



## **Level 7 Diploma in Strategic Management and Leadership Example Student Work for Unit 3 Strategic Change Management**

### **Overall Standards Verifier (EE) Commentary on Student Work**

The example Unit 3 assignment has been devised to allow the students to address Learning Outcomes 1-3 of this unit, with all assessment criteria for Learning Outcomes 1-3 covered within the assignment brief. Learning Outcomes 1-3 of the assignment primarily address the theoretical/academic issues around strategic change. Learning Outcome 4 is the implementation of a strategic change model and is not covered in the student's work.

The student work has, to some extent, addressed the Learning Outcomes and assessment criteria as explained below (see the full commentary on coverage of the learning outcomes and assessment criteria in the attached table.) Most of the evidence presented includes a suitable range of underpinning theory (well researched and referenced), with application and analysis, although the organisational context does limit scope in some areas.

Overall this is a well-constructed report, presented in a suitable style and format for level 7 work. However as the detailed commentary indicates, some areas of the student's work are deficient in terms of the depth and breadth of knowledge and understanding, application, analysis and evaluation expected at this level.

#### **Learning Outcome 1 - Understand the background to organisational strategic change.**

A clear report has been produced; however it is not set out in a logical, developmental way. All assessment criteria have been covered in the report, with an adequate explanation of the theoretical models available to manage the change process and some discussion/exploration of the differences between models. The change agent/catalyst for the new technology limits the scope of the answer and subsequent reflective analysis.

Although the answer for Learning Outcome 1 is adequate overall, the explanation of why the models for change are appropriate is limited. The application and measurement of the value of the change to the organisation could be much stronger in their assessment about the value of the strategic intervention.

## **Learning Outcome 2 - Understand issues relating to strategic change in an organisation.**

All appropriate models have been used and applied to the organisation with some evidence of appropriate research being conducted and presented for resource demands and potential business viability from the consequences of change.

However, for level 7, more detail on the drivers for change in a wider organisational context should be included with the implications of not responding/taking action/reacting to change being explained. There were limited details on technology or innovation included. It is important that tutors are satisfied that the student's choice of organisation is appropriate to support achievement of the criteria being assessed. Students should whenever possible apply their assignments to their own workplace.

## **Learning Outcome 3 - Be able to lead stakeholders in developing a strategy for change.**

A suitable range of stakeholders is identified (based on the scenario) and their roles in the change process are discussed, along with appropriate reference to theory on change management and the strategy requirements. Some discussion on stakeholder involvement is included and appropriate comment on the need to identify and manage any resistance to change.

For Learning Outcome 3, there is a sound analysis of stakeholders with some comment on the rationale for stakeholder involvement evident. However, a strategy to manage resistance to change has not been fully developed for the organisation in question.

Therefore, given the evidence provided, the work is not sufficient to achieve all three LOs as identified within the assignment.

## Unit 3 Strategic Change Management Student Work Analysis

Learning Outcome	Assessment Criteria	Assessment Guidance	Strengths	Weaknesses
1 Understand the background to organisational strategic change	<p>1.1 Discuss models of strategic change</p> <p>1.2 Evaluate the relevance of models of strategic change to organisations in the current economy</p> <p>1.3 Assess the value of using strategic intervention techniques in organisations</p>	<p>Learners need to research information from a chosen organisation and develop a report on planning strategic change in that organisation.</p> <p>For AC1.1, learners need to show that they understand the different approaches to models of change management. They need to discuss a minimum of three established models, highlighting the differences in approach.</p> <p>For AC1.2, in the introduction to their report learners need to evaluate the relevance of the models of strategic change, using examples from organisations. They need to explain why the models for change are appropriate in their selected examples.</p> <p>For AC1.3, learners will be expected to assess the value of using strategic intervention techniques that are used in organisations. These need to be applied to the organisation in their report.</p>	<p>A clear report has been produced however it is not set out in a logical, developmental way, although all criteria being assessed are covered throughout the report. Three models selected/described to manage the change process, with some discussion on the differences between them.</p> <p>Some evidence throughout the first section of the report of showing the relevance of the models of strategic change.</p> <p>Strategic intervention concepts are mentioned and part applied.</p>	<p>The change related to a specific area of technology intervention that may have limited the scope of the analysis.</p> <p>Explanation of why the models for change are appropriate is limited.</p> <p>Application and the measure of the value of the techniques to the organisation could be much stronger in the discussion.</p>

### Unit 3 Strategic Change Management Student Work Analysis

Learning Outcome	Assessment Criteria	Assessment Guidance	Strengths	Weaknesses
2 Understand issues relating to strategic change in an organisation	<p>2.1 Examine the need for strategic change in an organisation</p> <p>2.2 Assess the factors that are driving the need for strategic change in an organisation</p> <p>2.3 Assess the resource implications of the organisation not responding to strategic change</p>	<p>For AC 2.1 and 2.2, it is expected that learners will show an understanding of the forces that are impacting on an organisation and driving the need for change. Showing understanding needs to be more than just a list of forces and change drivers. Learners need to demonstrate that they have researched and examined the current position of the organisation and that they are able to assess the factors in the organisation that are driving the need for change.</p> <p>For AC2.3, learners need to assess the resource implications of the organisation not responding to change. It is expected that learners will assess the relevant financial, human and physical resources. They are not expected to cost the resource implications for the organisation.</p>	<p>Appropriate models have been used and applied to the organisation.</p> <p>Some appropriate research has been conducted and presented which is organisationally focused.</p> <p>Some discussion is evident of the resource consequences of the change.</p>	<p>The drivers for change in a wider organisational context are limited, however, those relating to the IT system are identified and the need for change is discussed.</p> <p>The implications of not responding to change are weak. There is some consideration of this within the conclusion and the attached SWOT analysis.</p>

### Unit 3 Strategic Change Management Student Work Analysis

Learning Outcome	Assessment Criteria	Assessment Guidance	Strengths	Weaknesses
<p>3 Be able to lead stakeholders in developing a strategy for change</p>	<p>3.1 Develop systems to involve stakeholders in the planning of change</p> <p>3.2 Develop a change management strategy with stakeholders</p> <p>3.3 Evaluate the systems used to involve stakeholders in the planning of change</p> <p>3.4 Create a strategy for managing resistance to change</p>	<p>For AC3.1, learners need to develop systems to involve stakeholders in the planning of change. The systems need to be appropriate and workable in the selected organisation.</p> <p>For AC3.2, learners need to show that they understand the different strategies that are available in the process of change management. They need to develop an appropriate strategy for change in the selected organisation and show how they would involve stakeholders in the development of this strategy.</p> <p>For AC3.3, learners need to make judgements on the effectiveness of the systems used to involve stakeholders in the development of a change strategy. They need to evaluate the process, taking account of anything that worked well and anything that did not work well or could have worked better.</p> <p>For AC3.4, learners need to show that they recognise that resistance to change can show itself in different ways. If managed badly, resistance can become entrenched and spread throughout the organisation. Learners need to create a strategy for managing resistance to change that is appropriate to their selected organisation. It needs to address the issues and provide a workable approach to overcome the resistance.</p>	<p>Stakeholders were identified and their roles in the change were discussed, along with appropriate reference to theory.</p> <p>Coverage of the key change management strategy requirements is evident.</p> <p>Discussion on the project and the stakeholders' involvement covers the key requirements.</p> <p>A simple statement of resistance to change has been included.</p>	<p>There is a sound stakeholder analysis, more of which should have been included in the body of the report to strengthen the rationale for and involvement of stakeholders in this particular change situation.</p> <p>A strategy to manage resistance to change has not been fully developed for the organisation.</p>

## Pearson BTEC Level 7 Diploma in Strategic Management and Leadership – Assignment brief

Assignment Title	Unit 3 Strategic Change Management
Learning outcomes	1. Understand the background to organisational strategic change
	2. Understand issues relating to strategic change in an organisation
	3. Be able to lead stakeholders in developing a strategy for change
	4. Be able to plan to implement models for ensuring ongoing change
Assessment criteria	1.1 discuss models of strategic change
	1.2 evaluate the relevance of models of strategic change to organisations in the current economy
	1.3 assess the value of using strategic intervention techniques in organisations
	2.1 examine the need for strategic change in an organisation
	2.2 assess the factors that are driving the need for strategic change in an organisation
	2.3 assess the resource implications of the organisation not responding to strategic change
	3.1 develop systems to involve stakeholders in the planning of change
	3.2 develop a change management strategy with stakeholders
	3.3 evaluate the systems used to involve stakeholders in the planning of change
	3.4 create a strategy for managing resistance to change
	4.1 develop appropriate models for change
	4.2 plan to implement a model for change
	4.3 develop appropriate measures to monitor progress

<b>Assignment Title</b>	<b>Unit 3 Strategic Change Management</b>
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**Notes:**

To be presented in a written report of 6,000 words in length (excluding appendices).

To be submitted on XX March 20YY. *Late submissions will not be accepted without extenuating circumstances which should be discussed as soon as possible. Unexceptional work pressures and computer problems are not normally accepted as extenuating circumstances.*

**Brief:**

Choose a company, which you are not directly involved with, that is currently undergoing a radical change.

**Part 1 (AC 1.1, 1.2, 1.3)**

- a) Discuss and evaluate the relevance of three models of strategic change to organisations in the current economy.
- b) Assess the value of using strategic intervention techniques in organisations.

**Part 2 (AC 2.1, 2.2, 2.3, 3.1, 3.2, 3.3, 3.4, 4.1, 4.2, 4.3)**

Prepare a written report which includes the following:

- a) Introduction to the organisation chosen.
- b) An analysis of the strengths and weaknesses of the organisation requiring change.
- c) A discussion and critical evaluation of the background to the need for the organisational change – including the driving and restraining forces and consequence of not changing.
- d) Outline the system used to involve stakeholders in the introduction of change and the diverse reactions to change by different stakeholders.
- e) Critically evaluate the appropriateness of the management of stakeholders.
- f) Assess the options available to the organisation in implementing the change project.
- g) Recommend and justify an appropriate change model/strategy including a strategy to manage reactions to change, including any resistance.
- h) Plan the implementation process and methods to monitor and evaluate success, e.g. headline timescale, resources needed and evaluation/control systems.
- i) Conclude with a comparison of how change is managed in a different business, giving an example to justify your analysis.

**Student Answer: PLANNING CHANGE IN AN ORGANISATION  
(For learning outcomes 1- 3, Conclusions and Annexe A. Annexes B – E not provided)**

**Student name: Anonymous**

**Executive Summary**

This report firstly analyses the internal and external factors that could potentially drive the need for change. This was undertaken in the form of a SWOT analysis, and a PESTLE analysis. The result of this was that it was identified that the contract for the automatic stock update system currently in use by Footwear Ltd operated by a third party supplier is coming to an end.

By spotting this driver for change, a commercial opportunity has arisen. If Footwear Ltd decided to develop its own replacement system internally, rather than paying a third party supplier for the services they provide the cost of running the automatic stock update system could be reduced. In addition to this, the subscription revenue the retailers pay the third party would be paid to Footwear Ltd, increasing profit to the business.

In order to implement this change, research was required into how it would be best to implement it. After investigating a number of models for change, Kotter's Eight Steps model has been selected as the primary model to follow. To help achieve this, it's important that a change team is created. This team at the very least should contain Mr. A and Mr. B, heads of the two key departments the change affects. It should also contain a company director, to keep the board informed and evangelise the need for change throughout the organisation, from the top down.

A key part of this model (and any model) is to identify the stakeholders in the business and the effect the change might have on them. From this, a communication strategy was devised in order to effectively inform the stakeholders with the right information, at the right time. This should go a long way in reducing the potential resistance to the change.

A change vision was devised which falls in line with the overall vision of Footwear Ltd.

'In order to maintain the excellent levels of customer services and the benefits of our highly effective automatic stock update system, we need to develop our own handheld stock update platform for our independent retailers. This will enable us to centralise our processes and save costs for ourselves and our customers and allow us to continue to develop our excellent position in the market. This must be completed before the Spring/Summer season of 201X.'

In order to achieve this vision a series of SMART objectives were produced which led to the creation of a project plan. The plan consisted of the work plans and steps required in order to meet the required objectives. This project plan allowed detailed timescales to be assessed and set to ensure that the project remains timely. Using a tool like this allows the project to be closely monitored, and it assigns responsibility to various parties to empower them to complete the work.

In order to monitor progress throughout the project, regular meetings of the change team are needed as this maintains the urgency required, and ensures the change remains on track.

## **Introduction**

This report is focused on Footwear Ltd, and the requirement for a handheld remote device to transmit transaction data to Footwear Ltd servers which integrate with their automated stock update system. They are in the process of deploying this system to their European franchises.

Footwear Ltd design, manufacture and sell footwear, handbags and accessories throughout their own retail stores, franchises, and through independent and chain store retailers using their wholesale division. Their headquarters serve as the central location for operations. All business activities, decisions, support and services originate from here. The headquarters is also the home of their primary distribution centre which uses state of the art warehouse robotic picking technology. Footwear Ltd is the biggest local employer. Most of the goods which Footwear Ltd sells are manufactured in the Far East (Moorcroft, 2011).

Footwear Ltd started as a family business, although there is no current family member on the board of directors. In 1990 it survived a buyout attempt, and after this the organisation redesigned its systems, services and strategy (Nicholson, 2003). It is during this period of renewal that they developed their first electronic system known as the "automatic stock update system".

The automatic stock update system is an optional system offered to their independent retailers which automatically replenishes their stock based on the concept that if a pair of shoes is sold, this information gets dispatched from the store which sold it to their central warehouse, in Birmingham. It also deals with stock transference between stores. Footwear Ltd maintains a record of each store's stock level by Stock Keeping Unit. For each SKU, they also maintain a "Target Stock", which is the ideal level of stock that the store should be holding. At the end of the day, every store transmits sales, returns, inter-store transfers, and amendments to their target stock levels to Footwear Ltd's SAP system. Each night the Footwear Ltd SAP system processes these transactions to amend the store's stock levels. If the stock levels in SAP for a store's SKU are less than the target stock for that SKU, Footwear Ltd dispatches the amount of pairs required to top up the store to their target stock level.

Currently, Footwear Ltd receives this data through two primary sources. Both are currently supplied by Sinclair Technology's Shoenet system, who won the contract to provide this service through a competitive tendering process in 199X (Hudson, 2011). One is a direct integration with Sinclair Technology's RMS EPoS system which transmits data through a broadband internet connection. The other is through a handheld barcode scanner which transmits data to the Shoenet server using a modem. This is known as System 2. The

Shoenet system collates, verifies, validates and transmits data according to a set of predefined rules to ensure data accuracy.

Similarly, each morning Footwear Ltd sends data to the Shoenet server. This data contains electronic catalogue data (product names, barcode numbers, price information), dispatch data (packing notes – the shoes which have been dispatched overnight based upon sales, stock and target stock changes) and target stock changes which have been sent from Footwear Ltd. Only the RMS EPoS system can use this data. The Shoenet server separates the data for System 2 out, and the EPoS data gets transmitted to each store.

(Footwear Ltd has decided that they wish to cut out the Shoenet data and handle all data communications with their independent systems themselves. In order to do this, Footwear Ltd has decided they want to develop their own System 2 replacement at a hardware, software, and server level.)

This report documents this change process.

## **Methodology**

In order to compile this report I have had to conduct a large amount of research. This consisted of a number of primary techniques.

Firstly, I interviewed Mr. X. Mr. X designed and maintains the Shoenet system at every level. He provided a large amount of first-hand information and was invaluable. He was also able to provide me with a large amount of information about the system and this has been included in the appendices. Mr. X is also acting as a consultant for Footwear Ltd through certain aspects of the change.

I also managed to speak with Mr. Y at length. Mr. Y is Mr. X's primary contact within Footwear Ltd and is a data analyst responsible for the Automatic stock update system data, and has strongly been involved with the change processes related to this project.

These two people ensure that the information provided for the two systems currently in place is of the highest quality.

I was also able to speak on the telephone to a number of retailers who currently use System 2 on their thoughts about the process. Whilst this was mainly anecdotal, it did provide me with a good understanding of the impressions of this group of stakeholders. This research, whilst truthful, must be taken with a pinch of salt, as they are largely opinion based.

I also used a number of textbooks, listed in the Reference and Bibliography written by respected authors on Change, Leadership and Management. This is secondary research, but of good quality.

Finally, I used a number of web resources as another form of secondary research to back up and reinforce ideas, theories and models. Where possible I have cross referenced information to ensure data accuracy before including it in this report.

## **Findings and Analysis**

### **The identification of the need for change**

As the famous saying goes, the only thing that is constant is change (Toffler). Change is happening all around us. Individually and organisationally, things are changing all the time. The recent economic downturn has caused chaos in organisations which have been forced to react rather than be proactive, and while the economic crisis may be something few could have predicted, it is not the norm. It is possible to plan and identify the need for change in advance – which is obviously a much more preferable approach. Being able to identify the drivers for change are essential in order for you to spot the necessity for making change happen, and also to determine exactly how you will combat these drivers and produce an effective change plan.

A SWOT analysis is a simple tool which allows you to list the Strengths, Weaknesses, Opportunities and Threats within your organisation in the current climate. These brief statements put on paper help you to identify where your company can improve. The ultimate aim would be to turn your weaknesses into strengths and any threats into opportunities. These observations organically show you both why you need to change and allow you to discuss how you would convert them. These would form the basis of your change objectives.

Another tool which can be used to identify your drivers for change could be a PESTLE analysis. This allows you to look at Political, Environmental, Social, Technological, Legal and Economic factors which could impact on your organisation, or the environment it operates in. This type of analysis generally applies to the external environment which your organisation operates in. These observations can structure your SWOT analysis (The opportunities and threats, which are generally specific to the external environment) and allow you to group the factors in your SWOT in order to more clearly define these change drivers. I don't feel it's necessary to combine both, but it can be useful to present all of these in the same document as it's easier to identify patterns and parallels.

With both of these analyses, it can be useful to rank the factors in the list of importance. This could range from financial risk, opportunity for big sales, likelihood, level of impact and so on. This had been partially done in my PESTLE analysis; however another method could be used to rank these factors driving change.

PRIMO-F groups together your factors into groups, much like PESTLE. It groups People, Resources, Innovation, Ideas, Marketing, Operations and Finance and allows you to assess these areas of your organisation. These can also be integrated in a SWOT, but these integrate with your Strengths and Weaknesses as PRIMO-F is looking at the internal factors of your organization. The model states that "an effective organisation needs to fulfill the following equation: Organisational Growth Effectiveness = Performance to date \*Potential for the future." (Morrison 2010) The purpose of the model is to provide consistency throughout a SWOT or series of SWOTs.

Analysing a mix of all these factors allows you to relatively easily identify the need for change and you can then start thinking about how you can bridge the gap between where you are now and where you want to be – which is the whole point of an organisation's strategy, and the plan for change.

I was unable to obtain any of these analyses from Footwear Ltd. However, I have produced some myself. I have to concede that these are by no means full analyses. Normally these would have been performed by a team of people over a series of days or weeks and can go into really fine detail. As I am not part of the organisation I do not have enough first-hand knowledge to fully complete these tools.

The important thing to remember is that these tools should not be considered as static and it would be good practice to review these regularly, perhaps every 6 months. Only through a regular review can you prevent these issues before they actually exist, or you could further enhance the branding, revenues or cut costs of the organisation.

### **What needs to change?**

After reviewing the SWOT and PESTLE analyses performed on Footwear Ltd, I have identified a significant change which is required in the immediate future. Let me explain.

The Footwear Ltd automatic stock update system is deployed to a number of independent retailers via a handheld scanner which transmits sales data through a standard BT telephone line each evening. The company presently supplying the hardware and infrastructure for this system is approaching the end of their contract (Hudson, 2011). The hardware which is currently in use is no longer available to purchase. This is defined in the SWOT/PESTLE.

Under the current contract, Sinclair Technology charge Footwear Ltd for the handling and monitoring of dataflow between retailer and Footwear Ltd. In addition, Sinclair sold the equipment to the retailers for a profit, and charges the retailers for the use of their "Pulse Network" (Hudson, 2011).

Due to the critical importance of the automatic stock update system, this is clearly a weakness in the fact that if the equipment breaks down it is not replaceable. Also, Footwear Ltd has no control over the data and it may be that Sinclair simply decides to cut off transmission at the end of the contract. The potential costs of both factors could be huge. For the 300+ retailers to not automatically poll data electronically means that data would have to be entered manually. This would result in huge HR costs as the employees would have to do this. Equally, the time delay it takes for customers to receive goods due to the lack of the Automatic stock update system means that retailers could miss sales opportunities in the highly competitive footwear market, resulting in fewer sales for Footwear Ltd, and eventually fewer retailers stocking Footwear Ltd products.

There is also a big opportunity. The sale of the replacement hardware to the retailers could turn some good margins, as could a monthly subscription payment made by the retailer. Equally, as Footwear Ltd would not be paying Sinclair by customer, it is turning expense into profit. Again, this is reinforced in the SWOT/PESTLE.

It is also important to consider some other ongoing costs and effects on resources. At present Sinclair monitor and contact all stores which do not "Poll". This is a role which would need to be absorbed into Footwear Ltd. Also, at present Sinclair pre-process all the data before it reaches Footwear Ltd's SAP system to ensure data integrity and accuracy. The new system would have to also integrate these.

As such, the need for a considerably sized change project is required.

### **Choose an appropriate change model**

Prior to undertaking any changes, it is important to understand there are different models of change which can be used in order to effectively make a change stick. Whilst the models for change follow similar themes, different models can be used for different changes. It's important to understand the models fully before selecting a model to use for any change management process.

One such model is Kurt Lewin's Three Step Model. Kurt Lewin was a pioneer of change management. He conceived such theories as the Force Field Analysis, which evaluates the driving and resisting factors to change (Cameron & Green, 2009), however Burnes says that his Three-Step model "is often cited as Lewin's key contribution to organisational change" (Burnes, 2004).

The three steps which Lewin refers to are:

#### **Unfreeze – Change – Refreeze**

Burnes continues to explain that 'Unfreezing' refers to the destabilisation of the current norm (Burnes, 2004, p.274). Lewin's Force Field Analysis could be used here to highlight the forces for and against change to prove that this is indeed necessary, because without this identification of a need for change, people will be unwilling to follow it.

The change is also referred to as 'Moving' in some articles and texts. These are the actions you take in order to get you from the way your organisation was working before, to the way you want your organisation to work in the future.

And the refreeze refers to making the change stick, which is arguably the toughest element of any change process.

Whilst the three stages of the model are very simple, in my view the complexities of the model outweigh the three step description. In its simplest form, it is perfect for a small change – for example a process modification which can be easily identified, proved to require change, and then make the change stick. Alternatively I see Lewin's model as a high level overview of change process, more suitable for creating vision and high level strategic objectives. Ultimately, I feel it's more a theory than a practical model to be adopted.

Researching into other models of change this certainly seems to back up my feelings on the matter. Each model I have looked at in some way relate back to Lewin's Three-Steps.

Beckhard's change formula is another model I have looked at. This formula is "a concise way of capturing the process of change, and identifying the factors that need to be strongly in place for change to happen" (Cameron & Green, 2009, p.116). This essentially states that the dissatisfaction with the current equilibrium, multiplied by the clarity and strength of the vision multiplied by the initial steps taken to address the change should be greater than the overall resistance in order for a change process to work. This theory does not necessarily meet with Lewin's overarching three step model – It's more a proving method to determine if the change is even possible.

The most intriguing model I found out about was without question Kotter's Eight Stage model (Kotter, 1996). Kotter is a world renowned (MindTool.com, 2011) expert on change, and wrote a very interesting book called "Leading Change" which documents the logic and thinking behind the creation of this model. Used by leading organisations around the world, they just seem to fit with how we might want to achieve the selected change process. (Kotter J 2011).

The Eight Steps are as follows:

1. Establish a sense of urgency
2. Create a guiding coalition
3. Develop a vision and strategy
4. Communicate the change vision
5. Empower employees for broad based action
6. Generate short term wins
7. Consolidate gains and produce more change
8. Anchor new approaches in the culture

(Kotter, 1996)

In my view this is an elaborated version of Lewin's model. Steps 1 – 4 are clearly garnered around unfreezing change, 5-6 are about implementing that change, and 7-8 are about refreezing that change and making it stick. I personally feel this is the ideal model for the change process Footwear Ltd requires. Let me explain why.

Creating urgency is important to ensure that the people within the organisation understand that the situation is very real and without it the retailers (their customers) will ultimately suffer, resulting in both a negative impression of Footwear Ltd and perhaps look at their competitors a bit more therefore losing business. There are two primary stakeholders which this will affect. Customer Services is the team which deals with the wholesale side of the business, and are the link between the retailer and Footwear Ltd. Through my interviews, I learned that each Customer Services representative has their "Own" customers, and the team has very close personal bonds with their customers. Creating the urgency here will be straightforward thanks to these relationships.

Any sense of urgency is soon forgotten about unless it is maintained. This can only be achieved through regular communication and an effective communication strategy should address this.

The second primary stakeholder group who need to understand the urgency is the IT team who will be developing and deploying the new system. It is much harder to establish the

urgency here, as the IT team do not have first contact with customers, and know very little about retail. They are SAP specialists, not retailers. This needs to be combated in the communications strategy.

The rest of the organisation also needs to be aware, particularly as the wholesale side of the business accounts for XX% of their revenue (Moorecroft, 2011). Unhappy customers who decide they no longer want to purchase from Footwear Ltd could have a significant impact on everyone's roles.

According to Kotter, creating a guiding coalition is also crucial. It's important that someone high up in the organisation is on board and has "bought in". Good leaders lead by example, and an important member of the board talking and more importantly acting in an encouraging way towards the change not only consolidates the sense of urgency, but also provides the change leader an important ally in ensuring the rest of the board understand the need for change.

When considering putting together the guiding coalition, one statement needs to ring true.

While many consider that people are an organisation's greatest asset, this is not necessarily the case. The *right* people are (Reeves & Knell, 2009, p64.) As such any guiding coalition should not only have the adequate buy in and influence – but also the skills required to excel in their team role. In the case of this process, this would need to be determined, however there are some key players who would have to either be in a functioning team role, or at the very least some kind of change champion. Mr. A is the Customer Services Manager. It's his department that this change affects the most, and he has a very senior position in the company's hierarchy, and answers to the board of directors. His department might not be affected much during the change process as they have a limited knowledge of how the data reaches their systems but should the change prevent or limit the data getting to Footwear Ltd SAP system, then their job roles would be heavily affected, as manual data entry might be required.

Any change team must have clear roles where each team member knows what they are responsible for in order for them to remain focused. A team member does not have to be solely dedicated to a change project, but this would depend on the scale and importance of the role and task.

Mr. B would be the other key player in the coalition. B is the head of IT and he's the one that signs the cheques and controls the budgets. If he is on board then the urgency and communication to be cascaded to the rest of the IT department would be a great deal smoother.

Stage 3 is the development of a vision and strategy. Kotter strongly argues the importance of Vision in a change process. "Without a good vision, a clever strategy or logical plan can rarely inspire the kind of action needed to produce a major change". (Kotter, 1996, p. 71). I think the key word in that quote is "Inspire". An inspirational vision can make the difference between subordinates letting an email slip into the "Read" folder unnoticed and it jumping out at the screen.

The most important factor of any change vision is that it should feed into the corporate vision and culture of the organisation being changed. If the change vision doesn't line up and people are unable to see how this change feeds in with the organisational objectives, it will generate resistance to change as people will ask "What's the point?"

As with any objective, a vision should be Specific, Measurable, Achievable, Realistic and Timely. Or SMART. (RapidBI, 2007) Specific objectives and visions have a clear target or finish line. Some form of "Win". It must be able to be measured as some form of success or how do you prove that a vision has been achieved? Any vision should be Realistic and Achievable, as without both then people will quickly think that any such change is impossible. A timely objective or vision cements the sense of urgency by setting a deadline. Without a deadline, a project of any kind is likely to never get finished to the full satisfaction of the stakeholders.

SMART objectives should be utilised throughout any strategic plan, be it at organisational or operational level. The change plan I have produced for Footwear Ltd contains a number of these.

When the change vision (and strategy) has been formed by the coalition, this needs to be communicated to the stakeholders. Different stakeholders require different levels of communication and while Kotter's book doesn't state this, it's my view that this is the stage a stakeholder analysis is performed. The one I produced (I could not obtain one from Footwear Ltd) can be found in Appendix B (not provided.) Only by identifying the people or groups that this change will affect can you identify what, how and when you should communicate with them. Any good communication strategy will take into account the potential for resistance and eliminate potential hurdles by addressing them square on in the communications strategy. This strategy should enforce the previous stages in the model in order to maintain urgency.

At this point we have discussed 4 of the 8 stages in Kotter's model, and it's only now that we can start to consider the implementation of the change. This reinforces the significance of the planning and preparation in a change process.

The next stage in Kotter's model is to empower others to implement the vision. Roughly translated, this means that the change team needs to start working on achieving the assigned objectives. In most large changes, any given person on the change team may not be the person(s) performing the tasks needed to achieve the (SMART) objectives. The manager needs to show leadership qualities to empower their followers to perform these tasks. These include motivation. Owen says "You want motivated people to do the right thing consistently without having to cajole and persuade them". (Owen, 2009, p100). Using the preparation garnered from creating urgency and communicating the effective vision appropriately is half of the battle as by now they should have achieved the buy-in needed. Also, by choosing the right people as Reeves and Knell said (2009) and motivating them you should have already empowered them a good deal. But other skills can be used. Not micromanaging is one of them. Giving a subordinate your trust and confidence goes a long way.

Backing up empowerment and underpinning the strategy are creating Short Term Wins, Kotter's 6th stage. Short term wins can be highly effective in motivating people, as it's always nice to reach a milestone. Perhaps the short terms wins should be rewarded with some kind of celebration, further making the change team and people implementing the change feel more empowered and part of the vision. Short term wins or goals should be SMART of course. A strategy implementation or change plan is just a series of short term wins - they really make people feel like the change *is* working and the work they are doing *is* worth it. I see these as crucial to any change process, including this change for Footwear Ltd.

As the wins roll through, it's important that the changes being made are consolidated (AC3.1), as per Kotter's 7th Stage. I think there are three key factors in making this stick. Monitoring the changes, obtaining feedback from the people affected and continuously improving the process. Of course, this all should be achieved with effective communication! A number of models can be quoted here, including the Communications Cycle (Meranus, 2007) or even the Japanese Kaizen (Armstrong, 1999, p. 239). The crucial element is listening to the people affected by the change, as people are far less likely to resist the change if they feel they are being listened to. In the change for Footwear Ltd, this feedback will come from two primary sources - the retailers and the Customer Services team. We must be careful with this feedback loop that the information we get is from the retailers directly and not necessarily retailer-> Customer Services-> change team, as even with the best will in the world, customer services could misinterpret the message.

Finally, at stage 8 these changes need to be institutionalised and embedded in the culture. This stage can take months or even years depending on the change being deployed. For Footwear Ltd, this is easily covered, as their system is being completely replaced and the retailer and customer services will have no choice. But that is no reason to bypass any of the other seven stages. Prevention is ultimately greater than cure.

When planning any strategic change, some intervention techniques such as Team Development and Survey Feedback could be useful (Uwah & Edu, 2009). Survey feedback in particular is important, either through a physical questionnaire or by direct two way communication throughout the process. These concepts are explored throughout the report (AC1.3).

## **Implementing the change**

Following on from the findings of my research into Footwear Ltd, the SWOT and PESTLE analyses and to the various change models I have concluded that Kotter's Eight Steps is the most appropriate change model to deploy. It is clear to me that Footwear Ltd need to replace their hand held automatic stock update system which is currently supplied by Sinclairs. This section of the report outlines how exactly I would intend to do that.

### *Stage 1: Create a Sense of Urgency*

The identification of the change is the first step in creating the sense of urgency which Kotter dictates as being the first state of change. This is immediately obvious. As the self-

designated change leader, it would be up to me to initially involve the "Business" side of Footwear Ltd to highlight this need. Evidence supplied by the SWOT and PESTLE analyses would of course be needed to present to the board. The following key facts should be highlighted to them.

- The importance of the automatic stock update system to the wholesale side of the business. This should include accurate figures, which unfortunately I could not access. (AC2.2). These would include:
  - The monthly cost to the organisation which is currently being paid to Sinclair, thus identifying a huge cost saving
  - The simplicity and automotive nature of the stock update system and the fact that should this system not be replaced, the number of estimated man hours required to replicate the system.
- The revenue which could be gathered on a monthly subscription basis if the retailers were to pay Footwear Ltd instead of Sinclair - £XX per month\* YYY retailers = £ZZZZ (Hudson, 2011).

I feel this is enough to obtain the buy in required at board level in order to establish the initial sense of urgency, and at least obtain the go ahead to proceed with the change project. The next stage in the organisation would be to get the buy in of the key middle managers/heads of department to whom this change would directly affect. This would as mentioned previously in the report be Mr. A and Mr. B.

It would be easy to highlight to Mr. A the information which he would need to buy into this need for change. This would be the effect of wholesale customers not being able to automatically receive fill ups, resulting in heavily delayed supply chain and customer dissatisfaction.

Mr. C, as Head of IT is the person who would be responsible for the people delegated to actually complete the technical research and development which are needed from a technological point of view. Ultimately, this is the most crucial stage of the change project. A well-researched and designed system which works well will reduce any potential problems which may become apparent during deployment. Mr. C who has a reasonably high position within the organisation's hierarchy (Hudson, 2011) should buy in with the same reasons as are needed for the board.

### *Stage 2: Create a Guiding Coalition*

The same key players discussed in Stage 1 should certainly be on the change team, or at least delegate a person from their department to be on the team. As heads of department, it's unlikely that they will have the time to dedicate to completing the tasks required to complete the objective the change plan would require. However, given their senior positions and buy-in levels, they would choose someone to be on the team with both the experience and knowledge in the areas required. Unfortunately, I cannot offer any names to this, but there are certain competencies which would be essential:

- Customer service delegates:
  - o Knowledge of how the existing Sinclair handheld system works
  - o Knowledge of the automatic stock update system
  - o Excellent customer service skills
  - o A good relationship with members of the IT team
- IT Team delegates:
  - o An excellent knowledge of the automatic stock update system processes through SAP
  - o A good idea of the life and mind of a retailer
  - o Understand the need for a simple user interface – even if it means potential complications during development of the backend.

In addition to these skills, some basic team theory principles should be employed when selecting the guiding coalition. Belbin analyses these team roles and there are certain key elements from this theory which I think can benefit Footwear Ltd (Belbin, 2007.)

It should certainly consist of a distinct two tier system. Co-ordinators, which I consider to be the Change leader (in this example myself) and the delegates defined by the IT Manager and Customer Services manager. Belbin also highlights the need for Implementers - which are the people who will actually be making the changes and directly contributing to the completion of the change objectives. This backs up Newton's opinion that a change team should be separated by a core team and a network of change agents (Newton, 2007).

Given the information identified, it may be that certain aspects of the change team may not be identified until during the strategy development process, as it is only while things are being planned that the exact details and required skill sets may be identified.

### *Stage 3: Developing a Vision and Strategy*

This is the meat of the change process, and bridges the gap between "Where we are" and "Where we want to be".

The most important stage of this is the development of a vision. In this process, the vision should be concise and in a way, inspirational. Kotter describes an effective vision as eliminating possibilities/ specifically pointing to the areas needing change/ and stating a clear target. (Kotter, 1996, p. 78) With this in mind, I have written the following vision statement.

- In order to maintain the excellent levels of customer services and the benefits of our highly effective automatic stock update system system, we need to develop our own handheld stock update platform for our independent retailers. This will enable us to

centralise our processes and save costs for ourselves and our customers and allow us to continue to develop our excellent position in the market. This must be completed before the Spring/Summer season of 201X.

Any change vision statement MUST align with the company's corporate vision; or it may produce resistance as people may not see the benefit or the point in a change which does not meet an organisation's overall strategic objectives. The most recent reference to Footwear's vision statement I could find was as follows:

"Footwear does not have a mission statement. They say they have no need for 'a lot of words.' The basic purpose is to sell shoes and make a profit, treat staff and customers in the right way, be fair and reasonable, yet tough in negotiations. In the MD's words, 'a successful business that is well run' is the bottom line." (Nicholson, 2007) As you can see, the change vision fits in line with how Footwear perceives their vision.

Next up is the communication of (amongst the rest of the strategy) the change vision (AC3.2), therefore it is necessary to identify the stakeholders which are affected by this change. I have completed my interpretation of this in Appendix C (not provided.)

In order to achieve this vision, I have produced some SMART objectives.

- Produce a handheld system which can exchange sales, returns, stock take and target stock data to SAP by June 201X
  - o Determine a suitable hand held hardware platform to be deployed to the independent retailers by January 201X
  - o Produce software which will run on the selected hardware platform by April 201X
- Produce a server interface to accept and process incoming data from retailers by December 201X
- Develop a SAP module to collect the data from the delivery destination defined by April 201X

These are obviously specific, and they are measurable by the fact that they produce tangible software/hardware outcomes. They are achievable and realistic in so much that there is already an existing platform which we are trying to emulate and improve, and they are obviously timely. It should be noted that the timings that I have assigned to the SMART objectives have been applied retrospectively following on from the development of a Microsoft Project plan which I have included in Appendix E (not provided.) This consists of a full list of tasks and timing estimates I envisage each stage taking. Due to the number of unknowns and the theoretical nature of this report, it's impossible for me to determine the resources required and the costs which would be associated with each task. Obviously I have no defined budget to work with however I can discuss the costs and resources which would be required for the project to work. The project plan indicates where these costs and resources are likely to be incurred.

Hardware: There are significant hardware costs to be considered. From the cost of purchasing different hand held systems to trial, server and infrastructure required to support the services all require a great deal of expense. There also needs to be room allocated for these systems to be fit into the buildings.

Software: In addition to the server hardware, it may be necessary to purchase out of the box software for the servers, not less the cost of operating systems. In addition any system requires suitable anti-virus and security software, as well as additional user licensing.

Software Development: The development of the handheld software and SAP software will require development from the internal development teams. Whilst these developers are already on salary, the time they need to spend on the developments should be considered a cost. Software developers will require special areas and software development environments, test platforms and test systems.

Communication: Letters, presentation, site visits, documentation, and presentations all incur costs. This could include business expenses for people "On the road" communicating the changes, as well salary costs which should also be considered. The overall rollout of the system will consist of a massive amount of HR costs as people are onsite to deploy and train in the system. Resources wise this will require meeting or training rooms, travel and transport costs potentially too.

Training: Customer services and IT will require training on the new system which results in trainer salary and the training delegate's time taken away from their usual roles all incurring an intangible cost to the business. Again, this will require meeting and training rooms, travel and transport.

Change Team: As discussed previously, the time the change team takes to complete the project whilst they are on salary should also be considered a cost to the business. Meeting rooms, travel and transport may also need to be considered.

### ***Break in the assignment content.***

### **Conclusions**

During the production of this report, some facts have become obvious to me.

Communication, resistance to change, and the monitoring of the process are so intrinsically linked it's difficult to separate them from each other. In order to reduce and limit resistance to change, communicating (both the message and the medium) can go such a long way to getting that buy in that is needed throughout an organisation.

Monitoring the tasks and the people that are performing the tasks is also a matter of effective communication. Empowering the people doing the job with the right information at the right time, is again going to assist in achieving the buy-in needed which again, reduces the resistance to any change process.

It's also highlighted to me just how much depth is required in order to create and implement a change strategy. No change is straightforward, and without considering the knock on effect for the stakeholders it could turn something small and seemingly innocuous into an operational disaster.

Ultimately, the tools and models discussed in this report are just theories. It's how an organisation chooses to implement these which is the tricky part. There is no foolproof plan and one size fits all solution to any given change process. A combination of tools, models and experience is the only way to fully cover all the angles required for any given change.

With regard to this change process in particular, the necessity of the replacement system was inevitable, and immediately obvious from the PESTLE and SWOT analyses. The importance of the automatic stock ordering system to the business, the end of the contract with the current provider and the end of life of the hardware meant the potential impact of it not being replaced could have a crippling effect on the organisation. It also highlights a potential for profit, both in sales of the new platform and ongoing revenue through subscriptions.

## Appendix A: SWOT Analysis

<b>Strengths</b>	<b>Weaknesses</b>
<p><b>PEOPLE</b></p> <ul style="list-style-type: none"> <li>Extensive staffing at headquarters</li> <li>Large hierarchical organisation structure</li> <li>Designers of all ages produce a wide range of product designs</li> <li>Highly trained IT team to manage internal systems</li> <li>SAP specialists employed to work on custom developments</li> <li>Retail staff trained in customer services, shoe fitting and basic podiatry</li> <li>Far eastern manufacturing staff are cheaper</li> </ul> <p><b>RESOURCES</b></p> <ul style="list-style-type: none"> <li>Cash wealthy</li> <li>Recent streamlining of operations resulted in all headquarters sites being relocated to the central headquarters location</li> <li>Large investment in property in retail and franchise estate</li> <li>Distribution centre contains cutting edge technologies</li> <li>Manufacturing plants in the far east are well equipped</li> <li>Large investment in stock</li> </ul>	<p><b>PEOPLE</b></p> <ul style="list-style-type: none"> <li>Lack of retail knowledge at headquarters level</li> <li>Some levels of management are unnecessary</li> <li>Retail and warehouse staff have high levels of sickness</li> <li>Too many meetings and not enough action</li> </ul> <p><b>RESOURCES</b></p> <ul style="list-style-type: none"> <li>Some workstations are aging</li> <li>Spaces in headquarters becoming limited – possible need to extend premises</li> <li>Shoe care products require specialist storage and distribution</li> </ul> <p><b>INNOVATION AND IDEAS</b></p> <ul style="list-style-type: none"> <li>Designs are by adults – sometimes children’s shoes are not what kids want</li> <li>Still recovering from a few bad designs in the range a few years ago</li> <li>Distribution centre still undergoing teething problems</li> </ul>

<p><b>Strengths</b></p> <p><b>INNOVATION AND IDEAS</b></p> <p>Dedicated innovation team</p> <p>Cutting edge footwear designs</p> <p>Cutting edge use of technology</p> <p><b>MARKETING</b></p> <p>Dedicated brand department handles marketing</p> <p>Strong, family oriented international brand</p> <p>Nearly XXX years in business</p> <p>Global reach</p> <p>Television adverts</p> <p>Expert at children's shoe fitting</p> <p>Understand the importance of good fit</p>	<p><b>Weaknesses</b></p> <p><b>MARKETING</b></p> <p>Non English speaking territories still need some work</p> <p>Marketing team are not trained in retail operations</p> <p>Still suffering from some poor marketing campaigns from a few years ago</p> <p><b>OPERATIONS</b></p> <p>Reliant on external contractors for certain services</p> <p>Could they get better deals from a different distributor?</p> <p>Wholesale automatic stock updating system equipment no longer available to purchase</p> <p>Shoe care products require specialist transport</p> <p><b>FINANCE</b></p> <p>SAP financing is still undergoing teething issue</p>
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**Strengths**

**OPERATIONS**

Centralised operations, divided by departmental area means effective communication throughout

Managing design, manufacture and distribution

Effective supply chain

Cutting edge warehouse picking system

Excellent use of IT

Automatic stock updating system is essential

**FINANCE**

Cash wealthy

Automatic stock updating system uses a variety of automated invoicing and payments

Fully integrated IT using SAP for accounting, payroll, invoicing

Property portfolio extensive

<p><b>Opportunities</b></p> <p><b>ECONOMIC</b></p> <p>Retailers being forced to close shops, could take them over?</p> <p>BRIC economies growing, opportunity to expand?</p> <p><b>SOCIOLOGICAL</b></p> <p>Growth of social networking</p> <p><b>TECHNOLOGICAL</b></p> <p>Growing trend in eCommerce, online sales are growing</p> <p>Word of mouth quicker with social networking</p> <p>Viral marketing could be used</p>	<p><b>Threats</b></p> <p><b>POLITICAL</b></p> <p>Middle east troubles</p> <p>Coalition government could bring uncertainty</p> <p><b>ECONOMIC</b></p> <p>Rise in VAT affecting price points</p> <p>BRIC economy growing, meaning manufacture costs could rise</p> <p>Consumers have less disposable income leading to less sales</p> <p><b>SOCIOLOGICAL</b></p> <p>Social networking is growing but the company is not using it.</p> <p><b>TECHNOLOGICAL</b></p> <p>eCommerce growth gives customers more choice – not just limited to high street</p> <p>System 2 automatic stock ordering hardware no longer available</p> <p><b>LEGAL</b></p> <p>Constantly changing legislation</p> <p><b>ENVIRONMENTAL</b></p> <p>Shoes mainly made from leather, which is an animal by product.</p>
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