Kazan Federal University

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ПРАКТИКУМ ПО КОРПОРАТИВНОМУ РАЗВИТИЮ И УПРАВЛЕНИЮ ИЗМЕНЕНИЯМИ

WORKSHOP ON CORPORATE DEVELOPMENT AND CHANGE MANAGEMENT

Kazan
2024

KAZAN FEDERAL UNIVERSITY
Institute of Management, Economics and Finance
General Management Department

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The workshop is an educational publication containing practical tasks and exercises that help you learn the course and prepare to the practical classes.

CONTENT

INTRODUCTION

The workshop contributes to the systematic study of change management methods by master students studying in the direction of 38.04.02 "Management".

The workshop is intended for practical training in organizational development and allows master students to apply theoretical knowledge in the process of organizational changes managing. This workshop is intended for the formation and development of master students' skills to analyze the situation of changes, assess the need for changes, plan the process of changes in the organization and manage the implementation of planned changes. The course includes case-problems based on the activities of different enterprises, management situations, which allow you to make management decisions based on system and situational approaches. The problem of organizational development and organizational changes managing has recently become increasingly important. A modern Manager must be able to manage these processes, with due regard to the situation and predicting the future, and it is possible only by comprehending the psychology of individuals and groups, being able to create a shared vision of the future with the staff, prevent resistance to changes, and be able to choose the necessary strategy and model for implementing organizational changes.

Each study topic contains questions to study, test questions, tests, tasks, and cases. Control questions and tests are designed to check the quality of learning of the lecture material, and cases and tasks allow you to assess the ability to apply knowledge and skills in practice, as well as to develop conceptual, human and technical skills.

The workshop is based on the Methodology of I.C. Adizes, J. Kotter mostly, also different other change management models are used here.

A graduate who has mastered the discipline must have the following competencies:

- ability to manage organizations, departments, groups (teams) of employees, projects and networks
- ability to develop corporate strategy, organizational development and change programs and ensure their implementation
- ability to use quantitative and qualitative methods for conducting applied research and managing business processes, and prepare analytical materials based on the results of their application.

Topic 1.   Introduction to the course

Most people believe that the survival of the fittest is the survival of the strongest. Darwin proved the opposite - that in the long run not the strongest or most intelligent species survive, but the species that are most capable of adapting to constantly changing conditions. Change Management Methodology offers a complete system of management practices that will allow the organization to adapt quickly to the constantly changing market, economic, and political environment. The changes that occur in the external environment and within the organization cause both problems and opportunities that arise in the company. The presence of problems is natural for any organization. What is abnormal is the inability of the company's management to solve these problems, which is why the problems accumulate and worsen, and the opportunities that arise are not realized.

Questions to study
1. The Definition of terms: Change Management, Change Management Team
2.   Forces for change
3. Technical and Human side of change
4. Elements of organizational enablement: organizational and personal transition
5. The four different energy states

Control testing
1) Giving employees a chance to 'let off steam' about their gripes with the organization, or identifying and supporting those who have to absorb the negative forces from people across the company helps in the situation of
    a) Productive energy
    b) Comfortable energy
    c) Resigned inertia
    d) Corrosive energy
2) Identifying a major threat or challenge, or seeking out a promising opportunity helps in the situation of   (2 answers)
    a) Productive energy
    b) Corrosive energy
    c) Comfortable energy
    d) Resigned inertia
3) Can happen at any level in the organization, and whether it is to do with a change project or the overall strategy, it can be quite damaging. High levels of anger, distrust, and internal conflicts can easily filter through the organization
    a) Comfortable energy
    b) Productive energy
    c) Resigned inertia
    d) Corrosive energy
4) Results in people mentally withdrawing and being indifferent to the company's goals. The collective energy in this state is low, resulting in a weakened ability for change

    a) Productive energy
    b) Comfortable energy
    c) Resigned inertia
    d) Corrosive energy

5) HR processes are aligned to drive new behaviors in support of the business vision
    a) change architecture
    b) perfomance management
    c) communication
    d) leadership capacity

6) An infrastructure and plan is in place to build awareness of change goals
    a) change architecture
    b) communication
    c) leadership capacity
    d) cultural capacity

7) There is an explicit strategy which define the nature and sequence of specific activities and resources required to facilitate the change process
    a) change architecture
    b) communication
    c) leadership capacity
    d) cultural capacity

8) Forces for change, exclude the wrong variant
    a) Knowledge economy
    b) M&A
    c) Unprofitability of the company
    d) Luck of resources

9) Occurs when an organization has channelled emotions, attentions, and effort toward reaching common goals. This is the 'buzzing' scenario referred to earlier, when people collectively are enthusiastic, alert, and focused on their work
    a) Productive energy
    b) Comfortable energy
    c) Corrosive energy
    d) Resigned inertia

10) Is also positive, characterised by high satisfaction, a feeling of ease, and identifying with the status quo. The downside of this state is that it can lead to complacency, especially with companies that have enjoyed long-term success
    a) Productive energy
    b) Comfortable energy
    c) Resigned inertia
    d) Corrosive energy

Assignments and case studies

Assignment 1.

Prepare the report on one of the topic:
    1. Forces for Global Change and their influence on your life

2. Modern world of business transforming dimensions;
3. The essence of Performance management and its role in change management;
4. Examples of Managing change: successful or not
5. Motivating change
6. How could we apply Gamification theory to `change management?
7. http://thiagi.net/archive/www/games.html

Case 1.

SIA Corporation

In the early years of the new century, it wasn't hard to see that SIA Corporation couldn't keep doing business the old-fashioned twentieth-century way. Chief knowledge officer Jerry Seibert fully realized he owed his new position in the newly created knowledge management department to this challenge.

Headquartered in the Midwest, SIA was an umbrella organization offering a wide range of insurance products to commercial customers of all sizes throughout the country and, increasingly, to multinational corporations throughout the world. Over the years it had diversified into various types of insurance by absorbing smaller companies until it now consisted of more than 30 separate business units. Each had its own hierarchy, characterized by strong top-down administration and the well defined rules and procedures typical of the insurance industry; virtually every employee possessed specialized knowledge about a narrowly defined market niche. Upper-level management had given the matter considerable attention and concluded that SIA's refined division of labor into technical specialists needed to give way to a collaborative learning organization, one where employee empowerment and open information made it possible for a single underwriter to be knowledgeable about a variety of products. Jerry's knowledge management department, housed within human resources, could make a contribution toward this goal.

Jerry devised an elegant solution, if he did say so himself. He oversaw the development of software that allowed any SIA employee to post a query, have that question directed only to those employees with relevant expertise, and then receive an answer, often in a matter of minutes and usually before the day was out. The only hitch was that hardly anyone was posting queries on the easy-to-use system. Why?

Rachel Greenwell, a veteran SIA underwriter, clued him in. Especially after weathering a turbulent period, one that had seen plenty of layoffs in the insurance industry, many employees viewed the restructuring as the fi rst step in a process that would lead to pink slips landing on their desks. Some employees, in fact, saw their own highly specialized knowledge as a kind of job insurance policy. "I know that's not what your knowledge-sharing efforts are about and that their fears are unfounded," she reassured him. "But you've got about 9,999 other employees who are at least willing to entertain the possibility that sharing what they know isn't in their best interests."

Questions

1. What are some of the social, political, and economic forces that are influencing SIA's decision to become a learning organization?

2. If you were a specialist at SIA, how and why would you respond to the proposed changes? What steps would you suggest Jerry take to increase employee utilization of

the knowledge-sharing system in particular? How can he encourage SIA employees to share information?

3. What general obstacles would you foresee in a company such as SIA trying to make the transition from a hierarchical, or bureaucratic, to a learning organization? What are some general measures managers can take to smooth the way?

***Cases assessment requirements here and further.

The format of the completed work: a file with a written response of up to 3000 characters

Your answer should include the following points:

Introduction – *Write an introduction where you identify the key problem and make a summary of the thesis statement in 1 or 2 sentences.*

Background Information – *Include some relevant facts and issues and conduct research on the problem.*

Alternatives – *Describe several alternatives and explain why some were rejected. Describe existing constraints and explain why some alternatives were rejected.*

Solution – *Provide one realistic solution to the problem, explain the reasons behind the proposed solution, support this solution with justification, include relevant theoretical concepts in addition to the results of your research.*

Recommendations – *Identify specific strategies to accomplish the proposed solution, recommend further actions, outline an implementation plan.*

You should demonstrate the following:

Identify the problem. *For example, sources of competitive advantages of Zara or the inability of McDonald's to provide a stable rise in profits.*

Think about the underlying causes of the problem. *Problems can vary from a poor supply chain structure to an incorrect market positioning strategy.*

Make an outline. *This will help identify the main points when writing a case study.*

Examine cause-and-effect relations. *Try to explain why the problem occurred and which actions led to the reason for this problem.*

Mention the theoretical basis, methodological approach for solution.

Formulate possible solutions to the problem. *Think about how you would solve this problem and what actions you would undertake to eliminate the impact of negative circumstances. Think about risks, advantages and disadvantages of your suggestions.*

Points in the range of 86-100% of the maximum are given if the student:
- Demonstrates a high level of knowledge of theoretical material and practical skills on the problems of the case. Excellent ability to formulate and justify his/her position, defend it in a discussion with students and teachers, ask questions about the research topic.

Points in the range of 71-85% of the maximum are given if the student:
- Demonstrates an average level of knowledge of theoretical material and practical skills on the problems of the case. Good ability to formulate and justify his/her position, defend it in a discussion, ask questions about the research topic, and discuss options for solving the situation.

Points in the range of 56-70% of the maximum are given if the student:

- Demonstrates a low level of knowledge of theoretical material and practical skills on the problems of the case. Weak ability to formulate and justify his/her position, defend it in a discussion, ask questions about the research topic, and discuss options for solving the situation.

Points in the range of 0-55% of the maximum are given if the student:

- Demonstrates Insufficient level of knowledge of the material on the topic of the case. The inability to formulate and justify their position, to defend it in a discussion, to ask questions about the research topic, to discuss options for solving the situation.

Case 2.

Elektra Products, Inc.

Barbara Russell, a manufacturing vice president, walked into the monthly companywide meeting with a light step and a hopefulness she hadn't felt in a long time. The company's new, dynamic CEO was going to announce a new era of employee involvement and empowerment at Elektra Products, an 80-year-old, publicly held company that had once been a leading manufacturer and retailer of electrical products and supplies. In recent years, the company experienced a host of problems: market share was declining in the face of increased foreign and domestic competition; new product ideas were few and far between; departments such as manufacturing and sales barely spoke to one another; morale was at an all-time low, and many employees were actively seeking other jobs. Everyone needed a dose of hope. Martin Griffin, who had been hired to revive the failing company, briskly opened the meeting with a challenge: "As we face increasing competition, we need new ideas, new energy, new spirit to make this company great. And the source for this change is you—each one of you." He then went on to explain that under the new empowerment campaign, employees would be getting more information about how the company was run and would be able to work with their fellow employees in new and creative ways. Martin proclaimed a new era of trust and cooperation at Elektra Products. Barbara felt the excitement stirring within her; but as she looked around the room, she saw many of the other employees, including her friend Simon, rolling their eyes. "Just another pile of corporate crap," Simon said later. "One minute they try downsizing, the next reengineering. Then they dabble in restructuring. Now Martin wants to push empowerment. Garbage like empowerment isn't a substitute for hard work and a little faith in the people who have been with this company for years. We made it great once, and we can do it again. Just get out of our way." Simon had been a manufacturing engineer with Elektra Products for more than 20 years. Barbara knew he was extremely loyal to the company, but he—and a lot of others like him—were going to be an obstacle to the empowerment efforts. Top management assigned selected managers to several problem-solving teams to come up with ideas for implementing the empowerment campaign. Barbara loved her assignment as team leader of the manufacturing team, working on ideas to improve how retail stores got the merchandise they needed when they needed it. The team thrived, and trust blossomed among the members. They even spent nights and weekends working to complete their report. They were proud of their ideas, which they believed were innovative but easily achievable: permit a manager to follow a product from design through sales to customers; allow salespeople to refund up to $500 worth of merchandise on the spot;

make information available to salespeople about future products; and swap sales and manufacturing personnel for short periods to let them get to know one another's jobs. When the team presented its report to department heads, Martin Griffi n was enthusiastic. But shortly into the meeting he had to excuse himself because of a late-breaking deal with a major hardware store chain. With Martin absent, the department heads rapidly formed a wall of resistance. The director of human resources complained that the ideas for personnel changes would destroy the carefully crafted job categories that had just been completed. The finance department argued that allowing salespeople to make $500 refunds would create a gold mine for unethical customers and salespeople. The legal department warned that providing information to salespeople about future products would invite industrial spying. The team members were stunned. As Barbara mulled over the latest turn of events, she considered her options: keep her mouth shut; take a chance and confront Martin about her sincerity in making empowerment work; push slowly for reform and work for gradual support from the other teams; or look for another job and leave a company she really cares about. Barbara realized she was looking at no easy choices and no easy answers.

Questions

1. How might top management have done a better job changing Elektra Products into a new kind of organization? What might they do now to get the empowerment process back on track?

2. Can you think of ways Barbara could have avoided the problems her team faced in the meeting with department heads?

3. If you were Barbara Russell, what would you do now? Why?

SOURCE: Based on Lawrence R. Rothstein, "The Empowerment Effort That Came Undone," Harvard Business Review (January– February 1995): 20–31.

Discussion questions

1. Is it true or False, that "innovation is more important than cost reduction" , explain.

2. How can we find the right balance between innovation and discipline? Why is it important?

3. When skills can fail?

4. Becoming a manager is considered by most people to be a positive, forward-looking career move and, indeed, life as a manager offers appealing aspects. However, it also holds many challenges, and not every person will be happy and fulfilled in a management position. Can you underline some of the issues would-be managers should consider before deciding they want to pursue a management career?

5. What do you think are the most important forces in the external environment creating uncertainty for organizations today? Do the forces you identified typically arise in the task environment or the general environment?

Topic 2. The principles of change management

Topic contains an updated look at current issues related to the basic principles for managing organizational change. Topic illustrates decisions about different approaches and interventions that help change managers get started, work systematically, deal with resistance, seek support, and make the necessary changes. The topic also illustrates how managers should perform in the conditions of limited resources. It includes various change management aspects - technological, structural, methodological, human, psychological, political, financial, and others. This is perhaps the most difficult part of the management's responsibilities, since the process involves specialists who often try to impose their own limited view of a complex and multifaceted problem.

Questions to study
1. Principles of Change
2. 3 Basic Leadership Styles
3. Five Activities Contributing to Effective Change Management
   a. Motivating Change
   b. Creating Vision of Change
   c. Developing Political Support
   d. Managing the Transition
   e. Sustaining Momentum
4. Coalesced authority, power, and influence (CAPI)

Control testing
1) These are individuals or groups who are asked to change something (knowledge, skills, or behavior) as a result of the change
   a) Change Sponsor
   b) Change Agents
   c) Change Target
2) These are individuals or groups responsible for seeing that a previously determined change occurs
   a) Change Sponsor
   b) Change Agents
   c) Change Target
3) These are individuals or groups with the power to determine that a change will occur
   a) Change Sponsor
   b) Change Agents
   c) Change Target
4) Five Activities Contributing to Effective Change Management - remove wrong
   a) Motivating Change
   b) Overcoming resistance to change
   c) Managing the Transition
   d) Developing Political Support
   e) Sustaining Momentum

5) Motivating change and creating readiness for change DOESN'T include:
   a) Sensitize organizations to pressure for change
   b) Reveal discrepancies between current and desired states
   c) Convey credible positive expectations for the change
   d) Constructing the Envisioned Future
6) Is held by those who can say yes or no to a change
   a) authority
   b) power
   c) influence
7) Is held by those whose cooperation you need (those who will actually have to operate in the new way, for example).
   a) authority
   b) power
   c) influence
8) Is held by those who have power because of their expertise (attorneys or engineers, for example), or their ability to create power
   a) authority
   b) power
   c) influence
9) One who makes all the decisions, tells employees what to do, and closely supervises employees.
   a) Autocratic Leader
   b) Democratic Leader
   c) Laissez-Faire Leader
10) One who takes a leave-employees-alone approach, allowing them to make the decisions and decide what to do, and does not follow up
    a) Autocratic Leader
    b) Democratic Leader
    c) Laissez-Faire Leader

Assignments and case studies

Assignment 1.
   SMART method
Instructions:
In this assignment, you will work on setting goals for yourself using the SMART method.
You can consider academic goals, personal goals, social goals, short term and long term goals. For each goal, you must provide an explanation of how the goal is representative of each of the SMART characteristics: Specific, Measurable, Attainable, Realistic, Timely.
Be sure to answer the following questions for each goal summary:
Does it answer the 6 Ws? Can you measure it? Is it attainable? Is it realistic?
What is the time frame you have set for completing that goal?
Format:

Goal setting can be a great opportunity to asses where you are now and to look ahead to where you want to get and how you plan and how you plan to get there.

SMART is an acronym to help you set positive and achievable goals.

Specific Goals should be straight forward and emphasize what you want to happen. Specifics help us to focus our efforts and define what we are going to do. To set a specific goal you must answer the 6 Ws:

Who? Who is involved?

What? What would I like to accomplish?

Where? Where is this happening?

When? When do I start/finish?

Which? Identify requirements and constraints

Why? Why am I doing this? Specific reasons, purpose or benefits!

Measurable

If you can't measure it, you can't manage it! If you can't measure it you will not be able to define whether you have achieved your goal or not. Goals usually have several short-term and on-going measurements so that you can see how you are doing in your aim to achieve your goal.

A non-measurable goal: I want to learn how to break dance.

A measurable goal: I want to learn 5 break dance moves by Friday November 2nd.

Attainable

If your goal is important to you, you'll figure out ways to make it come true! After identifying your goal, you'll begin to see previously overlooked opportunities and seize them to bring you closer to the achievement of your goal.

A goal should stretch you slightly so you feel you can do it, and it will need a real commitment from you. Think about what is achievable and what you want to do. If a goal is set too far out of your reach, you may not commit to it, or complete it. Feeling successful as you move to achieve your goal will help you to remain motivated!

Realistic

Doing what's 'do-able.' This doesn't mean easy. Realistic goals should have you push you, but not break you! It is important to have a plan to make achieving your goal realistic. Set the bar high enough for a satisfying achievement!

Timely

What is your time frame? Putting an end to your goal, or target dates to work towards, gives you a sense of accomplishment as you move toward achieving your goal. With a time frame comes more commitment to achievement!

The time you set should be measurable, attainable and realistic.

S.M.A.R.T. GOALS WORKSHEET

Crafting S.M.A.R.T. Goals are designed to help you identify if what you want to achieve is realistic and determine a deadline. When writing S.M.A.R.T. Goals use concise language, but include relevant information. These are designed to help you succeed, so be positive when answering the questions.

INITIAL GOAL	Write the goal you have in mind	
S SPECIFIC	What do you want to accomplish? Who needs to be included? When do you want to do this? Why is this a goal?	
M MEASUR-ABLE	How can you measure progress and know if you've successfully met your goal?	
A ACHIEVA-BLE	Do you have the skills required to achieve the goal? If not, can you ob-tain them? What is the motivation for this goal? Is the amount of effort re-quired on par with what the goal will achieve?	
R RELE-VANT	Why am I setting this goal now? Is it aligned with overall objectives?	
T TIME-BOUND	What's the deadline and is it realistic?	
SMART GOAL	Review what you have written, and craft a new goal statement based on what the answers to the questions above have revealed	

Assignment 2.
Derek Abell model

You should formulate the company's mission using the Derek Abell model.
To get a good overview of the various customers and their needs and to find out exactly what technologies should be used to serve these custom-ers, Derek Abell developed a business definition framework in the 1980s. This model is still known as the Abell Model or Abell Business Model. Ac-cording to Derek Abell the strategic planning process is the starting principle for any given organization, and this process is defined in the mission state-ment. A mission statement gives direction to the organization and provides the basis for further elaboration of strategies.
Three questions play an important part in the formulation of the mission statement:
1. Who are the customers of the organization?
2. How can the organization meet its customer needs?
3. What techniques does the organization use to meet the customer needs?
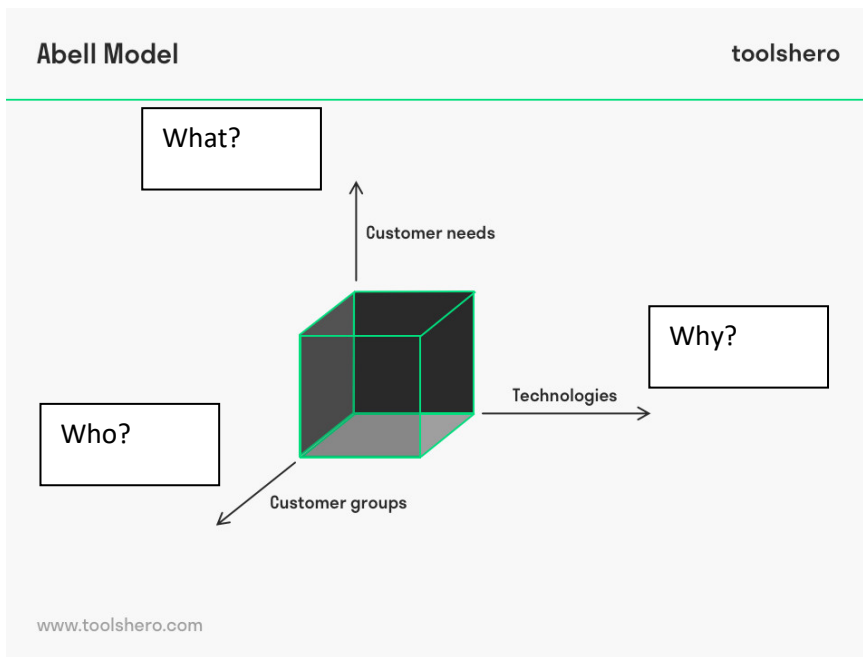
Assignment 3.

Belbin Team Roles

This task is devoted to help you in understanding your role in a team.

Instructions for Undertaking this Team Role Self Assessment Exercise.

To determine which team role best describes your personality and operating style, consider the statements in each of the sections below. Please note: there are no right or wrong answers, so take as much time as you need to consider each statement honestly.

For each section distribute a total of 10 points among the statements which you think best describe your behaviour. The points may be distributed among several sentences and in extreme cases they might be spread across all statements or all ten points given to one statement only.

Give the most points to the statement which best describes your behaviour and the least points (or no points) to the statements that are least accurate or do not apply.

	EXAMPLE	Allocation of Points (Example 1)	Allocation of Point (Example 2)
a.	I am outgoing, cheerful and enjoy socialising		
b.	I am introverted and inward-looking and generally prefer my own company		10
c.	I have a small circle of close friends, all of whom I have known for some time	1	
d.	I have a wide circle of acquaintances, all of whom are very different		
e.	I enjoy meeting people, but time alone is very important to me	7	
f.	I have no more than five really important people in my life	2	

SECTION ONE

Allocate a total of 10 points to your chosen statements.

	The main contribution I make to a team is.	**Allocation of Points**
a.	I think I can quickly see and take advantage of new opportunities	
b.	I can work well with a very wide range of people	
c.	Producing ideas is one of my natural assets	
d.	My ability rests in being able to draw people out whenever I detect they have something of value to contribute to group objectives	
e.	My capacity to follow through has much to do with my personal effectiveness	
f.	I am ready to face temporary unpopularity if it leads to worthwhile results in the end	
g.	I can usually sense what is unrealistic and unlikely to work	
h.	I can offer a reasoned case for alternative courses of action without introducing bias or prejudice	

SECTION TWO

Allocate a total of 10 points to your chosen statements.

	My shortcomings when working in a team are.	**Allocation of Points**
a.	I am not at ease unless meetings are well structured and controlled and generally well conducted	
b.	I am inclined to be too generous towards others who have a valid viewpoint that has not been given a proper airing	
c.	I have a tendency to talk too much once the group gets on to new ideas	
d.	My objective outlook makes it difficult for me to join in readily and enthusiastically with colleagues	
e.	I am sometimes seen as forceful and authoritarian if there is a need to get something done	
f.	I find it difficult to lead from the front, perhaps because I am over-responsive to group atmosphere	
g.	I am apt to get too caught up in ideas that occur to me and so lose track of what is happening	
h.	My colleagues tend to see me as worrying unnecessarily over detail and the possibility that things may go wrong	

SECTION THREE

Allocate a total of 10 points to your chosen statements.

	When involved in a project with other people.	**Allocation of Points**
a.	I have an aptitude for influencing people without pressurising them	
b.	My general vigilance prevents careless mistakes and omissions being made	
c.	I am ready to press for action to make sure that the meeting does not waste time or lose sight of the main objective	
d.	I can be counted on to contribute something original	
e.	I am always ready to back a good suggestion in the common interest	
f.	I am keen to look for the latest in new ideas and developments	
g.	I believe my capacity for judgment can help to bring about the right decisions	
h.	I can be relied upon to see that all essential work is organised	

SECTION FOUR

Allocate a total of 10 points to your chosen statements.

	My usual approach to team work is.	Allocation of Points
a.	I have a quiet interest in getting to know colleagues better	
b.	I am not reluctant to challenge the views of others or hold a minority view myself	
c.	I can usually find a line of argument to refute unsound propositions	
d.	I think I have a talent for making things work once a plan has to be put into operation	
e.	I have a tendency to avoid the obvious and to come out with the unexpected	
f.	I bring a touch of perfectionism to any job I undertake	
g.	I am ready to make use of contacts outside the group itself	
h.	While I am interested in all views I have no hesitation in making up my mind once a decision has to be made	

SECTION FIVE

Allocate a total of 10 points to your chosen statements.

	I gain satisfaction in a job because.	Allocation of Points
a.	I enjoy analysing situations and weighing up all the possible choices	
b.	I am interested in finding practical solutions to problems	
c.	I like fostering good working relationships	
d.	I can have a strong influence on decisions	
e.	I can meet people who may have something new to offer	
f.	I can get people to agree on a necessary course of action	
g.	I feel in my element where I can give a task my full attention	
h.	I like to find a field that stretches my imagination	

SECTION SIX

Allocate a total of 10 points to your chosen statements.

	If I am suddenly asked to work on a difficult task with limited time and resources and unfamiliar people.	**Allocation of Points**
a.	I would feel like retiring to a corner to devise a way out of the impasse before developing a line	
b.	I would be ready to work with the person who showed the most positive approach	
c.	I would find some way of reducing the size of the task by establishing what different individuals might best contribute	
d.	My natural sense of urgency would help to ensure that we did not fall behind schedule	
e.	I believe I would keep cool and maintain my capacity to think straight	
f.	I would retain a steadiness of purpose in spite of the pressures	
g.	I would be prepared to take a positive lead if I felt the group was making no progress	
h.	I would open up discussions with a view to stimulating new thoughts and getting something done	

SECTION SEVEN

Allocate a total of 10 points to your chosen statements.

	The main problems I experience when working on a team are.	**Allocation of Points**
a.	I am apt to show my impatience with those who are obstructing progress	
b.	Others may criticise me for being too analytical and insufficiently intuitive	
c.	My desire to ensure that work is properly done can hold up proceedings	
d.	I tend to get bored rather easily and rely on one or two stimulating members to spark me off	
e.	I find it difficult to get started unless the goals are clear	
f.	I am sometimes poor at explaining and clarifying complex points that occur to me	
g.	I am conscious of demanding from others the things I cannot do myself	
h.	I hesitate to get my points across when I run up against real opposition	

Your Role in a Team Feedback

The following table will help provide you with an analysis of the team roles which best describes your personality and operating style.

	IM	**CO**	**SH**	**PL**	**RI**	**ME**	**TW**	**CF**
Section 1	G	D	F	C	A	H	B	E
Section 2	A	B	E	G	C	D	F	H
Section 3	H	A	C	D	F	G	E	B
Section 4	D	H	B	E	G	C	A	F
Section 5	B	F	D	H	E	A	C	G
Section 6	F	C	G	A	H	E	B	D
Section 7	E	G	A	F	D	B	H	C
Total								

IM	Implementer	CO	Coordinator	SH	Shaper
PL	Plant	RI	Resource Investigator	ME	Monitor Evaluator
TW	Team Worker	CF	Completer Finisher		

Team Roles Overview

CODE	TYPE	TYPICAL FEATURES	STRENGTHS	ALLOWABLE WEAK-NESSES
IM	Implementer	Good organiser who converts ideas into action. Conservative, dutiful, reliable, predictable.	Organising ability, practical common sense, hard working, self-discipline.	Lack of flexibility, unresponsiveness to unproven ideas. Resistant to change.
		An Implementer works best when allowed to work in an organised way		
CO	Coordinator	Calm, self-confident, controlled and diplomatic. Focused on overall results and a strong sense of objectives.	A capacity for treating and welcoming all potential contributors on their merits and without prejudice. Gets decisions.	Can be seen as aloof - above the team - or not 'one of the gang'. Seen as manipulative. Off loads detailed work.
		A Coordinator works best when there are clear objectives		
SH	Shaper	Outgoing, dynamic and highly strung. Results oriented and straight to action but pushy with others. Spring to action.	Drive and a readiness to challenge inertia, ineffectiveness, complacency or selfdeception	Will do what it takes for results even if it upsets others. Prone to provocation, irritation and impatience. Bossy?
		A Shaper works best on own initiative and limited compromise		
PL	Plant	Individualistic, intelligent and creative. Serious-minded but unorthodox.	Imagination, intellect, knowledge. Ideas and original thought for problem solving.	Not a team player. Preoccupied. Up in the clouds, inclined to disregard practical details or protocol
		A Plant works best on their own		
RI	Resource Investigator	Extroverted, enthusiastic, curious, communicative. Optimistic and good at networking.	A capacity for contacting people and exploring anything new. An ability to respond to challenge	Liable to lose interest once the initial fascination has passed. Easily bored and need recognition.
		A Resource Investigator works best when free to get out and meet people		
ME	Monitor Evaluator	Analytical, unemotional and prudent. Like to use facts.	Judgement, discretion, hard-headedness	Lack inspiration or the ability to motivate others. Lack humour and enthusiasm.
		A Monitor Evaluator works best when allowed to analyse facts		
TW	Team Worker	Socially oriented, rather mild, sensitive. Loyal and concerned.	An ability to respond to people and to situations and to promote team spirit.	Put people before results. Indecisiveness at moments of crisis.
		A Team Worker works best when given time and freedom to develop good relations		
CF	Completer Finisher	Meticulous and set high standards for self and others. Painstaking, orderly and conscientious.	A capacity for follow-through. Perfectionist. Self-driven. Delivers on time.	A tendency to worry about small things. A reluctance to 'let go'. Intolerant of the failure of others.
		A Completer Finisher works best when high standards expected and checked		

A further type is the **Specialist**, a person who is single minded, dedicated and self-starting with specialist knowledge and skills. This type dwells on technicalities and contributes only on a narrow front.

Case 1.
Organizational Transformation: Michael Baker Corporation[1]
Charles I. Homan

The Michael Baker Corporation provides a case study of a private sector organization in transition. About one-third of our business is with federal agencies. I personally work often with the Federal Emergency Management Agency (FEMA). In the past few years, FEMA, like my company, has undergone great change. I have been able to draw on many of the strategies that Director James Lee Witt employed at FEMA.

The Michael Baker Corporation—a highly diversified engineering, construction, and operations and maintenance firm—was very successful until the 1990s. In the mid-1980s, we began to change the core of our business. Around 1993, we reached a crisis. But we have begun to succeed in turning the company around.

The company was founded in 1940 near Pittsburgh. In 1995, we had revenues of $355 million. The company's 3,200 employees hold 42 percent of the stock of the publicly traded firm. Nearly 85 percent of the eligible employees hold stock, giving the company good access to capital and the employees a liquid form of participation (upon retirement). This is not always the case in employee stock ownership plans. Baker's offices are mainly on the East and Gulf coasts, with a few offices overseas.

Figure 1 traces some of the roots of the recent crisis. In 1983, the company was restructured. Michael Baker, Jr., the founder, had died in 1977, and the company had not prepared new leadership at that time.
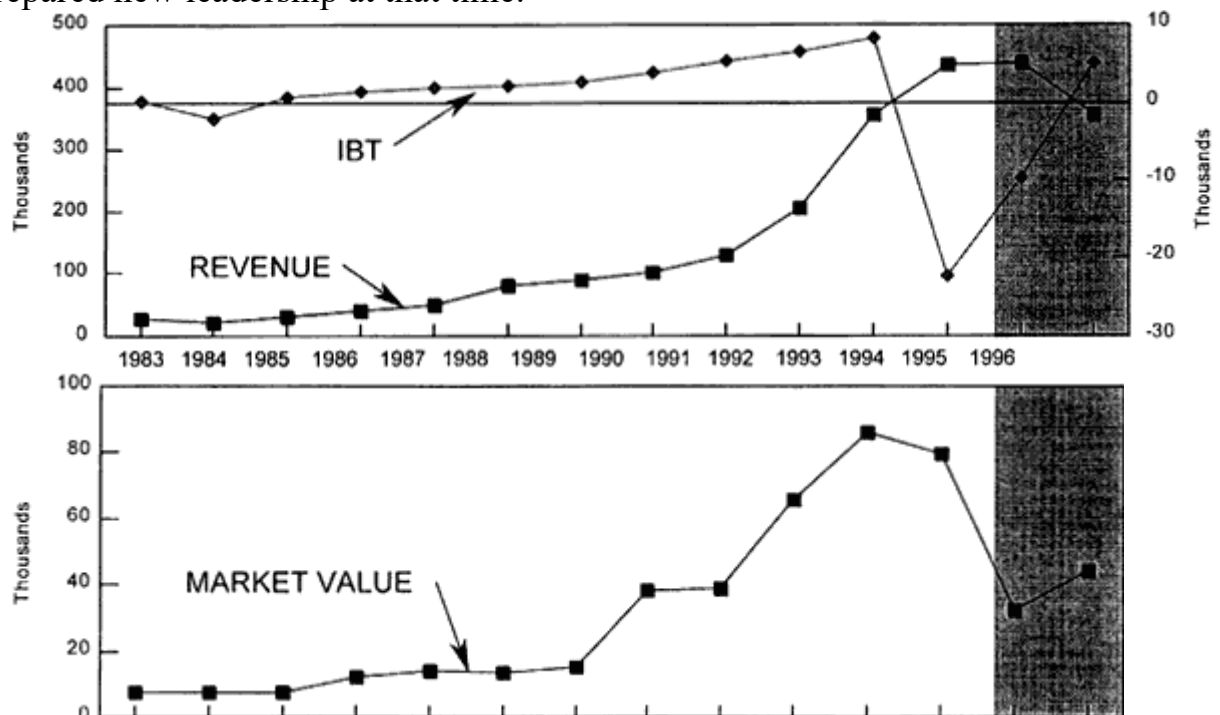
Figure 1.   Revenue and market value of the Michael Baker Corporation 1983 to present.

By the early 1980s the company was in trouble, intensified by the recession in the Pittsburgh area. The employee stock ownership plan was formed at that time. Baker began to perform well, concentrating on its core engineering business.

In 1987, the company made its first acquisition. Baker acquired three companies that operate and maintain facilities: one that operates public facilities, and two that operate private facilities in oil and gas. Then, in 1991, we acquired the Mellon-Stuart Construction Company in Pittsburgh.

Revenue began to grow rapidly, peaking at about $430 million in 1994. We proceeded to lose $20 million in 1993, and another $10 million the next year. The company's market value, which had grown significantly along with revenues and profits, dropped, too. However, we did complete those projects we were committed to.

Deep financial losses damaged our credibility with all of our constituencies except, perhaps, our clients, with whom we maintained our standards of service and commitment. The financial community was frustrated with Baker, as were employees and other shareholders.

We experienced significant litigation. We had taken over a construction company that had a culture of litigation and adversarial relations with clients. Many construction companies share that attitude. The Baker Company had not only litigation to resolve, but a corporate culture to change.

Baker's long-standing credit facility was withdrawn by the bank in the fourth quarter of 1994, at a time when the company had $15 million borrowed on that facility. Baker was in a difficult situation.

The company also faced growing competition, especially in the individual areas of engineering, construction, and operations.

We needed to change the company dramatically and very immediately, and we needed to do it so that we could be profitable in 1995. The company began to transform itself to meet these challenges. With all of the bad news, we did have a few advantages. First, the market was changing rapidly. If we could create an entrepreneurial organization that was creative and innovative, we could take advantage of that market change.

Baker also had a very strong core engineering business, operating rather independently of the other businesses. It had a strong internal infrastructure (including project management, finance, and technology) and an excellent, seasoned management team. It had done many things right, such as implementing a total quality management practice in 1991, which touched every major process in the company.

The board of directors made a national search for a chief executive officer and was leaning toward an outsider. But, with my understanding of the company, and working with key people from the engineering part of the company, I was able to put together a restructuring plan to present to the board. I knew that I had to take a great deal of risk. When Baker competes for projects, if we think we have a good position we tend to be cautious. But if not, we take some risks. I felt I was in that position. The board accepted the plan.

In October 1994, we announced the reorganization plan to all employees. We presented the guiding vision: "An integrated, high-performance engineering, construction, operations, and technical services company, servicing focused, global markets." We announced that Baker, to be a high-performance company, must earn customer

loyalty and repeat business; must be the employer of choice; must consistently achieve 15 to 20 percent return on equity; and must be recognized for its community service.

Another subject of that announcement was the company's values, those that should drive Baker employees' behavior:

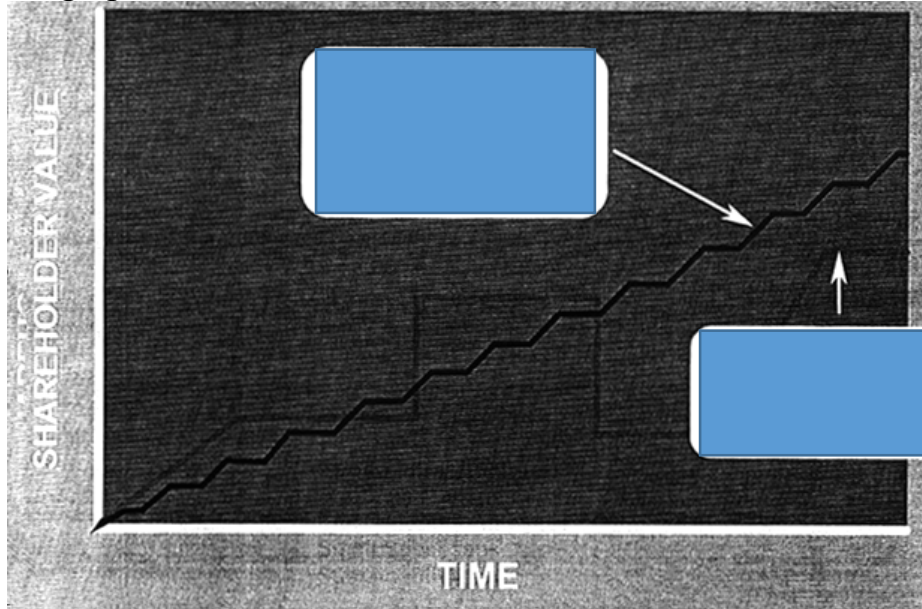To give employees a better definition of Baker's business philosophy, we developed two graphics.

Figure 2.
Baker's old vs new business philosophy.

Figure 2 graphs shareholder value against time, as a way of contrasting Baker's new approach with its old one. One line indicates conventional "hero leadership" and conventional strategic planning, which tries to predict the future, and then takes action (such as an acquisition) to be positioned for that future. The marketplace is changing so rapidly that this approach no longer works. The Baker Company is following the business philosophy built instead on "empowered culture strategic management" and progressive small successes.

Figure 3. Baker's operating strategy and service delivery system.

Figure 3 illustrates the second element of Baker's business philosophy, which we call our "quality service chain," and which has the end goals of increasing revenue and profitability. The way we will achieve them is through customer loyalty, gained through continuous customer satisfaction with the quality of service, and so on, back to the basics: taking good care of Baker people. Some companies say, "Our clients are

number 1." Baker's people are number 1, because we believe that if we do a good job of taking care of Baker people, they will do a good job of serving our clients.

The other first priorities were to reorganize the corporation's structure and staff the leadership team. The new structure is a rather conventional one, but has the virtue of simplicity and clarity. One important change is to have the major business units report directly to the office of the chief executive officer, which removes a layer of general management. In addition, the earlier organization, in the three areas of engineering, construction, and operations and maintenance, has been integrated and reformed around the five major markets that we serve—environmental, civil, buildings, energy, and transportation. For example, we provide design-build services for transportation and for buildings. We have operations and maintenance under our energy business unit and under certain other business units. We also added information technology as a separate staff function, because leadership at the top in information technology is critical today.

Among our other first priorities, we had to assess the situation, which we did within about two months, to avoid carrying any more baggage than necessary into 1995. Conjointly, we reorganized. We took a further $10 million loss in the fourth quarter of 1994, because we knew we had a lot of litigation. Our litigation problems were resolved finally in great part by working with the clients to find win/win solutions. Even the most "difficult" clients responded favorably to this direct approach.

We made our organizational changes quickly as well, because doing so is better for morale; partly for this reason, we also kept our people very well informed of what we were doing and what we were attempting to do.

Secondary priorities included arranging a new credit facility and tight controls on cash flow; putting the new leadership team in place; building internal infrastructure, such as reporting systems and technology; building a marketing culture through training; and establishing a distinctive technological competence—in our case, geographical information systems, which are increasingly vital to facility management, and in which Baker has unique expertise.

With regard to the success of our new organization: we have become profitable; we have increased backlog; our employee turnover rate has been reduced dramatically; and our client satisfaction index ratings have gone up. Together, they suggest that our reorganization has been extraordinarily successful.

Vision 2000

The last thing Baker did in 1995 was to tell our people where we wanted to go, defining a longer term vision around which managers could plan. We established visions for the year 2000 for both operations and staff functions.

The vision for operations set goals for the year 2000 in revenue (doubling the size of the company), for earnings per share ($1.25 per share), for business scope, and for geographic coverage (with international revenue growing more rapidly than domestic revenue).

For staff functions, the vision statement sets additional concrete expectations. In 2000, for example, the measurements taken in employee surveys are expected to be above corresponding values for comparable companies.

Conclusion

Excellent performance requires leadership. Baker's leadership has been shown in its vision, values, business philosophy, strategic management (as opposed to conventional strategic planning), and motivating and rewarding employees in their achievement of incremental successes.

Finally, any organization today that is operating in Baker's marketplace must practice some form of total quality management, that is, a formal process that provides for continuous improvement of the organization, so that it remains competitive and provides good service to its clients. The total quality management process can also make innovation and significant change possible.

Questions

1. Why did the company initiated the employee stock ownership plan at the early 1980s?
2. Why did the company made its first acquisition in 1987?
3. Why did after acquisition according the Figure 1 the company proceeded to lose $20 million in 1993, and another $10 million the next year, the company's market value, which had grown significantly along with revenues and profits, dropped, too.
4. Why did the board of directors decided to invite on the position of a chief executive officer an outsider?
5. What was the author's plan, that was accepted by the board of directors in 1994?
6. What were the company's values announced, those that should drive Baker employees' behavior?
7. Try to suppose the content ща Baker's old vs new business philosophy.
8. How did the change team measure they have used to assess their progress?

Discussion Questions

1. How can you prepare yourself to become an effective manager in an increasingly uncertain and global business environment?

2. How can you explain the statement, that change is a process that can be enabled, not managed?

3. What is the difference between the change management and change leadership?

4. Whom does power belong: bosses or staff?

5. How do you ensure that change initiatives align with the company's culture and values?

6. How could you build relationships with key stakeholders to support change initiatives?

7. How could you manage the expectations of different stakeholders during a change process?

8. How could you ensure the sustainability of the changes you implement?

9. How could you assess the impact of change on different stakeholders within the organization?

Topic 3. Resistance to change

The topic illustrates how managers shape a high – performance culture as an innovative response to the resistance to change. While resistance is somewhat natural and inevitable, it's not insurmountable. To overcome it, you must understand the reasons behind the resistance and work to move past them.

Questions to study
1. Perceptual Barriers To Change
2. Individual Resistance
3. Organizational Resistance
4. Force Field Analysis Model
5. Phases of Transition
6. Overcoming Resistance to Change
7. Elements of change enablement

Control testing
1. There is an explicit strategy which define the nature and sequence of specific activities and resources required to facilitate the change process
   a) change architecture
   b) communication
   c) leadership capacity
   d) cultural capacity
2. An infrastructure and plan is in place to build awareness of change goals
   a) change architecture
   b) communication
   c) leadership capacity
   d) cultural capacity
3. HR processes are aligned to drive new behaviors in support of the business vision
   a) change architecture
   b) perfomance management
   c) communication
   d) leadership capacity
4. Organizational Transformation
   a) is responding to external factors and outcome oriented.
   b) is planned and incremental, focused on an internal development with a long-term perspective
5. •"How good things were in the past"; •"It can't happen here"; •Numbness; •Everything-as-usual attitude; •Refusing to hear new information
   a) Denial
   b) Resistance
   c) Exploration
   d) Commitment

6. Loss and hurt; Stubbornness; Blaming others; Complaining; Getting sick; Doubting your ability
   a) Denial
   b) Resistance
   c) Exploration
   d) Commitment
7. This 2 methods are quick. It can overcome all types of resistance.
   a) Facilitation and support
   b) Negotiation and agreement
   c) Explicit and implicit coercion
   d) Manipulation and co-optation
8. Kotter & Schlesinger suggested the following Change Approach as technique to handle resistance to change: Use when someone stands to lose out from the change. In this situation, it can often be the easiest way to avoid major resistance.
   a) Education and communication
   b) Participation and involvement
   c) Negotiation and agreement
   d) Facilitation and support
9. When this is the case, people will be more interested in how the change impacts themselves, not on how the change impacts on the success or otherwise of the organization.
   a) Parochial Self-Interest
   b) Misunderstanding and Lack of Trust
   c) Different Assessments
   d) Low tolerance for Change
10. Motivating change and creating readiness for change DOESN'T include:
    a) Sensitize organizations to pressure for change
    b) Reveal discrepancies between current and desired states
    c) Convey credible positive expectations for the change
    d) Constructing the Envisioned Future

Assignments and case studies

Assignment 1.
   Within the framework of a systematic approach
   Cause & Effect Diagram
   A cause and effect diagram is a visual tool used to logically organize possible causes for a specific problem or effect by graphically displaying them in increasing detail. It helps to identify root causes and ensures common understanding of the causes. Cause and Effect relationships govern everything that happens and as such are the path to effective problem solving. By knowing the causes, we can find some that are within our control and then change or modify them to meet our goals and objectives. By understanding the nature of the cause and effect principle, we can build a diagram to help us solve everyday problems every time. The cause & effect diagram is the brainchild of Kaoru Ishikawa, who pioneered quality management processes in the Kawasaki

shipyards, and in the process became one of the founding fathers of modern management. The cause and effect diagram is used to explore all the potential or real causes (or inputs) that result in a single effect (or output). Causes are arranged according to their level of importance or detail, resulting in a depiction of relationships and hierarchy of events. This can help you search for root causes, identify areas where there may be problems, and compare the relative importance of different causes.

Causes in a cause & effect diagram are frequently arranged into four major categories. While these categories can be anything, you will often see:
- manpower, methods, materials, and machinery (recommended for manufacturing)
- equipment, policies, procedures, and people (recommended for administration and service).

These guidelines can be helpful but should not be used if they limit the diagram or are inappropriate. The categories you use should suit your needs.

The C&E diagram is also known as the fishbone diagram because it was drawn to resemble the skeleton of a fish, with the main causal categories drawn as "bones" attached to the spine of the fish, as shown below.
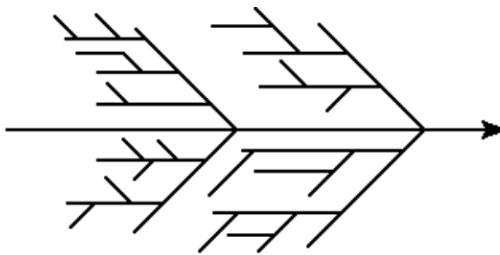
Cause & effect diagrams can also be drawn as tree diagrams, resembling a tree turned on its side.

From a single outcome or trunk, branches extend that represent major categories of inputs or causes that create that single outcome. These large branches then lead to smaller and smaller branches of causes all the way down to twigs at the ends. The tree structure has an advantage over the fishbone-style diagram. As a fishbone diagram becomes more and more complex, it becomes difficult to find and compare items that are the same distance from the effect because they are dispersed over the diagram. With the tree structure, all items on the same causal level are aligned vertically.

To successfully build a cause and effect diagram:

1. Be sure everyone agrees on the effect or problem statement before beginning.
2. Be succinct.
3. For each node, think what could be its causes. Add them to the tree.
4. Pursue each line of causality back to its root cause.
5. Consider grafting relatively empty branches onto others.
6. Consider splitting up overcrowded branches.
7. Consider which root causes are most likely to merit further investigation.

Other uses for the Cause and Effect tool include the organization diagramming, parts hierarchies, project planning, tree diagrams, and the 5 Why's.

Assignment 2.

Overcoming Resistance.

Choose the suitable strategies for overcoming resistance.

Person/Reaction to change	Strategies for overcoming resistance
Jennifer Jennifer is a quiet member of staff who likes to have all the details before making a decision about whether to give her support to a decision. She is very satisfied with the way she works currently and is reluctant to change when you suggest implementing a new system to deal with enquires which form a major part of her work allocation.	
Bob Bob is nearing retirement and does not see the point of what he calls 'change for change sake'. In the past he has been most vocal about change and has been obstructive when you have attempted to implement any sort of change. He is the voice of the group and staff members afford him much respect. They let him take the lead and often follow his decision. The current change will mean he has to travel to a site 18 miles away from home on a daily basis.	
Angela Angela lacks confidence in her own ability and whilst she is very good at her job she spends too much time checking and checking again to make sure that she has done things correctly. She is nervous about the change you are proposing as it means that her work will be monitored more closely and you will see that she takes almost double the amount of time to do a job as other members of the team.	
Peter Peter is enthusiastic about change as long as the effect on him is positive. If there is any hint of a negative effect on him (even in the short term) he behaves in a very different way. He openly agrees with the change but thinks privately (and shares his thoughts with colleagues) that the change will never work and he's looking forward to seeing it all fail! The current change means that Peter has to work for a supervisor who he does not see eye to eye with.	

Case 1.

Change Management, a Real Case Study

A quiet afternoon in 2011; Mrs. Garcia, owner and director of a child day-care, sat down by her desk. She faced one of the most difficult decisions in her career: To dismiss an employee who had collabo-rated with her the past 15 years due to her resistance to change. In 2008, the day care, had been completely redesigned, rebranded

and relocated to adapt to a new market. The changes encountered resistance from the operational staff, especially from the manager on duty: Mrs Moreno, whose dis-missal was then being considered. This paper will analyse the process of adaptation to a new market, the roll of leadership styles in change management, deviant behaviour as resistance and the imple-mentation of change. It will be proven that resistance to change is good, however to effectively intro-duce change in an organization there should be strong participative management.

In 1989, Mrs Garcia founded The Panamerican Pedagogic Institute, a day-care facility in Mexico City. It performed successfully until 1998 when it was relocated and left in the hands of outsourced man-agement. After 10 years, Mrs. Garcia re-gained the ownership of the institute. The Institute moved to the original location branded under a new name in 2008 with a new design, added security features, Inter-net site, digital distribution, and online security cameras for parent's supervision. The mission and vision statement changed to focus on a younger market of parents con-cerned not only with aca-demic learning but also interested in security, environmental performance and technology. After those changes where implemented the market re-sponded well and by 2011 the business was taking care of 36 children on a daily ba-sis. The staff was also required to perform monthly psychological test on the kids to assess their development in key competency areas; the uniform change to a more casu-al attire and the tasks were redistributed to assure fairness and control by man-agement.

When Mrs Garcia reassumed the direction of the business, the only member of the old staff carried to the new concept was Mrs Moreno hired as duty manager. Mrs Garcia assumed a laissez faire leader-ship style, while Mrs Moreno acted as an au-thoritarian leader. Mrs Garcia lost power among the staff and Mrs Moreno applied the old standards to the new organization because it served better her in-terest. The new organization strived to have a better command chain and integrated psychologi-cal and academic appraisals delivered to the parents on a monthly basis. Every teacher was doing her part in the new scheme however Mrs Moreno was the only one acting against the new policies.

When Mrs Garcia noticed that her leadership style had put her business in dan-ger she changed to a very hard authoritarian approach. The interests of Mrs Moreno were compromised by the new man-agement style. She began to spread gossip among clients and staff, and making important decisions about the operations without au-thorization. After all, Mrs Moreno had great professional experience and she was a valuable human asset. Her dismissal was brought up to attention after she black-mailed the staff, manipulated the holiday roster to obtain an unfair advantage and started gossip among the parents to get one staff member discharged. Two years after the re-branding it was struggling to maintain the changes. There was small motivation among the staff mainly because of contradictory information coming from the man-agement.

Due to the confrontation the owner realised that the organization required more staff to operate in the new standards, especially to have a fair holiday roster. Engag-ing in open communication allowed the owner to know that most of the staff lacked the knowledge to perform the desired psychological appraisals of the kids; this was

tackled with a training program delivered on the premises by expert childhood development psychologists. It was also brought to attention that the parents desired to have more psychological and pedagogical couching, thus opening a new business opportunity in part-nership with a private psychologist. As we can see, resistance is often a symptom of a more delicate organizational dysfunction. At this point she had lost two years trying to implement change without consulting the staff, thus loosing valuable time and money.

Having analyse the change process of this particular child day care and how it was managed by the owner we will now apply Professor William Pietersen's (2004) framework as de "recommended" way to deal with change: The framework starts by creating a simple and compelling statement; this was well done by the owner by adapting to the changes of the environment and redefining the mission and vision statement. The second step is: honest and constant communication; the owner should have keep the management power engaging in open communication to the staff and clients to assess the real implications of change. Most of the problems encountered by the business were due to poor communication. The third step is: maximize participation; from the beginning the teachers and man-agement should have been consulted on their knowledge and capacity to implement the change. The clients should have also been consulted regarding their satisfaction level and how it could be meet. The fourth step is: remove all those who resist if there is no other option; this was executed however the organization had spent 2 years already with financial and human loss. The fifth step is: set short term wins; the owner should have implemented a small wins reward system based on achievements. Step sixth is: set a good example; the owner should have set a good example by implementing all the changes herself, inspiring the staff to be like her and to have discipline.

Answer the following questions:

What does this essay ask us to think about?

What external forces an Organizational Transformation is driven by?

What the internal development of the business should involve?

What leadership style is required to carry out the organizational change?

How resistance to change can be turn positively?

Discussion questions

1. Why it is so challenging to reduce resistance to change?

2. Can you share an instance where you encountered resistance to change? How did you handle it?

3. How would you handle a situation where senior leadership is resistant to necessary changes?

4. Can you discuss a time when you had to persuade a reluctant group to embrace a change?

5. How could you balance the need for change with the potential disruption it may cause?

6. Can you describe a time when you used data to drive a change process?

7. Do managers have greater freedom then their subordinates?

Topic 4. Models of change management

Topic includes the description of change management theories and how well they are implemented can be the ultimate driving factor of success in the organizational change. There are many models and theories, and each one has potential benefits or weaknesses for each organization. The following are a mere few that have demonstrated success in organizations. We will explore the basic differences between of eight popular models. By no means is this list complete. The complexity and unpredictability of human behavior will ensure that the field of change management will continuously produce more frameworks to study and more models to adopt.

Questions to study
1. 'Kotter's Eights Steps to Change
2. Bridge's Transition Model
3. Roger's Technology Adoption Curve
4. Kubler- Ross Five Stage Model -The Change Curve
5. Prosci's ADKAR Model
6. Lewin's change management model.
7. Nudge theory.
8. The Satir change management methodology

Control testing
1) According ADKAR model you will see:
More resistance from employees.
Employees asking the same questions over and over.
Lower productivity.
Higher turnover.
Hoarding of resources and information.
Delays in implementation.
In the absence of:
   a) Awareness and Desire
   b) Knowledge and Ability
   c) Reinforcement
2) According ADKAR model you will see:
Lower utilization or incorrect usage of new processes, systems and tools.
Employees worry if they are prepared to be successful in future state.
Greater impact on customers and partners.
Sustained reduction in productivity.
In the absence of:
   a) Awareness and Desire
   b) Knowledge and Ability
   c) Reinforcement

3) About which step of 8-STEP PROCESS by Kotter we can say that its purpose "To help others see the need for change through a bold, aspirational opportunity statement that communicates the importance of acting immediately".
    a) Establish a Sense of Urgency
    b) Develop a vision & Strategy
    c) Remove Obstacles & empower action
    d) Communicate the vision

4) About which step of 8-STEP PROCESS by Kotter we can say that its purpose "Clarify how the future will be different from the past and how you can make that future a reality through initiatives linked directly to the vision".
    a) Establish a Sense of Urgency
    b) Communicate the vision
    c) Remove Obstacles & empower action
    d) Develop a vision & Strategy

5) About which step of 8-STEP PROCESS by Kotter we can say that its purpose "Large-scale change can only occur when massive numbers of people rally around a common opportunity. They must be bought-in and urgent to drive change – moving in the same direction.".
    a) Establish a Sense of Urgency
    b) Develop a vision & Strategy
    c) Remove Obstacles & empower action
    d) Communicate the vision

6) About which step of 8-STEP PROCESS by Kotter we can say that its purpose "Press harder after the first successes. Your increasing credibility can improve systems, structures and policies. Be relentless with initiating change after change until the vision is a reality."
    a) Communicate the vision
    b) Remove Obstacles & empower action
    c) Plan and create short-term wins
    d) Consolidate gains

7) About which step of 8-STEP PROCESS by Kotter we can say that its purpose "Articulate the connections between the new behaviors and organizational success, making sure they continue until they become strong enough to replace old habits".
    a) Communicate the vision
    b) Remove Obstacles & empower action
    c) Consolidate gains
    d) Anchor in the culture

8) Which model could be characterized by such limitations: "1. Not all change is bad. This model assumes the worst reaction to change. 2. It is difficult to identify the transition between stages. 3. Difficult to apply to a group"
    a) Bridge's Transition Model
    b) Prosci's ADKAR Model
    c) Kubler- Ross Five Stage Model. The Change Curve
    d) Roger's Technology Adoption Curve

9) Which model could be characterized by such benefits: 1.Helps in creating an understanding of the audience for change. 2.Provides inputs to identify opinion makers and influencers.
   a) Roger's Technology Adoption Curve
   b) Bridge's Transition Model
   c) Kubler- Ross Five Stage Model. The Change Curve
   d) ADKAR model
10) The model that emphasizes the importance of the human element in change management (remove wrong)
    a) Kubler- Ross Five Stage Model. The Change Curve
    b) The Satir change management methodology
    c) Nudge theory
    d) Kotter's Eights Steps to Change

Assignments and case studies

Case 1.
Ericsson

The fact that the world is changing in a high pace enforces many businesses to keep abreast of relevant updates, and then integrate what may make a business more sustainable from a marketing perspective. The need to change may stem from technological breakthrough that becomes part of market requirements and customers' needs afterwards. Additionally, changes in a national and global economy may also impose some organizational adjustments or even radical changes (Bharijoo, 2005).

This study is dedicated with a view to discuss the change management process for the transformation from 3G to 4G at Ericsson in comparison with Kotter's Eight-Step Change Model (Kotter, 2012). Ericsson is a global company for technology localized in many countries around the world. The main services Ericsson delivers include providing and operating telecommunications networks, video and television systems, and other related services (Ericsson, 2013).

Many transformations occurred in Ericsson over history. Specifically in 2008, the company became capable to provide and operate 4G systems, the fourth generation of mobile phone mobile communication technology standards. The successor standard, 3G, has been first integrated in 1999 (Ericsson, 2013). Under the pressure of their global competitors and to keep their remarkable market share, Ericsson adopts the behaviour of learning organization to keep its development progress responsive to the market demand, economic growth, new technology, and new opportunity growth.

An interview has been done with Maryam Zarrinjouei, a software designer at Ericsson. She contributed in many change projects such as radio-based stations. As a core member involved in the transformation project to 4G, which Ericsson started to integrate in 2008, she answered a group of questions based on Kotter's Eight-Step Change Model. The questions and answers are as follow:
Question 1:

What are the consequences if the project has not been applied? For example, would there be economic and market effects (market share and competitiveness)? And how much familiar were people across Ericsson about these consequences?

Answer:

Since Ericsson business rests in technology and telecommunication industry, it was very crucial for the company to keep abreast of all possible updates, otherwise, the customer loyalty would be lost gradually so would the market share. For example, if Ericsson did not respond to integrate 4G, where speed is radically different from 3G, current customers would for sure look for that speed somewhere, as it is not only a fashion, 4G improves other businesses radically our customers were totally aware of it. Besides the nature of employees in Ericsson made it easier to comprehend the need for that transformation to survive as competitive company. Therefore, almost everyone found it essential and interesting. The annual plan was kept updated for employees assigned to other projects. Therefore, it sounded familiar every time I had to introduce myself and the project I was involved in. However, it was new, and you never get consensus on new initiatives.

Question 2:

How much close was the monitoring of tasks performance? How were you kept alarmed during the project?

Answer:

We were very closely supervised. We needed to go on details for every contribution or part of work when done. We were also supported by project coordinators and managers. They used to help as in getting complicated things done. That was quite alarming for us to and it gave us the sense of how important and crucial is the project we have been involved in.

Question 3:

In your opinion, were there more underestimations, overestimations, accurate estimations, or good enough estimations for the time limits, costs and effort needed?

Answer:

I would say that a great part of decisions slightly underestimated the resources needed. We felt that they were trying to be good in all dimensions. In other words, that inaccuracy is not because of perceiving that project as easy-going. You know that Ericsson is a big company, and the atmosphere of uncertainty they used to deal with in their industry is quite high. Therefore, budget allocations have higher tolerances than other industries.

However, they strive to standardize similar and repetitive practices as much as possible to decrease the uncertainty levels for any projects in the future.

Question 4:

Did Ericsson prioritize change projects in the right rank among other projects?

Answer:

Generally in Ericsson, projects are ranked in terms of priority according to many dimensions including novelty, relevance, strategic impact, cost and size. Change initiatives may get high rank as they are most likely to include novel activities and strategies, and have strategic impact on the current business. The transformation to

4G for example was one of the top projects in terms of priority as it has essential implications on 70-80 % of Ericsson's services.

Question 5:

Did the project involve of whom represent powerful formal titles, information and expertise, reputations and relationships, and the capacity for leadership in Ericsson? How powerful was the leadership in comparison with corresponding change resistance?

Answer:

Most members board directors, senior managers, department and project managers, and even consultant partners agreed on the importance of integrating 4G in Ericsson. However, there was no clear shared vision about how and when to make the change. All in all, most of resistance was about the timing of the project due to economic concerns. The group that was completely convinced that it was the time to make it started by convincing the sources of power in the company as I heard. They also included some specialists in their sessions to impress the shareholders. Later on, the voices of supporters continued to raise until the project turns into action.

Question 6:

Was there any official transformation vision for the project? How was it formed?

Answer:

The vision of Ericsson as a company is used for all projects, which is "To be the Prime Driver in an all-communicating world".

Question 7:

How much clear was the transformation vision of the change need? Was the transformation purpose comprehendible and easy to perceive and communicate within Ericsson?

Answer:

A goal could be more appropriate to use for describing the contribution of individual projects. It was very clear that the company wanted to integrate 4G as new capability to be built in service providing and operating. That essentially contribute to the general vision of the company.

Question 8:

What kind of activities related to the promotion and diffusion of the transformation vision within Ericsson has been considered? In which frequency? How many people from different management levels did consider the transformation vision in daily communication and speeches?

Answer:

The reason I can remember the vision of the company and the contributions of the project worked for is that we could find them everywhere inside the workplaces and in all occasions such as kick-offs and meetings. Many organizational titles from different levels of the company were always invited to monthly meetings and kick-offs, which raised the project profile, and thus we became more enthusiastic. Generally, the strategies to achieve the project goal and the use of the project deliverables as strategic assets to the company have been repeated many time throughout the project.

Question 9:

Have you observed any behaviour of visible individual that is antithetical to the transformation vision?

Answer:

Since the contribution of our project was highly significant and required to the global competitiveness, it was difficult to find some managers that do not make deliberate decisions. Most project and department managers seemed to be real believers and adopters of Ericsson values and vision.

Question 10:

What could you mention were the obstacles in a sense of structural barriers during the transformation in order to match the development process? (Please mention something that looked to you contradictory with the goals your company wanted to achieve)

Answer:

Our managers first lead a group of 20 people that were divided into several small groups for teamwork. By time it was realised that it is difficult to track these group work so only two groups were created and both were under the responsibility of one manager.

Our company created some courses for employees to attain additional and useful skills for our project. The courses were too much intensive and would usually take up to three days. If an employee did not pass, he had to take the course again and there were quite a lot of them who fail. In my view this was opposite of the company's goals because of the time and money that were spent.

Question 11:

During the process, could you notice that were some leading employees who were troublesome in sense that they instead to lead the change passively or actively undermined the effort of people who tried to do their best in order to this process succeeds?

Answer:

I did not notice that any of managers that were involved directly in this process were doing something like this, but I did notice that some of employees did it in a way ...this should not be done like this because we always did it that way. By the way, the managers were great by helping everyone who needed help and all the time motivated the people.

Question 12:

Were there and if they were, what were the short-term aims during the project? (They also can be defined as steps that were to be accomplished during the project?

Answer:

Many, many meetings were held at different levels and for different purposes. At the meetings held by managers there were short-term wins introduced as well as what have been done so far which helped employees' motivation.

Question 13:

Do you think these short-term goals helped that some reluctant or neutral employees become more interested in the whole process and start playing more actively after these short-term goals were achieved?

Answer:

Absolutely yes. Moreover, this kind of approach motivated some people to do more than they were expected to do, of course, in a positive way.

Question 14:

Who and at what level of management pushed the things go even when considerable achievements were accomplished during the project?

Answer:

These were, in the first place, the line managers. I was the part of the change so my communication was at the first place with these people. They always were close to us and motivated us by directly involving themselves into the work processes.

Question 15:

What were the practices and behaviours taken by the management that the project does not let up? (For example additional people being brought in to help with the changes, employees empowered at all levels to lead projects, constant effort to keep urgency high etc.)

Answer:

In my opinion, they kept us awake by the huge numbers of meetings that were driven by a great energy and the courses for employees kept us always under some kind of positive pressure.

Question 16:

Could you say there were some practices during the project that directly confronted to your organizational norms of behaviours and shared values? (For example some new ways that are superior to the old ones or something that encouraged some employees to leave)

Answer:

I find Ericsson among the world leaders in terms of learning and development atmosphere. I might prefer the approaches of some managers over other ones. But the values of the company and mine are not contradicted if not on the same page.

Question 17:

What were dose practices that you think were planted during the project? (Something that even slightly will remain in your organizational culture such as norms, values)

Answer:

I am not sure, but it seems changes are always present at our company. For example, we are very much related to customer satisfaction.

TASK

Find in the answers of Maryam Zarrinjouei *and write down the description of each step* of Kotter's Eight-Step Change Model.

Case 2.

TrueLocal (by Karyn Krawford 08/2010)
Introduction

TrueLocal.com.au is one of the fastest growing online business directory services website in Australia. It operates as its own functioning business unit under the umbrella of News Digital Media (NDM) organisation, a managing group for a cluster

of individual digital companies that is owned by Rupert Murdoch's News Corporation, one of the world's largest global media companies. This case study examines the change that occurred in Truelocal when almost the entire senior management staff level was replaced including the CEO two years ago.

Organisational change is something that occurs throughout an organisation's life cycle and effects the entire organisation rather than one part of it. Employing a new person is one example. Change is increasing due to a number of forces including globalisation led by rapidly advancing technologies, cultural diversity, environmental resources and the economy; therefore the ability to recognise the need for change as well as implement change strategies effectively, in a proactive response to internal and external pressures is essential to organisational performance. Internal changes can include organisational structure, process and HR requirements and external changes involve government legislation, competitor movements and customer demand (Wood et al, 2010).

Change does not need to be a painful process, as it may seem when observing the amount of failed change management initiatives with reports as low as 10% of researched success rates (Oakland & Tanner, 2007), when successful change management strategies are utilised and planned, including effective communication strategies, operational alignment, readiness to change and implementation, which all lower and overcome resistance (Wood et al, 2010).

There is a great amount of literature on the negative aspects and difficult management with employees resisting change, however Wood et al (2010) challenge this notion by questioning the change management process as people do not resist change itself but aspects of the change that affects them personally such as fear of the unknown, status, remuneration and comfort. Resistance to these changes is a healthy reaction and can be managed effectively in the beginning by ensuring communication and using one of the change initiatives described here .

Background Information

Truelocal is based in Sydney, with small sales branches in Brisbane and Melbourne. It employs over 150 staff, an increase of approximately 50% over the past two years. It was founded in 2005 by NDM as part of an expanding operation of online websites to provide across the board consumer services, including news and magazine websites; online sport and weather information; and shopping comparison search engine, web-based recruitment, and travel search engine solutions [http://www.newsdigitalmedia.com.au, accessed 25/08/2010].

As the world shifted into what is often referred to as the 'digital info age', consumer demand for online media as a way to source information significantly increased and demand for printed media decreased putting pressure on newspaper companies to expand to producing news and information online in digital format. This included News Corporation which decreased it's newspaper operations and increased its digital expansion.

As an employee at Truelocal for over six years, I have acquired this information presented here through interviews with management, company information

and my own observations internally within the organisation's sales department working in the roles of sales executive, account manager and senior retention account manager.

The Need for Change – Management & Structure

Truelocal needed to align its culture, values and structure with the parent company in order to meet strategic growth goals not long after it was founded.

Wood et al (2010) describe the work of an author, Noel Tichey on managing strategic change. Experts use three fundamental sets of change in their approach; technical design, political allocation and culture/ideological mix problems. It is one of these problems that becomes a pressing issue at any one time of which then initiates the change. In Truelocal's case there were a number of changes evolving and at this time it was culture problems.

NDM has been growing in size since its establishment in 2006 with a number of acquired website operations, each operating as a separate business unit with the support of HR, Finance, IT, Commercial Operations and other support services provided by the parent company (NDM). A decision was made to align the organisation in terms of operations, culture and strategy so it could concentrate on innovation and performance to achieve its goal of becoming the number one provider of online information in Australia. As a result NDM redesigned its organisational structure as Truelocal and most of the other business units merged together in one location. Not long after this relocation, Truelocal began flattening out the company structure lead by a new management team and CEO. It has since been under constant change to achieve it's goal to continue growth (both in number of staff and performance) and excel as a high performing and innovative company with an agenda of being the second largest online directory service in Australia after it's competitor Sensis (Yellow pages online). Wood et al (2010) explain the performance gap is a desire to move from one less desired state to another. This can be seen by the increased performance after the change occurred and culture change was implemented.

What changed

Fundamental changes that occurred were a shift from the existing vertical, bureaucratic structure to a horizontal structure and change in specialist functioning of divisions creating a professional, corporate environmental culture that was customer focused. The existing culture was a casual attitude towards dress requirements, starting and finishing times, breaks, informal communication expression and channels and many staff were employed as friends of existing staff rather than based on competency and job skills. Some managers had their partners working for them and a few were family members. There didn't appear to be any dress code and people came and left work at varying times.

Additionally management employed more skilled staff, retrained existing staff and created processes of which procedures were then put in place. One of the ways these objectives were achieved was by the reduction of management layers resulting in more direct reporting. Wood et al (2010) explain as organisational size increases, the more interconnections and less direct communication between people takes place (Wood et al, 2010).

Change Process

When management at Truelocal uplifted existing management and reporting structures, staff were initially left without direction, reporting channels, processes and goals were not clearly communicated causing a lot of uncertainty. Consequently many staff resigned as they felt upset and confused about what was happening. True-local however, retained some of the more experienced staff with new career development propositions and new managers were encouraging and open about future improvements that were to take place within the organisation.

Change agents are people or groups who take responsibility for the change of behaviours and existing patterns in a supportive manner (Wood et al, 2010). The perceived risks however, are the responsibility of the organisation's leader who decides on the direction of the change (Oakland & Tanner, 2007).

Planned changes that took place were:

Structure – change in organisational design by reporting systems, operational processes and size of teams, while roles were redefined by definition, job title and remuneration.

Tasks – Most jobs were redesigned including more responsibility for staff in management roles and multi functional tasks for other staff. One of these job designs is called job enrichment, which is the increase and deepening of motivating factors built into a job (Wood et al, 2010). Some of these enrichments used by new management were increased responsibility and accountability, less control and more freedom in the job and more recognition.

People – improvement of recruitment and selection process by advertising formal job vacancies on the organization's intranet and incentives for staff to nominate candidates who were then formally interviewed by a number of managers. Additionally training sessions for new staff, coaching and certification courses were made available. Carless (2005) describes her research on the compatibility of job-person-organisation-environment fit. She believes a person must assess their attributes and personality with the job and organisational characteristics, which is likely to improve job satisfaction and adjustment to the environment.

Culture – organisational values and beliefs were communicated from the parent company of which staff was rewarded when their behaviour displayed these values. Recognition was given in addition at meetings and performance appraisals. This is the observable culture shared meanings and stories are other powerful aspects of culture and this can be observed at Truelocal by the high turnover of staff by both stories and norms that communicate the need to work hard to perform in the job or leave. Cultural symbols include trophies for 'employee of the month' awarded to the highest performer. These symbols serve to transmit cultural meaning. In the sales department a large subculture can be observed. Strong subcultures are often found in high performance task forces where people share similar values and backgrounds. This subculture included men between the ages of 22-30 yrs that have no formal education, drink alcohol excessively, are passionate about technology, highly materialistic and view women as sex objects, which can often be observed by their language and behaviour. Moreover this culture is likely to be influenced by the national culture of which the organisation is embedded. In fact this subculture existed in the old culture before the restructure of

which the company held 'diversity training' focused on discrimination and fairness within the workplace resulting in terminations. According to The Economist (2008), in the economic downturn companies need 'Generation Y' as hungry 25-35 year olds without commitment, for marketing and product innovation with emerging technologies, able to put in the time and energy to help them deal with recession hazards, especially in sales.

Strategy – operations and planning were clarified at monthly and quarterly meetings including product changes. These were addressed by department managers regularly and CEO meetings irregularly, to engage staff. Leadership has changed from the traditional trait and behaviour approaches to transformational, charismatic, visionary focus and is separate from management. The leadership team at Truelocal formally includes the CEO and parent company (NDM) leaders. Their leadership function can be observed by their language and behaviours they use a transformational and visionary change approach.

Objectives – specific performance targets were set allowing staff to earn a higher commission by overachieving set targets, recognition and prizes to increase motivation consistently.

Purpose – both the CEO and the parent company made organisational goals clearly communicated vision and clarified progress regularly. Recognition was given for the contribution of each department and each business unit to the overall success of the organisation.

These changes were managed by senior staff using a combination of change strategy approaches that include a forced approach of top down command, one way communication, coercive reward and punishment approach, rationalisation approach and shared decision making, empowered approach. Of these approaches no single approach was concluded best by researchers on organisational change and it is advised that more commonly a combination will occur, however guidelines are offered to change agents and managers:

- consider use of expert consultants
- communicate the need for change
- feedback from employees
- avoid changing for the sake of change
- study organisational change and structures

From this perspective Truelocal management took the right approach by varying the way they managed the change.

Change Results

The facilitation of clearer and faster communication channels enabled staff to work more efficiently and get things done faster, along with improved technology. Further benefits of this structure were people collaborating in teams, using initiative and increased spontaneous communication while rules, procedures and close supervision were reduced as described in (Tushman, Anderson & O'Reilly, 1997).

Wood et al (2010) describe the matrix structure is common in large organisations wanting to improve customer responsiveness. Truelocal's reporting structure utilised this organisational design as part of the change, for example the finance man-

ager reports to the CEO of Truelocal and to the Commercial Director of NDM, however Wood et al (2010) note each organisation's structure is unique and there is no single observed design.

This change is described by Wood et al (2010) as radical. Radical changes are fundamental reorientations and transformational, often initiated by the arrival of a new CEO.

Culture & Performance Change

Since the change occurred, Truelocal's sales department recorded a growth rate of 15% per full time employee (FTE). Some strategies used were:

- Performance appraisal review (PAR) – staff are asked to grade themselves on their performance and their use of company values of which are discussed by their managers. For example one of the values is 'Impact' and an employee is asked how much impact they contributed to the organisation since the last performance review and they are required to give examples of this behaviour. These PARs are held quarterly and annually.

- Reward and remuneration – staff are given targets according to their job level and experience with incentives to over achieve. These targets are called Key Performance Indicators (KPIs). The person's job is broken into task components of which each component consists of a target behaviour that is rewarded. Remuneration is based on the overall percentage of KPI achievement.

- Recognition – employee of the month award was created by encouraging staff to use an online submission for their preferred co-worker who had gone over and above their job requirement displaying one of the company values. In addition the company awards the sales department with the person with the highest dollar value in sales and yearly a larger reward of which one year was a new car. Similarly a newsletter recognises new sales people who achieve early in their job.

All of these reinforcements are called extrinsic which are rewards given to someone by another person's valued outcome and because they are environmentally impactful are valued in influencing behaviour through the law of effect.

Cultural change can take years, however effective cultural change strategies can be used to shorten the timeframe. One of which is explained by Oakland & Tanner (2007), it is important to align the culture to support the desired change in behaviour. For example Truelocal needed a professional, customer focused culture which required staff to develop professional skills and behaviour. The result was all departments undertook a full training programme designed to increase awareness in communication, with a focus on questioning and empathy.

TASK – write down the Conclusion

Truelocal is a ….
It changed from a …… to a ……
The goal of Truelocal is …
The problems in achieving its goal are …
The result is ….
What the successful change management strategies were used?
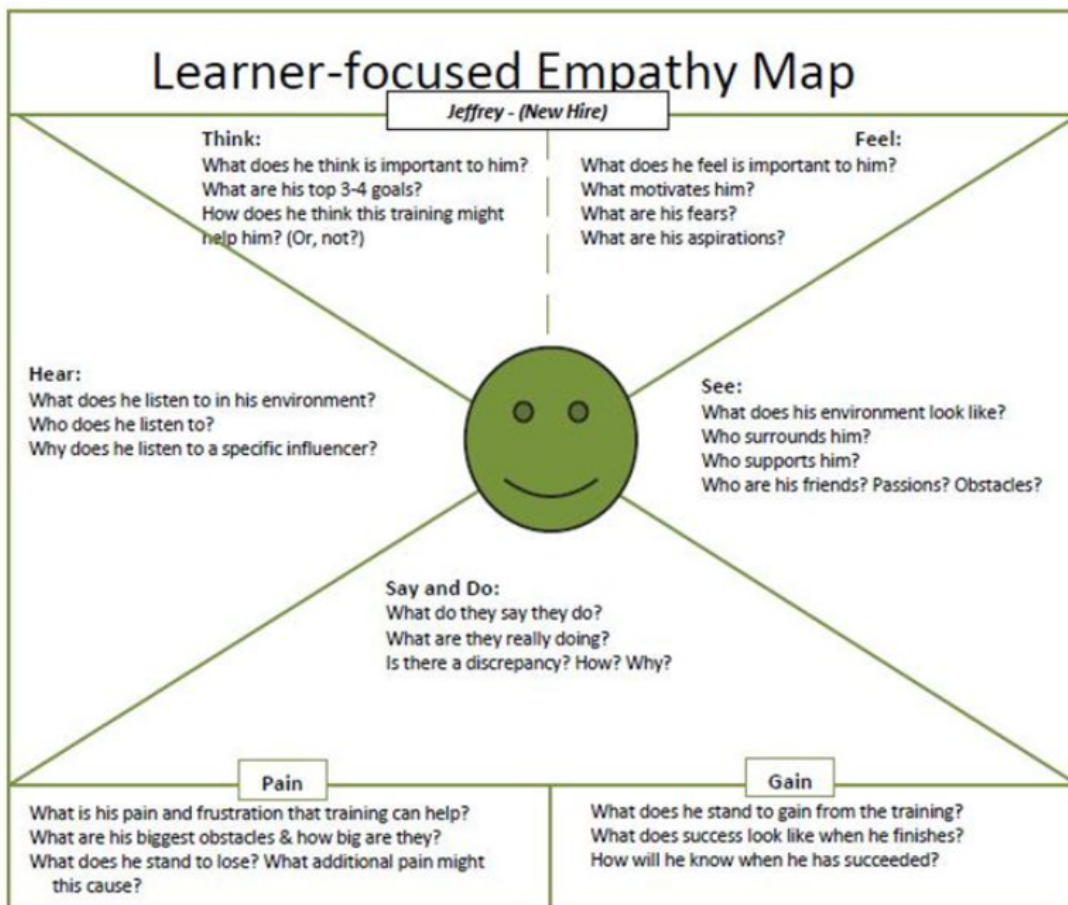
Assignment 1.
Kubler- Ross Five Stage Model
Decide what to do as a manager in each stage?

If your employee is going through denial about your changes, you need to	
If you know that a particular employee is more likely to get angry (either by having the brunt of the changes or because of their nature),	
be aware of when employees are trying to bargain for the sake of reducing the changes	
Upon reaching the depression stage, productivity will take a dive.	
Acceptance	

Assignment 2.
Nudge Theory

Think about what do you want to change in somebody's behavior. Fill in Oster-walder's Empathy Map to decide how to influence behavior of a person in indirect way during change management process.

Learner-focused Empathy Map
Jeffrey - (New Hire)

Think:
What does he think is important to him?
What are his top 3-4 goals?
How does he think this training might help him? (Or, not?)

Feel:
What does he feel is important to him?
What motivates him?
What are his fears?
What are his aspirations?

Hear:
What does he listen to in his environment?
Who does he listen to?
Why does he listen to a specific influencer?

See:
What does his environment look like?
Who surrounds him?
Who supports him?
Who are his friends? Passions? Obstacles?

Say and Do:
What do they say they do?
What are they really doing?
Is there a discrepancy? How? Why?

Pain
What is his pain and frustration that training can help?
What are his biggest obstacles & how big are they?
What does he stand to lose? What additional pain might this cause?

Gain
What does he stand to gain from the training?
What does success look like when he finishes?
How will he know when he has succeeded?

Discussion questions

1. Can you share an instance where you had to implement change in a short period? How could you ensure its effectiveness?

2. How could you handle feedback and criticism during a change process?

3. How could you use technology to facilitate change management in the past?

4. How could you handle it when a change initiative does not go as planned?

5. How could you prepare employees for change?

6. What metrics could you use to measure the success of a change management initiative?

7. What role does communication play in the change management process and how do you leverage it?

8. What strategies could you use to get the buy-in from all levels of the organization for a change initiative?

Topic 5. The McKinsey 7-S model

'Organizational resources' must be taken to include both collective and individual management styles, abilities, behaviors, values and aspirations. Peters and Waterman (1982) summarize these resources as seven "S's": strategy, structure, systems, style, staff, skills and shared values. As we shall see organizations that fit their circumstances well align all of these elements with each other and with external opportunities and threats. Achieving this fit is the essence of good management, on the contingency theory view.

Questions to study

1. The essence of McKinsey 7S Model
2. Hard and soft elements of McKinsey 7S Model
3. Drawbacks with the McKinsey 7S model
4. How to use the McKinsey 7-S Model in change management?

Control testing

1) What is the main purpose of the McKinsey 7S Framework?
   a) The McKinsey 7S Framework Is A Tool Designed To Help Business Owners And Managers Understand How Aligned They Are In Seven Key Areas (Strategy, Structure, Systems, Shared Values, Skills, Style, And Staff) And Where They Need To Make Changes.
   b) The McKinsey 7S Framework Is A Tool To Help Businesses Evaluate Their External Environment And Competitors.
   c) The McKinsey 7S Framework Is A Tool For Tracking The Financial Performance Of A Company.
   d) The McKinsey 7S Framework Is Primarily Used As A Hiring And Talent Management Tool.

2) What are the 'hard elements' and 'soft elements' of the McKinsey 7S Framework?
   a) The 'Hard Elements' Are Financial Metrics, While The 'Soft Elements' Are Non-Financial Performance Indicators.

    b) The 'Hard Elements' Are Strategy, Structure, And Systems. They Are Easy To Define And Can Be Directly Influenced By Management. The 'Soft Elements' Are Shared Values, Skills, Staff, And Style. These Are Less Tangible, More Influenced By Culture, And More Challenging To Manage.

    c) The 'Hard Elements' Refer To The Tangible Assets Of The Company Like Machinery, While The 'Soft Elements' Refer To Intangible Assets Like Human Capital.

    d) The 'Hard Elements' Are Strategy, Shared Values, And Staff, While 'Soft Elements' Are Skills, Style, Systems, And Structure.

3) Who developed the McKinsey 7S Framework and when was it developed?

    a) The McKinsey 7S Framework Was Developed In The Early 1980s By Tom Peters And Robert Waterman, Consultants At The McKinsey & Company Consulting Firm.

    b) The McKinsey 7S Framework Was Developed In The Late 90s By Bill Gates And Paul Allen As Part Of The Strategic Planning For Microsoft.

    c) The McKinsey 7S Framework Was Developed In The 1970s By Michael Porter At Harvard Business School.

    d) The McKinsey 7S Framework Was Developed In The Late 1990s By James McKinsey And Julian Robertson.

4) Daily activities and procedures that staff carry out to get the job done.

    a) Systems

    b) Staff

    c) Skills

    d) Strategy

5) Significantly influences how information flows in the organisation, who makes certain decisions, and how efficiently actions are coordinated.

    a) Strategy

    b) Systems

    c) Structure

    d) Shared Values

Case 1.

McKinsey 7S model of Nokia

Here's a brief background story:

In October 1998, Nokia became the best-selling mobile phone brand in the world with an operating profit of almost $4 billion. The best-selling mobile phone of all time, the Nokia 1100, was created in 2003. Five years later, Apple introduced the iPhone. By the end of 2007, half of all smartphones sold in the world were Nokias, while Apple's iPhone had a mere 5% share of the global market.

In 2010, attempting to drive Apple out of the market, Nokia launched the "iPhone killer". The model failed to achieve its goal and was the beginning of the end for Nokia. From that moment on, Nokia embarked on a downward spiral of low-quality phones. In just six years, the market value of Nokia declined by about 90%. The organization was acquired by Microsoft in 2013.

Now that you're familiar with Nokia's failure story, let's analyze the organization before Microsoft made its move to acquire it by applying the McKinsey 7S model.

Nokia of the era was a top-down line structure organization.

In public speeches given by the organization's top executives, agility and being nimble were mentioned as key competitive advantages.

But it was all talk. The organization's top management was living in a bubble, disconnected from the company's technology development departments. Communication was one-way and teams were not empowered to contribute to the organization's strategy.

What was Nokia's culture at that time?

As per the 2015 paper *Distributed Attention and Shared Emotions in the Innovation Process: How Nokia Lost the Smartphone Battle*, Nokia suffered from organizational fear, status (*We are no 1*), in-house politics and temporal myopia.

Top managers had business backgrounds and lacked technological competence. Employee morale was low.

Nokia didn't lack talent and didn't have a skills gap in the company. There were no gaps in know-how or competence.

At its peak, Nokia had one of the top highly-skilled tech workforces in the world.

The company's hardware and software engineers had designed one of the most successful and iconic cell phones in the world, there's no doubt about it.

The problem was the top management. Between 2007 and 2010, the position of the Chief Technology Officer (CTO) disappeared from the top management team. Technical managers had left the company and new hires had no technical skills making it difficult for them to understand the technological challenges and the direction in which the company should be heading.

At Nokia, people were talking business instead of technology which is quite surprising for a software company.

Struggling to compete with Apple and adapt to the technological developments that were disrupting the business environment at that time, Nokia top management had to choose between three strategies: optimizing costs and volume, maximizing performance, or maximizing security.

They decided to go with cost optimization which made it impossible to achieve performance in software.

Task: Make the Conclusion about Nokia using 7S approach and share your ideas about possible that period changes.

Discussion questions

1. How could you keep yourself updated with the latest change management strategies and techniques?

2. Describe a situation where you had to manage change across multiple departments or teams.

3. How could you integrate change management principles into the overall business strategy?

4. What kind of problem will compound if the employees' skills (staff) don't align with the company's evolving needs? How it could be solved?

5. If a company's strategy is to develop innovative products, what would then need to other 6S?

6. Consider the soft component - staff. Evaluating this S at a single point may overlook the fact that an organisation's staff is not static. New employees join, older ones leave, and existing ones grow and develop their skills over time. Therefore, what is essential to consider when applying the McKinsey 7S Framework?

Topic 6.   Business Process Reengineering

Global competition is driving organizations to become leaner and more stream-lined. Many organizations have turned to business process reengineering (BPR) as a means to radically change the way they conduct business. However, dramatic improvements have failed to materialize in many instances. This topic is devoted to explore the organizations ' experiences with radical change for the purpose of uncovering how they achieved success.

Questions to study
1. BPR Definition
2. Major components of the reengineering process
3. Principles of BPR
4. Studies of BPR in the literature
5. Cases of BPR

Control testing
1) Which of the following is the best explanation of business process reengineering?
   a) Redesigning the organizational structure of a business
   b) Redesigning workflow
   c) Redesigning products
   d) Transformation of business processes for more effective achievement of business goals
2) If you are focusing on what your organization is supposed to accomplish, what stage of the BPR process are you working on?
   a) Analysis of current processes
   b) Mission statement
   c) Aspirational state
   d) Identification stage
3) If you are researching processes for improvement, what stage of BPR are you working on?
   a) Identification
   b) Analysis of current processes
   c) Find or create ways to improve
   d) Implementation
4) Which of the following technique is used to study a application or software to see how it functions and to use that information to develop a similar system?
   a) Object oriented.

b) Reverse Engineering.
c) Software Reengineering.
d) Agile development.

5) Which of the following technique is used to enhance the system by extracting and reusing design andprogram components?
a) Object oriented.
b) Reverse Engineering.
c) Software Reengineering.
d) Agile development.

6) Which of the following would be the IS auditor's main concern while reviewing the business process reengineering process?
a) Appropriate Key controls are in place to protect assets and information resources.
b) Requirements of the new system are appropriately documented.
c) Time and resource budget is adhered to.
d) Roles and responsibilities assigned for new process.
e) An organization is implementing business process reengineering (BPR) project for its critical system.

7) Which of the following is the impact of BPR?
a) business processes will remain stable.
b) information technologies will not change.
c) the process will improve performance of product & services.
d) input from clients and customers will no longer be necessary.
e) An organization is implementing business process reengineering (BPR) project for its critical system. Which of the following is the FIRST step?

8) Defining the scope and areas to be reviewed.
a) Designing a project plan.
b) Analyzing the process under review.
c) Reengineering the process under review.

Assignments and case studies

Assignment 1.
　　T-Mobile Becomes Un-Carrier by Reinventing Customer Service Process
　　T-Mobile had one goal — to make customers happy. Simple, humble, some may say obvious, but in the telecommunications world, happy customers were not the KPI customer service reps cared about.
　　Pay structure and customer service success at large were measured mainly by First Response Time (FRT) and Average Handling Time (AHT). Two metrics that screamed "Be quick!" Not "Be kind, be helpful, make customers happy!"
　　Problem Definition
　　T-Mobile found itself in a KPI pickle: stick with the industry standard of quick service at a low cost, or find a new process for serving customers and transform how value is measured from a service performance perspective?

Due to the introduction of self-service portals, customers no longer used the T-Mobile call center for basic transactional tasks such as balance inquiries and change of address.

Now, customers were calling with complex issues that customer service reps, with their existing level of training, low level of authority, and disconnect to local markets, could not solve.

The task: Try to suggest possible solutions of the problem and ways of reengineer the customer service process for the new needs of customers.

Case 1.

A BPR case study at Honeywell[2]

Introduction

The Honeywell industrial automation and control (IAC) business unit designs, manufactures, and configures the sophisticated TDC 3000X family of systems. These systems enable its customers (refineries, chemical plants, and paper mills around the world) to achieve world-class process-control capability.

In late 1989, the management team began a three-year world-classmanufacturing (WCM) program to examine lagging performance results. WCM established ambitious goals for defect reduction, short-cycle production, and materials management. Specific goals included reducing defects by a factor of ten (1,000 percent) and cycle time by a factor of five (500 percent).

WCM was created to provide resources and take a system-wide view of the plant. WCM supported a focused-factory environment that harnesses the potential of teams. Instead of workers being assigned to a specific area on the factory floor, teams of multi-skilled workers were charged with building entire products or modules from start to finish. WCM provided resources to teams based on the process rather than piecemeal events or tasks. Training took on a system-wide view. In 1990, the entire plant was shut down and everyone was taken to another location for an intensive six-hour session. During the session, the need for radical change was articulated. In addition, management explained what the broad changes would be and how the changes would impact the workers.

To support the factory-focused paradigm, the "all-salaried" workforce was evaluated on a "pay for performance" basis. Factory-focused teams were rewarded for their performance. In a little over three years, teams helped reduce defect rates by 70 percent, customer rejects by 57 percent, cycle time on parts by 72 percent, inventory investment by 46 percent, and customer lead times by over 70 percent.

Improvements did not come without struggle. One problem was management of "white spaces". White spaces are gaps between different links in the internal-supply chain. Management found out that teams along the value chain for each product line had a tendency to sub-optimize the total supply chain because they were primarily focused on their own areas. **The first task: What did the Director of Strategic Planning and Organizational Development do to get the teams to think in unison?**

Honeywell IAC observed through trial and error that teams needed to have control over things that impact their performance. When teams failed, the cause could almost always be attributed to lack of authority to make decisions where the work was actually being done. Another improvement that helped teams work well together was a change of work environment. Recently, manufacturing was moved to a handsomely landscaped site. Besides being a beautiful site, manufacturing facilities were designed to better suit a flow scheme. The flow scheme was designed to facilitate a "pull" system that is triggered by customer orders.

Conversion to an all-salaried workforce, worker empowerment, compensation for creativity, and a system-view helped IAC vastly improve its quality and performance for its customers. However, IAC management was not satisfied. To complement the WCM program and facilitate a culture of continuous improvement, IAC embraced a solid ISO 9000-certified quality program, a strong supplier alliance program, a globally oriented customer satisfaction organization, and a reconstituted WCM program office.

Honeywell calls their factory-focused program the TotalPlant^{TM}.

The second task: How could you formulate the mission of TotalPlant^{TM}? What were the further possible steps?

Three people were formally interviewed including the Director of Strategic Planning and Organizational Development, the Manager of Worldwide Manufacturing Programs, and the Manager of Distribution Systems.

The TotalPlant^{TM} paradigm

The paradigm is based on four principles of success ± *process mapping, failsafing, teamwork, and communication*. Each of these principles is critical to realizing the TotalPlant^{TM}. However, every team member must be educated in all four of the principles and empowered to use what they have learned to solve business and manufacturing process problems. The major obstacle to change is the employee attitude that "things are OK', so why change.

TotalPlant^{TM} developed a need for people to change. It created a level of dissatisfaction.

The third task: What did top-management do to create a level of dissatisfaction?

1. Process mapping

Process mapping is a tool that allows one to model the flow of any business process in a graphical form. The process map allows one to see how the process actually works across functional boundaries.

The fourth task: What does process mapping enable all employees to see?

An experienced facilitator conducts process mapping training. The role of the facilitator is to encourage interaction and creative input from everyone by throwing questions back to the group. The idea is to facilitate learning by discovery and inquiry, not by being told what to do.

The training philosophy at Honeywell focuses on educating employees about the importance of total customer satisfaction and world-class manufacturing. It is important for employees to understand that optimization of the whole system is the goal, not individual departments or subsystems. Three principles underlie the philosophy ±

be non-blaming and non- judgmental, focus on process and results, and consider the big picture.

Many times organizations focus on individual and/or subsystem results to the detriment of the whole system. Results are important, but how they are achieved is equally important. A focus on process helps to rationalize enterprise-wide results over functional ones. If the process is not understood or is misunderstood, it is more difficult to justify sub-optimal results in an individual area. The only important result is total customer satisfaction.

The fifth task: What is the difference between process vs. functional thinking?

For process mapping to work, decisions are pushed to the "process' level and employees are given the tools and training they need to excel. An example (Figure 1) of non-enterprise thinking is presented at the beginning of training to encourage participants to begin thinking "out-of-the-box". The story is about five blind men and an elephant. One man grabbed an ear, another the trunk, a third the tail, the fourth a leg, and the last touched the side.

The blind man holding the trunk thought he was holding a snake. The blind man holding the leg thought it was a tree. The blind man holding the ear thought it was a fan. The blind man touching the side thought it was a wall. The blind man holding the tail thought it was a rope. The moral of the story is each blind man's perception is based completely on his individual perception rather than on the reality of the situation.
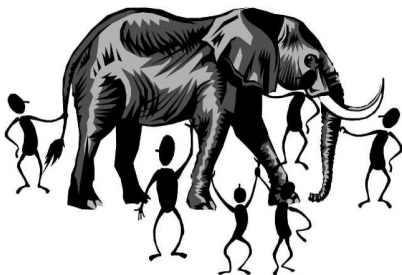

Figure 1. Five blind men and an elephant

This lesson is critically important when training people about enterprise optimization. Each employee works in his or her own "box', that is, they work within a functional area of the organization. Unless they see and understand that their work is part of the much larger enterprise, process sub-optimization will occur. To really improve the business, everyone involved in the process has to understand the whole system. Process mapping is a powerful technique that provides an understandable picture of the entire process and a common language to get and keep everyone on the same page.

At Honeywell, process mapping consists of eight steps ±

The sixth task: Try to list this steps of process mapping.

Three potential problems can occur when process mapping ± optimizing part of the process while sub-optimizing the process as a whole, making the map so far removed (too broad) from the actual process that it is not useful as a tool for change, and making the map too specific without involving those who must live with the changes.

The job of the facilitator is to encourage creative ideas from teams and guide the

effort.

2. Fail-safing

Fail-safing is a method to identify a defect, analyze it to understand its root cause, and then develop a solution that will prevent that defect from occurring again. Fail-safing guarantees that a process will be defect-free. While process mapping diagrams the entire flow of a business process, fail-safing is done to diagnose a defect within the process. The PDCA (plan, do, check, act) cycle offers a road map to help teams work together to prevent errors from occurring 100 percent of the time. PDCA offers a sound method for collecting "good' data, but technology is needed for proper delivery. Honeywell invests heavily in state-of-the-art technology to help guarantee data delivery.

Fail-safe planning (Plan) has five steps. The first step is to identify the problem (defect). Defect detection involves analyzing data using a pareto chart. The pareto chart principle proposes that 20 percent of causes create 80 percent of the problems we experience. Once the data is analyzed, a defect description is logged that describes the defect and its impact on other processes. Similar to process mapping, a map of the existing process is made with the defect. The map should include documentation concerning the people involved (team) in the operation as well as where the defect is discovered.

The second step is to identify the root cause(s) of the problem. The team identifies places in the process map where red flag conditions exist. The "Five Whys" technique is used to identify root causes. First, the team asks ± why does this cause of error occur? For each reason, they ask again why the error occurs. After asking "why' five times, the team is able to converge on the root cause of the error. To test the validity of a root cause, a simple test can be used. A root cause has three characteristics:

(1)   It is a cause of the defect identified;

(2)   it is possible to change the cause; and

(3)   if eliminated, the defect will be eliminated or at least reduced.

If the cause satisfies all three characteristics, it is a root cause.

The third step is to generate alternative solutions. The team starts by selecting one root cause. A recorder and timekeeper are then selected to mediate. Brainstorming can then begin. Keep in mind that this process may seem simple, but trained facilitators are needed to ensure that everyone is involved and an open forum for ideas is maintained.

The fourth step is to evaluate and choose a solution. Each alternative is considered against criteria such as time, ease, and cost to implement. Ideas that take too long to implement are eliminated. Evaluation helps the team choose the best device(s) to fail-safe the error condition.

Finally, an implementation plan is created. Everyone affected by the change is identified. The team considers customers, suppliers, and support people on the team. The team then determines how the device will be measured and completes an action register. The purpose of the register is to create a "visible' listing of all the actions required to implement the device, the people involved, the completion dates, and the status of each action.

Step six (Do) is to implement the chosen solution. The team now completes each

action item involved in installing the fail-safe device. Everything needs to be recorded so that the team has a visual memory of the steps involved. Evaluation is also facilitated because data can be analyzed before and after the fail-safe device is implemented.

Step seven (Check) involves checking results. Data is analyzed using the action register, pareto charts, and histograms. The team also asks themselves if they got the results that they expected. If not, rework of the device is undertaken.

Step eight (Act) is to determine the next steps for continuous improvement. The team asks itself what can be improved and then begins the cycle again. Fail-safing is a continuous process. Fail-safing is only effective if it works 100 percent of the time.

The seventh task: Draw 8 steps on the PDCA (plan, do, check, act) cycle diagram.

3. *Teamwork*

Teamwork does not occur naturally. It is difficult and complex. It takes special effort, management support, training, and a nurturing environment to make it work. Special training is needed to familiarize people (including managers) with what teams are, how they work, and how they will help the company. After training, workers need to "feel' that the work environment is conducive to teams.

The manufacturing vision creates the first step toward a new work environment that fosters teamwork. It proposes that the workforce take ownership for the success of the overall business. Accordingly, all people need to understand their roles and team together to achieve success. Creativity, risk-taking, and innovation are encouraged and viewed as learning experiences. People are trusted, respected and empowered to execute their duties. Cross-training is endorsed, work is challenging and enjoyable, and everyone is involved in leadership and doing the "right things".

The eighth task: What do you think takes more time - to trainee People to effectively map processes and fail-safe defects or to work as a team? Give your arguments.

4. *Effective communication skills*

Communication of the TotalPlant™ vision is paramount to success. "The number one problem in most organizations is lack of effective communication. Faulty interactions between people often lead to conflicts, hurt feelings, and damaged relationships" (G.J. Kristof, Manager Worldwide Manufacturing Programs, personal communication, August 16, 1997). Communication of a vision is especially susceptible to conflict because its message is broad and its audience is the enterprise.

The ninth task: What does Honeywell provide to teams to help them deal with conflict in a positive way

Management is responsible for team facilitation. Management's job is to nurture and coach the team. Another important role is to help the team set "stretch" goals. Stretch goals are lofty objectives that are beyond what people are normally expected to reach. "Pushing people to achieve beyond their normal expectations causes them to realize that they must change the way they do things. It also creates a healthy level of dissatisfaction. If people are satisfied, they will never try to get better" (E.J. Janik, Manager Distribution Systems, personal communication, September 12, 1999).

Information technology

Honeywell depends on information technology (IT) automation to keep itsplant

in operation. It produces automation and control devices that must meet stringent levels of quality because its customers will accept nothing less. Its devices are very sophisticated and require complicated processes to manufacture properly. The role of the worker is that of monitoring the devices to make sure they are performing within strict tolerances. Therefore, information is "built into" the systems that build other systems. Information that supports manufacturing is viewable at each production cell through color monitors and other visual devices.

Information technology supports office processes that are integrated into the total system. Computer technologists, engineers, and systems analysts keep systems running properly. Every IT system is aligned with manufacturing. Otherwise it is not value-added. Managers tap into the system to obtain information about productivity, cycle time, and performance. Many of the business managers have an engineering background that helps them link the business systems with manufacturing.

Prior to 1989, the IS department was centralized and "separate' from manufacturing. "The systems were technically elegant and centralized, but they didn't meet the needs of the business. The IS department was transformed into the IT department to better align with the business of making controls. IT was charged with mapping business processes that supported the products and then transforming systems to match the maps" (E.J. Janik, Manager Distribution Systems, personal communication, August 16, 1997). The IT department has made great strides to align its services with the needs of the business.

Execution

Honeywell has four mechanisms in place ± process mapping, fail-safing, teamwork, and communication ± for promotion of an enterprise-wide integrated plant. Process mapping is a systematic BPR methodology to guide team process improvement efforts along process paths. Fail-safing is a vehicle to help process teams identify and correct defects quickly and permanently. Teaming is encouraged through communication of the vision and rewards based on value-added activities. These four mechanisms facilitate successful change, but do nothing to guarantee it.

What separates success from failure is execution.

The tenth task: What does Honeywell's top management should do to implement reengineering strategy?

At Honeywell, the path toward change is probably much smoother than in most organizations because the organization has embraced change for many years. Honeywell is a pioneer in quality management and has always developed its people through training programs and rewards for value. Hence, execution is easier and resistance is not as big an issue. However, problems have occurred.

The biggest obstacle to execution was within the middle management ranks. Members of middle management were too used to being experts in a specific area. For instance, one operations manager was the resident expert in materials flow, but he managed technology, engineering, and manufacturing people. He would manage sub-optimally because every problem was solved through materials flow. He could not see the cross-functional or cross-specializatio n nature of the problem because of his narrow focus on materials flow. He had to "let go' of his expertise and let his people solve the problem as a cross-functional team. It may sound like a simple change for this manager,

but it took years.

Behavioral change is the most difficult type of change. It takes time and patience. Execution of a major change program therefore requires a lot of time to reap desired benefits. With quick profits and impatience the norm in many organizations, execution will be the biggest hurdle to success. Adoption of mechanisms, like those used at Honeywell, are therefore worthless without a plan for change and proper execution of that plan.

The eleventh task: What a set of general lessons we can develop from the case study?

The twelfth task: You should conclude what were two most important lessons stand out above the rest.

Caveats and conclusions

The major limitation of case study research is sample size that limits generalizability. A specific limitation is that this case is industry-specific. Honeywell IAC is a manufacturing plant that produces special high quality controls. IAC customers demand world-class quality that pushes the organization to continually improve. Different industries and organizations with in those industries have different environmental forces to deal with. Both of these limitations reduce generalizability.

Discussion questions

1. Could we consider, that the management is good, if there are no deviations from the plan?

2. When one sets measurable goals to award bonuses or any other remuneration depending how well the measure is met, what negative consequences can occur?

3. Can you describe a time when you had to manage change in a high-stress situation?

4. Could you tell us about a time when you had to alter your change management plan midway? How did you handle that?

5. Can you describe your approach to project management in the context of change management?

6. How do you ensure that changes are smoothly and successfully implemented to achieve lasting benefits?

Topic 7.   Adizes's methodology of change management

Topic includes coverage of the issues concerning how well change could be managed. It depends on the quality of the decisions made and the efficiency of their implementation. In this part we'll take a look at two competing values underlying the Adizes model[3] of effectiveness and efficiency. These two values are different, and not entirely compatible, in that both cannot be maximized simultaneously. Adizes also introduces a temporal dimension that cuts across the effectiveness/efficiency dimension.

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[3] www.adizes.com

Decisions can be effective and efficient in the short run or in the long run. The imperatives of short-term efficiency and long-term efficiency are not identical to each other. Special attention is given to PAEI model, describing four categories of Producing, Administrating, Entrepreneuring and Integrating. These functions define the construction of four allegorical or prototypical personality profiles: the Producer, the Administrator, the Entrepreneur and the Integrator. These characters exemplify the styles Adizes describes. In order to make a decision we really need to understand other people to make a complementary team.

As we shall see, at the foundation of effective management for any organization is the fundamental truth that all organizations, like all living organisms, have a lifecycle and undergo very predictable and repetitive patterns of behavior as they grow and develop. At each new stage of development an organization is faced with a unique set of challenges. How well or poorly management addresses these challenges, and leads a healthy transition from one stage to the next, has a significant impact on the success or failure of their organization.

The Adizes methodology improves the performance of business and government without the destructive conflict that plague many change efforts. The Adizes Methodology can be described as a contingency theoretical approach to organizational management that analyses all the components of fitness using a competing values (or concern structure) framework.

Questions to study
1. Functional approach to change management.
2. How a company grows, ages, and dies. Life cycles of organizations
3. How to manage the organization's lifecycle

Control testing
1) After launch - start of active trading
    a) go-go
    b) prime
    c) infancy
    d) adolescence
2) paEi describes the stage
    a) courtship
    b) infancy
    c) go-go
    d) adolescence
    e) prime
3) Which role is the easiest to develop?
    a)   A
    b)   P
    c)   E
    d)   I
4) Without A function an organization loses
    a) Profit

b) Innovation
c) Sales
d) Staff

5) Chose 2 slow functions
   a) A
   b) I
   c) E
   d) P

6) "No" from A means
   a) yes
   b) no
   c) may be

7) The activity of attaining short term or immediate results
   a) producing
   b) administrating
   c) entrepreneurship
   d) integrating

8) What are the causes of conflict?
   a) Diversity of styles
   b) Diversity of interest
   c) Problems
   d) Behaviour

9) What are the causes of deadwood?
   a) Laziness
   b) old age
   c) changes
   d) inability

10) "obtaining results which somebody needs" is
    a) efficiency
    b) effectiveness
    c) sales
    d) demand

11) A group of leaders should develop decisions
    a) democratically
    b) dictatorially
    c) quickly
    d) risky

12) To stimulate (E) and (P) activities, Restructure, Change Information System to support decentralization, Change incentive systems to foster and reflect cooperation - tricks of how to manage transitions at the stage of
    a) aristocracy
    b) witch hunt
    c) death
    d) bureaucracy

13) The respect is (choose 2 right answers)
   a) learn
   b) communicate
   c) serve
   d) cooperate

Assignments and case studies

Assignment 1.

The fundamental role of management for any team, department, company, family, or even country, can be defined by just four basic functions. If an organization can develop these four roles, then it will be successful over the short as well as the long term. The understanding of these functions and how to develop them in an organization is therefore essential knowledge for management.

Follow the link https://adizes.com/management_styles/ and find out your Management Style.

Assignment 2.

Your task is to remember the basic features of each PAEI style and try to describe the dress style and the interior of the executive's office with each style.

What is his (her) possible style? How did you recognize?

Assignment 3.

Your task is to convince your supervisor, taking into account his management style, to support your idea. You should decide:

- how to prepare to the meeting;
- how and when to come;
- how to begin the conversation;

- what arguments to suggest (how to describe your idea and possible results of its implementation);

- what to do after the meeting.

Case 1.

An Adizes Corporate lifecycle Perspective

At its height, THE WW COMPANY operated over 1,081 retail stores across the United States, Canada, Mexico, South Africa, Australia, the United Kingdom, and Germany. One of the first multinational retail firms, THE WW COMPANY was a pioneer in mass-merchandising techniques and an American icon for the 118 years of it existence. This study utilizes the Adizes Corporate Lifecycle framework to examine THE WW COMPANY s' history from its origins as a small, single-location retailer to its expansion into a dominant multinational retailer. Additionally, this paper will show that a company must maintain the proper balance of purpose (P), administration (A), entrepreneurship (E), and integration (I) appropriate to the stage in the lifecycle through which the firm progresses. As will be discussed, THE WW COMPANY s' deviation from this appropriate balance resulted in its eventual demise.

THE WW COMPANY 's initial retailing venture consisted of a small general store based in Utica, New York, that ultimately failed in May 1878. However, in June 1879 he opened a second store known as THE WW COMPANY s Great Five Cent Store in Lancaster, Pennsylvania, which quickly grew into a large-scale retail corporation and eventually an American icon. The public began to refer to stores such as THE WW COMPANY as five-and-dime stores because that was the price of the merchandise they sold.

Much like its Wal-Mart counterpart of today, THE WW COMPANY s became as much a part of American daily life as the radio, the milkman, and the newspaper. People visited their local THE WW COMPANY s store regularly to both shop and socialize with one another. Additionally, THE WW COMPANY s stores participated in community fundraisers, as well as sponsored youth sporting activities. THE WW COMPANY s was more than a mercantile establishment; it was an essential component of the American community over the better part of a century.

THE WW COMPANY s' founder Frank W.was an innovative entrepreneur who introduced a new way of presenting goods to people in a retail environment. He created a new customer relationship management (CRM) system that was unique to major retail environments in late nineteenth and early twentieth-century America. He

also developed a new form of merchandising that his customers embraced. The model would prove so successful that it would last for the next 118 years.[4]

Fig. 1. Early Photo of the 19th-Century Storefront of F.W.

THE WW COMPANY Summary

In 1878 Frank Winfield began the first THE WW COMPANY store with a loan of $300. Although THE WW COMPANY s grew to be one of the largest retail chains in the world through the early and mid-twentieth century, increased competition from such large-scale, mass merchandisers as Wal-Mart, K-Mart and other big box stores contributed to its ultimate demise beginning in the 1980s.[5]

A harbinger of this corporate decline can be seen even earlier. In 1963, THE WW COMPANY purchased the Kinney Shoe Corporation and operated it as a subsidiary. That strategic choice led to further acquisitions and expansion in the specialty shoe store category, including Stylco in 1967, Susie Casuals in 1968, and Foot Locker in 1974. THE WW COMPANY continued to diversify its portfolio of specialty stores in the 1980s, including Afterthoughts, Northern Reflections, and Champs Sports. By 1989, the company was pursuing an aggressive strategy of deploying multiple specialty store formats located within enclosed shopping malls. The business strategy was formulated on the premise that if a particular retail concept failed at a given mall, the company could quickly replace it with a different one. The company's purported goal was to operate ten specialty stores in each major American shopping mall, but this never came to pass as THE WW COMPANY never was able to develop that number of successful specialty retail formats.[6]

As new competitive threats continued to emerge, THE WW COMPANY in 1997 converted itself into a sporting goods retailer and closed its remaining retail stores, which had been operating under the THE WW COMPANY s' brand name. The result-

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[4] John P. Nichols, *Skyline Queen and the Merchant Prince: The THE WW COMPANY Story* (New York, 1973).

[5] *Remembering THE WW COMPANY s* (New York, 1999).

[6] Ibid.

ing retail organization renamed itself the Venator Group. By 2001, the company focused exclusively on the sporting goods market, again changing its name to the present Foot Locker, Inc. This reorganization evolved into the development of the successful Foot Locker and Northern Reflections apparel shops as well as Best of Times, a timepiece retail store.

Early Years

Frank spent the first twenty-one years of his life on a farm in rural upstate New York. He and his younger brother completed their local education at age 16 and then reluctantly went to work on their father's farm. A great opportunity occurred when Frank's mother gave him the money to take two courses at Watertown Commercial College. For Frank, this was the break of a lifetime. Simultaneously, his mother had invited Jennie Creighton to live and work at the farmhouse because she was unable to find steady work as a seamstress in Watertown, New York.[7]

After his course of study at Watertown Commercial College, Frank began looking for work. His dream was to work behind the counter at a retail store.[8] He began seeking employment by asking for work at various shops in the town of Carthage, New York, but, unfortunately, no one wanted to hire him and eventually, he had to return home to the farm. The job market was weak because of the ongoing Civil War, which had caused the economy to remain stagnant. However, after several false starts, he was finally able to secure a position at Augsbury & Moore, later known as Moore & Smith, the leading dry goods store in Watertown, New York. In March 1873, at almost 21 years of age, Frank started his business career. This event was to prove the turning point in F.W.'s work life.[9]

Frank made his next career move in September 1875. He took a job with A. Bushnell & Co., a competitor to his present employer. The new job at Bushnell required him to leave his boarding house and sleep in the store. This translated into very long hours and in February 1876 he collapsed from exhaustion. He was carried by sleigh to his mother's house where she provided around-the-clock care for him until he was better. After his recovery, Frank and Jennie Creighton married in the family farmhouse. Somehow Frank obtained enough money, $300, for a down payment on a $600 mortgage for a four-acre farm near his home in Great Bend. Frank was reluctant to return to the farming occupation and in June 1877 the couple relocated to Watertown, New York, and leased out the farm. Frank accepted employment at a salary of $10 a week in the dry goods store owned by Moore & Smith, where he had worked previously. The owners appreciated the value of Frank's display skills and were willing to pay him good money to return. Opportunity arose when the Moore & Smith business began to experience financial difficulty. With an excessive inventory and a great many bills pending, Moore & Smith believed that they could resolve their inventory problem by opening an additional store in Great Bend, New York. Frank accepted the opportunity to manage the new store and painstakingly organized the 20 x 60 square feet of floor space in a manner in which the excess merchandise was displayed as attractively as possible.[10]

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[7] Nichols (1973).
[8] *The Fabulous Life of F.W. THE WW COMPANY s* (New York, 1970).
[9] Ibid.
[10] *THE WW COMPANY and the American Five and Dime: A Social History* (2003).

Even though Frank put all his energy into this new store location, it subsequently failed and closed. Frank returned to the original Watertown store where the business continued to struggle. At this point, a customer recommended that Frank adopt a pricing strategy similar to that employed at a small store located in Michigan by advertising a counter of select items for the fixed price of 5 cents each. The central focus of the strategy was to entice the customer into the store with the low price goods while hopefully convincing them to gravitate toward the more expensive merchandise. The more Frank listened to this new idea the more excited he became. Frank began to develop a plan to implement this discount pricing concept in the store.

Frank convinced Mr. Moore to try the idea and was tasked with the assignment of making the cut-rate counter a reality. Two big wooden tables were set in the middle of the room. Frank did a great job of exhibiting the goods in a way that would encourage customer browsing. He placed the most attractive item in the front and created a large sign that read, "ANYTHING ON THIS TABLE 5 CENTS." The idea became a great hit among customers. The success of the 5-cent, cut-rate sales gave Frank another; he was going to establish his own 5-cent store. Now the flickering of the Courtship (paEi) stage grew into a flame. Frank had it all figured out. A penny or two profit from each item was the key to making the concept work. The only barrier to establishing his own store was financial capital. Frank asked his uncle for the start-up funds but was turned down. He finally succeeded in obtaining the start-up capital from Mr. Moore based on the condition that he find a promising location. As all of this was happening, Frank learned that his father would also sign the note, providing him with all the support that was needed. Frank was excited and eager to become an entrepreneur. He knew consumer lifestyles were changing and the change would create more opportunities in the retail industry.[11]

While the potential retail locations in and around Watertown and Rome, New York, were disappointing, he had a hunch that the town of Utica, New York, might offer a great opportunity. His insight proved correct. The five-cent craze had somehow missed Utica and a location-based opportunity emerged. Frank identified a small retail space in Utica and worked diligently to clean and fix it up. He purchased merchandise from his former boss and was also able to acquire the materials to restore and upgrade the store location. Frank still lacked sufficient capital to operate the firm and negotiated an arrangement with the prospective landlord to pay the rent at the end of the month when profits from the sale of merchandise would become available.[12]

On Saturday evening at 8:00 p.m. on February 22, 1879, Frank opened his first 5-cent store. A tin fire shovel was the initial sale. The five- and ten-cent items proved to be consistently popular. With the resulting profits, the loan from Moore was retired in three weeks. In addition, Frank was also able to pay his landlord, his workers, and buy a present for his wife. However, the store's success was short-lived due to the economic downturn of 1879. Frank sent all his merchandise back to Moore & Smith and

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[11] Ibid.
[12] Ibid.

closed the Utica store in May 1879. Nevertheless, the experience in starting and managing a new retail store proved invaluable.[13]

After a month of thoughtful discussion, Frank decided to try again to open a store of his own in Lancaster, Pennsylvania. Again he asked Moore for additional credit, booked a train, and ventured to Lancaster to find a store site. Frank left Utica with $30 but it was in Lancaster where his permanent commercial success began. If the business's growth is excessive, it will not be able to generate sufficient internal cash flow to fund furthergrowth. However, if the growth rate is more stable, the company is more likely to be able to generate the type of cash flow necessary to fund continued operations.[14]

Frank opened the Lancaster location in June 1879 to great success. Together with his brother, they opened additional locations, often in partnership with other business associates. The brothers also entered into strategic alliances with competitors to maximize inventory efficiency and purchasing power for both parties. Twenty-two years later, Frank would be a multi-millionaire and control one of the largest retail merchandising chains in the history of the United States.[15] At this point, THE WW COMPANY seems to have reached the stage where "suppliers are repetitive and stable and cash flow is secured because [customers] have started to repeat their orders."[16] This period was characterized by rapid geographical expansion.
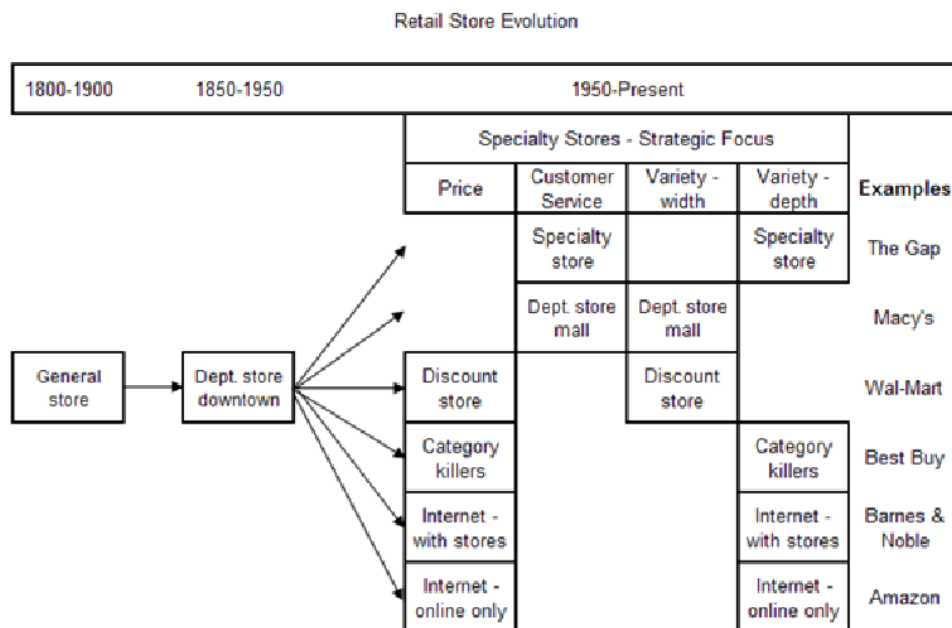

Figure 2. Retail Store Evolution (Source: Crandall, Crandall and Chen, 2009)[17]

In his initial Lancaster retail venture, Frank had opened what could be described as one of the first discount store concepts in the United States. THE WW COMPANY

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[17] Richard E. Crandall, William R. Crandall, and Charles C. Chen, *Principles of Supply Chain Management* (Boca Raton, Florida, 2010).

[13] Ibid.

[14] Ibid.

[15] Ibid.

[16] Adizes (1988).

Co. was among the first five-and-dime stores, which sold discounted general merchandise at fixed prices, usually five or ten cents, undercutting the prices of other local merchants. THE WW COMPANY , as the stores popularly became known, was one of the first American retailers to put merchandise out for the shopping public to handle and select without the assistance of sales clerks. Previously, retailers had kept all merchandise behind a counter, and customers had to present the clerk with a list of items they wished to buy.[17]

Typical Downtown THE WW COMPANY s Loca-

(Source: http://aipetcher.wordpress.com/tag/f-w-THE WW COMPANY

Company Growth

By 1911, there were six chains of affiliated THE WW COMPANY s stores operating in the United States and Canada. That year, Frank and Charles incorporated the THE WW COMPANY and through a series of mergers brought all 596 stores together under one corporate entity.[18] Performing the purpose temporarily takes a backseat as administrative procedures and processes are put into place to allow for further growth. A company with 596 stores must have a sophisticated and established organizational infrastructure or it will simply be unable to manage the scope and scale of its operations.

The firm was able to take full advantage of ongoing demographic trends and deliver on the company purpose, have appropriate administrative procedures in place, and be entrepreneurial. However, even as downtown chains such as THE WW COMPANY proliferated, the underpinnings of these firms' strategy were being threatened by demographic and socio-cultural changes in the environment. In the 1950s and 1960s America's suburban population grew by more than 40 million, lured out of the cities by inexpensive housing developments in the suburbs and a massive federal highway construction program.[19] These trends worked against THE WW COMPANY's long-time strategy of situating stores downtown and resulted in a decline in performing the firm's purpose and entrepreneuring.

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[17] Pitrone (2003).

[18] Paul Gaffney, "Dime Stores/THE WW COMPANY s" in *St. James Encyclopedia of Pop Culture;* viewed 15 Sept. 2015. URL: http://sociology.sunimc.net/htmledit/uploadfile/system/20100825/2010082 5043545415.pdf.

[19] Joshua Zeitz , "Why THE WW COMPANY Had to Die" American Heritage. July 17, 2007; viewed 15 Sept. 2015. URL: http: / / www. americanheritage.com/articles / web / 20070717-THE WW COMPANY -business-retail-five-and-ten-urbanization-suburbanization-walmart.shtml.

The presence of entrepreneurial competition and THE WW COMPANY's lack of response to changes in the external environment eventually led to the firm's inexorable decline. THE WW COMPANY's management at this point can be characterized by the following passage from Adizes:

It's easier to be an administrator than an entrepreneur, because it's less risky and less demanding. If people are asked only to follow rules and not to try to change them, when they eventually are asked to be creative and take risks, their past experience with the reward system works against this change. New reward systems must be introduced, and a change in style and culture is required.[20]

Decline

The failure to react to change in the business environment often leads to the failure of the firm. On July 17, 1997, THE WW COMPANY declared that it would shut down its more than 400 five-and-dime stores in the United States, lay off about 9,200 THE WW COMPANY's workers (about 11 percent of the company's workforce), and take a $223 million charge for the discontinued operations.[21] For all intents and purposes, the dominant retailer in the United States for most of the twentieth century had reached the end. To conclude the exit from department store retailing in the United States, the successful subsidiary THE WW COMPANY chains in Germany and Mexico were sold to their local managements for nominal sums in 1997. THE WW COMPANY remained a household name in the United Kingdom as the former "cheap and cheerful" image was slowly shed and a more contemporary positioning was adopted. THE WW COMPANY was still a substantial business in the United Kingdom in 2005, and announced a profit of £73.1 million based on sales of £2.9 billion. However, in November 2008, the trading of shares in THE WW COMPANY Group plc was suspended and its subsidiaries were taken into bankruptcy. All 807 THE WW COMPANY's stores in the United Kingdom were closed resulting in job losses in excess of 29,000. The THE WW COMPANY name survives today in the United Kingdom in the online company THE WW COMPANY s.co.uk affectionately known as Woolies.[22]

While descriptive history is important to understand, the chronology of events that lead to the success or failure of an organization may be brought into sharper focus using organizational lifecycle analysis. This theoretical framework may provide a clearer perspective on how and why the organization was born, peaked and declined. Such an analysis is important for understanding the key events and times associated with a company's history. The chronology of events and the lifecycle concept provides a framework for understanding the rise and fall of THE WW COMPANY.

Transition to a New Era of Mass Merchandising

The growth and expansion of the company contributed to its downfall. THE WW COMPANY moved away from its five-and-dime roots and placed less emphasis on its department store chain as it focused on its specialty stores. However, the firm was

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[20] Ibid, 203-204.
[21] Jay P. Pederson, "THE WW COMPANY " in *International Directory of Company Histories* (Detroit, Mich., 1988), 20: 528-532.
[22] Ibid.

unable to successfully compete with other chains that had eroded its market share. There is little doubt that if Frank was starting out today it would be on the Internet, with its low costs and mass reach. But that is little comfort for those shoppers who enjoyed and appreciated the stores in Britain, Canada and the United States. The German THE WW COMPANY continues, along with some former British subsidiaries overseas in Zimbabwe, Barbados and the West Indies and a small chain in Mexico.[23]

Conclusion

THE WW COMPANY provided generations with life milestone memories. The stores were more than just somewhere to shop, find bargains, or stock up. They were gathering places. The signature THE WW COMPANY stores eventually incorporated lunch counters after the success of the counters in the first store in the UK and served as general gathering places, a precursor to the modern shopping mall food court. People went there to meet friends while at the same time have lunch or coffee. By the time of his death in 1919, Frank was a multi-millionaire. He died just before the emergence of the prosperous 1920s at a time when his stores were rapidly expanding in the marketplace. At his death at the age of 67, there were 1,081 stores in the organization. Frank had created a retailing empire through determination, creativity, and the courage to try something new. Although he had a progressive and a reliable board of directors composed of lifelong friends and relatives, Frank was the essential leader. The history of F.W. is not only interesting but also instructive in how an organization transitions through various lifecycles. The WW COMPANY's retail chain lasted over 118 years from 1879 until 1997. The evidence suggests that THE WW COMPANY passed through all of the stages of a corporate lifecycle. During the 1910s through the 1940s THE WW COMPANY moved through the Adolescence and Prime stages of its lifecycle. As information technology became more sophisticated in the 1980s, THE WW COMPANY began to enter an era of significant organizational decline. The trend began to accelerate as new ideas of mass merchandising were introduced, coupled with the power of information technology. While THE WW COMPANY was an innovative retailer from the turn of the twentieth century until the end of the twentieth century, competitive forces and macro-environmental change began to erode the power of size and moved the organization to the stage of decline. With the implementation of modern mass merchandising practices and big box discount houses, THE WW COMPANY's original innovations simply became less attractive to the buying public.

The original THE WW COMPANY is currently recognized as Footlocker Inc. It is the largest athletic shoe distributor in the world with more than 3,000 locations across the globe. Ironically, in the United Kingdom there are some locations, such as Brixton, South London, where the present Footlocker operates from the very same location that was once a WW COMPANY store. The former parent company, Kingfisher, remains the market leader in do-it-yourself retailing in the United Kingdom and France, with many interests around the world. In addition, an independent WW COMPANY remains in Bridgetown, Barbados, while the store in Harare, Zimbabwe still trades as THE WW COMPANY from its original premises as part of the larger department store

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[23] THE WW COMPANY Museum, viewed 15 Sept. 2015. URL: http://www.THE WW COMPANY smuseum.co.uk/ aboutwoolies.html.

chain of the same name in South Africa. The WW COMPANY brand also continues successfully in Mexico as part of a larger convenience store group.

The task: You should view THE WW COMPANY through an Organizational Lifecycle Lens and fill in the table

Table 1- Summary of Lifecycle Stages and Significant Chronological Events

Lifecycle Stage	Date	Event(s)
Courtship		
Infancy		
Go-Go		
Adolescence		
Prime		
Stable		
Aristocracy		
Pre-Bureaucracy		
Bureaucracy		
Death		

Discussion questions

1. Which function of PAEI is easier to develop?
2. Provide an example of the decision efficient in shot run and inefficient in long run and versa
3. Provide an example of the decision effective in shot run and ineffective in long run and versa
4. Could the decision be effective, but inefficient?
5. Could the decision be efficient, but ineffective?
6. How could you manage the uncertainty and fear that often comes with change?
7. What role does empathy play in your change management approach?

Exam questions

1. Kotter's Eights Steps to Change
2. The Six Change Approaches developed by Kotter and Schlesinger
3. Bridge's Transition Model
4. Roger's Technology Adoption Curve
5. Kubler- Ross Five Stage Model The Change Curve
6. Prosci's ADKAR Model
7. Lewin's Unfreeze – Change – Freeze ModelTask for the next Lecture
8. The four different energy states that can exist in an organization and how to direct these various energy state
9. Developing Political Support
10. Roles in Organizational Change

11. How to attract key stakeholders
12. Principles of Change
13. Motivating change
14. Forces for Global Change and their influence on your life
15. effectiveness&efficiency in long run and short run
16. PAEI styles
17. Organizational Lifecycle
18. Adizes's Methodology of MT&R