Albertsons
You're in for something fresh.™

Linkage Transition Management Training Smooths Acquisition at Albertson's

In September of 2005, Albertson's, a national supermarket chain, announced that it was exploring ways to increase shareholder value—and that one of those ways might be to sell the company.

Like everyone else at Albertson's, Terri Hughes, Director of Organizational Change, knew change was coming, even if she didn't know exactly what form it might take. She was determined that Albertson's would handle that change—and help employees handle that change—more effectively than it had in the past.

"In 1999, Albertson's acquired American Stores, a chain half again as large as Albertson's," says Hughes. "We did nothing to manage the change, nothing to help employees cope. The result was a disaster, one that most people here agree had a very negative impact for employees, customers and shareholders. I knew that whatever changes were in store, we had to do a better job this time."

Hughes's first step was to position formal change management to Albertson's senior leadership as a way for them to leave a lasting legacy with the company, whether or not they survived the upcoming changes. Senior leadership agreed; they also wanted to get programs in place right away, before lingering, unresolved feelings from the American Stores acquisition could resurface and make upcoming changes even more difficult to address. Everybody felt the responsibility to help our associates deal with whatever was on the horizon," says Hughes.

MANAGING CHANGE AND TRANSITION

Hughes researched a number of formal organizational change management models and eventually settled on the Kotter 8-Step Model for change. But while the Kotter model lays out a program for making change happen (establish urgency, create a coalition, develop a vision and strategy, etc.) it doesn't address how to help managers deal with their employees' emotional response to change.

Then Hughes found an article by William and Susan Bridges entitled "Leading Transition: A New Model for Change." The article stressed the importance of distinguishing between change, which is the external difference a company tries to implement, and transition, which is the internal, emotional reorientation people have to make before the change can work. "This was definitely what was missing from the Kotter plan, and a perfect complement to it," says Hughes.

Hughes contacted the Bridges and learned that their intellectual property was available through Linkage, a Burlington, MA-based global organizational development company that specializes in leadership development. Soon afterward she met with Mitchell Nash, Linkage's Western Region VP, to talk about rolling out Linkage's Bridges-based Transition Management program at Albertson's.

ESSENTIAL STAGES

The fundamental premise of Linkage's Transition Management program is that for employees to make the transition required for change, they have to be led through three necessary stages: Endings, in which people formally let go of the way things used to be; the Neutral Zone, a kind of middle stage where people find the energy to tackle what's coming next; and New Beginnings, where people embrace the change, and move on to begin behaving in the new ways necessary to effect the change.

"You really can't get to the last stage without going through the first two," says Linkage's Nash. "The better managers and their employees learn to acknowledge and understand these stages, the better they get at moving past their emotions, making the transition and moving on to the change."

A pilot session with some key Albertson's senior leaders proved to be a hit—and proved Hughes's concerns were right on target. "We went in talking about the sessions we had planned, what managers could anticipate, and the tools we could give them to help them help their people," said Hughes. "What we got back was that their people really hadn't gone through these stages relative to the previous acquisition seven years ago. They were ready to assemble their teams and get to work."

BURYING THE PAST, WITH FLAIR

Encouraged, Hughes and Nash conducted a session for senior leadership at Shaws, which Albertson's had acquired 18 months earlier. The leadership really took to the concepts, and decided their employees needed to go through a formal endings ceremony—so they staged a New Orleans-style funeral, complete with a Jazz band and a casket.

"The intention was to bury the old, to let go, and to have some fun doing it," says Nash. "The president gave a eulogy, and people were throwing old policies, procedures, paperwork and anything else they weren't using anymore into the casket."

Just as important, says Hughes, was that the funeral gave people a new and effective language for coping and continuing forward. "Now, when someone talks about the way something used to be, others will say, 'didn't we bury that?'" says Hughes. "It's a perfect way to reinforce the progress they've made, and keep the momentum going."

READY TO RESPOND

All of the above took place before any changes had been announced. It wasn't until a month after the "funeral" that Albertson's announced it was being acquired—and not by a single entity. The drugstore unit, with about 700 stores, was sold to CVS. Another 650 stores were sold to Cerberus, a private equity firm. The remaining 1100 or so stores were sold to SuperValu, a grocery conglomerate.

With pilot sessions well under way, Hughes and Nash stepped up workshops with Albertson's training staff. And Hughes lost no time promoting the Transition Management program to SuperValu's senior management.

"The response was very positive," she says. "SuperValu's leadership team, in particular, was very interested and got right behind the idea. And once the acquisition agreement was complete, SuperValu formed groups to incorporate our transition workshops across the company."

Nash attributes this rapid acceptance to Hughes's enthusiasm. "One lesson we've learned over the years is that it's critical to have a champion within the client company who is fervent in his or her belief in the program, and who will deal with any obstacles that come up," he says. "Terri was a true champion in that regard. She was involved in every aspect of the process. It was like having our own internal consultant at Albertson's."

WIDESPREAD ADOPTION; SURPRISING RESULTS

At the time this story went to press, Albertson's and SuperValu had put between 3000 and 4000 leaders and employees through Linkage's Transition Management program. "It was truly a cascading approach," says Nash. "We trained their trainers, and they went off and trained, and continue to train, their internal clients. Albertson's and SuperValu's staff has led most of the sessions."

Feedback from managers and employees has been excellent. "We get lots of comments from people about being more equipped to handle the change," says Hughes. "And pretty much everyone from Albertson's says they wish we had provided these workshops during the American Stores acquisition."

While it's early to attribute any bottom-line impact to the program, Hughes and SuperValu have measured at least one positive result: Higher-than-expected employee retention.

"SuperValu's strength is in wholesale distribution, and so they were eager to retain Albertson's retail talent," says Hughes. "We expected a high percentage of Albertson's corporate managers to leave after they got their April 2006 bonus checks, but fewer than 10% left."

Hughes expects continued results from the training, and expects it to become a permanent part of SuperValu's training curriculum. "This might not have been necessary twenty years ago," she says. "But today I think Transition Management has to be a regular part of any company's leadership training program."