

Section 3.10

MANAGING STRATEGIC CHANGE

THIS SECTION OF THE SPECIFICATION COVERS:

- ☐ Managing change
- ☐ Managing organisational culture
- ☐ Managing strategic implementation
- ☐ Problems with strategy and why strategies fail

0 1 GIVE ME THREE...

Types of change:

1	Internal
2	External
3	Disruptive

Types of flexible organisation:

1	A business that has an organic structure
2	An organisation that uses flexible employment contracts
3	An organisational structure that is delayed and becomes flatter

0 2 WHAT IS MEANT BY?

In relation to Lewin's Force Field Analysis model, define:

DRIVING FORCES	RESTRAINING FORCES
➤ Factors that are pushing for change e.g. the requirement to keep up with competitors	➤ Factors that are pushing back change in order to keep the situation the same e.g. staff resistance to change

0 3 BENEFITS AND DRAWBACKS

Identify two benefits and two drawbacks of:

DELAYERING

BENEFITS

- Reduction in management costs
- Faster and potentially more efficient decision-making

DRAWBACKS

- Loss of skilled managers and their corporate knowledge
- Too wide spans of control can damage communication within the business

FLEXIBLE EMPLOYMENT CONTRACTS

BENEFITS

- Flexibility limits the amount of idle resources within the business; employees are working when the business requires them
- Reduction in wage costs

DRAWBACKS

- Lack of contact with colleagues could impact on the effectiveness of teamwork and the ability to share ideas
- Employers may feel a lack of control and/or awareness of the work being carried out on a flexible basis; managers may find it difficult to adapt their management style to take account of flexible working

0 4 WHAT'S THE DIFFERENCE?

What's the difference between:

ORGANIC STRUCTURES AND MECHANISTIC STRUCTURES

- Organic structures: are flexible whereby teams are created based on skills for specific projects and then disbanded for the next; reporting lines therefore are changeable; the structure is flat and decentralised decision-making is key
- Mechanistic structures: a formal, hierarchical organisational structure; clear rules and procedures exist resulting in staff being closely monitored and the business operating in a predictable way

KNOWLEDGE AND INFORMATION

- Information: data that is organised
- Knowledge: builds on information to give context by individuals to make it more valuable than information alone

0 5 TELL ME

The value of change to a business:

Advantages:

- Flexibility; a business that changes is more likely to meet the needs of its customers and retain its competitive advantage
- Embracing change allows businesses to grow and compete in markets more effectively

Disadvantages

- Can be expensive; the benefits of change need to be anticipated and compared to the costs
- Change can be difficult to manage; employees can resist change

The value of a flexible organisation:

Advantages:

- The organisation can respond quickly to internal change(s) and/or external factors
- Able to attract a better calibre of job applicants and therefore improve the quality of the workforce
- Savings can be made on expensive business premises

Disadvantages

- Overcoming negative attitudes both from staff and managers towards the implementation of flexible working
- A successful flexible organisation approach may require a change in culture, which is difficult when values, attitudes and beliefs are deeply embedded within organisations

0 6 STATE

State Kotter and Schlesinger's four reasons for resistance to change and the six ways of overcoming resistance to change:

REASONS FOR RESISTING CHANGE	WAYS OF OVERCOMING RESISTANCE TO CHANGE
1. Self-interest	1. Education and communication
2. Fear and misunderstanding	2. Participation and involvement
3. Different assessments	3. Facilitation and support
4. Prefer things the way they are	4. Negotiation and agreement
	5. Manipulation and co-option
	6. Explicit and implicit coercion

0 7 STATE

Handy's 4 classifications of organisational culture:

1	Power
2	Role
3	Task
4	Person

Hofstede's 6 dimensions of international culture:

1	Individual versus collectivism
2	Power distance index
3	Uncertainty avoidance index
4	Masculinity versus femininity
5	Long-term orientation versus short-term
6	Indulgence versus restraint

0 8 GIVE ME THREE...

Reasons why organisational culture is important:

1	Impacts on business performance
2	Influences labour turnover/staff retention rates
3	Can differentiate a business from its rivals/provides a sense of identity for the business

Influences on the organisational culture of a business:

1	Leadership style
2	Organisational structure
3	Market which the business operates within

Reasons for changing organisational culture:

1	To improve business performance
2	To respond to changes in the external environment e.g. the arrival of new competitors, market growth/decline
3	A new CEO is appointed who may change the firm's objectives or strategy

Problems of changing organisational culture:

1	Culture is deeply embedded in the organisation; any cultural change will take time
2	The business may experience resistance to change from employees
3	A clear business strategy and a strong set of corporate values is required if cultural change is likely to be successful

0 9 TELL ME

The value of leadership in strategic implementation:

Leaders/managers:

- are important in setting the strategy, but they must ensure the strategy is communicated and implemented effectively
- must ensure that strategic implementation is well planned at corporate/functional level, with targets set that individuals are accountable for
- must ensure that budgets and other necessary resources are in place
- must ensure that any resistance to the implementation of a strategy is dealt with effectively

Problems can arise if leaders/managers are not:

- strong communicators
- find it difficult to problem solve or overcome hurdles
- lack the ability to pass on the enthusiasm and sustain the momentum of implementing a strategy

The value of communications in strategic implementation:

Effective communication is very important in strategic implementation:

- as the strategy must be implemented by everyone, but is only developed by a few individuals
- so that all employees/other relevant stakeholders understand the strategy, the reasons for change, how they will be affected by the change etc; this means that appropriate forms of media must be used to communicate these messages that will reduce any resistance to change
- as leaders/managers may receive feedback about the strategic plan and identify any issues/problems early on, so that they can be resolved efficiently
- as it is likely that employees will embrace the strategy quickly which makes it more likely to be a success

Poor communication can result in managers/leaders:

- experiencing resistance to change from various stakeholders
- finding it difficult to ensure every employee understands the strategy, but also to track its progress and identify/resolve any issues

The importance of organisational structure in strategic implementation:

The organisational structure:

- needs to be responsive to new strategies and changes in the external environment
- must be integrated with the strategy for the organisation to achieve its mission and goals
- determines which employees are involved in decision-making, who is responsible for monitoring and evaluating the strategy and the methods used to communicate the strategies and actions required to implement the strategy throughout the organisation

1 0 WHAT'S THE DIFFERENCE?

What's the difference between these types of organisational structure?

FUNCTIONAL AND PRODUCT BASED

- Functional: a business organises employees by dividing them up into specialised departments, where each department has a distinct role or task within the business e.g. HR, finance, marketing, operations
- Product based: a business splits itself into divisions, where each division specialises in producing a particular product

REGIONAL AND MATRIX

- Regional: a business splits itself into divisions, where each division focuses on a specific geographical location
- Matrix: combines the traditional departments seen in functional structures with project teams; this means that individuals work across teams and projects, as well as within their own department and function and will in effect have more than one boss; this approach attempts to avoid silo effects (whereby a lack of cohesion and communication occurs between departmental areas)

1 1 WHAT IS MEANT BY?

Write down a definition for the following terms:

EARLIEST START TIME

- The earliest time that a given activity can start

LATEST FINISH TIME

- The latest time that a given activity can finish without delaying the whole project

CRITICAL PATH	TOTAL FLOAT
<ul style="list-style-type: none"> Comprises the activities which take the longest to complete and determine the length of the whole project; these are activities that must not be delayed to ensure the project is completed by the designated deadline 	<ul style="list-style-type: none"> Measures the spare time available on a particular activity so that there is no delay to the project as a whole

1 2 BENEFITS AND DRAWBACKS

Identify two benefits and two drawbacks of network analysis in relation to strategic implementation:

BENEFITS	DRAWBACKS
<ul style="list-style-type: none"> Ensures that a project has been carefully thought through which should result in no activities being forgotten 	<ul style="list-style-type: none"> The expected durations of activities are estimates; a flaw in this information can delay the whole project
<ul style="list-style-type: none"> Can calculate the EST for a project to be completed; this is important as a finish date for customers can be estimated/date for a new product launch can be announced 	<ul style="list-style-type: none"> Drawing a diagram does not mean the project will be effectively implemented; successful and correct implementation requires strong leadership/management to ensure that each activity is completed on schedule

1 3 WHAT IS MEANT BY?

Write down a definition for the following terms:

PLANNED STRATEGY	EMERGENT STRATEGY
<ul style="list-style-type: none"> Planned strategy: where the main elements of a strategy have been planned in advance and implementation involves putting the precise plan into action to meet the already agreed objectives 	<ul style="list-style-type: none"> Emergent strategy: is the strategy that develops over time in response to unexpected internal and external changes that were not expected at the time of forming the original planned strategy
CONTINGENCY PLANNING	CORPORATE GOVERNANCE
<ul style="list-style-type: none"> Contingency planning: planning for possible events that are unlikely to happen, but if they did would be of significance to the business 	<ul style="list-style-type: none"> Corporate governance: refers to the systems and processes that are put in place to monitor and control how a business is run

1 4 GIVE ME TWO...

Difficulties of strategic decision making and implementing strategy:

1

Ensuring that there are enough resources e.g. staffing, finance to implement the plan

2

How changes in the external environment will affect the business and its strategy

Reasons for strategic drift:

1

The strategy failed to adapt to changing environmental conditions; the business did not recognise that changes had happened and as a result did not react quickly enough

2

Strategy is based on what has worked well in the past rather than changing the strategy in line with changes in the external environment

Ways of evaluating strategic performance:

1

Measure performance against set targets/benchmarks across a suitable period of time

2

Financial evaluation, for example, ratio analysis

Possible effects of the divorce between ownership and control:

1

Shareholders put pressure on directors to maximise profits/dividend payments which encourages a short-term approach to decision making

2

Directors may pursue objectives that benefit themselves rather than the shareholders e.g. to further their own careers, they may opt for business growth even though this may be not in the best interests of the company

Benefits of strategic planning:

1

Provides direction to a business i.e. that everyone in the organisation knows where the business wants to be and how it plans to get there

2

Ensures that decision-making is well thought through and based on data rather than taking decisions that may involve unnecessary risks

Benefits of contingency planning:

1

Minimises the impact of an unexpected event, as the business will be prepared to respond quickly e.g. the business should be able to keep trading

2

Reduces negative publicity; a well thought through plan will have been developed and therefore can be communicated efficiently and effectively to relieve any concerns regarding the problem