

The beginning of wisdom is to call things by their right names.

—CHINESE PROVERB

It is a terrible thing to look over your shoulder when you are trying to lead—and find no one there.

—FRANKLIN DELANO ROOSEVELT, AMERICAN PRESIDENT

It Isn't the Changes That Do You In

It isn't the changes that will do you in; it's the transitions. They aren't the same thing. Change is situational: the move to a new site, a new CEO replaces the founder, the reorganization of the roles on the team, and new technology. Transition, on the other hand, is psychological; it is a three-phase process that people go through as they internalize and come to terms with the details of the new situation that the change brings about.

Even though you probably won't find it in the change document, transition isn't an optional "if-you-get-around-to-it" add-on to the change; it's not icing on the cake that can be forgotten until things ease up and you've finished with the important stuff. Getting people through the transition is essential if the change is actually to work as planned. When a change happens without people going through a transition, it is just a rearrangement of the chairs. It's what people mean when they say, "Just because everything has changed, doesn't mean anything is different around here." It is what has gone wrong when some highly touted change ends up costing a lot of money and producing disappointing results. But as important as

going through transition is to getting the results that organizations are seeking, they lack a language for talking about it.

Here's an example. Benetton, the big, Italian clothing firm, came up with a promising-sounding diversification plan.¹ It decided to buy some top-notch sporting goods companies—Nordica ski boots, Kastle (later Nordica) skis, Rollerblade in-line skates, Prince tennis rackets, and Killer Loop snowboards—with the idea that buyers of those brands could also be sold cross-marketed workout and after-workout clothing made by Benetton.

It sounded like an interesting idea, and Benetton spent almost \$1 billion buying the companies. It went about things, as big companies often do—by imagining that everyone would be delighted to become part of a super-successful international brand. It folded the companies into its new parent, seeking the kinds of synergies and economies of scale that are always featured in stories about acquisitions. It began by combining the sales forces and marketing groups and tightened the bonds by moving the units in question to the site of the new Benetton Sportssystem division in Bordentown, New Jersey.

The trouble was that, in the words of the man who subsequently tried to save the acquisitions after things had headed south, “The people who are in these businesses are often in them because they love that activity. . . . If you sap that, you have nothing—internally or competitively.” At Rollerblade, for example, employees spent their lunch hours skating through Minneapolis’ lovely lakeside parks and playing roller hockey outside the headquarters building. Benetton hadn’t thought through the implications of that fact—or of the impact of terminating a large percentage of the employees, three-quarters of them at Rollerblade.

The man trying to save the acquisitions got the twenty-one survivors to move to New Jersey but only by giving many of them raises, promotions, and a promise that if they wanted to return to Minnesota within a year of the move, they’d be moved back at no charge and receive severance packages of up to two years. When they got to New Jersey, many of them found that they were reporting to (former) Nordica reps. (That was better than what happened to the tennis racket crew from Prince, who were all fired.) The bottom line—that mythic measure that justifies anything—was that during the year when all this happened, Benetton went from making a U.S. profit of \$5 million to posting a loss of \$31 million. Incidentally,

twenty out of the twenty-one Rollerbladers took the company up on its offer and moved back to Minnesota.

Not all mismanaged transitions turn out so badly, but this one contains just about all the elements. Managing transition involves not just whopping financial deals but the simple process of helping people through three phases:

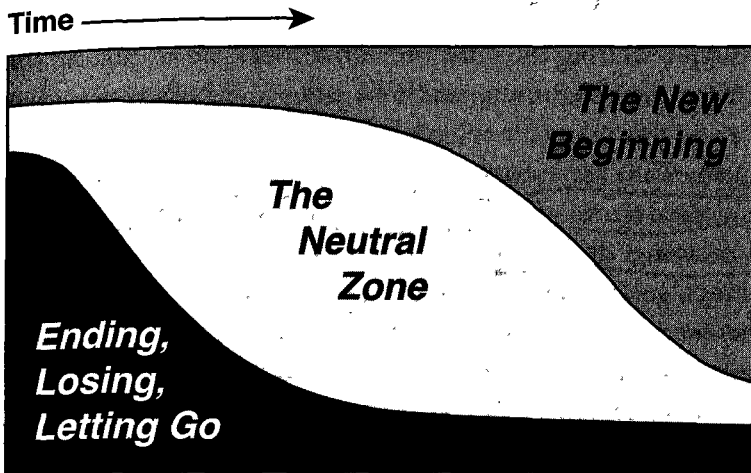


Figure 1.1 The three phases of transition.

1. Letting go of the old ways and the old identity people had. This first phase of transition is an ending and the time when you need to help people to deal with their losses.
2. Going through an in-between time when the old is gone but the new isn't fully operational. We call this time the "neutral zone": it's when the critical psychological realignments and repatternings take place.
3. Coming out of the transition and making a new beginning. This is when people develop the new identity, experience the new energy, and discover the new sense of purpose that makes the change begin to work.

Because transition is a process by which people unplug from an old world and plug into a new world, we can say that transition begins with an ending and finishes with a beginning.

In its disastrous sortie into sporting goods, Benetton managed the change—combining staffs and moving them—and forgot the transition. They had a difficult ending, which the planners of the change didn't even acknowledge. The employees incurred huge psychological losses (a favored location, a corporate identity tied to an activity they loved, the *esprit de corps* that comes from shared interests, and involvement in a cutting-edge activity), and the company treated those losses as just another cash deal. The company neither offered nor acknowledged the need for any support during the difficult neutral zone, and its notion of help in making a new beginning was new titles and higher performance targets.

Changes of any sort—even though they may be justified in economic or technological terms—finally succeed or fail based on whether the people affected do things differently. Do the employees let go of the old way of doing things, go through that difficult time between the old way and the new, and come out doing things the new way? If companies don't help employees through these three phases, even the most wonderful training programs often fall flat. The leaders forget endings and neutral zones; they try to start with the final stage of transition. And they can't see what went wrong!

In another example, an insurance company launched a program to generate cost-saving ideas. I don't know what it cost, but it must have been expensive since it involved coordinating the activities and output of forty-eight teams. The director of the effort reported (with no apparent awareness of the irony of what he was saying) that this was the most creative idea submitted to date, which supported the best intentions of the program, and had a potential annualized savings of \$140,000. If paper inserted into a fax machine is inserted sideways, it will cut transition time 15 percent. But then he added that he thought they'd have trouble implementing the idea because it would mean changing behavior.²

Well, scratch that idea! Let's find one that doesn't mean changing behavior. All the significant ones involve changing behavior, you ask? Turning the paper 90 degrees before you put it in the fax machine is a minor change compared to the behavior changes needed to make a merger, a reorganization, or a new corporate strategy work. Those changes trigger thousands of smaller changes, all of which require people to stop

doing things an old way—which earned them rewards, gave them the satisfaction that comes from doing things “right,” and got them the results that made them feel successful—and try new and unfamiliar behaviors.

What happens in such a case reminds me of one of my early transition management projects, which involved setting-up self-managed teams in a factory of a 105-year-old company. The company offered workshops (pretty good ones actually) on how self-managed teams work, but they offered no help to the supervisors who had to let go of “supervising” and start “facilitating” those teams. In other words they had to stop being “bosses” and work in a more collaborative manner with peers, which called for a big change in mindset and behavior. At the end of one of these workshops the instructor asked if there were any questions. “Yeah,” growled a grizzled old supervisor. “Will you run that ‘fassiltating thing’ by me one more time?” The idea of no longer telling people what to do and punishing them when they didn’t do it was so incomprehensible to the man that he just couldn’t say the word for what he was supposed to do in its place.

Several important differences between change and transition are overlooked when people think of transition as simply gradual or unfinished change or when they use change and transition interchangeably.³ With a change, you naturally focus on the outcome that the change produces. If you move from California to New York City, the change involves crossing the country and then learning your way around the Big Apple. The same is true of your organization’s change to a service culture or its reorganization into global teams. In such cases the affected people have to understand the new arrangements and how they’ll be affected by these changes.

Transition is different. The starting point for dealing with transition is not the outcome but the ending that you’ll have to make to leave the old situation behind. Situational change hinges on the new thing, but psychological transition depends on letting go of the old reality and the old identity you had before the change took place. Organizations overlook that letting-go process completely, however, and do nothing about the feelings of loss that it generates. And in overlooking those effects, they nearly guarantee that the transition will be mismanaged and that, as a

*There is a time for
departure, even
when there’s no
certain place to go.*

TENNESSEE WILLIAMS

*Every new truth
that has ever been
propounded has, for
a time, caused
mischief; it has
produced discomfort
and oftentimes
unhappiness;
sometimes
disturbing social
and religious
arrangements, and
sometimes merely by
the disruption of
old and cherished
associations of
thoughts. . . . And
if the truth is very
great as well as very
new, the harm is
serious.*

HENRY THOMAS
BUCKLE, BRITISH
HISTORIAN

result, the change will go badly. Unmanaged transition makes change unmanageable.

Transition starts with an ending. That is paradoxical but true. Think of a big change in your own life: getting promoted into management, moving into the first house you owned, coming home from the hospital with your first child. Good changes, all of them, but as transitions each one started with an ending and a letting go. With the job, you may have had to let go of the way you interacted with your former peers. The kind of work you really liked to do and felt competent about may have ended when you shifted to managing. Maybe you had to let go of the straightforward nature of your work as the complexity and ambiguity increased.

With the new baby, you probably had to let go of regular sleep, of extra money, of time alone with your spouse, and maybe time alone period. You almost certainly lost the pleasure of being able to take off spontaneously whenever the two of you felt like it. And there is nothing that makes you feel like you have lost your old sense of competence more than being faced with a baby who refuses to eat or just won't stop crying.

With the move, a whole network of relationships ended. Even if you kept in touch with people in the old neighborhood, it was never quite the same. In your old home, you knew where the best shops and restaurants were, which doctor and dentist to go to, and which neighbor would keep an eye on the house while you were gone. In the new home, you had to let go of feeling settled in and at home for a while.

Even in these good changes, there are transitions that begin with endings, where you have to let go of something.⁴ In saying this, I am not trying to be negative or discouraging, just realistic. The failure to identify and get ready for endings and losses is the largest difficulty for people in transition. And the failure to provide help with endings and losses leads to more problems for organizations in transition than anything else.

A hospital implements an electronic medication dispensing system that moves from patient to patient. No one foresees how long it will take to learn the system, causing patients to wait for up to an hour for medications, as they watch the nurse struggle. Some nurses will feel a loss in letting go of the personal interactions, causing them to feel that anyone could do this. Or the organization builds a beautiful new headquarters building, and nobody foresees that many people—who'd been proud

that they became a several-billion-dollar company while housed in a few nondescript, rented buildings—will view the new headquarters as the sign that the company they loved is gone.

Once you understand that transition begins with letting go of something, you have taken the first step in the task of transition management. The second step is understanding what comes after the letting go: the neutral zone. This is the psychological no-man's-land between the old reality and the new one. It is the limbo between the old sense of identity and the new. It is the time when the old way of doing things is gone, but the new way doesn't feel comfortable yet.

When you moved into your new house or got the promotion or had the new baby, the change probably happened pretty fast. But that is just the external, situational change. Inwardly, the psychological transition happened much more slowly: instead of becoming a new person as fast as you changed outwardly, you found yourself struggling for a time in a state that was neither the old nor the new. It was a kind of emotional wilderness, a time when it wasn't quite clear who you were or what was real.

It is important for people to understand and not be surprised by this neutral zone, for several reasons. First, if you don't understand and expect it, you're more likely to try to rush through or even bypass the neutral zone—and to be discouraged when you find that doesn't work. You may mistakenly conclude that the confusion you feel there is a sign that something is wrong with you.

Second, you may be anxious in this no-man's-land and try to escape. (Employees do this frequently, which is why there is often an increased level of turnover during organizational changes.) To abandon the situation, however, is to abort the transition, both personally and organizationally—and to jeopardize the change.

Third, if you escape prematurely from the neutral zone, you'll not only compromise the change but also lose a great opportunity. Painful though it is, the neutral zone is the individual's and the organization's best chance to be creative, to develop into what they need to become, and to renew themselves. The positive function of the neutral zone will be discussed further in a later chapter, so here let me simply say that the gap between the old and the new is the time when innovation is most possible and when the organization can most easily be revitalized.

*Faced with the
choice between
changing one's
mind and proving
that there is no
need to do so,
almost everybody
gets busy on
the proof.*

JOHN KENNETH
GALBRAITH,
AMERICAN ECONOMIST

The neutral zone is thus both a dangerous and an opportune place, and it is the very core of the transition process. It is the time when repatterning takes place: old and maladaptive habits are replaced with new ones that are better adapted to the world in which the organization now finds itself. It is the winter in which the roots begin to prepare themselves for spring's renewal. It is the night during which we are disengaged from yesterday's concerns and preparing for tomorrow's. It is the chaos into which the old form dissolves and from which the new form emerges. It is the seedbed of the new beginnings that you seek.

Ending—neutral zone—new beginning. You need all three phases, and in that order, for a transition to work. The phases don't happen separately; they often go on at the same time. Endings are going on in one place, in another everything is in neutral zone chaos, and in yet another place the new beginning is already palpable. Calling them "phases" makes it sound as though they are lined up like cubicles. Perhaps it would be more accurate to think of them as three processes and to say that the transition cannot be completed until all three have taken place.

Letting go, repatterning, and making a new beginning: together these processes reorient and renew people when things are changing all around them. You need the transition that they add up to for the change to get under the surface of things and affect how people actually work. Without them, there may be dust and noise, but when things quiet down and the dust settles, nothing is really different. Most organizations, however, pay no attention to endings, don't acknowledge the neutral zone (and try to avoid it), and do nothing to help people make a fresh, new beginning, even as they trumpet the changes. Then they wonder why their people have so much difficulty with change.

When I say that organizations do these things, I mean, of course, that people do. Only people—like you—can recognize that change works only when it is accompanied by transition. Only people—like you—can learn to manage transitions so that the changes that trigger them aren't jeopardized. Only people—like you—can implement change in such a way that people actually get through it and the organization doesn't end up being hurt rather than helped.

The following pages will show you how to do those things.⁵

*He that will
not apply new
remedies must
expect new evils.*

FRANCIS BACON,
BRITISH PHILOSOPHER

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1. See Paul Hochman, "The Brand Killer," in *Fortune Small Business* (May 2002): 59ff.
 2. Appeared in "The Idea Generator," in *HR Reporter* 5.2 (February 1988): 3.
 3. Such usage is not wrong, of course—just not helpful. In fact, "transition" is used in many settings to refer to drastic changes such as losing your job.
 4. "Ending," "letting go," and "loss" are related concepts that we'll be using more or less interchangeably. "Ending" refers to the thing that ceases. "Letting go" is what we have to do when that thing ceases. And "loss" is what we feel when we have to let go.
 5. The appendices provide more detailed information about managing transitions. Appendix A is about assessing an organization's readiness for transition. (It helps to know what you are in for before you find yourself knee-deep in trouble.) Appendix B lays out a ten-step process for planning a transition. Appendices C, D, and E deal with the leader's role in getting an organization through transition, monitoring the transition process, and finding out what trouble people may be having in it, and adjusting your career thinking and action to the reality of frequent change.