing health care delivery was limited to physicians; other health care professionals were not part of his plan for change. While compensation can be a motivator for change, it is very difficult to change a culture with a strong tradition of treating disease to a culture that equally values the promotion of health. Indeed, physicians are only one of the members of the health care team who have opportunities to influence patient's attitudes toward health and their health behavior.

It is not surprising that the health care problems of the 1970s continue to persist 3 decades later. Ellwood's approach to a broad problem was to limit it and manage it by linking a desired change to a monetary incentive. He failed to consider that changing the culture of medicine to deal with a societal problem was larger and more complex than changing the behavior of physicians.

Dr. Ronald Berwick, a physician at Harvard University School of Medicine, offers a contrast to Ellwood's approach to change. Berwick was, in the 1980s, the vice president of quality improvement for an HMO. He became increasingly frustrated with the overall quality of health care in the United States. He left the HMO and founded the nonprofit Institute for HealthCare Improvement in Boston. When his wife became hospitalized, in 1999, with a rare autoimmune disorder and experienced many of the flaws in the delivery of her health care, Berwick said he became radicalized. Berwick continues to lead a national reform to change a health care system he considers rife with errors, waste, and delay. He visions a system that draws on the best practices used in quality control from various industries. He believes that patients should get immediate one-to-one access to care when they need it. When they do not, he advocates treating patients in groups and using e-mail or telephone conferences to answer questions and giving advice about caring for themselves. Berwick wants each patient to have a comprehensive elective medical record that the patient is free to examine. He aims to reduce medical errors, to eliminate appointment delays, and to improve communication among health professionals within hospitals.

Berwick's vision has encountered expected resistance, and progress has been slow. However, there are some positive results. Many hospitals and medical practices have launched pilot projects. One project involved 37 intensive care units and resulted in decreases in complications, shorter hospital stays, and cost reductions of as much as 30%. The Robert Wood Johnson Foundation's $20 million "Pursuing Perfection" campaign has enabled the development of other projects. For example, Tallahassee Memorial Health Care, a 770-bed hospital, began automating its system for ordering, dispensing, and monitoring medication. Physicians enter medication orders by computer, which avoids handwriting errors. The physician's orders are transmitted directly to the pharmacy along with a bar code identifying the patient. The goal is to deliver the right drug in the right dose to the right patient the first time without delays.

ThedaCare, Inc, a group of 3 nonprofit hospitals in Appleton, Wisc, has been
influenced by Berwick’s vision. One of the ThedaCare physicians, Eugene C. Rigstad, organized a monthly group appointment for 25 patients with diabetes who volunteered to try this new approach. During the group meetings, nurses take vital signs, refill prescriptions, and provide other services. Rigstad has individual consultations with patients who need them. The clinical progress of patients attending the group meetings were compared with patients in one-to-one clinic appointments. Patients in the groups had lower blood sugar and lower cholesterol levels than clinic patients. Many patients who had not been diligent about scheduling checkups on their own received more frequent care in the monthly group meetings. However, many insurers will not pay for group visits.

Two of ThedaCare’s clinics became sites to provide same-day or next day appointments. Nurses determined by telephone which patients needed face-to-face consultations. A survey of physicians found that many of them still expect a $57 reimbursement for an e-mail or telephone consultation, while insurers want to pay $10 or $15.

Berwick’s approach is to convince providers of care to be the innovators in bringing about change in the system by insisting that the health care system should respond to the needs of patients, not to the needs of doctors and their offices. Berwick’s approach to change is to tackle major barriers that stand in the way of the ultimate goal of redesigning the system. The focus is not on encouraging only physicians to change their behavior; rather, the focus is on the behavior of all caregivers who have contact with patients. The motivation to change is not financial incentives for providers but meeting the needs of patients.

Adlai Stevenson said that all progress has resulted from people who took unpopular positions. Leaders who lead change are driven by goals, not popularity. Their successes may come incrementally, but their persistence does not let them accept failure. Managers of change do not set out to experience broad change. Their focus is limited to a single organization. Organizations can be managed within, but they are continually affected by changes from outside the organization; therefore, the management of problems is usually reactive, ongoing, and limited to short-term successes.

**SELECTING PARTNERS FOR CHANGE**

Organizations limit their success by the philosophy of the leaders they choose and the attitudes of the members they recruit. To create and direct positive change requires the active partnership of leaders, managers, and members. Too often, visionary leaders spend their time trying to rally members of the organization to join in creative change. On the other hand, members of an organization may be receptive to change but encounter resistance from a cautionary leader who is fearful of the inability to control change. The first scenario is usually the most common.

Creating change is about altering perceptions of the limits of success. Managing change is about maintaining organizations at a comfort level. Organizations that create change are looking for success or multiple successes. Some organizations think that they have achieved success and try to maintain it. However, the forces of external change are unpredictable and continually challenge definitions of success.

One way for organizations to enhance the possibility of creating a positive climate for change is to recruit and select members of the organization who accept change and are willing to adapt to it. It is not uncommon for people to leave organizations when the organization changes leaders or changes in ways that they do not like. It is impossible to escape change even in conservative, stable organizations. People cannot predict how they will react to certain changes before they occur. Nonetheless, if leaders of organizations are to involve members in plans for change, it is important, if not critical, for them to have a sizable number of members with longevity in the organization. It is not
helpful to have input about change from members who leave before changes are implemented.

Organizations recruit and select members based on their skills, knowledge, and experience. It would be valuable when interviewing applicants for jobs to include questions about their past experiences with change, their attitudes toward it, and how they coped with it. If an applicant states that she left a previous organization because it was reorganizing although her position was not in jeopardy, it is probable that she would do the same again. If the organization is seeking members who have a higher than average probability of remaining with the organization for a period of years, inquiring about their attitudes and behavior regarding change is critical.

In Cooper and Lybrand's 1995 study of Employment Policies and Programs in 165 companies nationwide, it was reaffirmed how critical returning employees are to any organization’s effectiveness. Executive turnover in health care facilities in 1995 was 16%, middle management was 13%, exempt employee turnover was 21.5%, and nonexempt employee turnover was 20%. These rates are 2 to 3 times higher than turnover rates for employees nationally. Although turnover rates differ by industry and level within organizations, health care organizations, in general, have a high turnover of employees. The most frequent reasons for turnover tend to be advancement opportunities, increased pay, and spousal moves. Concerns about change and how it may affect one's job security may not be explicitly stated as a reason for leaving an organization in an exit interview, but there is no doubt that it is a contributing factor. One of the important aspects of change leadership is the need for a leader's constant reassurance and honesty about the effects of change. Leaders of change need to cultivate a high level of trust in the organization. The major way this is accomplished is to involve all members of an organization in planning the limits of their own success, which positively impact their commitment and retention.

CONCLUSIONS

The success of organizations involves more than the ability to react to the disruptions caused by change. Success in organizations depends on the philosophy of the leader regarding change, the organization's history of responses to change, and the willingness of members to invest in an organization that values change. Leaders who manage change are problem-solvers who favor the status quo. They avoid creating change and attempt to maintain stability in an organization.

There is evidence that leaders who create change enhance the success of an organization more than leaders who manage change. An example of these different approaches from health care is Ellwood's application of a management approach to controlling health care costs. Physicians were given financial incentives to educate patients how to enhance their health and visit their physician less. Consumers had to learn that they, not physicians, were responsible for their health. Physicians had to learn that the practice of medicine also included the promotion of health. However, consumers grew dissatisfied with HMOs, and health care delivery problems have not gone away; some have worsened. Managing health care has not created major changes in the system; it has treated symptoms that periodically reappear.

In contrast to Ellwood's approach, Berwick has focused on the process of delivering health care. His view is that the outcome of health care is unsatisfactory because the processes of care are flawed. He has a vision of a system of care that uses the best practices to provide the highest quality of health care. Despite his detractors, Berwick has successfully influenced many hospitals and medical practices to develop innovative pilot programs to bring about system changes.

Creating change is about overcoming limits, while managing change is about containment and control. Proactive leaders have visions of greater potential for an organization. Sometimes, leaders are not successful in appealing to members to join an effort to
create change. When they are successful, however, and members are participants in making positive change happen, the organization experiences high morale, greater productivity, lower turnover, and less job dissatisfaction. When change is managed by leaders, members are largely bystanders watching various procedures, policies, and personnel change. They feel little or no commitment to the organization, are defensive, and limit their involvement in the organization to doing their job. The philosophy of leaders about change can broaden or limit the future success of an organization. We need more leaders who believe organizational members are their greatest asset. It takes a total organization to champion unlimited success.

REFERENCES
