*Business environment is changing rapidly. Change is the only constant. Management thinkers talk about survival of the fastest. Managers have to make decisions under conditions of uncertainty. Agility is critical for success. Rational decision making has its own limitations. Problems and situations become more complex and they do not fit previous patterns. To understand the problems better managers need to have a grasp of the whole situation including its variables, unknowns, and mysterious forces. In order to adapt to changing environment organizations have to come up with innovations. Innovation is a more specialized kind of a change. This requires innovation leadership. This paper focuses on how organizations can transform their cultures to stimulate change and innovation.*