Transition Leadership
A Guide to Leading Change Initiatives

"We know what we want to do–we can picture exactly what we want to accomplish. Now, how do we get there from here?"

"We've spent a lot of time perfecting this strategy, and we're confident we're making the right choices. But we have a history of developing these great plans, then never really achieving what we intended. How do we make sure we really follow through on implementation this time?"

"We think we have the right game plan in place to make this change happen–but are we missing something? Isn't there a checklist of some kind we could use to ensure we're covering all the right bases?"

These are the kinds of questions we hear again and again as leaders prepare to embark on major organizational change. Although each situation presents unique challenges, experience has shown that there are some fundamental lessons that can be widely applied to the management of enterprise-wide change. Those lessons–developed over the course of more than two decades of work with many of America's leading companies–have been distilled here into a brief guide to managing transitions.

This *Insight* is not in any way intended as a definitive text on managing change. (At the conclusion of this paper, you'll find a list of Mercer Delta publications that deal with various aspects of change management in much greater depth.) Instead, our purpose here is to provide an overview of the critical issues to keep in mind as you plan and implement major change. It's merely a starting point, a way to focus your thinking on the tasks and challenges that lie ahead.

This paper addresses the following issues that leaders typically face during change:

- The fundamentals of change management
- Establishing a transition structure
- Building and using an integrated change agenda
- Communicating change
- Getting people on board
- Managing healthy attrition
- Understanding the requirements of leadership
- Monitoring implementation

When it comes to large-scale change in complex organizations, there are no guarantees of absolute success. Nevertheless, by addressing these topics as you plan, implement, and manage change, you can substantially increase the likelihood of a successful transition.

The Fundamentals of Change Management

There are three issues universally associated with major change: anxiety, power, and control. Leaders of any transition must understand these challenges and, moreover, know how to successfully address them (see Figure 1).

Problem 1: Anxiety

The natural reaction to impending change is anxiety. As critical as we might be of the status quo, at least we know where we stand and what's expected of us. In the absence of full information–which is never available in the early stages of change–people tend to entertain worst-case scenarios. Depending on their personal make-up and their proximity to those aspects of the organization most likely to

Figure 1: Transition Leadership

PROBLEM	IMPLICATION	ACTION STEPS
Anxiety	Need to Motivate People	1. Surface dissatisfaction with the current state 2. Promote participation in change 3. Build in rewards for desired behavior 4. Provide time and opportunity to disengage from the present
Power	Need to Shape the Political Dynamics of Change	5. Obtain the support of key power groups 6. Use leader behavior to generate energy in support of change 7. Use symbols and language 8. Create stability
Control	Need to Manage the Transition	9. Develop and communicate a clear image of the future 10. Use multiple and consistent leverage points 11. Use transition devices 12. Build in feedback mechanisms

change, people can become overwhelmed by stress, which impedes their ability to understand what you're trying to tell them.

At best, people will be ambivalent toward change; at worst, they'll be firmly resistant. Transition leaders need to confront widespread anxiety and find ways to motivate people, to provide them with a level of comfort about what's about to happen. When major change occurs in the organization, the first questions many people ask (whether implicitly or explicitly) are "What's going to happen to me?" and "What's in it for me?" The task of leaders is to relieve at least some of that anxiety and to motivate constructive behavior. This can be done through a variety of actions:

- **Surface dissatisfaction with the current state.** Design and manage a set of events that help people personally experience why the organization needs to change.
- **Promote participation in change.** Building participation is neither the easiest nor quickest way to drive change, but in the long run, it's the most effective. There's no doubt it takes more work, but in the end, the benefits gained through participation–ownership, involvement, and understanding–far outweigh the costs. The challenge for leaders is to choose where, how, and when to promote participation.
- **Reward the desired behavior.** Bonuses, pay systems, promotions, recognition, job assignments, and status symbols are powerful tools, and they should be carefully employed to reinforce performance that supports the change. In our experience, promotion decisions during transition are the most telling signal of whether "they're serious" about the change.

- **Provide time and opportunity to disengage from the present.** Not unlike a death, change frequently creates feelings of loss, and people need to mourn for the old way of doing things (even when those old ways were less than perfect).

Problem 2: Power

Significant change nearly always disrupts the political dynamics of the organization by shuffling the relative distribution of power. This disruption may alter the formal status and power relationships within the organization or, just as importantly, may shake up the informal political relationships that develop among individuals and groups.

In order to build and sustain a critical mass of support for the change, transition leaders must manage the political dynamics before and during the transition. Again, there are several ways to do this:

- **Obtain the support of key power groups.** Basic stakeholder analysis can help to identify those who have a positive, neutral, or negative stake in the change. Each person or group can then be dealt with appropriately, with methods such as increased participation, bargaining, isolation, or removal.
- **Use leader behavior to generate energy in support of change.** During times of uncertainty, people look to their leaders for signals. Frequently, potent messages are sent through minor acts such as patterns of attendance at meetings or the phrases and words leaders use in public statements.
- **Use symbols and language.** Using a variety of devices such as names, related graphics, and new terms that clearly identify events, activities, or organizational units can greatly enable successful change.
- **Create stability.** Organizations and individuals can withstand only so much uncertainty. People need sources of stability that serve as anchors in the midst of turbulence. Leaders can foster stability by preparing people and providing them with information in advance, by making sure messages are consistent, and by explicitly identifying those aspects of the organization that will remain unchanged.

Problem 3: Control

The transition is a time of great uncertainty between the current and future states. During this period, the old organization is being disassembled before the future state is fully operational. It's vital that leaders manage the transition with the same degree of attention, resources, and skill they would use to manage any other major project. In particular, they should:

- **Develop and communicate a clear image of the future.** This communication plan should counteract the inevitable rumors and horror stories people share as they become increasingly anxious about the future. Consistent messages from senior leaders are absolutely critical.
- **Use multiple and consistent leverage points for change.** For example, the training people receive–aimed at building newly required skills–should dovetail with new job descriptions, reward systems, etc.

- **Use transition devices.** Ideally, the transition structure should incorporate four elements:
  1. A transition manager
  2. Specific structures, such as a transition team, steering committee, etc.
  3. Specific transition resources, such as a budget, staff, etc.
  4. A transition plan
- **Supplement feedback mechanisms.** Normal feedback systems often break down during transitions; the normal, informal give and take becomes strained, and people worry about saying the wrong thing to the wrong person. Leaders need to develop multiple, redundant, formal, and informal mechanisms for receiving input on how the transition is progressing.

Establishing a Transition Structure

Managing a major transition is both an art and a science. Although all transitions involve some common elements that require the attention of leaders, each situation is, in some ways, unique. Consequently, each organization needs to tailor its transition structures to reflect its particular circumstances.

Depending on the culture of the organization (and the personalities of the key leaders), any given transition can be either under- or over-managed. The trick is to achieve a balance (see Figure 2).

The best way to achieve this balance is to carefully create a structure that allows you to manage the transition effectively. In particular, the following organizational arrangements are important for all enterprise-wide change efforts:

Transition Manager

Unless one person is handed the responsibility for managing the transition, it will not succeed. This person must be a senior leader, preferably one with substantial credibility, the ability to influence the CEO and executive team, and the power and authority to make the transition happen. It also helps tremendously if this individual has demonstrated the ability to effectively manage stress and ambiguity.

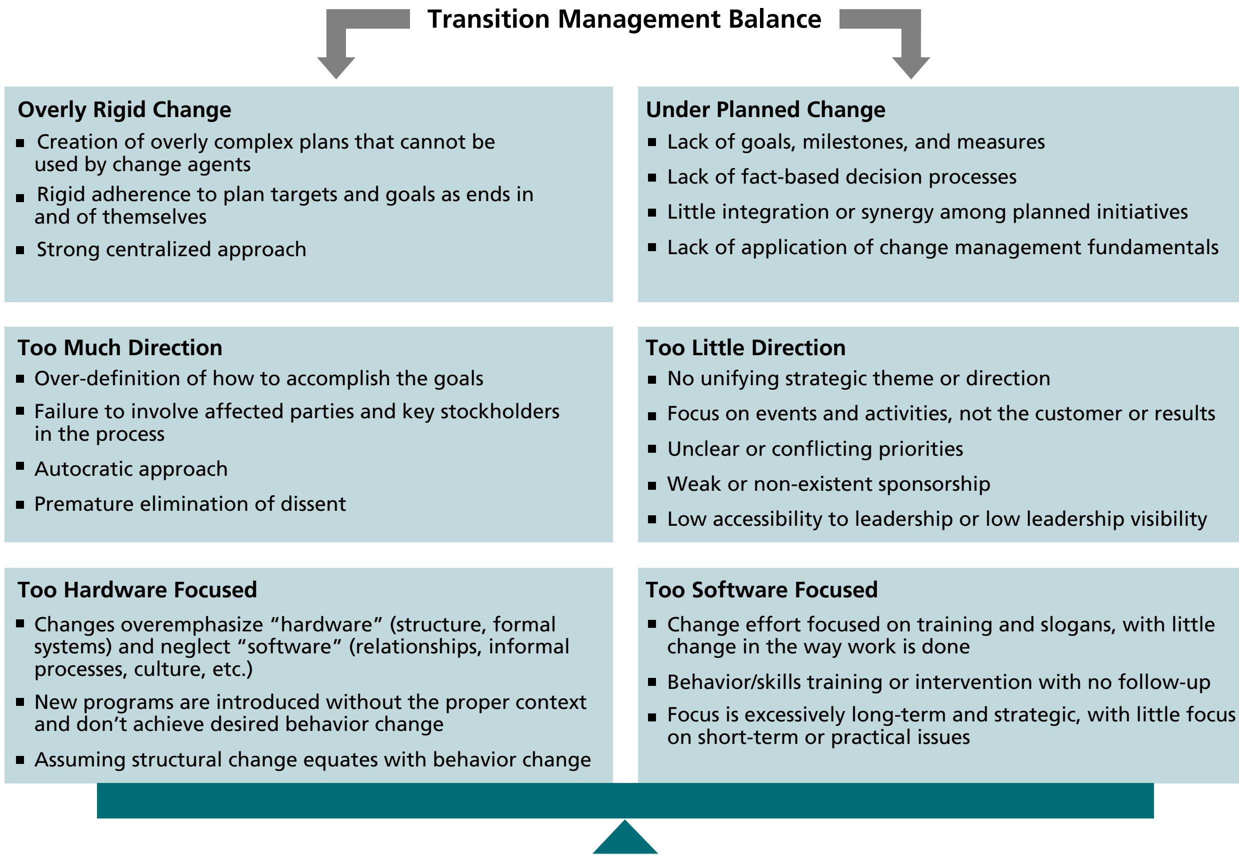
Often, the Transition Manager role is designated as a full-time job. Specific responsibilities include:

- Acting as a primary agent for change, providing overall management of the change process on behalf of the CEO and executive team
- Ensuring that the integrated change agenda is planned and executed (see the next section for more detail on this)
- Providing state-of-the-art approaches to support change leadership efforts throughout the organization
- Ensuring the necessary resources (professional staffs, processes, budgets, communications, etc.) are available to support all aspects of the transition

Transition Management Structures

It's difficult for an entrenched bureaucracy to manage its own change process. As a result, it is necessary to develop other structures or use other devices outside the regular organizational structure during the transition period. The Transition Manager needs the support of a designated Transition Team, whose role, broadly, is to:

Figure 2: Transition Structure



- Provide direction, processes, guidance, and support to the organization's leaders in transitioning to the new organization
- Challenge, facilitate, and influence others to assume responsibility and accountability during the change

In addition, special teams, task forces, and pilot projects probably should be designed and deployed during this period.

Transition Resources

Because major transitions involve such tremendous risks, they're worth doing well. The costs of mishandling a transition dwarf the price tag for doing it right the first time. Resources (such as people, dollars, training, and consultative expertise) must be provided to the Transition Manager and/or Transition Team.

Transition Plan

A transition is a movement from one state to another. To have that occur effectively, and to measure and control performance, you need a plan with clear assignments, benchmarks, standards of performance, and other quantifiable features. Later in this paper, this plan will be discussed in greater detail under the heading "Building and Using an Integrated Change Agenda."

Example: Structuring a Framework for Change

Faced with sudden change in its marketplace and unforeseen moves by its leading competitor, a packaged-goods company realized it had to rethink its strategy and organizational architecture. The executive team designed and implemented a transition structure, and started by defining their own role:

- To provide clear direction and leadership to the business
- To serve as guardians and models of the organization's Guiding Principles and new behaviors
- To lead the transition to the new organization by:
  - Assuming ownership of the change plan
  - Overseeing key transition projects and initiatives
  - Sponsoring rewards and recognition
- To communicate change

The executive team chartered seven "strategic change teams" to design the business processes, culture, and communication strategies for the new organization. In addition, a transition team convened to:

- Assist the executive team in implementing the change plan
- Provide a means to track the progress of major transition projects
- Assist the executive team in implementing communications and learning activities
- Surface company-wide issues and initiatives that might either limit or support the change, and bring them to the executive team's attention

Figure 3 depicts the overall transition structure and the relationships among the various groups involved in the change effort.

Building and Using an Integrated Change Agenda

Whether you choose to call it an integrated change agenda, a change plan, or a transition plan, every major change effort needs one. What you call the plan is less important than its content and the process you use to develop and manage it. Having said that, we prefer to use the term "integrated change agenda," primarily because:

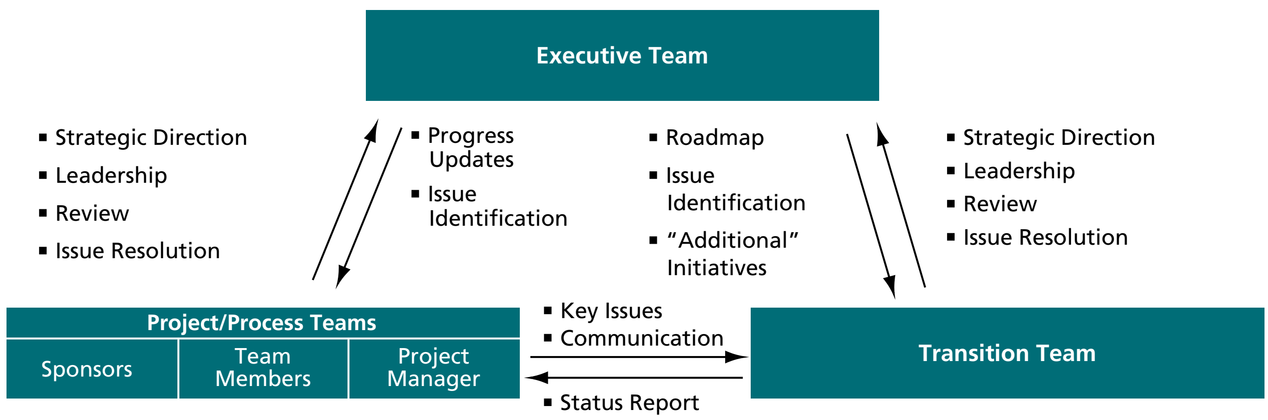
- It connotes the need to coordinate multiple activities
- It focuses on changing the organization
- It represents something that is shared and owned by multiple constituents (as opposed to a "plan" that may be static and managed by an individual)

Definition

The integrated change agenda is, in essence, a master game plan that outlines all of the key leverage points required to implement major change. Each leverage point consists of a detailed set of actions and activities, desired outcomes, deadlines, and personal accountabilities. The actions and activities are sequenced over time (usually a period of 12-24 months) to ensure:

- Executive ownership and involvement
- Organizational capacity to absorb the changes
- Timeliness, efficiency, and impact
- The ability to capitalize on opportunities and events that are already in motion

Figure 3: Transition Structure



Several assumptions underlie the need to create and use an integrated change agenda:

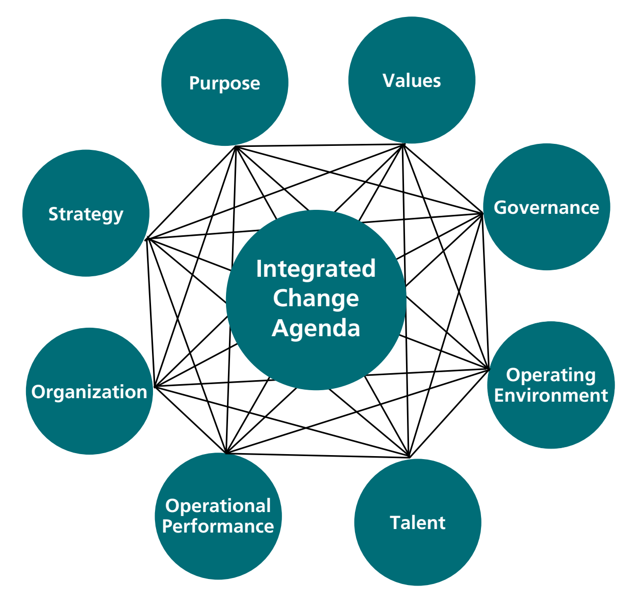
- A committed, aligned senior management group is essential to successful large-scale change. And unless these people wake up every day worrying about how the change is progressing and being managed, the effort won't be effective.
- An organization in the midst of enterprise-wide transformation is overloaded and taxed for resources. Using an integrated change agenda results in linked, efficient, focused, and targeted action that produces real change.
- With a visible, explicit plan that is actively managed by senior executives, the organization will experience focused effort and tangible progress. During turbulent times, people have a tendency to "MSU" (make stuff up). The agenda helps people to focus on real activity and to build momentum for change.
- Consistency and connectedness are both required when introducing change. Disjointed initiatives result in confusion, potential redundancy, and less leverage.
- Having an integrated change agenda enables leaders to be tenacious, stay the course, and remind the organization that "this will not go away."

Part of the artistry in developing the change agenda is crafting an approach that captures the hearts and minds of organizational members. The agenda must be simple enough for people to remember, yet real enough to provide useful guidance in day-to-day activities. Typically, change leaders need to create and manage both a high-level agenda and a more detailed set of plans. The high-level agenda acts as an umbrella, encompassing all the elements of the change effort providing the framework for broad communication. The detailed plans support the agenda, providing a roadmap for actually managing the initiatives.

Figure 4 represents a generic integrated change agenda that we have used with numerous companies as a starting point in developing targeted agendas. As the figure indicates, it's important to address these points:

- **Purpose:** a broad statement of the organization's ultimate goals, portraying the type of organization the change is intended to create
- **Values:** a description of the core values that the organization considers most important
- **Strategy:** a definition of the business' target markets, offerings, and primary basis for competition
- **Governance:** a general explanation of the structures and processes used to coordinate management
- **Organization:** a broad framework for the architecture of the enterprise–the structures, processes, and systems that will enable people to perform the work required by the strategy and vision
- **Operating Environment:** the patterns of behavior required of people within the organization
- **Operational Performance:** the actions that will be taken to improve the effectiveness of the core operations, including process redesign, quality, cost reduction, etc.
- **Talent:** a plan for upgrading the organization's talent pool through development of present employees and, if necessary, recruitment of new ones to ensure that people have the skills and talents required to execute the new strategies

Figure 4: Integrated Change Agenda



Developing the Agenda

Responsibility for creating an Integrated Change Agenda for enterprise-wide transformation rests solely with the CEO and his or her executive team. While staff can (and often should) facilitate the process of creating the agenda, the final deliberation, discussion, and decisions regarding the agenda must take place with the executive team. They are uniquely positioned to communicate and drive the most critical initiatives that will actually cause real change to happen; consequently, it's important that they own the overall agenda.

Having said that, we emphasize that the executive team should draw upon numerous sources to help develop the agenda and the detailed supporting plans. Before they can develop the short of list of specific change interventions, others need to do the early diagnostic work that highlights the areas of greatest leverage and the potential for success in each. Given the tendency within organizations to reinforce the status quo, leaders need to use every available lever–and some may involve key leaders not directly on the executive team.

Managing the Agenda

The responsibility for developing and communicating the agenda rests with the CEO and the executive team. However, since most executive teams during times of change need to keep the organization focused on delivering business results in addition to orienting people toward the future, the daily agenda is often best delegated to a Transition Manager and a Transition Team. This involves gathering data on where each initiative stands, updating the detailed plans behind the overall agenda, remaining vigilant about things falling behind or derailing, and keeping senior management apprised of progress.

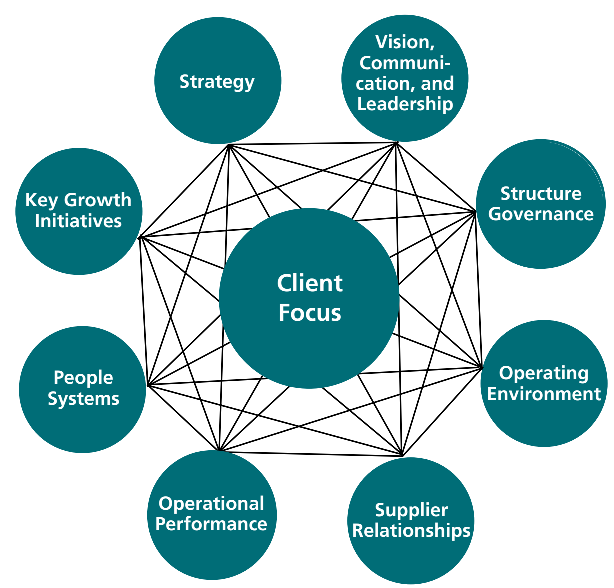
Example: Financial Services

The executive team at a financial services company created a diagram (see Figure 5) to illustrate their efforts in a number of critical areas during a time of significant organizational change. Behind this high-level graphic, they had a set of detailed plans for each initiative, complete with timeframes, responsibilities, etc. Over time, a small core group of people worked on behalf of the executive team, monitoring the initiatives and reviewing progress with the team on a monthly basis.

Communicating Change

Although always important, communication has become absolutely critical during transitions. It's almost impossible to manage the transition if people have no sense of where the changes are headed. Painting a picture for them can be terribly difficult. The truth is that many organizations head into a transition state with nothing more than some basic goals and cherished values to guide them on their journey. That gives leaders the flexibility they need to be truly creative and open minded in selecting a future path; but for the followers, it can be frightening.

Figure 5: Financial Services Company



Major change is disruptive to normal communication channels–both formal and informal–greatly reducing the amount of accurate information that flows through the system. However, it's critical to share accurate information in order to keep people focused on the behavior required to successfully navigating the transition.

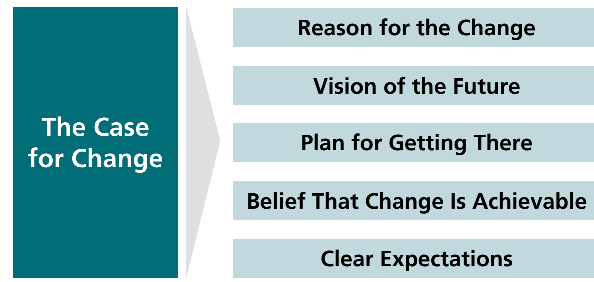
Defining the Case for Change

It's crucial for leaders to develop and widely communicate a compelling "case for change." The end product–a well-articulated and persuasive argument for change–becomes, in effect, the mantra of the transition. Moreover, the work involved in drafting and refining the argument is tremendously valuable. It forces leaders to think about the change in a disciplined way, surfaces unspoken but conflicting assumptions about the change and ultimately paves the way toward reaching a shared agreement about the future of the organization.

These are the major elements of a persuasive case for change (see Figure 6):

- **Reason for the change.** Answers the question "Why change?" and creates motivation for change. One key is to describe the business case for the change, connecting dots to the bottom-line success of the company.
- **Vision of the future.** Answers the question "Change to what?" by providing leadership's vision of the new organization, and creates energy and excitement about the future. It is important to describe how things will look and feel in the new organization, including what will change and what will stay the same.
- **Plan for getting there.** Answers the question "How are we going to change?" and mobilizes people toward a common direction. It's important to provide an overview of the integrated change agenda, key strategies, and implementation plans.
- **Believe change is achievable.** Answers the question "Is this really possible?" and encourages interest, engagement, and optimism. It is essential to seize every available opportunity to communicate how the change is taking hold and making a difference.
- **Expectations.** Answers the question "What can I expect of you and what is expected of me?" and helps people prepare for the change while reducing their uncertainty.

Figure 6: Defining the Case for Change



Designing the Communication Plan

An inspirational case for change, poorly communicated, has little impact. Communications have to be carefully planned and actively managed. There's a whole range of issues to consider: the frequency of communications, the source of the communication, the audience, the vehicles, the venues, the tone–the list goes on. When talking about a major communication effort, you can't just assume that "HR will get the word out." The plan may require a project manager who develops timelines and action steps, hands out assignments, monitors progress, and holds people accountable. Some important principles to consider in designing this plan:

- **Involve the right people in coordinating the communications.** The communication effort should include a structure and process for touching the right bases and involving the necessary constituencies.
- **Think of communications as a series of successive waves.** Too often, communications boils down to a single event: a speech, a memo, a video. The initial event is only the kickoff. An effective program will push the messages out through successive and ever-widening waves of communication, eventually reaching the entire organization.
- **Remember how crucial timing can be.** Communications never take place in a vacuum. They can be altered, undercut, or overwhelmed by major events within the organization or in the outside world. The timing of major communication rollouts should be planned with full consideration of scheduled and likely events, both inside and outside the organization.

- **Identify the communicators and help them get ready.** If the success of the communications effort hinges on the effectiveness of each supervisor, then it's essential to decide in advance who will be involved in each form of communication. The next step is to supply them with both the substantive back-up materials and the training they need to communicate effectively.
- **Communicate up close and personal.** By far, the most effective communications are those that take place in person. Internal communications pack the greatest punch when the message delivered from afar by senior management is repeated in person by each person's immediate supervisor.
- **Repeat the messages over and over again.** Experience indicates that in periods of stress, people typically need to hear a message half a dozen times before it really starts to sink into the collective consciousness. Consequently, important messages must be delivered repeatedly and through a variety of media. When in doubt, over-communicate.
- **Use every communication tool at your disposal.** Messages are more powerful when communicated through more than one medium (e.g., written announcements, speeches, videos, voicemail, e-mail, large- and small-group meetings, company Web pages).
- **Continue to monitor and evaluate the effectiveness of the communications.** Just as communications shouldn't be a one-time event, feedback on the effectiveness of the communications can't be done all at once. It's important to come back periodically and test how effectively the messages were conveyed, to find out if they were communicated both widely and deeply, and to watch for signs that the messages are starting to fray around the edges.

Getting People on Board

Once you've established a structure to manage the transition, created an agenda to track progress on critical interventions, and communicated the change broadly to the organization, how do you actually get people "on board" with the change? In other words, what do you do to help people really understand, internalize, and become energized by the transformation that is taking place?

People become committed to a course of action when they have had a chance to personally engage in dialogue and debate and discover the rationale for the action. This engagement process is crucial to the overall success of the transition. When people have important information about the change and are allowed to engage collaboratively with others, they're more motivated to take responsibility for the transition.

There are many different techniques and methods for engaging people–some of the most successful are "large-group interventions" (LGIs) or events. Often, these provide a strong complement to formal communications regarding change. Without going into detail on specific LGI designs, it's worthwhile to review their general intent, some assumptions about why they are important, and the critical principles to consider when designing an event.

The intent behind convening large groups (30 or more) is to allow people to actively participate in:

- Understanding the need for change
- Analyzing the current reality and deciding what needs to change
- Generating ideas about how to change
- Implementing and supporting change–making it work

Several assumptions underlie the rationale for investing in these events:

- Top-down change takes time and faces resistance in the organization
- Changes that cascade from the top often stagnate or get distorted
- People want to be engaged and have a voice, and are much likelier to support what they help create
- Implementation will take less time and the transition will have a better chance of success

Some principles for designing large-group engagements include:

- **Introduce novelty in the design.** Use the meeting itself to demonstrate the departure from the status quo by employing new techniques and introducing unexpected elements. For example, hold the meeting somewhere other than the usual place, or try using new technology to speed data collection during the meeting.
- **Use the event as an opportunity to interact and learn.** Emphasize discussion time by building in small-group work (making sure there is a customer for the products developed), and schedule "lulls" that allow people to mingle and talk informally. Limit formal presentations, repetitive report-outs, and lengthy periods where people sit in chairs listening.
- **Create a sense that things are happening "live."** Spontaneously go to a Q&A session when it appears people are struggling with a particular issue; have senior leaders acknowledge openly when they do not have an answer to a question; emphasize that for the change to be successful, the people in the room need to shape and build on existing plans.
- **Provide the opportunity for people to see, touch, and shape the change.** Use multiple media to communicate the intended changes: written documents, videos, "pictures" of the future, the in-person presence of customers who describe how the changes will benefit them.
- **Use data collected before and during the event to inform discussion.** Keep the issues grounded in reality and base decisions on data, but avoid overly complex interpretations of data or "analysis paralysis."
- **Promote openness and flexibility over control and confidentiality.** Make sure that senior leaders are candid and forthcoming in all of their discussions. Prepare meeting notes throughout for dissemination at the end of the event. Use every opportunity to ask what the participants are thinking and feeling–solicit feedback during and after the event.
- **Ensure the active involvement and high visibility of the executive team.** Provide multiple opportunities for executive team members to lead discussions, present material, and engage the group. Tailor the assignment of various roles to the strengths of the individual team members and balance their participation.
- **Emphasize that the event is not an end in itself.** It is a method for amplifying the overall change effort. Have materials prepared before and during the event that can be given to the participants at the end to take back and reinforce key messages. During the meeting, clarify expectations for further communication and what's expected of the participants once they're "back on the job." Leave the meeting with a concise recap of decisions reached and next steps so that everyone understands where things will go from here.

Example

A large retail organization in the midst of a fundamental redefinition of its strategy, product line, and overall image held a meeting of its top 70 officers to formally unveil its new corporate identity. The meeting needed to be designed in a way that would create excitement and prepare top leadership to communicate the change throughout the organization. In other words, the senior leadership group had to be brought "on board."

The meeting was designed using a newsroom metaphor. The task at hand was to craft a front-page news story about the company's new identity and transformation. The meeting room layout supported the metaphor–it was busy, active, and chaotic. Six TV monitors piped in a live Bloomberg News broadcast. A centrally located "editor's desk" contained computers, printers, and everything needed to create a news story. The walls were lined with the day's current newspaper stories. There were several tables, each representing a separate "news desk."

The newsroom segment started with each of the table groups creating a draft story of the transformation the company was currently undergoing. Each table created their story on a large placard, including the headline, key points, changes needed to make the transformation, and what people should think, feel, and do after hearing the story.

During the next segment, the entire group of 70 leaders browsed a gallery of the placards and indicated their favorite headlines, key points, and other elements of the story. The input was tabulated, and an initial news story was drafted for review by the "editor in chief," the CEO. After a brief break, the group reconvened and the CEO "presented" the final story to the group, inviting discussion and final "editing" on a projected draft. At the end of the session, the final news story was printed out for each leader to use as a communication tool.

The event was highly engaging–there was a tremendous sense of energy and momentum in the room. The top leadership group left the meeting with a shared understanding of the impact of the new identity on the corporation's continued transformation. They had a common platform for communicating the change and, most importantly, they created the story themselves. They were "on board."

Managing Healthy Attrition

It is inevitable during any major transition that some people will leave the organization. The leadership challenge is to ensure that the right people leave for the right reasons, and that those who stay feel affirmed in their own worth, confident about the company's future success, and good about the way those who left were treated.

Studies show that when transitions involving attrition are not managed well, long-term negative consequences can be seen in the following areas:

- **Employee motivation and morale.** "Survivors" of the transition can become narrow-minded, self-absorbed, and risk averse, often causing significant drops in productivity.
- **Operating environment.** The general climate can become poisoned by a lack of trust in management and a belief that employee loyalty is no longer valued.
- **Organizational capabilities.** There may be a loss of expertise and organizational memory, decreased performance standards, and a reluctance to take independent action.

- **Company reputation.** The way a company treats its employees greatly affects how it is viewed by the public.

Workforce reductions of any kind pose significant challenges, given the uncertainty, fear, and risk to organizational performance inherent in attrition. Managing the transition well requires that leaders:

- Communicate the relationship between attrition and corporate strategy, and help people understand how reductions support the long-term success of the company.
- Engage in open dialogue and refrain from distancing themselves from discussing the personal cost to the organization. Most employees want leaders who are not afraid of personal communication and will respect someone who acknowledges that attrition (even healthy attrition) represents a change that can be difficult for both those who leave and those who stay.
- Stay true to the company's values, model desired behaviors, and project confidence that the transition truly does position the company for future success.

Broadly, there are three populations of employees that need equal, yet very different, attention during transition:

1. Those whose skills, experiences, and expectations regarding employment are key to the future success of the organization
2. Those who determine that the new organization is not a place they want to work in and decide that it is time to leave
3. Those whose skills, experiences, and expectations no longer match the new organization but who want to stay either because they don't recognize this fact or they feel they can (or, more often, the organization will) change

It's important for leaders to understand that people in the first group will be wondering, "What is my future here, and what are the reactions of others who 'survive' this transition?" Even the most successful and self-confident executives can feel uncertain about their opportunities within the organization and will take cues from trusted colleagues. To be effective, leaders need to deal one-on-one with each valued employee. They should invest considerable time in making sure key players feel valued, recognize new opportunities for success, understand their prospects for career development, and are rewarded for engaging in appropriate behavior during the transition.

Leaders have an obligation to deal with those who have little or no chance of succeeding in the new environment, and to do it swiftly, candidly, and with integrity. Major transitions require that you deliver the required performance today while making the changes required for the transition to tomorrow. Poor performance and dysfunctional behavior that get in the way of change (and have a corrosive influence on others) cannot be tolerated for long. Among the senior ranks, just one ineffective or disruptive member can damage the transition in countless ways. Therefore, one of the most important tasks facing any transition leader is to ensure that those who need to leave the organization do so as quickly and constructively as possible.

Finally, leaders can employ a number of techniques to cushion the impact on those who must leave, as well as on those who stay:

- **Minimize uncertainty.** Provide as much information and fair warning as possible to those who must leave.
- **Treat those who leave with dignity.** Allow them to say goodbye and resist the temptation to suspect or devalue them.

- **Provide resources where possible.** Often, the relative cost of providing certain services to minimize disruptive attrition (such as financial information, outplacement counseling, retraining, etc.) can have tremendous benefits to both those who leave and those who stay.

Understanding the Requirements of Leadership

Leading a transition is different from running a business. Above and beyond their normal duties, leaders face additional responsibilities that are critical–requirements that cannot be delegated to others. Understanding and being equipped to fulfill those requirements, preparing for the impact the change will have on them personally, and finding the right sources of support during this time greatly increase the likelihood of successful personal and organizational transition.

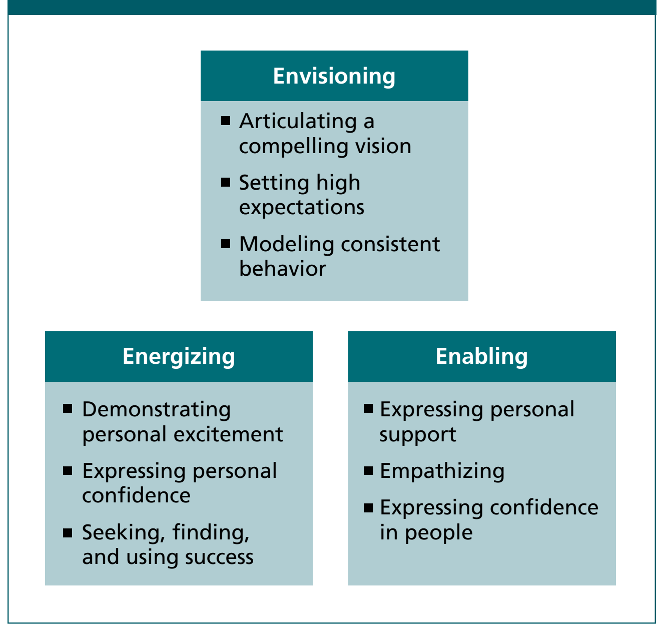
Leaders (particularly the CEO, but others as well) become the psychological focal point for many employees during times of significant change. In a mystical way, they become the personal embodiment of the institution, its values, its beliefs, and its future. The most successful leaders exhibit similar characteristics, which fall into three broad categories (see Figure 7):

- **Envisioning.** Articulating a compelling vision that captures people's imagination; setting high expectations that excite and "stretch" people; and modeling actions that are consistent with their words.
- **Energizing.** Demonstrating their own, personal sense of excitement about the changes taking place; constantly expressing personal confidence in ultimate success and rarely showing that they harbor any doubts; and endlessly seeking, finding, and using instances of success to build a sense of momentum.
- **Enabling.** Expressing their personal support; demonstrating confidence in the organization's ability to reach its goals; and empathizing with people during the difficult times.

The most effective leaders during times of transition remain acutely aware of the personal impact the change is having on them. Leaders are human and subject to certain anxieties and pressures during transition. It helps to keep in mind that the organization is embarking on something that, by definition, is ambiguous–no one knows exactly how everything is going to turn out. This undoubtedly will make leaders feel uncomfortable and possibly even incompetent as they experience pressure to provide more and better answers to people's questions about the future.

If you are leading a transition, be vigilant in terms of your own reactions to these pressures and your behavior–and hold other leaders accountable as well. As important as knowing what to do is knowing what not to do. Make sure that you do not:

Figure 7: Leadership



- Deny responsibility for what has occurred
- Publicly endorse the change, yet privately condemn it
- Treat the transition as an "educational" exercise–"This too shall pass"
- Change only what you say, not what you do
- Hedge or play games of "wait and see"
- Show your frustration with others who are struggling with the change by saying things like:
  - "They should be over this by now..."
  - "Too bad, we need to get on with things..."
  - "I don't understand why people resist so much–they should demonstrate more maturity..."
  - "I can't take time to deal with things like this..."

Throughout the transition, there are some additional things to keep in mind:

- **Keep track of yourself and your experiences.** The best change leaders are those who are self-aware. Make mental and written notes about what works and what doesn't. Be conscious of your own learning during transition.
- **Don't expect everyone to be happy with your leadership.** This is a hard time for many, as they will be letting go of old reporting relationships and favored ways of doing things. Nevertheless, don't lower your standards; set aggressive goals for your people and keep them focused on forward movement.
- **Look for sources of support.** Talk with others in positions similar to yours to learn about the ways they have successfully coped with change. This could include individuals or groups, inside or outside the company, with whom you can share your own candid reactions to the transition.
- **Above all, keep things in perspective and maintain a sense of humor.** Transitions can be extremely stressful, but they can also be times of tremendous learning and personal growth if you can manage your own anxiety and stay focused on the future.

Monitoring Implementation

The intense demands of keeping an organization on track during a transition require a skilled, adaptive, and informed management team. Successful leadership during periods of change requires a constant flow of operational and behavioral data–information about how the business is performing and how people are behaving. This information is essential to monitoring the effectiveness of the transition, directing future action, and initiating mid-course corrections.

Measurement tools can help transition leaders monitor the effects of change on their organization. By developing a set of measures that act as early warning devices that indicate likely problems requiring targeted attention transition leaders can quickly remedy, or even avoid, some of the unintended negative consequences of change. For these measures to be effective, they must be:

- **Balanced.** Data-gathering efforts in most organizations tend to be dominated by accounting-based measures. These have to be balanced with measures that provide information about employee attitudes, work processes, and leader behavior. The challenge of transforming the entire organization requires insight into both the "hard stuff" (e.g., balance sheet data) and the "soft stuff" (e.g., perceptions, attitudes, and behaviors) of organizational life.

- **Integrated.** Diverse, balanced streams of data are of little use if analyzed in isolation. Much of the insight this information can provide requires synthesis and interpretation, involving regular reports encompassing a range of different measures.
- **Sensitive.** Managing a transition often requires rapid managerial action to avoid pitfalls. To maintain this capability, managers must have access to sensitive leading indicators that tip them off to developing problems. This requires comfort with fuzzier, more subjective data-gathering activities, such as interviews and observation.

A number of tools are employed by organizations in gathering transition data. Some of these are normally found in most organizations; others will have to be designed for the express purpose of monitoring the transition:

- **Documents and records.** Organizations maintain voluminous records about employee behavior (e.g., personnel, insurance, safety, and health records). Additionally, important information about the operational effectiveness and financial health of the business is captured in accounting, inventory, performance, and quality-assurance records and documents.
- **Formal surveys.** Structured questionnaires are efficient tools for quickly gathering information at multiple levels in the organization. Surveys can be used to generate quantitative data on issues ranging from employee attitudes and customer perceptions to leader behavior and team processes.
- **Sensing groups.** This group discussion method can take various forms, from formal focus groups to informal round-table discussions with a cross-section of employees. An important aspect of this technique–the opportunity to observe employee interaction and discussions–often provides valuable insight into the emotional state of employees.
- **Interviews.** One-on-one discussions about pre-determined issues are often performed by an outsider to encourage the free flow of honest information. A major challenge inherent in this form of data gathering is how to distill valid insights from such “messy” data, which often requires techniques such as content analysis.
- **Informal conversations and observations.** Keeping an “ear to the ground” provides a rich source of information about the state of the organization. Data from the rumor mill, water-cooler conversations, and informal chats with employees–when integrated with data gathered through more systematic techniques–can yield useful insights.

Specific Pitfalls

There are three basic categories of pitfalls, that correspond to the various ways in which change can disrupt the organization: disruptions in how people feel, how they work, and how they perform. Within each category, there are critical outcomes that require close attention.

In addition to the generic measures identified above, transition leaders require data that can reveal whether employees are engaging in the kinds of behavior required both during the transition and beyond. While the specific behavior may be unique to each company, many of the tools we just described (such as formal surveys and interviews) can be employed to gather valid data. Armed with valid information about how employees are behaving, leaders are better equipped to ensure effective implementation.

Wrap-Up: A Checklist for Your Transition

For even the most complex transitions, success boils down to disciplined adherence to the principles of change management.

As we said earlier, this *Insight* is intended as an overview–a brief guide to the principles of change and a quick survey of the major issues that every transition leader is almost certain to face. As you embark upon your own transition, the following checklist can help organize your thinking about the important challenges you'll need to keep in mind throughout your change effort.

In your transition, have you:

- Planned for the management of transition as you would for any critical business initiative by allocating the necessary leadership, resources, time, and executive-level attention?
- Considered how much change the organization can absorb over what period of time, and planned accordingly?
- Designed a process for creating an integrated change agenda that incorporates input from relevant constituencies and allows the CEO and executive team to shape and own the agenda?
- Explicitly identified who will manage the integrated change agenda on a daily basis?
- Addressed the question everyone cares about most: "How will this change affect me?"
- Planned to use multiple methods of getting your message across–written announcements, speeches, videos, voicemail, e-mail, meetings, etc.?
- Kept the message clear and simple?
- Identified those people who will be most affected by the change and would benefit most from an event that allows them to engage in dialogue about the transition?
- Devoted enough time and attention to creating situations where people can come together to actually discuss and provide input to the changes being planned?
- Identified the key players you need to retain and spent sufficient time helping them understand the rationale for the changes being made and assuring them of their future?
- Identified the people you believe will not be successful in the new organization and developed a strategy for helping them to move on effectively and with dignity?
- Articulated a compelling vision?
- Reflected on and planned for the personal impact this change will have on you?
- Developed ways to measure whether the transition is progressing smoothly?
- Complemented traditional financial metrics with data that provide information about employee attitudes, work processes, and leader behaviors?

Summary

Above all, we have found that one over-arching principle provides the foundation for successful large-scale change: the active, committed, personal involvement of the organization's most senior leader.

Most of the problems that come across a CEO's desk each day can–and probably should–be delegated to someone else. The day-to-day management of the change agenda and the oversight of the various teams and events that are part of the transition should be handed off to other people. But the leadership–the very personal ownership–of the change initiative cannot be delegated. Only the CEO can provide the broad vision, enterprise-wide perspective, and long-term view that's required to set a new direction and then stay the course in the face of conflicting interests and competing priorities.

Suggested Reading

The topics covered in this overview are explored in greater detail in other publications from Mercer Delta Consulting. In the areas of leadership and change management, we suggest the following *Insights*:

Managing the Dynamics of Change

The Congruence Model

Leading Change: The Mythic Leader and Beyond

The Culture Challenge: Creating a High-Performance Operating Environment

Reshaping the Enterprise

Strategic Communication

For more in-depth discussion of the challenges involved in leading successful transitions and large scale change, we recommend the following books:

Nadler, D.A., and Tushman, M.L., *Champions of Change*. New York: Jossey-Bass Press, 1997.

Nadler, D.A., and Tushman, M.L., *Competing by Design*. New York: Oxford University Press, 1997.

Nadler, D.A., Spencer, J.L., and Associates, *Executive Teams*. San Francisco: Jossey Bass Press, 1997.

Hambrick, D.C., Nadler, D.A., and Tushman, M.L., *Navigating Change*. Boston: Harvard Business School Press, 1998.

About Mercer Delta

Mercer Delta Consulting, LLC works with CEOs and senior executives on the design and leadership of large-scale change. In our work with the leaders of major enterprises around the world, we support successful change through our expertise in:

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