
Managing change

2017-18

CAUSES OF CHANGE

- ▶ changes in organizational size
- ▶ poor business performance
- ▶ new ownership
- ▶ transformational leadership
- ▶ the market and other external factors (PESTLE)

EFFECTS OF CHANGE

- ▶ competitiveness
- ▶ productivity
- ▶ financial performance
- ▶ stakeholders

CHANGES AND EFFECTS

ORGANISATIONAL SIZE

- ▶ Changes:
 - ▶ businesses want growth (*corporate objective*)
 - ▶ restructure
 - ▶ manage expansion by using right policies
- ▶ Effects:
 - ▶ Competitiveness: *economies of scale, brand recognition, financial security*
 - ▶ Productivity: *automated* production facilities
 - ▶ Financial performance: *reinvesting profits*
 - ▶ Stakeholders:

KEY FACTORS IN CHANGE

- ▶ *Managing change*: mainly from external environment
- ▶ *Organisational culture*:
 - ▶ *norms, values and beliefs* in organisation
 - gives stability to organisation
 - ▶ may be *source of resistance* to change
 - ▶ strong culture can:
 - ⊕ give *competitive advantage* (e.g., John Lewis Partnership)
 - ⊖ cause its *downfall* (e.g., Kodak)
- ▶ *Mergers and acquisition (M&A)* will in general drive *organisational change*

EFFECTS OF CHANGE

- ▶ *Size of the organisation:*
 - ▶ larger organisations are *less adaptable and flexible*
 - change is on larger scale
 - decision making takes longer
 - ▶ adapt decision making to expansion (e.g., Starbucks and *glocalised* approach)
- ▶ *Speed of change:*
 - ▶ continuous and steady change → if market leader (e.g., Apple)
 - ▶ rapid change → if market/trend changes rapidly (e.g., fashion, finance, Nokia)

EFFECTS OF CHANGE

- ▶ *Managing resistance to change:*
 - ▶ *Reasons for resistance: fear of uncertainty*
 - ▶ *Owners: uncertainty of conditions in the market*
 - ▶ *Customers and suppliers: unwilling to accept new practices*

SCENARIO PLANNING

- ▶ *Scenario planning* helps:
 - ▶ understand uncertainties
 - ▶ identify risks and opportunities
 - ▶ understand how events will affect businesses
 - ▶ understand cause & effects of change
- ▶ *Approaches* to scenario planning:
 1. Identify possible trends and issues
 2. Build possible scenarios
 3. Plan response
 4. Identify the most likely scenarios
 5. Capitalise on scenarios

SCENARIO PLANNING

RISK ASSESSMENT

- ▶ identify what might cause harm to people
- ▶ identify precautions
- ▶ comply with health and safety legislation
- ▶ estimate the probability of events

SCENARIO PLANNING

POSSIBLE SCENARIOS

- ▶ *Natural disaster:*
- ▶ *IT system failure:*
- ▶ *Loss of key staff:*

SCENARIO PLANNING

PLANNING FOR RISK MITIGATION

- ▶ *Risk mitigation plan*: identify, assess and prioritise risks
- ▶ *Business continuity*:
 1. Business impact analysis
 2. Recovery strategies
 3. Plan development
 4. Testing and training
- ▶ *Succession planning*:
 - ▶ Identify the characteristics a successor should possess
 - ▶ Decide how the successor will be found
 - ▶ Undertake a rigorous selection process
 - ▶ Make the decision
 - ▶ Communicate the decision
 - ▶ Implement a training & preparation plan