

Making the emotional case for change: An interview with Chip Heath

In conversation and in excerpts from his recent book, a leading expert on organizational behavior explains why change often stalls and how top executives can use psychology to keep it going.

Chip and Dan Heath's new book, *Switch: How to Change Things When Change Is Hard*, shows how managers can catalyze change more effectively by drawing on an enormous body of research from psychologists on how the brain works. In *Switch*'s first chapter, the authors report that they hope most of all to help "people who don't have scads of authority or resources." But the book's ideas have enormous relevance for senior executives as well. In this interview with McKinsey's Allen Webb, Heath interprets *Switch* for denizens of the C-suite. Supporting the interview are two case examples excerpted from the book.

The Quarterly: *Could you please quickly summarize the core ideas in Switch for the benefit of those who have not yet read it?*

Chip Heath: The core idea is that there are two sides to the way human beings think about any issue. There's the rational, analytical, problem-solving side of our brains, which may think, "I need to eat less." But there's an emotional side that's addicted to impulse or comfortable routines, and that side wants a cookie. At work, the rational side may say that the company needs to go in a different direction. But the emotional side is comfortable with the old ways of thinking and selling, and it has great anxiety about whether the company can change successfully.

My favorite metaphor for this dynamic comes from the psychologist Jonathan Haidt, who talks about a human riding atop an elephant.¹ The Rider represents our analytical, planning side. The Rider decides, “I need to go somewhere, here’s the direction I want to go,” and sets off. But it’s the Elephant, the emotional side, that’s providing the power. The Rider can try to lead the Elephant, but in any direct contest of wills the Elephant is going to win—it has a six-ton advantage. So part of achieving change, in either our lives or in organizations, is aligning both sides of the brain by pointing out the direction for the Rider but also motivating the Elephant to undertake the journey. Of course, the Path the Elephant walks down matters too. High-ranking executives can shape that Path, that environment, and make the journey easier even when the Elephant is less motivated.²

The Quarterly: *In helping companies to work through these conflicts and smooth the road to change, how useful is a senior executive’s formal power?*

Chip Heath: The Rider–Elephant conflict may be a reason not to press too hard on formal levers. It’s not enough for people to intellectually understand that an organization must start moving in a different strategic direction. People need to be motivated.

Our typical way of communicating speaks primarily—and in a lot of cases almost exclusively—to the Rider. It builds an intellectual case for

¹ *The Happiness Hypothesis: Putting Ancient Wisdom to the Test of Modern Science*, London: William Heinemann, 2006.

² In *Switch*, the words *Rider*, *Elephant*, and *Path* represent characters in the mental play that the book describes.

Chip Heath



Vital statistics

Married,
with 2 children

Education

Graduated with a BS in industrial engineering in 1986 from Texas A&M University

Received PhD in psychology in 1991 from Stanford University

Career highlights

Currently a professor of organizational behavior at Stanford Graduate School of Business

Fast facts

Coauthor with his brother Dan Heath of *Made to Stick: Why Some Ideas Survive and Others Die*, which has been translated into 27 languages; has published research in such academic publications as *Cognitive Psychology*, *Organizational Behavior and Human Decision Processes*, and *Quarterly Journal of Economics*, and his research has been reviewed in publications including *Scientific American*, *Financial Times*, *Washington Post*, and *Vanity Fair*

Serves on editorial board of *Stanford Social Innovation Review*

change and relies on formal authority. In government, legislators have formal authority to change the rules of the system. The US Congress once changed the national speed limit to 55 miles an hour, for example. Did that automatically change behavior? As a parent, does formal power change the behavior of your teenagers?

It's not enough to show intellectually that we need to change and then to decree what those changes will be. If it were, a lot more organizations would succeed in making strategic shifts. Formal power is tremendously useful, but if we *start* by wielding it we probably haven't aligned the Rider and the Elephant. And if we rely *only* on the formal levers of power to lead, we may get too far ahead of people—they understand that they must change, but the motivation hasn't kicked in.

The Quarterly: *What's an example of the kind of formal power you think executives mistakenly exercise and an alternative that might be more effective?*

Chip Heath: Consider how change initiatives are typically rolled out. In many organizations, a change initiative consists of 35 slides in a PowerPoint deck analyzing the reasons for change. There's nothing in the deck that helps employees believe that "We're the kind of people who can successfully make this change."

GE overcame this problem when they started talking about "ecomagination." CEO Jeff Immelt said, "There's a broad social trend toward finding more sustainable ways of doing business, and if we can take advantage of that, we will be well-positioned for the future." GE did a green audit, looking for places where they already had industry-leading green products, and started highlighting those existing products for employees. One was an LED³ lighting system that produces great light with 10 percent of the electricity used by other systems. GE then said, "We're the kind of people who can succeed in this new business environment that's more and more focused on sustainability." That motivates the Elephant.

The Quarterly: *In Switch, you use the term "bright spots" to describe internal success stories like GE's LED system. Could you say a bit more about the power of bright spots?*

Chip Heath: Many companies try change themselves by benchmarking other organizations and borrowing their procedures or practices. The irony of benchmarking is that we're essentially telling organizations to be more like GE or Apple or Nike. As Dev Patnaik, the author of *Wired to Care*,⁴ said to me one time, we know this doesn't work on a personal

³Light-emitting diode, a semiconductor light source.

⁴*Wired to Care: How Companies Prosper When They Create Widespread Empathy*, Upper Saddle River, NJ: FT Press, 2009.

level: we resist when members of our families say, “Be more like your brother.” The principle of bright spots is that you shouldn’t try to be more like Apple; you should try to be more like yourself at your best moments. Think about what you’ve done in the past, or what you’re doing now, that has worked tremendously well.

People have a tendency, especially in a change situation, to focus on the negative. Lots of research supports this negative focus—for example, if you ask sports fans what happened over the weekend, they dwell on the games their favorite teams lost. Companies too focus on the problems and not the bright spots.

I won’t say there’s no value in benchmarking. But if you believe that organizations differ in their cultures, capabilities, and structures, there’s something fundamentally odd about saying that you want to be more like another company that has a very different culture, structure, and set of capabilities. At the very least, the idea of looking to your own bright spots is a useful addition to your tool kit.

Excerpt from *Switch*: Inventing an identity

Brasilata—a \$170 million Brazilian producer of steel cans—actually *invented* the identity that became the engine of its success. Can manufacturing is a relatively mature industry—not much growth or excitement. But Brasilata defies the boring, stuck-in-its-ways stereotype. In fact, it has one of the best reputations for *innovation* of any company in Latin America.

How does a metal can company become known as an innovator? Brasilata’s founders were inspired by the philosophy of Japanese car manufacturers like Honda and Toyota, which empowered their frontline employees to take ownership of their work. In 1987, the founders launched their own employee-innovation program.

A new identity was its core. Employees became known as “inventors,” and new hires were asked to sign an “innovation contract.” This wasn’t just feel-good language. Employees were challenged to be on the lookout for ideas on how to create better products, improve production processes, and cut costs. Systems were developed that made it easy to submit ideas. The program succeeded beyond reasonable expectations. In 2008, a total of 134,846 ideas were submitted—an average of 145.2 ideas per inventor!

These suggestions often led to new products. In late 2008, for instance, the company came up with a new approach for a steel can designed to carry flammable or otherwise dangerous liquids. To meet UN standards, such cans must withstand



The Quarterly: *What's your view of the notion that change is easier when you have a "burning platform" from which to motivate it?*

Chip Heath: That is one of the silliest pieces of business jargon. The idea of the burning platform is that people only change when they're scared. But fear, as an emotion, creates tunnel vision. Police officers call this "weapon focus": crime victims can often give great descriptions of the weapon, but nothing about whether the assailant was tall or short or had facial hair, because they focus on what evoked their fear.

That kind of tunnel vision is devastating in times of change. If you're doing everything basically right and you just need to improve execution, you can scare people and they'll execute better and faster. But that's not true of most change situations, where you need to be doing something new. Fear is the worst motivator here because it makes people work harder at what they did in the past.

The Quarterly: *In Switch, you talk a lot about "identity." Why is that important?*


a drop from about four feet. Most companies had solved this problem by thickening the metal layers, which used up more raw material. And even the reinforced cans were prone to split if they landed on an edge. Brasilata's inventors suggested a new design, inspired by car bumpers that collapse on impact. The new cans deformed slightly on impact, reducing stress on the critical seam. They resisted falls better while also reducing the amount of steel in the can.

Inventors have also led the company through emergencies. In 2001, a severe energy crisis forced Brazil's government to give businesses a strict quota of electricity. In response, Brasilata's employees dreamed up hundreds of power-saving ideas. Within a few weeks, Brasilata's energy

consumption had fallen by 35 percent, reducing it below quota, so the company could resell the extra energy.

Let's remember something: this inventor identity, which has fueled the company's business success and employee satisfaction, was made up. None of Brasilata's employees was born an inventor. This identity was introduced to them, and they decided it was a mantle worth wearing—a source of pride and strength.

Excerpt from **Switch**: Making bad behavior impossible



Rackspace hosts Internet sites for other companies, and it has won an armload of trade awards for service. But it wasn't always so customer friendly. Originally, says the company's founder, Graham Weston, Rackspace had a "denial of service" business model. Customer service interactions were viewed as costs to be minimized—the more roadblocks that could be erected to keep the phone from ringing, the better profits would be.

Then, in the autumn of 1999, came The Call. A customer tried to telephone Rackspace for support. He pressed 5 to get help, but instead he got a voice mail that said, "Feel free to leave a voice mail here, but we don't check it very often, so you're better off sending us an e-mail." He grudgingly sent one, but Rackspace never answered it. After a few more of these irritating cycles, the customer was furious, and with a bit of legwork he tracked down Graham Weston at the office of a real-estate business Weston owned. Weston promised to investigate.

He reviewed the long, increasingly angry chain of e-mails. "Something hit me," said Weston. "It was something

that we could do very easily that he couldn't do. So the question in my mind was, "Why are we not serving the customer happily?" Weston knew his team couldn't sustain a business based on dodging its customers. "We made a 180-degree turn."

Weston hired David Bryce as head of customer support. At his first meeting with the team, Bryce announced that Rackspace would transform itself from a company that dreaded customer support into a company that was passionate about it. He posted an aspirational banner on the wall: "Rackspace Gives Fanatical Support." The phrase stuck immediately.

This was just talk, of course, but there was action to back it up. Weston started by overhauling the company's business model. Providing great service would inevitably cost more, and if Rackspace offered both premium service and cutting-edge technology it would have to set prices too high. So, remarkably, Weston pushed for the company to become technologically dull. "We don't want to be on the bleeding edge of technology. We believe in standardization. We want a

Chip Heath: My Stanford colleague Jim March says there are two very different kinds of logic for making decisions. One is the logic of consequences. We're great in business at changing behavior by changing consequences. If we want customers to buy more, we lower prices. If we want salespeople to sell more, we increase their bonuses. But the second kind of logic is the logic of identity. Many of the most profound decisions we make in life are made because of identity, not consequences. When our newborn child cries at night, we don't undertake a net present value analysis of how much more valuable an hour of sleep would be. We get up because we are a committed mother or father.

narrow focus; these are the things we do, and these are things we don't do," he said—clear direction for the Rider.

Perhaps the most dramatic change Weston and Bryce made was also the simplest. Rackspace, like all hosting companies, had a call-queuing system. ("Your call is important to us. Please press 1 for recorded tips that don't address your problem, 5 to leave us a message we won't return, and 8 to repeat these options.") The call queue is perhaps the most basic customer support tool. Weston threw it out.

"When a customer calls, that means they need our help, and we've got to answer the telephone," he said. Without the queuing system, there was no safety net; the phone would keep ringing until somebody picked it up. To Weston, this was a critical symbol of the service ethic—when customers have a problem, we should deal with it when it's convenient for them, not us. Weston made it *impossible* to dodge the customer.

Subsequently, the company launched the "straightjacket awards," including actual straightjackets as trophies,

which were presented to employees who'd been so fanatical about service they'd become downright insane. (That's an identity appeal for the Elephant: *we are zealots—that's what makes us special.*) Not coincidentally, in 2008 Rackspace was named, for the second time, among the companies in *Fortune's* list of Best Places to Work.

By 2007, Rackspace was talking to customers three times a week, on average. The focus on service paid off. In 2001, the company became the first Internet-hosting firm to turn a profit, and over the next six years it *averaged* 58 percent annual growth. By 2008, it had passed AT&T as the industry's highest-grossing company.

What transformed the character of Rackspace's customer service people? Nothing. They were just operating in a new environment. The old behavior (ignoring customers) had become harder and the new behavior (serving customers) easier. What looks like a character problem is often an environment problem.

That's useful in business, especially in a change situation: if we can harness the power of identity, it helps motivate the Elephant to undertake a long, arduous journey. In a change situation, you want creativity and flexibility—and that's more likely to come from identity than from consequences. Consequence-based logic is great at narrowing people's focus, but it can backfire for the same reason. If you give people incentives to sell a lot of mortgages, for instance, they will do so. But they're not necessarily selling the right mortgages to the right people.

Most successful companies have a distinctive identity in our minds. I can picture the identity of a Wal-Mart or a Southwest or an IBM

employee. I have a harder time picturing the identities of some of their competitors. Intel recently has been running a national ad campaign that features its own employees. It's called "Our rock stars aren't like your rock stars." Ajay Bhatt, one of the coinventors of USB, is shown walking into a company canteen and being surrounded by adoring employees. The point is that what they value at Intel may be different from what's valued in the outside world, but if you're the next Ajay Bhatt, you want to work for Intel, where your talents will be respected. Another great example of a company that motivates employees by giving them a sense of identity is Brasilata.

The Quarterly: *How can senior executives create appropriate identities?*

Chip Heath: They don't have to be invented from whole cloth, because, again, you can build on bright spots. For example, when Lou Gerstner came to IBM it had a long tradition of selling "big iron," or large mainframe computers. But there was also a division selling solutions that might or might not involve IBM hardware. Its employees had an identity as problem solvers for customers. Gerstner seized on that existing expertise and rolled it out as IBM's strategy.

As a top leader, you want to use your platform to celebrate people, like Ajay Bhatt, who create and sustain your company's identity. At Brasilata, they tell stories about great innovations from frontline employees. In identity-based logic, we think about how "people like us" behave in order to uphold an identity. Celebrating case studies of success is exactly what a company should do.

The Quarterly: *You said earlier that the Path the Elephant walks down matters. Could you elaborate?*

Chip Heath: One company we studied was Rackspace, an Internet-hosting company. Graham Weston, its chairman, used his power to clear away a barrier in the Path—a call-queuing system that made employees respond to customers in lazy ways. He also used his power to simplify the strategy by moving away from cutting-edge technology. Especially for a technology company, that seemed scary. But Weston said that we want plain-vanilla technology because we're going to excel in service.

Lots of research in behavioral economics shows that too much choice is paralyzing. Especially in a change situation, a big part of freeing up the creativity needed for change may be simplifying internal processes. Once Weston became clear about his strategy, he simplified the engineering world at Rackspace and raised the prominence of the customer service people.

The Quarterly: *Sometimes change is harder. How do leaders create an environment where people view failures along the road as learning opportunities?*

Chip Heath: In any organizational-change situation, there will be setbacks, times of confusion. In the change plans of big organizations, there is a planning phase and an execution phase, but no slot in the middle for a wandering-around-in-the-dark phase. We pretend we'll jump straight from planning to brilliant execution. As a top leader, you should make people realize that there will be difficulties, but that those difficulties aren't going to prevent ultimate success.

In *Switch*, we discuss the design firm IDEO, which deals with this problem a lot because it often tries to train entrenched bureaucratic organizations to design more innovative products. An IDEO designer

sketched a mood chart predicting how employees feel at different phases of a project. It's a U-shaped curve with a peak labeled "hope" at the start and a peak labeled "confidence" at the end. In between is a negative valley labeled "insight." In IDEO's experience, there is always a moment when an

innovation team feels demoralized. Yet eventually an answer will appear, so if the team keeps working through that frustration, things will get better. Every manager in a change process should steal IDEO's chart because every change process goes through that same sequence of mood changes.

The Quarterly: *What messages do you want to leave with senior executives who are seeking to catalyze change?*

Chip Heath: Pay attention to creating an emotional case for change, not just an analytical one. Scale up bright-spot successes. And use your power as a top leader to smooth the path to change. Your people are ready to step up to the plate, but if systems or procedures are getting in the way of change, you are the one with the power to eliminate them. ○



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