

## **Why Companies—Even Yours—Resist Change**

There are five reasons organizations get stuck in the mud. Any of these sound familiar to you?

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In my last [column](#), I talked about why individual employees resist change. But the challenge to bring about change isn't simply on the individual level. It's on the organizational one, too.

As a pragmatic leader, it can be hard to make changes at an organizational level. Even if you're an entrepreneur, and even if it's your company. You're not just persuading a few people - you're altering the course of your whole company. And that's influenced by myriad forces such as history, culture and organizational structure.

Some organizations resist change so successfully (if you can call it that), that by the time they act, the ship has left the harbor. More often than not, they fail to catch up.

Kodak refused to change with the advent of digital cameras. When they ultimately decided to accept emerging technologies, they had fallen far behind the competition.

Blockbuster, ignoring the popularity of streaming video, remained tethered to their business plan until they were forced to close hundreds of their stores to pay off debt. Now they're playing catch-up, working hard to find their corner in the internet, on-demand movie market.

As a pragmatic change agent, you need to understand the five main reasons organizations resist change.

### **1. Strength of culture**

Every organization has its own culture. Some businesses have a laid-back, casual culture that emphasizes the development of individual expression. Other firms stress regimented, by-the-numbers work processes.

When change is introduced into either of these models, it can disrupt the cultural equilibrium, producing long-term, unwanted consequences for some of your employees. Culture is a unifying dynamic within organizations. You need to appreciate this and work within it.

### **2. Rigidity of Structure**

There are hundreds of different organizational structures. Regardless of the structure you've chosen for your business--even if you made the wisest choice possible--every structure, over time, becomes rigid. And rigid structures often foster a type of tunnel vision. Certain people only

listen to certain other people. Specific departments only work with specific departments. Making change much, much harder to achieve.

As a pragmatic leader, you have to acknowledge that your company has a set structure. Your employees don't want to be shaken from their perches.

### **3. Sunk costs**

Organizations resist change because they don't want to lose their sunk costs. If your company has already invested a great deal in an attempt to reach a certain business goal, you can bet there is going to be some resistance to cutting your losses and welcoming a new mission.

Organizations fear the costs of change, which is why they are reluctant to move quickly. The fear of losing a great deal of money is the biggest incentive not to act at all.

### **4. Contractual agreement**

Change often puts an organization's contractual agreements with businesses and individuals in peril. Moreover, change may upset current clients. Some of your people won't want to rock the boat, because they're afraid of losing important customers.

### **5. Entrenched interests**

Key employees and interest groups can be a major source of resistance. Often, they fail to realize the negative consequences of sustaining the status quo, or they're indifferent to them. When they do see the negative consequences, they will often ignore them in lieu of short-term, immediate benefits. Sure, they can see clouds gathering on the horizon--but their entrenched interests prevent them from taking immediate action.

If these sorts of employees or interest groups dominate your company, it's easy to end up with blind spots that contribute to organizational inertia.

Some companies are right to refuse to change. They are able to sustain their client base thanks to a single, dedicated focus. However, in many industries, just staying the course isn't enough to survive.

Pragmatic leaders can't simply push change through at an individual level. They have to acknowledge and accept their own organizational narrative, and work within it.