



Taking steps to real change

Have all the initiatives you've started really begun?

Years ago, a pharmaceutical company I was working for acquired a larger, less profitable company to help it increase its market competitiveness. As part of the executive team, I was actively involved in planning the restructuring, rebranding, and deployment of the post-merger organization. Everyone eagerly anticipated a substantial increase in revenues and market share – the shareholders included.



Official announcements were made, new organizational structures were announced, and everyone was told about the many advantages of this merger, and clearly understood that this was the start of something very different. And yet, aside from the executives, very few staff had actually begun the change – in their minds, attitudes or behaviour.

It is important to distinguish between the physical or material nature of “starting” and the more psychological nature of “beginning.” Starting has to do with witnessing something happen, while a beginning requires engagement and commitment; it’s much more experiential. The difference is like starting to plan a vacation online, and beginning your vacation when you step off the plane.

In the case of the merger, most employees knew things would be very different from a logistical standpoint, but this knowledge did not actually result in new understanding, values, attitudes or identities. The “start” was a clear-cut happening. The “beginning,” on the other hand – what people *experience* – lagged for close to two years, during which time the sales and market share of the combined entities actually shrank. The values, market approach and unresolved frustrated feelings of the frontliners on “both sides” resulted in poor execution, lower productivity and endless operational issues, and the newly formed entity was sold less than two years later.

This outcome is far from unique. A KPMG study shows 83 percent of mergers and acquisitions fail to produce any benefits – with over half actually ending up in reduced combined company value. One of the key reasons cited is that there is often very little consideration given to the “people side” of change. While business leaders and owners spend many resources strategizing about change and its implementation, most spend little time managing the major impact of subjective perceptions of change and its internalization, or “personal transitions.”

All effective transitions happen in a universal sequence – “letting go” of what was, going through a somewhat “chaotic” neutral zone, and then emerging in a “new beginning.” Each of these phases is characterized by very specific emotions, resistances, and behaviours that must be methodically worked through by the change leader and agents. In the merger discussed above, the whole process of “personal transitions” and required interventions was underestimated and thus mismanaged.

There are a number of things that could have helped the people in this merger case achieve a strong “new beginning.” For one, listening to the employees would have allowed for fine-tuning to ensure that they were on board. Secondly, people needed to clearly understand what new attitudes, behaviours and tasks were expected of them. Third, because people feel a certain level of incompetence in any major change, it would have helped to give them time to practise and increase their confidence in moving forward.

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When “new beginnings” are handled effectively by change leaders and agents, people feel complete, satisfied, and secure. They also feel energized by the prospect of reaping the rewards brought about by the change. If “new beginnings” are overlooked in the transition plan, however, all the initiatives that have merely been started will not actually have begun. **PB**

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