

**CHANGE MANAGEMENT AND ORGANIZATIONAL
DEVELOPMENT INITIATIVES INTRODUCED AT A RETAIL
ORGANIZATION.**

BY

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**SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF**

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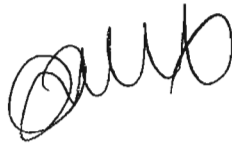
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JUNE 2002

DECLARATION

I declare that this research submitted in partial fulfillment of the requirements of the degree of Master of Business Management at the University of Natal, Durban has been completed entirely by myself. This dissertation has not been submitted previously for any degree or examination at any other University.



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SIGNED ON 30TH JUNE 2002

FOSCHINI

30th of June 2002

To Whom It May Concern:

RE: CONFIDENTIALITY CLAUSE

This work is of strategic importance.

It would be appreciated if the contents of this dissertation remain confidential and not be circulated for a period of five years.

Sincerely,



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DEDICATION

I dedicate this dissertation to my late dad for instilling in me the passion for knowledge and the desire for success.

ABSTRACT

This study was an evaluation of the change management strategy implemented at the Foschini Retail Organization. An explanatory study was conducted by drawing up a case study and thereafter comparing the initiatives taken in the case study to an ideal change process model. In order to conduct a more focused design only four factors updating on the change management process were considered. These factors were :

- ❖ The nature of organizational change and the philosophy behind the Foschini Retail Academy.
 - ❖ The need to develop a change approach which is suitable for the organizational specific context.
 - ❖ The managerial and personal status designed by a successful change agent.
 - ❖ The difference between the design of recipe – driven or formulaic approaches to change implementation and more context – specific approaches
- Information for the case study was mainly obtained from interviews and focus groups. The problem matching technique was performed the case study, where strategy implementation was compared to those recommended in literature.

It was found that there was effective change planning and communication. The change management process was tailored to suit the organization's specific context. The change agent had to have strong managerial and leadership status. The senior management team at Foschini had identified specific outputs that they expected after the role out of the academy and thereby careful emphasis and plan went into the context – specific approaches to the change process.

The management team at Foschini had taken all aspects into account when designing the change strategy as recommended, by information gathered from literature and certain areas in communication and planning that needed to be implemented.

**'IT IS NOT THE STRONGEST OF THE
SPECIES THAT SURVIVES, NOR THE
MOST INTELLIGENT, BUT RATHER
THE MOST RESPONSIVE
TO CHANGE.'**

Charles Darwin

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CHAPTER ONE: OVERVIEW

1.1 Introduction

The process of transformation in the organization is driven by our vision for the future, which is growth and prosperity for all our stakeholders through the attainment of world class standards of excellence. " Management Today - February 1997".

South Africa's re-integration into the international arena has presented local businesses with the challenge of rapid business transformation to maximize their potential in a far more competitive environment.

The internal economic comfort zone created in the sanctions era has been abruptly rejected by a market long starved of the widest selection of goods and services now offered in a fiercely competitive and were open business environment.

The years of 1994 and 1995 in South Africa represent a critical watershed period. Economic, social, political and organizational paradigms have, and still are shifting dramatically. Managers and organizations have been feeling the stresses and strains of this change.

Changes in the styles, practices and structures, are no more as appropriate as before, in fact is some cases irrelevant. Managers today are faced with more knowledgeable employees, which in which requires different and more appropriate means of leadership skills. The playing field has become a minefield of paradoxical issues.

Strategic management has become an important part of all business. The process of strategic analysis, where business purposes, expectations, environment and resources competencies are considered. The choice of an appropriate strategy based on these evaluations and the subsequent implementation form a crucial part of strategic change.

Organizational structure, resources allocations and the management of strategic change play a vital role in successful execution. This strategic management gives insight to the need for changes to be made in attempting to align the business with its operating environment.

Implementation of a change process requires that some careful planning be considered, enabling an appropriate change process to develop. It is during change management where efforts have been concentrated.

The why to change and the method of change all increase the risks to the business. The organization can adopt a top down leader led and supported process requiring active participation by top management to the process. Alternatively a bottom up initiative has also been known as having been adopted by some organizations with varying results.

The South African clothing retail industry is a prime example of a sector that has to face up to the harsh realities of global competition. Dramatic changes in its structure and cultural environment have been brought about to counteract these influences.

Organizations striving to maintain being in business have therefore looked at many ways to improving performance. Development of technology, operating systems and understanding of the customers needs form an integral part of the intention to ensure a competitive advantage to the customers.

Issues or moral obligation to its people such that share is a strong desire for all to want to work for it need to be created and continuously fuelled. Creativity and initiatives by the people are intended to drive the performance outputs of the business. Responsibility is anticipated to last with the lowest levels possible so as to engender the culture of empowerment of the people. It is this change process of moving an organization from complacency within the environment to one which knows and understands its environment. This has posed a dramatic challenge to the management and people of the organization people to commit to such change and endeavor to achieve the most optimum outputs if one gets it all right.

The Foschini Retail organization has realized that they can only prosper in the new world by embracing transformation.

Because of the organizations past success, its entrenched culture and its size, and diversity, the implementation of a fundamental business transformation process posed a fundamental challenge. The process of transformation in the organization is essentially driven by their vision for the future, which is growth and prosperity for all their stakeholders through the attainment of world class standards to excellence.

The reality of global competition is that “ you are either 1 or 0 “. This vision will only be obtained if they are able to establish and sustains a partnership in which common values are shared and respected amongst all their stakeholders. With that in mind the Foschini Retail Company introduced a program called the Foschini Retail Academy. This is a change management program introduced in the company as a transformation process model.

1.2 Research Problem

Change is never an easy process. Most people have feelings of uneasiness when faced with the prospect of abandoning the familiar activities and challenge of the new. It is therefore not surprising that one’s most stressful expenses are those that involve substantial disruption from one’s former routines.

When people became bored with their current activities, most prefer their experience of change to be incremental rather than revolutionary.

Machiavelli commented, “ Innovation has for enemies all those who have done well under the old conditions and lukewarm defenders in those who may do well under new.” (Hultman, 1998) The status quo is normally fiercely defended by, both those who are profiting from the current reign and by those who are forcing badly.

Even when one is prospering they often have a preference for sticking with the devil they know, rather than risking, running into worse problems elsewhere. This individual resistance to change can produce substantial time lag between the needs of the organization and its capacity to respond to these needs. This basically means, that organization’s operating in increasingly turbulent and unpredictable environments may need to develop the capacity to change structures, systems, skills, culture, behaviour and a host of other organizational characteristics within relatively short time scales. More importantly they will need the capacity to manage such change while retaining the commitment and motivation of their workforce.

This will imply the need to minimize the trauma and uncertainty associated with the change, while maximizing the support and guidance given to employees so that they may cope with the new environment.

The key components of effective change management have a common underlying factor, which is the ability to ensure the best possible standard of communication between senior management (those responsible for driving and managing the changes) and all other parts of the organizations (those who will have to deliver and live with outputs of the process) throughout the process. Therefore any change program that is initiated by an organization will have to be evaluated in order to determine the success of the process.

The research problem for this study is the evaluation of the change management strategy implemented at the Foschini Retail Organization. Effectively is defined as achieving the goals laid out initially and the clear understanding of the objectives of the strategy by all employees affected. A change strategy is one that when implemented, changes the existing way in which work related matters are performed. Change management strategy focuses on the human element of change.

1.3 Motivation for the study

The research is based on the promise that continuous change is a given in the organization. By understanding the deficiencies in the current organizational change strategy, future change initiatives (Foschini Retail Academy's) will be carried out with a much clearer understanding of the needs of the employees. The organization can therefore eliminate barriers to effective implementation earlier on in the rollout of the strategy. The Foschini organization has only coupled one year of the Foschini Retail Academy in every division (Northern, Southern Central and Coastal); the Academies are still to be run on a yearly basis to teach more of the employees. Therefore results from the research conducted in this study will help iron out similar problems prior to implementation. The Foschini Retail Academy change strategy implemented at Foschini Retail organization will be assessed once every year.

There is currently a large amount of literature on change management available but each organization is unique and there is very little that has been performed at the Foschini Retail organization. Considering that the organization has undergone major restructuring within the last two years, major change initiatives have been planned for the future. Therefore management requires assistance in identifying current flows in their existing strategy.

Efforts to encourage good labor relation, get employee involvement thereby encouraging creativity from employees are some of the more ambitious and risky attempts to gain the competitive edge over competitors initiatives that are intended to enable the human asset to perform their work within an open and empowered workplaces organizations have taken the risk of such transformation in the quest for betterment. Initiatives to effect the changes in an organization have led to varying degree of success.

It takes enormous amounts of energy from the entire organization to lead such transformation and change. The need to expand accountabilities, enhance quality to information and input flows between stores and head office, entrench a participation and empowerment are fundamental to being seen to be serious about change. Probably, the biggest challenge is making this style a living and practiced culture within the organization.

1.4 Value expected from the study

The organizational overview is intended to shed light as to the vital links between the strategic objectives and operational outputs and effectiveness. Organizations comprise essentials social and technical components therefore this need to ensure the execution of high performance is through the people of such an organization.

To provide structure to the study, some guiding question;

- What was the nature of organizational change and the philosophy behind the FRA?
 - Does the change approach have to be suitable for the organization's specific contest?
- What are the managerial and personal skills required by a successful change agent.

- What is the difference between the design of recipe – driven or formulaic approaches to change implementation and more context- specific approaches?

1.5 Limitations of Study

This particular research process concentrated on the Foschini Retail Academy only, in reality the Foschini group has to deal with a number of change strategies taking place at the same time, which, may influence employees in different ways. The inability to consider all contributing variables is a limitation on the application of the research.

Chetum (1997) pointed out that individuals have their own definitions of terms such as change and use these definitions when approaches on the topic therefore all individuals may not have the same level of understanding. The research study was conducted directly after the completion of the launch of the first Retail Academy hence it was difficult to ascertain whether the change initiative introduced would be sustainable for a long period of time.

Finally, as with all behavioural research, a multiplicity of variables is at play. Chetwin [1977] cites French and Bell's [1984] assertion that it is difficult to isolate what is causing the changes to occur. The inability to consider all other possible contributing variables is a limitation to the applicability of the research.

1.6 Research Methodology

The methodology used to conduct the research for this study on the Foschini Retail organization is discussed. The research problem stated previously focuses on the evaluation of the change management strategy implemented in the company. For this research study qualitative research was carried out. In order to evaluate the change management process at Foschini, it was necessary to understand how the change was implemented, within the constructs defined and what was the before and after effects of change. To provide this baseline an exploratory study was conducted using a case study method.

The case study outlines the working environment before and after the change implementation. Information was gathered from different stakeholders in the change process thereby highlighting the range of benefits and limitations introduced by the change strategy.

1.7 Structure of the Research

The study is comprised of six chapters, which together make up the structure. Chapter one provides an introduction into the research investigation, which includes the motivation of the study, value expected from the study and the structure of the study. Chapter two constitutes the literacy study. The concepts of strategic management, and the different approaches to strategy development are explored.

Various techniques for analyzing an organization's strategic environment are also looked at, strategic choice – the range of issues and options to be taken into account when developing an organization's future strategic direction are discussed as the main focus of study.

The intention is to explore the implementation process using theories and findings of other experts and writers on the relevant topics discussed. The exploration of the theories and findings is deemed to provide sufficient insight to the phases of the organizational transformation and resultant outcomes experienced. The paper concentrates on the role of strategic implementation and the transformation of the organization. The transformation program adapted and associated cultural, values and leadership aspects promote argument for the success rate of the Foschini Retail Academy.

Chapter three provides insight to the company and the Industry and presents the transformation process against the aspects of the strategic initiatives and the organizations experience. Chapter four evaluates the transformation process initiated in Foschini against the model drawn up in Chapter 2. Chapter 5 presents recommendations on improving the program introduced at Foschini. It is intended to provide concluding recommendations to enable betterment and

learning. The limitations of the study and opportunities for future studies are also explored.

1.8 **Summary**

This opening chapter discusses the reasons that the Foschini Retail organization undertook a major transformation process in the company. The research problem is identified as the evaluation of the change management strategy implemented at the Foschini Retail organization. The motivation for the study, being the early identification of loopholes in the process, with the intention of rectifying errors and learning from mistakes. The value of this study is explained and the structure outlined. The limitations of the study are also discussed. Another issue highlighted is that change is distinct from strategy is so far as change is about moving an organization from its current position to a future condition in order that a change in strategy might be achieved.

CHAPTER TWO: ORGANIZATIONAL PROCESSES

2.1 Introduction

Change management is fast becoming one of the most talked about topics in management circles. Discussions about organizational change often focus on how important it is for organization or individual managers to possess a capability in this area. Few actually talk about how such a capability might be developed.

This transformation process model introduces the concepts of strategic management, and the different approaches to strategy development. The model explores various techniques for analyzing an organization's strategic environment and considers strategic choice – the range of issues and options to be taken into account when developing an organization's future strategic direction. The model illustrates that strategy can, and should be, managed through planning processes. As such, strategy is the outcome of careful, objective analysis and planning. Strategic management is not so much about formal planning, but more of a negotiated process, open to both managerial and cultural influences. This latter view recognizes that strategy develops within a context, whether they be manager's opinions, cultural values or whatever. However good the plans may be, they will still be subject to these influences.

Managing strategic change is also a process. Change is not something that can be just mapped out in a formal project plan in a manager's office. Change does not happen as a result of a plan; it is more complex than that. One reason that change implementation is complex, is, because successful change depends on the development of a context sensitive approach. This transformation process model presents a framework – the change kaleidoscope – that can be used to help make judgements about what approach to change is most suited to a particular change context.

Another important component in the change process is the change agent. The change agent is the person responsible for making the change happen in any organization. Many different people can fulfill this role. In some organizations it may be the CEO, in others the Human Resources Director, or even a selected team of people, who have responsibility for managing the change process. Whoever is appointed, formally or informally, into the position of heading up the management of change, is referred to as the change Agent.

The transformation process is broken down to two phases. The first phase explores the role of the context in developing appropriate approaches to change; the second phase examines how to turn the chosen change approach into a reality to make change actually happen.

Some of the assumptions underpinning this transformation process are:

- The nature of organizational change and the philosophy behind it.
- The need to develop a change approach which is suitable for the organization specific context.
- The managerial and personal skills required by a successful change Agent
- The difference between the design of recipe - -driven or formulaic approaches to change implementation and more context specific approaches.

- ***The nature of organizational change***

Organizational change has three main components as shown in Figure 2.1 the change context, the change content and the change process.

- The change context is the why of change. Outer context refers to the social, economic, political and competitive environment in which the organization operates. The inner context is the culture, structure and capability of the organization and also includes, the political context.

- The change content is the what of change and refers to choices that need to be made about an organization’s product range, the markets in which it competes, how it competes, and how it should be structured. Any of these may lead to change because of changes in the organization’s context.
- The last part of the triangle, the change process, is the how of change, i.e. the things done to deliver change.

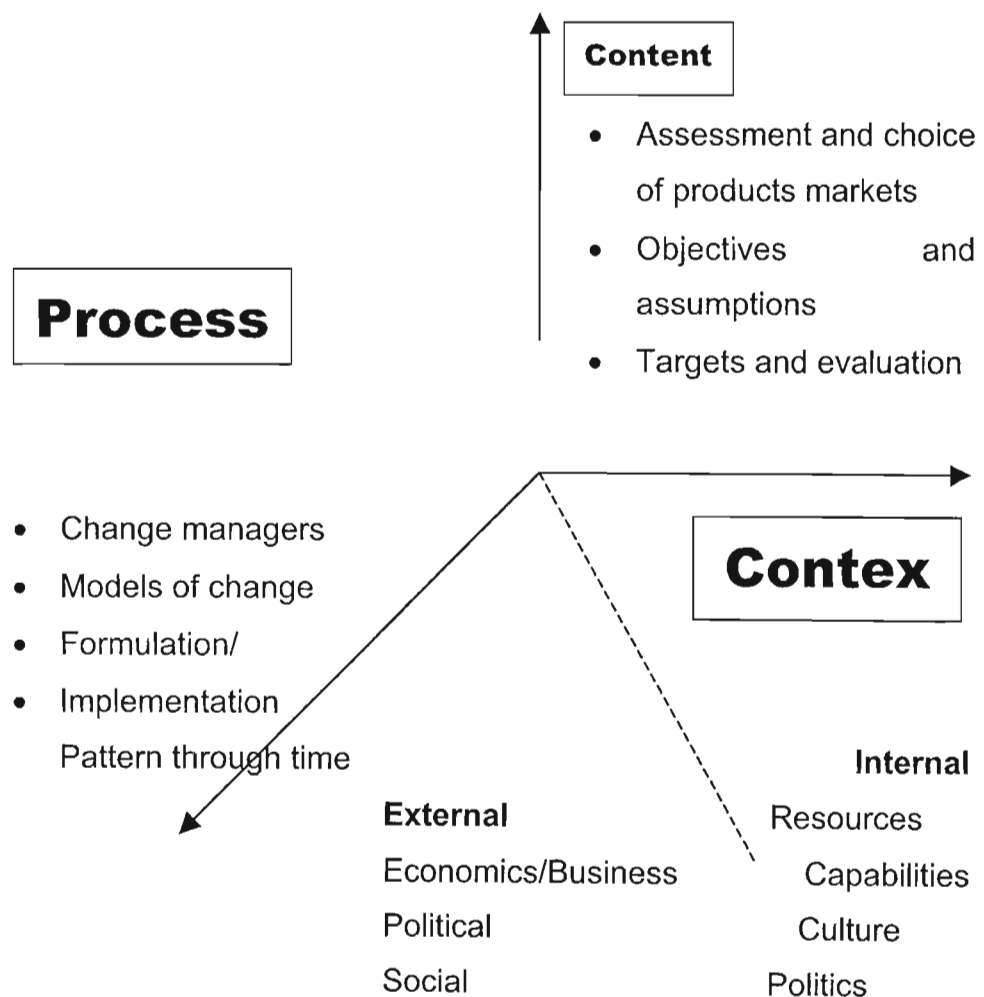


Figure 2.1 Three components of change

(Source : A. Pettigrew and R. Whipp, *Managing Change for Competitive Success*, 1991, Oxford: Blackwell Publishers.

A. Pettigrew and R. Whipp, 1991)

When people talk about organizations changing, what they really mean is that people must change. Of course buildings, technology and products can all be

changed, but if an organization is to really change, then the people within that organization also need to change the way they behave.

People are not seen as objects that change because a plan or office memo says they should. They have minds of their own and can decide to react in any way that they choose managing change and achieving change in individuals is therefore a challenging undertaking for any manager.

Because change involves people and people react in different and sometimes unpredictable ways, change is more than the development of a plan. A failure to appreciate this can lead to two fatal flaws within many change plans that are otherwise very impressive in their detail and scheduling – the assumption that employee reactions to the plans can be controlled; and no provision within the plan for managing the process of change. Changing organizations is about changing people and that any implementation approach has to work within the cultural, political and social nature of organizations.

- ***Context – Specific Change***

Although the management of change is a managerial competence that can be learnt over time, there is no one best way to change. Instead it is argued that change needs to be context – specific. The determination of the design and management of any change process should be dependent on the specific situation of each organization.

The “best practice” models put forward by many texts on change management frequently suggest that there are universal formulae that can be applied to any organization that needs to undergo change. The sort of best practice rhetoric that is often heard in change literature is “ you must get senior management support before attempting to manage change”.

This may be true for many change situations – but perhaps for certain organizations senior management support may not be necessary, or may take

too long to acquire. For instance, if senior management are themselves, major blocks to the implementation of change, the change agent may need to start with some other intervention and hope to gain senior support later on in the change process. Yet, how can this be determined without analyzing the context of each organization?

What this means for change agents is that instead of identifying “best practice” solutions, they need to start looking for “best questions”. The internal and external context of the organization should be examined in order to determine the appropriate change process.

However, understanding an organization’s change context requires the change Agent to develop certain managerial and personal skills.

- ***Managerial skills for the change Agent: analysis, judgement and action***

Change Agents need to develop their analytical judgemental and implementation skills. All three of these are important. Without analysis the temptation is to draw upon ready-made change recipes; without judgement, after contextual analysis, change Agents can miss the most critical aspect of the change context; and without action, the process can remain a planning exercise which never tackles the reality of change within the organization.

Therefore, change Agents need to possess analytical abilities, rather than to know the “10, best ways to run a change programme”. They need to be able to dig deep into an organization to understand its culture and the motivations of its staff to develop a full and holistic picture of the organization concerned.

However, equally, the practitioner needs to be wary of the old danger of falling into “paralysis by analysis”. It is easy to become overwhelmed by a detailed

analysis. So an additional skill is being able to judge which are the most critical features that are revealed by the contextual analysis. The key skill for a change Agent is being able to recognize what is critical in the particular change context.

Finally, a change agent needs to develop the ability to manage the implementation of change. Management is practice not just analysis – it is about making things happen. Two key aspects of implementation that have to be addresses are which interventions to make in a change situation, and in what order to apply them.

- ***Personal skills for change agents***

In addition to the managerial skills of judgement, analysis and action, change agents also need certain personal skills, including the ability to handle complexity, sensitivity and self-awareness.

Complexity and Sensitivity

The ability to deal with complexity and sensitivity are relevant for the initial design stage of a change process – the analytical and judgemental parts of the intervention – and are interrelated change agents need to be able to “see the big picture. It is easy for managers to be impatient with what they see as easily identifiable malfunctions. They often fail to understand that organizations are complex systems, and that it is therefore difficult to make changes in one area without having repercussions in others. There is a tendency to treat the symptoms rather than its identify and treat the root cause.

However, sensitivity is not just about appreciation of context, it is also about appreciation of context, it is also about appreciation of the impact of action.

Organizations and their reorganizations affect people's lives. Euphemisms for making staff redundant (downsizing, rightsizing etc.) screen us from the potential impact of that action on the lives of employees. Families and children are affected by decisions in the workplace, houses can be repossessed, families split up geographically and individuals personally shocked or traumatized by changes in the workplace. Although hard business decisions will always have to be made they should never be made lightly or without adequate analysis because of their potential influence on the personal lives of staff.

As an extension of the need for change agents to handle complexity and be sensitive to context and the impact of actions, change agents also require influencing skills to help them to sell the change process to those around them. They also need well – honed political skills to help them manage the power relations in any change situation. Change often involves winners and losers. A change Agent needs to be able to deal with the ball-out from change.

Self – Awareness

Self – Awareness is the capacity to understand one's own prejudices, preferences and experiences the way people view organizations affects the type of approach they are likely to take to change without realizing it, change agents often allow their personal philosophy and style to influence the change intervention they choose. As a result, they often give limited considerations, if any, to the actual change and context and its needs.

It is important for change agents to recognize the existence of personal paradigms for two reasons:

- Designers of change should be driven more by the needs of the organization than by their own perceptions or prejudices of what has constituted “ good” change management in the past. This requires an awareness of their own biases.

- It may be easier for change agents to understand other people's prejudices, paradigms or biases if they are armed with a certain degree of self – awareness. This is vital for working with others within the organization and for persuading them of the wisdom of a particular change approach.

There are many complex explanations of the different ways in which individuals may view organizations.

A few key differences are highlighted in order to illustrate how a change agents “world-view” can effect the change choices they make.

Words like ‘objective’ and ‘subjective’ are encountered in everyday use. When asked to define objective as opposed to subjective, individuals may make the following sort of distinctions.

- o objective – rational, logical, analytical, facts, data, facts, data hard, quantitative.
- o subjective – initiative, experience, moral, feelings, emotions, soft, qualitative

Objective assessments are seen as hard and measurable. Decisions are made on the basis of tangible facts and figures. Subjective assessments are seemed to be based on something less tangible, more intuitive than data driven.

A manager/ reader taking an objective view of organizations may conceive change in terms of reconstruction not necessarily perceiving a need to tackle underlying beliefs and assumptions. This sort of change agent may feel more comfortable with a directive change approach which enriches little

participation they may not see a need to understand a wide variety of views at different levels of the organization.

In contrast, managers with a more subjective orientation may be more likely to perceive of change in terms of evolution. They therefore rely on a more participative approach, which allows for greater involvement from all levels of the organization. Such managers are more likely to assume that any change approach will need to allow for the existence of offering perspectives within the organization, and will therefore want to work hard at fostering consensus. There is likely to be a greater emphasis on softer interventions such as communication.

This presents the subjective and objective perspective as opposite ends of a spectrum, whereas there are many shades of grey in between. The point is, that for any change agent, an awareness of which perspective predominates within their own mind will make them aware of how then they will view change. The skill is for the change agent to check that their perspective is not in danger of becoming a prejudice. If an organization is not in crisis and there is little readiness for change, a more objective manager should not automatically dismiss the option of the extensive communication to generate some degree of readiness, even if it is not her/his preferred way of working.

Likewise if an organization is in real crisis, a more subjective manager may have to accept that there is insufficient time for extensive consultation with all staff members, however much it goes against their personal philosophy.

This attribute of self-awareness is an important ability for change agents, and its existence within any manager illustrates a maturity of understanding of change, organizations and self.

- **A formulaic approach to change design a dangerous route**

The importance of context and attention is drawn to the danger of formulaic change. In an approach which uses pre-existing best practice models for managing change, the change agent would go through the stages illustrated in Figure 2.2

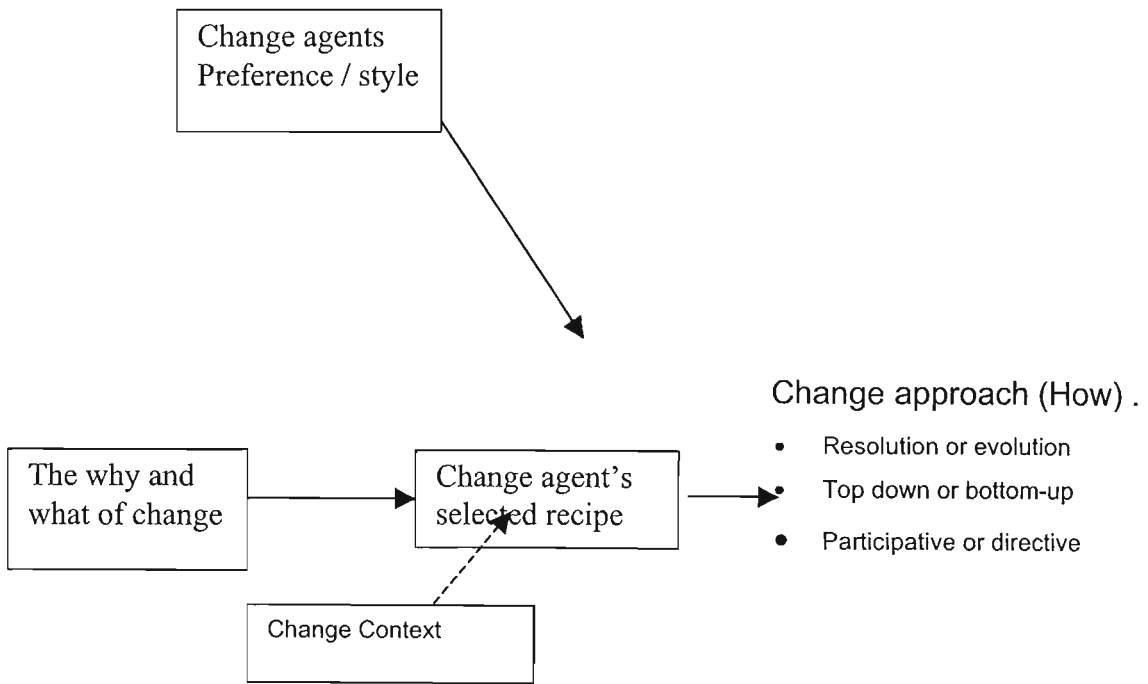


Figure 2.2 A formulaic approach to change design

STEP ONE:

Consideration is given to the why and what of strategy development. The internal and external *context* of the organization is the analyzed in order to gain an understanding of *why* change is necessary. In addition the strategists

decide on the *content* of change, in *what* areas it is essential to achieve change. In terms of Figure 2.3, strategists analyze the current situation of the organization (A); identify what the new organization should look like (B); and then they ask the change agent(s) to devise a change process(C) to shift the organization from A to B (3).

STEP TWO:

The change agent designs the change process. What many change agents do at this stage is to turn to a number of existing change solutions. They then derive the design of the change process from these predetermined change formulae. There are various sources for these existing solutions (see Table 2.1)

Unfortunately, what can then happen is that the change agent picks existing solutions without assessing the appropriateness of the solutions to the current organization's change context.

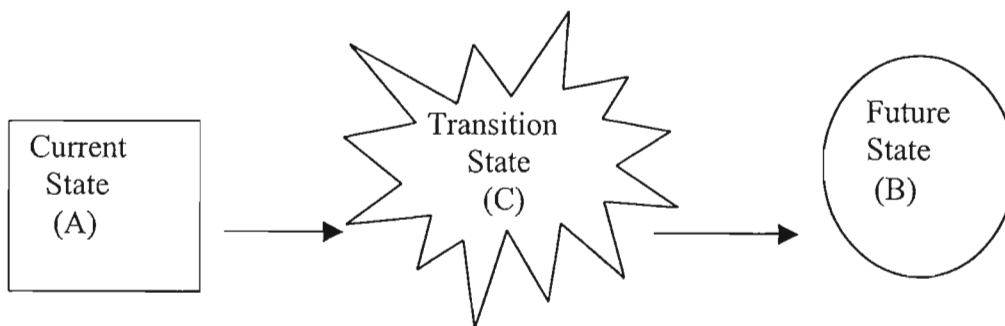


Figure 2.3 Three change state

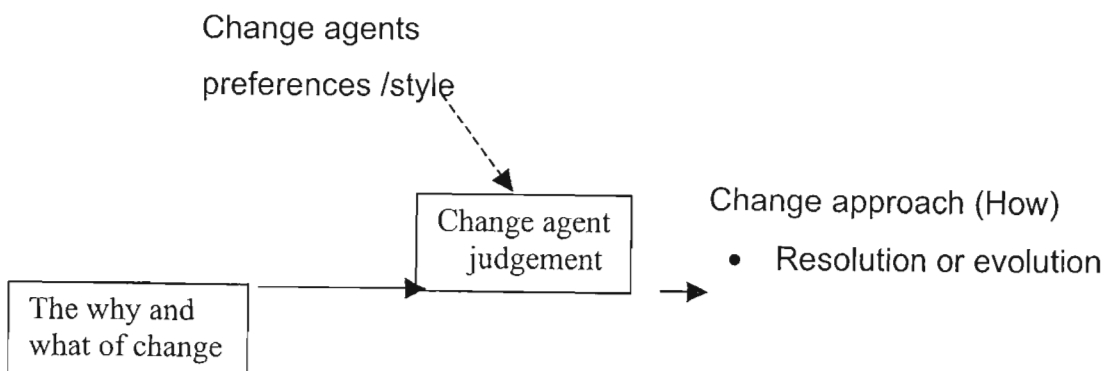
This is not to denigrate the value of past experience or previous learning. They are important and valuable. However, the part must also be analyzed with reference to the current context. When reflecting on the past, a change agent needs to ask her/himself questions such as: "why did that work well for that organization then? What was it about the culture at that time, or the structure, or the external market place, that make that change process so

right for that situation. What are the differences between that organization's context then, and this organization now?"

Pulling down existing solutions is by far the easiest way of going about designing change. The problem is that if the design selected is inappropriate for the current organization's change context, it will only emerge later as the change process fails to deliver the required changes and after much wasted time and effort. This model argues that a more appropriate way to go about designing the change approach is to use the organization's context to guide the approach selected. A contextual analysis may reveal that an existing change approach is workable in the current situation; on the other hand, it will also guard against the use of inappropriate solutions.

Change agents can choose from a range of existing formulaic approaches to change:
<ul style="list-style-type: none"> • The past experience of the change agent within previous organizations. 'In XKX Tea Manufacturers we did it this way and it worked really well.'
<ul style="list-style-type: none"> • Previous experiences of change within the organization: 'Well in 1988 we had to change to launch a new division and the way we did it then was like this – it worked really well.'
<ul style="list-style-type: none"> • Organizational consultants: 'Buy our proven approach to change. Twenty other companies have followed our 10 point plan and it has worked for them!'
<ul style="list-style-type: none"> • Books or articles on change: 'Follow the rules for change set out in this book and you will achieve organizational breakthrough and beat the competition.'
<ul style="list-style-type: none"> • Dominant CEO's or other senior directors: 'Bruce – I'm delegating the design of the whole of the change process to you. You have complete autonomy but I'd like to see it done this way!! Change always happens when you follow these procedures – trust me...'

Table 2.1 Source of existing change approaches





- Top down or bottom-up
- Participative or directive

Figure 2.4 A context-sensitive approach to change design

Context-sensitive change: a safer route?

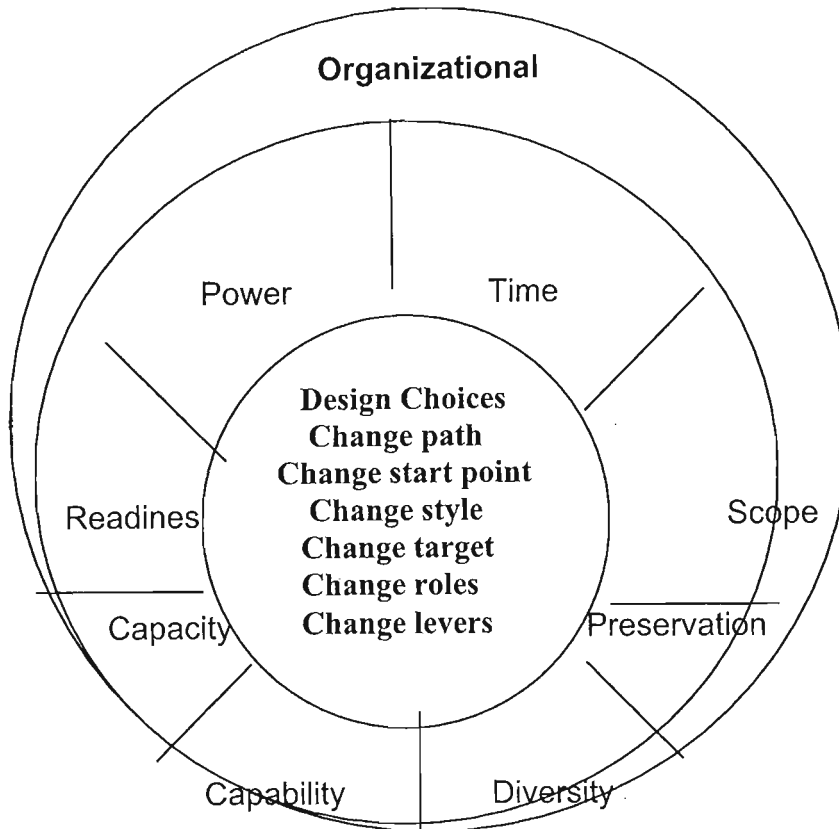
A context –sensitive approach to change sees the stages in the design process as shown in Figure 2.4

- Step 1: As above, the strategists decide on the content of change, and in what areas it is essential to achieve change.
- Step 2: The change agent carries out an analysis of the change context, which examines the organizational features pertinent to the change situation, such as the scope of change required, the time frame, the power of the change agent to effect change, the diversity within the workforce and the capability for change within the organization.
- Step 3: The change agent judges, which are the most critical features of the current change situation. In any organization, the contextual features do not carry equal weighting – some will be more important than others.

So, for instance, in some organizations the existence of strong professional groups may create diversity among the workforce. Professionals, such as hospital consultants, will often identify more readily with the values and aims of their professional association rather than with their employing organization.

- Step 4: The change agent selects the appropriate design choices. Information derived from the contextual analysis in steps 2 and 3 will start to make some design options seem unworkable and others either possible

or essential. For instance, if the organization has only a small amount of money to invest in change, some of the more expensive, educative styles of change, using expensive management development options, may not be feasible.



Change context

Figure 2.5 The change kaleidoscope

This model uses a diagnostic framework, the change kaleidoscope, shown in Figure 2.5, to help with steps 2 – 4. The kaleidoscope contains an outer ring concerned with the organizational strategic context, a middle ring concerned with the organizational strategic context, and an inner ring which contains the menu of design choices open to change agents:

- The *strategic context* refers to the fact-finding exercise carried out in step! That determines why the organization should change and what it should change to.
- The organizational *change contextual* features are aspects of the organization to do with its culture, competences and current situation, which change agents should consider before selecting the change approach. These features can be extracted from the broader organizational strategic context, and can be used by change agents to help determine the appropriateness of any change approach for a particular context.

The design choices are the range of options a change agent needs to choose from. When selecting an appropriate change approach. For example, what type of change path is the best here? Do we need to do something radical or part? Would it be more effective in the long term if it were a staged change process, planned over time? Where should the change start point be?

The transition state design and management

Implementation is often conceived of in terms of planning for change, with scant attention to managing the transition process itself. In fact, the transition state is not like either the current or future state. Specific attention is required to both the design and management of the transition state.

The issues that need to be considered in designing the transition fall out of the design choices made. For instance, as a result of the design choice phase it may have been decided to focus on realigning employee behaviours as a means of achieving change. In order to achieve that behavioural change, the change agent will need to deploy a series of levels and mechanisms, such as new reward systems and training. However the identification of the primary levels and mechanisms is only the beginning. If the reward system is to be effective, other things may need to be changed, such as the appraisal mechanism. Existing practices that could obstruct the new required

behaviours also need to be identified and removed. All these different interventions need to be sequenced during the transition along with other change interventions such as communication of the need for change and the form of the changes effecting transitions is therefore a complex business. Since the implementation of change involves people, it can be an unpredictable process.

Putting the Jigsaw together: a change flow chart

For change to be successful, managers charged with the responsibility for managing this activity need to address the complexities of both context and process. However, the very complexity can be off-putting. Fig.2.6 presents a flow chart of the steps this model is advocating to inject some clarity into the process. It shows which questions have to be addressed at different stages of the change process.

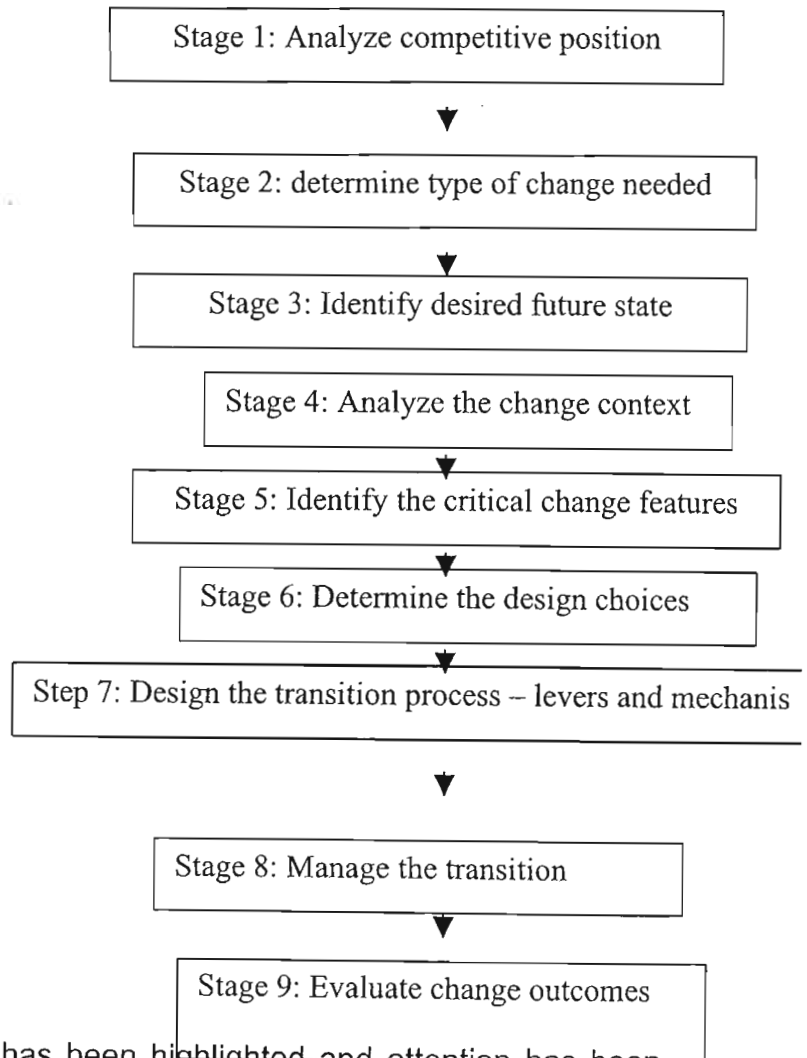


Figure 2.6 The change flow chart

The role of the change agent has been highlighted and attention has been drawn to the fact that change is distinct from strategy in so far as change is

about moving an organization from its current position to a future condition in order that a change in strategy might be achieved.

Transition as a stage in change which demands that attention is given to both its design and management.

2.2 The Nature of Organizational Change : Implementation choices : the options to consider

A change agent faces a bewildering array of implementation decisions – the design choices that need to be made about how change should be implemented within her/his particular context. This chapter explains these particular contexts. This chapter explains these different design choices, and the options within each choice. The design choices from the change kaleidoscope are explained in detail before the contextual features. It is then simpler to explain the contextual features and how they link to the choices that need to be made.

The change kaleidoscope (see Fig 2.5) separates the array of choices that need to be made on any implementation approach into six categories, within which there are a range of alternatives. The six categories are:

- Change path: The type of change to be undertaken in terms of the nature of the change and the desired and result. This category is referred to as change path, as distinct from change type, as in some circumstances it is necessary to undertake an enabling phase of change before it is possible to undertake the actual changes required.
- Change start point: Where the change is initiated and developed, which could be summarized sophisticatedly as top-down or bottom – up, but there are other choices.

- Change style: The management style of the implementation such as highly collaborative or more directive.
- Change target: The target of the change interventions, in terms of people’s attitudes and values, behaviours or outputs.
- Change roles: Who is to take responsibility for leading and implementing the changes?
- Change levers: The range of levers and mechanisms to be deployed.

Each of these choices are discussed in more detail. The choices should always be considered separately for each change initiative to avoid the use of change recipes involving particular combination of choices in inappropriate situations.

2.2.1 Change Path

There are four main types of change illustrated in Table 2.2 These four types are defined in terms of 2 dimensions – the end result of change and the nature of change. The end result is about the extent of change desired. Change can involve a transformation of the organization or a realignment.

		End result	
		Transformation	Realignment
Nature	Incremental	Evolution	Adaptation
	Big bang	Revolution	Reconstruction

Table 2.2 Types of Change

As an example, in the 1990’s, Shell the world’s second biggest company, embarked on an intended transformational change driven by the need to remain competitive in the face of better performance by its rivals. This transformation was to involve a culture change to the traditional bureaucratic

way of working at Shell, which underpinned a slow, although consensual, decision – making process, and put predictability, order and stability above all else.

Faster decision making, greater creativity, unconventional thinking, flexibility and nimbleness in the way business was conducted was wanted. The historical emphasis on technical competence, rather than an commercial businessmen, was to be challenged with the intent to create market – and customer – focused businesses. There was also an intent to increase the diversification of the senior management team through a large number of women and greater ethnic diversity.

Realignment is a change to the way of doing things that does not involve a fundamental reappraisal of the central assumptions and beliefs within the organization. It may still involve a substantial change like major restructuring. Electronic Data Systems (EDS), the international information, communication and computing technology company, grew very rapidly in Europe, often by acquiring new teams of people. This created diversity among the business practices in use. By 1994 there was a need to harmonize the way EDS did business in Europe. A pan-European re-engineering effort was put in place, the implementation of which continued into the late 1990s.

The nature of change is the way change is implemented, either in an all-at-once, big bang fashion, or in a more step-by-step, stage-by-stage incremental fashion. These two dimensions – the end result of change and the nature of change – provide the explanation for the four different types of change.

Evolution

Evolution is transformational change implemented gradually through different stages and interrelated initiatives. It is likely to be planned, productive

transformation, in which change is undertaken by managers in response to their anticipation of the need for future change.

Evolution can result from faced transformation. Although the organization's competitive environment may require rapid change, it could be that other aspects of the organization, such as the need to preserve some aspects of the organization's culture, for e.g. employee loyalty, investigate against the feasibility of reduction .

Evolution can also occur in a more emergent manner. Xerox, the global company best known for their manufacture o photocopiers, decided in 1983 that they were not competitive in terms of quality, cost and delivery. A leadership through quality scheme was implemented which involved the training of all staff in quality practices. A move was also made to team-based working. However, the traditional structure obstructed cross-functional team working, so a second change phase was introduced. Teams became responsible for business processes, and concentrated an error reduction, cycle time reduction, and customer satisfaction improvement for these processes. This leads to another change initiative towards the end of the 1980s to do with the simplification of business processes to enable better empowerment and performance improvement. In 1993, a third phase of the cultural revolution, the Xerox 2000 vision, was launched to continue the momentum of change.

Revolution

Revolution is fundamental, transformational change that occurs by using simultaneous initiatives on many fronts, and often in relatively short space of time. It is more likely to be a forced, reactive transformation, due to the changing competitive conditions the organization is facing. If an organization's strategy is still rooted in the ways of behaving that used to lead to success, then the mismatch between the strategy being pursued and the new strategies required may be great enough to force fundamental change in a short space of time if the organization is to survive.

Adaptation and Reconstruction

Adaptation is less fundamental change implemented slowly through more staged initiatives, and reconstruction is change undertaken to realign the way the organization operates, but in a more dramatic manner. A large number of change attempts fit within this latter category, for example, many turnarounds and business re-engineering initiatives. Many such change programs are significant on organization. Many, particularly turnaround initiatives, are also highly successful. However, these change initiatives are about reconstruction rather than transformation, since they are about making the organizations more efficient, or better at what they already do. Unless the changes are also accompanied by an effort to significantly alter an organization's culture, they are not transformational change. Furthermore, to highlight the complexity and uncertainty of change, it is fair to say that some change initiatives that start out with the intention of delivering revolution often ends up delivering reconstruction because the underlying cultural and attitudinal shift which is desired is hard to achieve and does not occur.

Paths of change

The last part of the above paragraph is important as it emphasizes why these model talks about paths of change as opposed to types of change. The eventual aim of an organization may be to achieve transformation, possibly as part o a turnaround, but the organization many lack the resources, skills, or finance to achieve transformation. Alternatively, the organization may be in a crisis, and losing a lot of money, and therefore needs to stop the rot before any longer – term change can be undertaken.

To give a well-known and popular example, is of the transformational changes at General Electric (GE), the international corporation with businesses as diverse as financial services, aircraft engines and lightning. Change was initiated at GE by Jack Welch in the early 1980s, following his appointment as CEO. However, up until 1988, the changes had arguably been mainly to do with reconstruction, such as altering the GE infrastructure, working practices and political make-up.

However by 1988, if a genuine transformation was to be achieved, culture change was also needed. Therefore, the initial change effort was extended into the 1990s by a ten-year programme called 'Work-Out'. However, it would not have been possible to put Work – Out in place had GE not already been through a change which left it in a financially sound position and created a desire and commitment for change.

		End Result	
		Transformation	Realignment
Nature	Incremental	Evolution: Introducing a customer services culture. Late 1982 Onwards	Adaptation
	Big bang	Revolution	Reconstruction: downsizing, cuts & closures. 1981 –1982

Figure 2.7 Paths of change

Therefore, existing examples of change suggest that, dependent on the context of the organization, it may be necessary to undertake an enabling realignment phase before embarking on a longer-term transformation, see figure 2.7. Alternatively, having undertaken a transformational change, it may then be necessary to move to adaptation, to ensure that the changes are embedded throughout the organization, to sustain competitiveness. However, there are many aspects of the change context represented within the change kaleidoscope that need to be taken into account when making choices about the type of change and the change path.

2.2.2 Change start point

Change start point refers to where the change is initiated and developed, or rather the locus of control and influence. There are three main approaches – top-down, bottom-up or by using prototypes/ pilot sites. A fourth approach is through pockets of good practice.

2.2.2.1 Top-Down change

Much of the prescriptive change literature has emphasized a top-down approach, in which the direction, control and initiation of the changes come from the strategic apex of the organization. It usually involves a program of change determined and implemented by the top management or their representatives.

However, although top-down change is clearly driven by the top executives, this does not mean that a top-down change approach is never collaborate or participative – although this is the way some people interpret it and it is often portrayed. In top-down change initiates the plans developed can be achieved with the collaboration of senior managers, and a wider group to individuals within the organization. Similarly, part of the seeking of the plans can be to use employee participation in workshops to work out some of the details of implementation. The program might also include a comprehensive program of staff involvement through road shows or workshop.

Top-down change may have to be imposed in a directive or coercive manner. In a crisis or turnaround situation there may be no alternative but to impose the change throughout the organization. For example, when Tim Tanker took over at the cloaks, the British shoe manufacturers as chief executive in 1995, he sacked 10% of the workforce and closed five factories shortly after his arrival, as part of a longer-term change strategy to revitalize the organization. Arthur Martinez took over the merchandising group at Sears, the international retail group, in 1992, the year when Sears losses amounted to close to \$3.9 billion of which almost \$3 billion came from the merchandising group.

Martinez had to carry out directive, rapid and radical surgery on the organization, including store closures, and the withdrawal of the heavily loss-making 101 years old Sears catalogue.

This directive form of top-down change design has the advantage of being speeds to implement. Staff can also feel that there is a clarity in the nature of the change, which can be an advantage at the time of uncertainty.

2.2.2.2 Bottom-up Change

Emergent a bottom-up change has vary different starting part and logic to top-down change. This is partly because the assumption here is that responsibility for change should not just be with the senior managers, but also because in certain change contexts, a top-down approach may not encourage the needed ownership and commitment to the required changes.

Some drawbacks to bottom-up approach are:

- Bottom – up change in much more unpredictable in its consequences as it is subject to interpretation and negotiation by the very staff who put the changes in place. Senior management have far less control over the process, since by the very nature of bottom up change it has to be more participative and collaborative.
- It is possible to combine top-down approach with a bottom-up approach. Advocates of this sort of approach argue that certain activities such as mobilizing support for change, may need to be done in a top-down way, whereas others, such as creating a vision for change, can be more participative. In particular, creating revitalization throughout a business unit may be a more bottom-up and emergent process. The leader of a change effort may be directive about the fact that the departments within the business unit must change to meet the aspirations of the vision.

- However, the leader then allows each department section to choose the way in which they want to implement that vision, to ensure ownership and commitment. The changes that emerge within each department, and the new behaviours these changes engender, then need to be institutionalized and supported in the organization through top-down actions, such as changes to the organization-wide systems and structures.

2.2.2.3 Prototypes

A third approach to change is to use a prototype or pilot site as the start part. This may involve implementing change in just one department, or it may be by ensuring a new start-up site. Prototyping is an approach that can be used for implementing technical change involving new information systems or equipment, but how processes and working practices can also be implemented initially at a pilot site or as a prototype, before being introduced elsewhere. New sites, sometimes with completely new staff, are also used by organizations, to set up businesses that need to work in a vary different manner to existing businesses.

When the express rail link from central London to Heathrow Airport, Heathrow Express, was set up in the late 1990s, the company looked for employees from the customer service sector, such as airlines and retailers, rather than those who had worked for British Rail. It was felt that guards, drivers and ticket office staff already working in the railway industry had not developed an appropriate customer service orientation.

2.2.2.4 Products of good practice

The fourth approach, products of good practice, is less well known. An individual within that department at that individual's instigation initiates change at various units or departments. The changes made are more piecemeal and fragmented, since they are not orchestrated from any central part.

These changes may involve leading projects or running pilot schemes to enhance organization performance, changing the interpersonal dynamics and culture within teams and departments, or even working with managers in another department to improve communications and interdepartmental working practices.

The type of change will lead to further organizational change, only if these practices established by the individuals concerned are then copied by others. Change occurs in an evolutionary manner as working procedures and management styles evolve in particular departments, in line with good managerial practices the individuals who initiate the changes have encountered in others, or on training courses. However, such an approach does have its limitations. Unless these individual attempts are harnessed into some collective initiative for the organization, they will lead to limited change.

Furthermore, unless sanctioned and supported from the top of the organization, it is unlikely that such initiatives will deliver any change other than adaptation, as the scope of individual initiatives will be limited.

2.2.3 Change Style

The style of change is to do with issues about how the process of change is managed. There are many classifications of management styles during change, but his model uses a classification of five styles, (See Table 2.3)

a) Education and Communication

Education and communication involves convincing employees of the need for change, and gaining their commitment and support for change. This may involve more than just talking to employees. It could involve, for example, sending them on benchmarking visits to other organizations to learn how things could be done better.

This change style is easily confused with participation. However, communication and education is more to do with equipping employees with an understanding which enables them to undertake personal change that is supportive of the organizational change goals. When the CEO of Eisai, a Japanese pharmaceutical company, wanted to change the focus of the company from manufacturing drugs, to improving the quality of life for elderly sick people, he put his managers through a training programme to encourage them to become more innovative and develop new products and services in line with his strategic intent for the organization.

The programme excluded health care trends and organization change. Managers also spent time in health care organization existing with the nursing to help them understand better the needs of the elderly. These managers were then expected to use their learning to propose and implement new products and services

Style	Description	Advantages	Disadvantages
Education and communication	Use small group briefings to discuss things with people and explain things to them. The aim is to gain support for change by generating understanding and commitment	Spreads support for change. Also ensures a wide base of understanding	Takes a long time. If radical change is needed, fact-based argument and logic may not be enough to convince others of need for change. Easy to voice support, then walk away and do nothing
Collaboration	Widespread involvement of the employees on decisions about what and how to change	Spreads not only support but ownership of change by increasing levels of involvement	May lead to change within paradigm
Participation / intervention	Consultation of employees about how to deliver the desired changes. May also include limited collaboration over aspects of the 'how to' of change as opposed to the 'what' of change	Again, spreads ownership and support for change, but within a more controlled framework. Easier to shape decisions.	Can be perceived as manipulation
Direction	Change leaders make the majority of decisions about what to change and how	Less time consuming. Provides a clear change of direction and focus	Potentially less support and commitment, and therefore proposed changes may be resisted
Coercion	Use of power to impose change	Allows for prompt action	Unlikely to achieve buy-in without a crisis.

Table 2.3 Styles of managing change

There are problems with this style of leading change:

- It can be difficult to generate commitment to action from it. Workshops and seminars can be seen as an interesting exercise, and fun to do, but change will only occur if a series of explicit actions are identified and carried out.
- It can be necessary to inject some energy, emotion and direction into the process. Otherwise, an awareness of the need for change may be developed, but this awareness of the need for change may be developed, but this awareness will not translate into a commitment to do something about it, especially if there is no onus on senior managers to take note of ideas that arise and act on them.
- It can be very time consuming and costly if there are large numbers of employees to be convinced. A multinational company operating in many different countries with possibly thousands of employees could find such an approach difficult to undertake.

b) Collaboration

In collaboration, there is widespread involvement of employees in both what to change, and how to deliver the needed changes. Employees are asked to contribute to both the goals set for change and the means of achieving these goals. This may be through workshops or focus groups, or any other type of participative face – to- face meeting. The principle behind collaboration is that the more employees are involved, the more likely they are to support and be committed to the changes that they have helped design, and the more likely they also sell those changes to others in the organization. Furthermore, collaboration can be used to not only determine what to change and how, but also to create an awareness of the need for change by challenging complacency within the organization.

One form of collaboration is the workshop where consultants introduce participants to analytical tools and frameworks and get them to apply these frameworks to their businesses to get new insights. The difference here from more general educational intervention is that the workshops could be focused and identifying and addressing critical change issues, and could also end with explicit consideration of actions to be taken, and by who. However, collaboration does not to involve face-to-face situations. On organizations where employees are widespread this is difficult to achieve.

Collaboration can be a good management style to use when dealing with professionals, such as hospital clinicians, or even academics, who value the freedom and autonomy they normally have in their work. Such groups of people are likely to rebel against more directive interventions, which they perceive to be limiting their autonomy and their right to have a say in their future. However:

- Collaboration can be time consuming, and is therefore not a technique to use in a crisis situation.
- Employees may not come up with the suggestions or ideas wanted by senior managers, so there is a loss of control.
- If employees are consulted and then ignored, this will do more harm than good, as it can raise expectations about what is possible to achieve. The employees will feel devolved, and perceive the senior managers to be practicing tokenism in respect of collaboration.
- The ideas offered by existing employees could be within the existing employees could be within the existing way of thinking, or the existing organizational paradigm, and the existing way of working within the organization. This could stifle creativity and transformational change. Some organizations use external facilitators and consultants to challenge ideas and thinking in order to overcome this problem.

c) Participation / Intervention

Participation is limited collaboration. The principle that involvement will equal greater commitment still underpins this approach to change. However, it is more about consultation that completes collaboration. Employees are allowed limited involvement in certain areas of change, such as how the desired changes can be achieved. For example, employees may be told of the overall vision and change goals for a firm, such as to achieve greater efficiency, greater productivity, and to eliminate waste.

They can then be asked to think about what they need to do differently if they are going to help deliver that vision.

This management style enables the change leaders to retain greater control over the outcome of the change process, as they are setting the overall goals if not the means of achieving the goals. Unfortunately, it may be seen by employees as a type of manipulation, an attempt to pay lip service to employees involvement, particularly if participation is limited, or employees are told what outcome is expected from a workshop, or whatever type of forum is used to achieve their participation.

d) Direction

When those leading change make the majority of decisions about what to change and how, and use their authority to direct the achievement of change, this is a management style of direction. This approach effectively separates the thinkers from the doers. The thinkers come up with the change ideas and “sell” to the doers, who are then supposed to implement the plans and the ideas developed by the doers. There may still be an attempt to sell the changes to the employees, to encourage them to buy-in to the changes and support them. There can still be an extensive communication effort in which employees are involved in workshops to debate the implications of change for themselves.

The advantage of this approach are that it is easier to retain control over the direction and content of change, and decision making is faster than it would be under a style which involves consultation.

The disadvantages are that:

- The lack of employee consultation and involvement might create more resistance to the proposed changes. As a change style it is more likely to be suitable in an organization which is either in crisis, or in which there is a widespread awareness of the need for change. In such a situation, despite the lack of participation by employees, they are more likely to support the proposed changes.
- The success of a directive management style may be limited by the change outcomes to be achieved by the change process itself. Imposed change may work in the opposite way to the values it is trying to achieve. Where directive communication and bureaucratic controls are used as part of that change process, the implementation itself may counteract any motivation on the part of staff to feel empowered. To be told that you are going to be 'empowered' or you are to become more 'innovative' is quite different from feeling empowered. Staff are more likely to believe in such rhetoric if it is supported by a participative management style that allows staff some degree of autonomy and sort over what happens.

An imposed change process may result in impressive rhetoric within an organization, with little change in actual behaviour or job and ultimately organizational performance. Staff may find it easy to repeat the language of the change process without really embracing the change at an emotional or behavioural level. Staff recite the rhetoric rather than internalizing the goals of change and changing their attitudes and behaviours appropriately.

e) Coercion

Coercion is an extension of direction. Here change is imposed on staff, rather than staff having the idea of change sold to them. It is a way of achieving rapid change, but as with direction, it may lead to greater resistance.

Given the lack of effort devoted to explaining the need for change to staff, or to encouraging buy-in for the changes, this approach is unlikely to work unless there is a very real crisis that is felt by most staff within the organization. However, unless the coercion is such that all aspects of behavioural change can be enforced in same way the result may still be lip service to the changes rather than actual change.

2.2.4 Change Target:

An important design choice requiring consideration is the different organizational levels at which to intervene. Some change processes concentrate on attempting to change the values of employees, others emphasize behavioural change, whilst others may only seek to change the performance objectives or outputs of employees.

2.2.4.1 Employee Values

Interest in values as a lever for change was particularly strong in the 1980s, associated as it was with developments in human resource management and the increasing popularity of culture change programs. In the 1980s, the belief was that if employees could be made to adhere to a predetermined set of corporate values, they could be made to adhere to a predetermined set of corporate values, they could then be given license to innovate freely. In other words, by prescribing shared values, appropriate employee behaviour would emerge in such a way that there would be less need for bureaucratic rules and regulations.

Appropriate values would drive appropriate behaviour, reducing the need for other types of managerial controls on employees.

Some organizations and individuals feel that the dividing line between organizational values and individual values is hard to define. They therefore feel uncomfortable with this level of intervention, and individual as their set of values. Other organizations, such as churches, charities, pressure groups and voluntary organizations, might expect to find a close alignment between their values and that set of values which are directly obliged to the aims of the organization. Such organizational contexts may seem ideal for managing through shared values.

However, the evidence shows that this approach can be brought with difficulty in certain organizational contexts.

- Many espoused value statements are devalued in employee eyes if these are not reflected in changed behaviours, particularly from senior managers. So values such as 'individuality' or 'people are our greatest asset' quickly became relegated to meaningless slogans in many companies.
- An emphasis on managing values may lead to staff feeling, manipulated or brainwashed, which can result in cynicism about the values, themselves.
- The acknowledgement of all lands of diversity within organizations may undermine the attainment of a common set of values. In hospitals, for example, there are consultants, nurses and managers, each with their own professional allegiances, and different professional values, identities and motivations. Can common values be achieved across such diverse professional and occupational groups, or for that matter, different national cultures or business divisions?

Yet, if an organization needs to achieve fundamental, transformational change, this by its very nature requires a change in the assumptions and beliefs shared by the organization's employees. Therefore, there are circumstances where forgetting values in an effort to effect change in the shared assumptions and beliefs are appropriate, although value change can take a long while to achieve.

.2.4.2 Behaviours:

Others argue that instead of focusing at the level of values, and believing that over time behaviours will change as an individual's values change, organization's should focus primarily an enforcing new behaviour.

Programmatic change	Task Alignment
Problems in behaviour result from individual knowledge, attitudes and beliefs	Individual attitudes and beliefs are shaped by recurring patterns of behavioural interaction
The primary change target should be attitudes – actual behaviour should be secondary	The primary changes target should be behaviour – attitudes should be secondary
Behaviour can be isolated and changed individually	Behavioural problems come from the roles individuals are in – the impact of the organizational systems on the individual are greater than the impact of the individual on the system
Therefore	
The change target should be at an individual level	The change target should be at the organizational level – changing roles, responsibilities and relationship

Table 2.4 Programmatic change versus task alignment

(Source : Adapted and reprinted by permission of Harvard Business Review. An Exhibit from 'Contrasting Assumptions about Change' from M.Beer, R.A. Eisenstat and B. Spector, 'Why change programs don't produce change', November - December 1990. Copyright © 1990 by the President and Fellows of Harvard College; all rights reserved)

Those that support this view argue that the individual can only change if the organizational system in which the individual operates is changed. Table 2.4 summarizes this argument.

Programmatic change targets individual attitude change to effect behaviour change. Yet individual behaviour is constrained by the organizational system in which individuals work. Roles and responsibilities, and existing ways of working force particular behaviours on to individuals if they are to function effectively in an organization. If individuals learn new attitudes, but are then

returned to the old organizational system, they will not be able to practice the new ways of behaving that accompany their new attitudes.

If instead the organizational system is changed, as proposed by task alignment, and individuals are placed in job roles with different responsibilities and different relationships to their peers, subordinates and superiors, then this forces them to behave differently, and ultimately to think differently.

A focus on work-based behaviours can therefore be used to affect behavioural and accompanying attitude change and perhaps, ultimately, value change. A target of behaviours may also be used for other reasons:

- Behaviours are an appropriate target in changes involving reconstruction or realignment, which require some degree of behavioural changes without a fundamental change in the shared organizational values or beliefs.
- Behavioural interventions are felt by some people to be a less intrusive intervention than prescribing a person's value system. Behaviours can also be seen as more kind related and therefore as a legitimate area for intervention at work.
- The prescription of behaviours may be useful in service outlets such as McDonalds where routine procedures ensure quality of delivery or product.
- In a crisis situation where there is little time, the enforcement of behavioural change may be an appropriate intervention aimed at a homogenous group of employees with similar values and motivations. This is particularly true if the changes do not require a change in the shared organizational values.

2.2.4.3 Outputs

A third level of intervention for change is to focus on changing the nature of outputs or performance objectives to in turn trigger a change in behaviours. The point of managerial control then becomes not replicable behavioural

patterns, but the achievement of manageably determined outputs or objectives.

The target is the outcome of what people do, for example, profit margins, hourly sales levels, levels of customer response. This usually involves the redesign of performance measures, such as rewards and control systems.

A focus on outputs is useful when high levels of autonomy are required. Individual, national or functional business divisions may require a degree of independence from the parent corporation in order to manage the change in a way that is appropriate to their specific country's context or the of their staff. Alternatively, autonomy may be required by individual staff themselves as in the case of doctors or consultants or city traders. Such groups of people may see an attempt to overtly manage their values, or even their behaviours, as an outtalk on their personal autonomy or their latitude of discretion within their jobs.

2.2.4.4 Change Roles

Change is only likely to succeed if someone is responsible for leading that change, although it is also accepted that this responsibility may not reside with just one person. A change agent needs to be supported by additional change agents. Increasingly less faith is placed in one charismatic and heroic figure, since it is now recognized that change is complex and requires consideration and management of many different tasks. One individual could not hope to manage a major change effort entirely on her or his own.

This is not to say that the role of leadership has been trivialized in anyway. Major change efforts in particular are likely to require a chairplan who shows tremendous commitment to enthusiasm for, the vision she or he wants to see implemented in the organization.

However, there are a number of different ways to change can be managed, although none of them are naturally exclusive. The primary change roles are

- **Leadership:** The success of the change programme is based on a key, pivotal figure. The 'leader' may be the CEO, the MD, another senior manager acting as the internal change agent, or another director such as the HR Director. Tim Parker at Charles, or Jack Welch at GE, both mentioned in previous examples in this chapter, are good examples of leadership during change. If the individual championing change is not the CEO or the MD, then they may need to gain the support of more powerful individual within the organization if they are to push change through.

- **External Facilitation :** External consultants may be appointed and play a pivotal role in the change process. This may be in the form of advice or more active participation.

- **Change Action Team:** A team of people within the organization may be appointed to lead the changes; this may be in the form of a steering committee. If this team does not consist of a senior and influential people, the team is likely to need the support of a more powerful individual or group of individuals in major change efforts.

- **Functional delegation:** Change responsibility may be assigned to a particular function such as HR, quality, or operations management. This may be appropriate when implementing change limited to a particular function or if the skills needed to manage the changed reside within a particular department. In major change efforts, unless the function head is endowed with a large amount of authority, or is able to gain the support of other powerful backers, the individual is also likely to need the backing off a mere powerful figure.

The choices made are likely to be affected by the scope and time-frame of the changes, the extent of change management skills possessed by the organization's managers, and the availability of organizational personnel that are either knowledgeable about, or can be trained to be

knowledgeable about, change. Transition management is a time-consuming activity, and there may be a trade-off to be made between the amount of time managers need to devote to keeping the business going, and the amount of time they have to act as a change resource.

One of the major choices that is likely to be made is whether or not to use external consultants. There is evidence that external consultants may be more effective at persuading senior managers in an organization of the need for change, and what type of change, than other senior managers. They can challenge more effectively. They can also offer advice on the design of change in terms of tools, techniques, mechanisms and approaches, provide facilitation and possibly training too. External consultants may also be employed throughout change to act as mentors and coaches for those senior managers leading the change effort. However, they are unlikely to be effective at leading the implementation of change, as this is not normally something that can be delegated to an outsider. Employees are less likely to perceive the organization as owning change led by outsiders.

A key issue when planning for change implementation is to decide which design choices to take.

The temptation for change agents is to simplify the decision-making process by basing their choices on popular change recipes they have seen used successfully elsewhere, or on their personal preferences, rather than the context in which they are currently operating. This may lead to the use of an inappropriate change approach. Therefore, it is necessary to use the features of the change context shown in the change kaleidoscope to help make judgements about the appropriate choices. This ensures the development of a context-sensitive approach to change.

2.3 The Need to Develop a Change Approach which is suitable for the Organizational Specific Context

Analyzing the change context: the change kaleidoscope.

Point 2.1 stressed the importance of the understanding the strategic change context when designing an appropriate change approach for an organization by using the change kaleidoscope. Point 2.2 built on this by discussing the range of design choices open to a change agent.

This Point :

- Introduces the perils of formulaic change and the importance of taking the change context into account when designing change.
- Introduces and explains the contextual features in the change kaleidoscope – scope, time, preservation, diversity, capability, capacity, readiness for change and power;
- Discusses the implications of each of the kaleidoscope features for the design of change.

Successful change, by its very nature, depends heavily on context and circumstance. The aims of this chapter is to not only examine each contextual feature of the kaleidoscope in depth, but also to give examples of the implications of each of these features for the design of change.

2.3.1 The perils of formulaic change:

The lack of the universal change formula and the complexity of the change task has led to a number of different descriptive change models. These models are designed to improve our understanding of change. They appear to make the highly complex business of change simpler and more manageable.

Point 2.1 described how it is therefore tempting for managers to use one of these “ off the shelf” solutions in order to cope with the complexity of change.

However the potential dangers of doing this was also discussed. Companies cannot apply approaches that have worked in one organizational context to their different organizational context. It has to be appreciated that even organizations that seen very similar are in reality very different.

Organizations can appear to be very similar in terms of certain aspects such as size, income and mission, yet can have fundamentally different cultures, which also means that suitable change approaches for the two organizations would need to be very different.

The use of past experience when designing change approaches can also be dangerous. What worked well in one context may be a poor indicator of what will work well in the current context. This is not to say that previous experience is irrelevant. However, for a change agent it is important to remember what was unique about a specific change situation and what was generalizable or replicable in other organizations. Similarly, it is important to appreciate and acknowledge what is unique and specific about the current context in which he or she is working.

Contextual judgement becomes the competence require of a change agent rather than knowledge of the ten best change recipes from other organizations.

2.3.2 The change kaleidoscope

Point 2.1 has already explained the components of the change kaleidoscope shown in Figure 2.8. It is a diagnostic framework which enables change agents to pin-point the key contextual features of their change context.

The contextual features of any change situation, the middle ring of the kaleidoscope, are extracted from the broader strategic context. Explaining what these contextual features are, and how they can be derived and used, is the focus of this chapter. Table 2.5 briefly explains each feature. There are two parts to the examination of the contextual features. The first part is the detailed analysis of each feature.



Figure 2.8 The change kaleidoscope

Time	How much time does the organization have to achieve this change? Is it in crisis or is it concerned with long-term strategic development? Are stakeholders, such as the stockmarket, expecting short-term results from the change?
Scope	Is the required outcome realignment or transformation? Does the change affect the whole organization, or is it only concerned with a particular division or department perhaps ?
Preservation	To what extent is it essential to maintain continuity in certain practices or preserve specific assets? Do these practices or preserve specific assets? Do these practices and / or assets constitute invaluable resources, or do they contribute towards a valued stability or identity within an organization?
Diversity	Is the staff group concerned diverse or relatively homogeneous in terms of its values, norms, attitudes ? Are there many subcultures or national cultures within the group? Are there different departments or divisions or is it one particular staff group? With whom or what in the organization do different staff groups identify – their team, job, department, division or the whole organization? Are there professionals who identify more with their profession or vocation than their employing organization?
Capability	How capable or competent is the organization at managing change and widespread throughout the organization is this capability? How much change has the organization and its individual staff experienced in the past? Is there an expertise at an individual level for handling change?
Capacity	How much cash or spare human resource is there to divert towards the change?
Readiness for	Are staff aware of the need for change? If they are, how willing and motivated are they towards the change? How much support generally is there for the change? How much understanding is there of the scope needed?
C	
Power	Where is power vested within the organization? For this change to be successful who are the major stakeholders within and outside the organization whose support must be canvassed? How much latitude of discretion does the unit needing to change possess? Is it part of a larger group or is it relatively autonomous?

Table 2.5 Short definitions of the change context features

The kaleidoscope does not give predictable configurations that lead to more formulaic change recipe. Instead the pieces of colored glass, the eight contextual features remain the same but are constantly reconfigured to produce different pictures for each organizational change situation they are used to assess. Therefore, the change designs will also vary. Certain features infer certain design choices, but the potential permutations are endless. This chapter can only give a few examples for each feature.

2.3.3 Time

Time is to do with how long an organization has to achieve change. Is the organization in crisis or is it concerned with long – term strategy development? Time can also be affected by stakeholder attitudes, such as, are stakeholders like the stock market expecting short-term result from change (see Figure 2.9).

2.3.3.1 Assessing Time

How much time an organization has to deliver change should have been determined by the strategic analysis. It may be that an organization is in a crisis situation, with rapidly declining market share and profitability, and therefore in need of a reactive rapid turnaround and recovery change process.

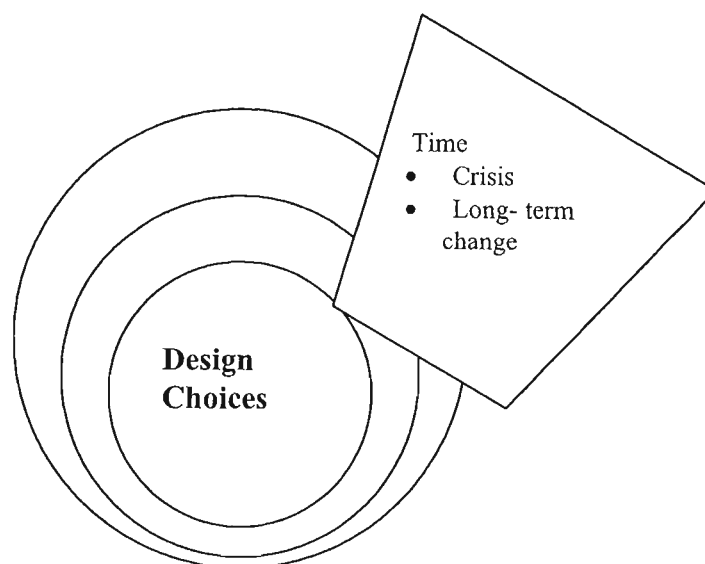


Figure 2.9 Contextual features for time

This may be due to a change in the competitive conditions the organization is facing such as the arrival of the new computers and /or the development by competitors of different products or services. Alternatively it could be that an organization has become complacent and failed to keep up with the trends in its market place, continuing instead to pursue strategies still rooted in the ways of behaving that used to lead to success, placing the organization in an uncompetitive position.

An organization may also need to implement proactive change rapidly, either to pre-empt fast competitor irritation, or to meet changing customer needs.

An organization that is implementing change in a pre-emptive manner, before the organization is showing many & visible signs of decline in competitiveness may have the luxury of time on its side. Organizations may undertake change on an ongoing incremental basis, in an attempt to avoid the need to have to undertake more fundamental change due to a lack of competitiveness in a short space of time. Such organizations usually possess a capability for continuous incremental change, that is built into their management systems. How these types of organizations operate is discussed in more depth below when considering organizational capability for change.

It would be easy to assume that a situation where change is not necessary in the immediate future is a more desirable context than one where crisis is looming on the other hand, when senior managers anticipate change far in advance of an crisis, they are then faced with the problem of communicating to their staff the need for change. Staff and other stakeholders may be perfectly happy with the current profit levels and results. Why engage in something as risky and painful as change when there is no obvious need? These sorts of issues have an impact on the design choices made and explain why some texts on change advocate the exploitation of, or the creation of, a crisis to trigger change.

2.3.3.2 Time and Design Choices

If there is limited time available to the change agent, particularly if the organization is in a crisis for whatever reason, then same design choices become automatic. Initial change initiatives are likely to involve same type of re-alignment, probably through big bang reconstruction as opposed to a more incremental approach since the immediate need is to stem the decline in the organization's competitive position.

This then places an organization in a position where it can embark on longer term and more fundamental transformation if this is needed. If there is money available possibly from a parent group or other stakeholders such as national governments who are prepared to invest in the turnaround process, it may be possible to opt for more of a revolutionary approach from the start.

Such big-bang approaches, whether reconstruction or revolution, are also likely to be more top-down and directive in approach, and supported by a leadership change role. This is partly because there is not the time for more participative approaches, but also because the crisis legitimized the action and there is likely to be a greater willingness among staff to follow top management edicts.

However, it may be that if an organization needs to change rapidly, but there is not a felt need for change within the organization that the change agent needs to force change in order to trigger the realization among staff of the inevitability of change.

The change target, particularly with reconstruction where the aim is not an immediate shift in values, will be behaviours or even outputs to effect rapid change. Change will therefore be delivered by means of harder interventions to do with structures and control systems, which may include new rewards to incentives different behaviours.

However, a big bang approach may also involve the use of symbolic levers such as the closure of certain parts of the business, or the closure of executive dining rooms and the removal of subsidized staff activities, to indicate that times are hard and things must be done differently if the organization is to survive.

If organizations have the luxury of time then this enlarges the design choices available to the change agent. For instance, they can choose to map a particular change path whereby the organization starts with one form of change, which over time develops into another type of change. Organizations can start with adaptation aimed at increasing the organizational and individual capability for change, and then move into more fundamental and transformational evolution. Similarly, when time is not an issue it is possible to consider change processes, which are educative, participative or collaborative in style. Highly participative or collaborative change processes take time to cascade through an organization. Furthermore, if there is no obvious need for change, such participative approaches may be needed to gain a recognition of the need for, and a buy-in to, change.

Decisions about the change start point can work either way. If awareness of the need for change is low, then getting the change process started may still require a top down approach. The choice is also affected by other contextual features. If there is a low capability for change among staff, then the approach may be parts of the organization that are more ready for change or have senior managers more willing to embrace change than some other managers, enabling change to be initiated by means pilot sites. Alternatively, the time for change and the capability for change among staff may allow for the creation of awareness of the need for change, and the development of what should be changed, through a more bottom-up approach.

Staff diversity also has an impact here. Even in circumstances where there is a low readiness for change. Staff groups that value their autonomy may need

to be involved through a more participative approach if they are to buy-in to change.

In terms of change targets, when there is more time available and transformation is required, then it may be possible to target values. This in turn impacts on the change levers. Longer term change interventions, particularly those where the intention is to aid value change, include communication, management development programmes and personal development initiatives such as coaching or mentoring.

Time also affects the choice of change roles. Change agents need to ask whether there is sufficient time to establish and develop a change action team. Also the potential champions of the change – be it the chief executive, the HR director, or another change agent – need to be screened for competence and capability.

If they require a great deal of coaching in change leadership, yet there is no time to develop this then support may be needed from external consultants or champions. If time is available then teams can be established to spread the vision and required changes throughout the organization.

2.3.4 Scope

Scope is the required outcome of the change, varying from realignment through to more radical change aimed at transformation of an organization. Scope is also affected by whether the whole organization need to change, or just one division or department of it (see Figure 2.10)

2.3.4.1 Assessing scope

The scope of the change determines just how much change is necessary. There are two aspects to scope – the depth of the change required in an organization and the physical spread of change across the organization.

The depth of change required is equivalent to the extent of change discussed in Point 2.2 when considering the types of change to be undertaken and the change path to be followed. As such, it is one of the key determinants of the type of change, although by no means the only one. It also impacts on design choices other than the type and path of change.

When considering the depth of change, it is therefore necessary to consider whether the desired change involves a transformation, a change which cannot be handled within the existing.

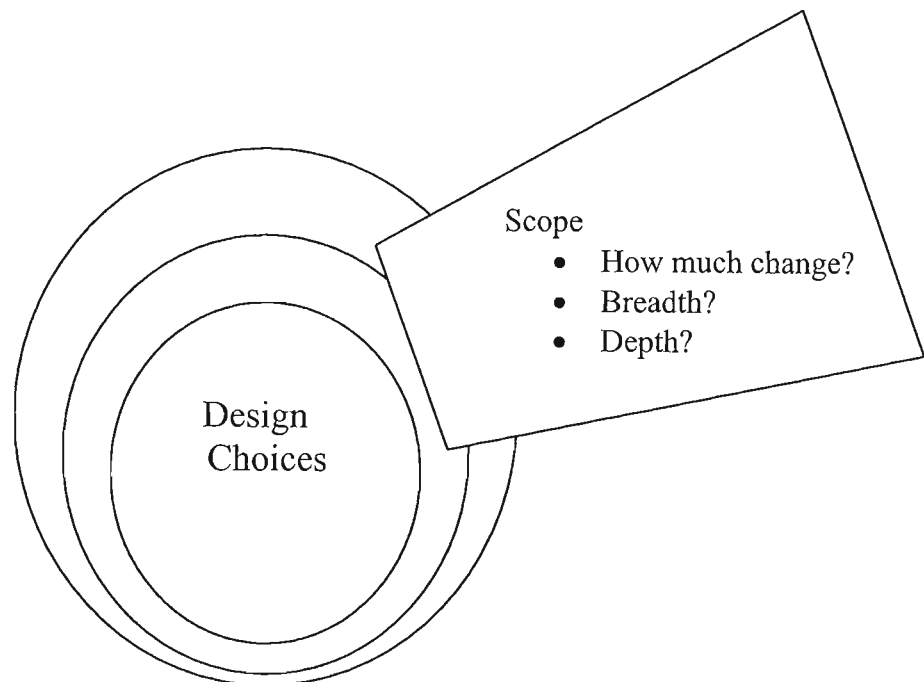


Figure 2.10 Contextual features for scope

Paradigm and organizational routines and entails a change in the taken-for-granted assumptions and “the way of doing things around here”; or a realignment, a change to the way of doing things that does not involve a fundamental reappraisal of the central assumptions and beliefs within the organization.

The questions about the physical spread of the change process concern formal structures rather than informal cultures. Is change limited to a small

department, or a particular national division, or a particular layer of management? Or, alternatively, is it a change process that should affect the whole organization? There is no formal tool that can assess the physical spread of change, but the strategic analysis already conducted should have determined the factor.

2.3.4.2 Scope and design choices

The depth or extent of change obviously impacts on the type of change required in terms of adaptation, reconstruction, evolution or revolution, and therefore the choice of change path is also affected by other contextual features such as time, capacity and capability. If the scope of change suggests a need for realignment rather than transformation the other main factor is likely to be time. A short timescale points to reconstruction with the associated design choices described above under time. A longer timescale suggests adaptation, which brings with it a wider range of design choices – see time above.

If the scope of change points to transformation then the choice of change path is more complex. The discussion above on the impact of time on design choices explains how when in a crisis, an organization has little time to effect change, and probably a low capacity in terms of cash to invest in the change process, and therefore may need initially to undertake reconstruction, even if the ultimate aim of the change process is transformation rather than re-alignment.

If an organization has more time to effect a transformation, or has carried out a reconstruction which has in turn gained the organization more time, then there is a wider range of design choices to pick from. However, when needing to carry out a transformation, with or without time on its side, an organization can still be constrained from revolution or evolution, by aspects such as a lack of readiness for change or a lack of capability for change.

This may point to the need for some sort of adaptation first of all, with the use of more participation change approaches to build a readiness for change, and /or more personal development interventions to build a capability for change. Alternatively, the power of the change agent to deliver transformation may be limited, in which case early interventions may be to do with the use of political levers aimed at building support and a stronger power base for the change agent.

Yet there are implications of the scope of change which have to be taken into account when making the design choices. Ultimately, if an organization is to deliver transformation it needs to drive in change to the central assumptions and beliefs in the paradigm, which means that at some stage it may need to target values, or at least behaviours with the intention of driving in value change. If the target is values, then change is likely to take some time.

The issue is physical spread throughout an organization also brings other dimensions into consideration. If, for instance, the change is limited to one functional division which is limited to one functional division which is located within one nation – state and employing similar types of staff, then the change process is less complex than trying to lead a change over a multidivisional global corporation.

2.3.5 Preservation

Preservation is the extent to which it is essential to maintain continuity in certain practices or preserve specific assets, either because they constitute invaluable resources, or they contribute towards a valued stability or identity within an organization. Assets include tangibles such as money, buildings and technology but also intangible such as know-how, and staff loyalty or pride in the employer or product (See figure 2.11)

2.3.5.1 Assessing preservation

A key criteria for the change agent to consider is the extent to which there is a need to preserve the status quo within an organization. There are two

aspects to preservation. The first is being clear about what the organization's assets are, both tangible and intangible. The second is deciding upon what should or should not be preserved in a change process.

Organizational assets include both tangibles and intangibles. In the same way that a small business valuation will include both a costing for property or technology plus intangibles such as "goodwill", so too larger organizations need to consider sources of both tangible and intangible competitive advantage.

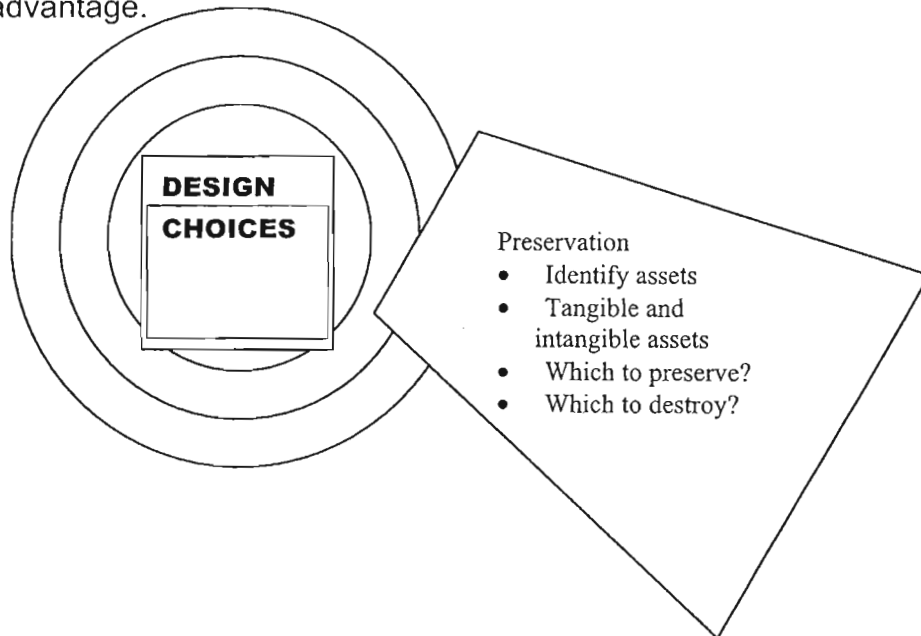


Figure 2.11 Contextual features for preservation

Larger organizations need to consider sources of both tangible and intangible competitive advantage. What these assets might be. Resources are identified within four categories – physical, human, financial and intangibles...These categories of resources also need to be analyzed to assess whether they are still relevant for the organization, and if they are, whether they are easy to imitate by competitors, or whether they are unique and difficult for competitors to imitate.

It is important that all resources that contribute to an organization's competitive advantage are retained during the change process, but it particularly important that the change process does not lead to the loss of the resources that are unique and difficult to imitate. These resources are often

the more intangible assets such as the know-how, or 'tacit knowledge; of particular staff. Tacit knowledge can be described as an informal and almost instinctive understanding of, for example, organizations, customers or products, probably acquired through experience. The important aspect of tacit knowledge is that it is not formally held within the organization in the form of written policies or procedures; instead it is retained in people's heads.

Since it is not written down or systematized in any way, it is hard to imitate and pass on to others. Yet this informal knowledge, precisely because it is not formally produced, is often a source of competitive advantage because it is not easily replicated by other companies. Some of the downsizing that went on in the early 1990s resulted in the precipitous removal of more experienced managers from corporations. They were often perceived as an easy target for redundancy because of their age and pension holdings.

However, their nasty removal from the organization often resulted in a loss of tacit knowledge. If a change agent does not understand what aspects of the existing organization needs to be preserved, or how such assets can be replaced if lost, the change process may have unanticipated and damaging outcomes.

The extent of preservation is in part dependent on the scope of change. Arguably the more that has to be retained, the less the scope of change. Yet it is necessary to address preservation as a separate question. If an organization needs to undergo transformation, it is possible to overlook the existing sources of competitive advantage that reside within the organization. This is particularly the case if the 'assets' are to do with people who can find good employment elsewhere.

It must be recognized that there may be intangible, cultural aspects of the organization that need to be retained, such as staff loyalty, a team spirit, or extensive staff collaboration which in turn leads to sources of advantage such as creativity or better customer service.

If an organization's competitive position is based on its staff's creativity or customer service, then any change process that unwittingly destroys these features of the culture will damage the organization. Aspects of such as staff loyalty or team spirit can also be used to help facilitate the painful process of change.

2.3.5.2 Preservation and Design Choices

If preservation of hard to replace assets is important, particularly intangible assets embedded in the existing culture, then a number of design choices become clear. For instance, revolution in which many aspects of the organization are changed simultaneously would be a risky change path. Similarly, a target of outputs could be dangerous as this could lead to many unintended behavioural side effects.

If preservation is more to do with the retention of particular staff groups, particularly if these staff are seen as highly desirable assets in the external labor market, this has implication for the style of change.

To avoid abbreviating than a collaborative or educative style of change may be a safer route than a directive approach. If the staff group concerned is a group that values their autonomy and independence, such as university lecturers, then direction and prescription of behaviours or values is likely to be inappropriate, and it might be that a change target of outputs would then be appropriate.

On the other hand, organizations seek true transformational change will have to give up, or even destroy, features of organizational life that in the past might have been assets but now represent banners to change. The emotional attachment to such features may make this hard to do. Managerial and staff mindsets about what is the right way of doing things, may need to be abandoned.

This is about “unlearning”. Unlearning implies that people have to throw out unhelpful behaviours or ways of thinking to make room for new ways of thinking. If these old ways of thinking have become taken-for-granted assumptions for individuals, then challenging them and giving them up can be a painful process for staff. This may mean that change needs to follow a more top-down, directive change approach. A forceful and directive approach may mean that staff who cannot adjust to the changes asloed of them given the rapid change timescale leave on the other hand, if staff are unable to adapt to the new ways of working required of them, they can become a liability to the organization rather than an asset.

2.3.6 Diversity

Diversity is to do with the degree of diversity that exists among the staff group(s) affected by change. Change may affect groups or divisions with different subcultures, or different national cultures. Staff may also differ in the way they identify with the organization – through their team, job, department, division or the whole organization. (See figure 2.12)

2.3.6.1 Assessing Diversity

Many change texts assume that organizations are homogenous. This is usually far from the truth. There are three aspects to diversity that can impact on the appropriateness of any change approach:

- The extent to which there is information or diversity within an organization. Diversity can occur within an organization because of the existence of different national cultures, different subcultures, or

different professional or occupational groups between divisions and departments.

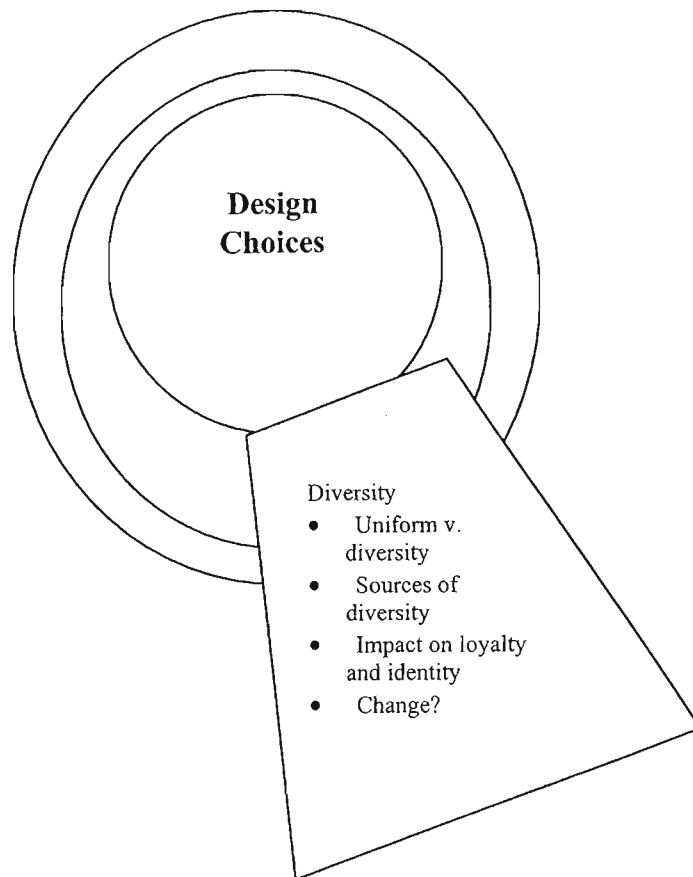


Figure 2.12 Contextual features for diversity

- The impact of these sources of diversity on staff loyalty and commitment to the overall organization.
- The extent to which the change agent wishes to reduce or increase levels of diversity as part of the intended outcomes of the change process.

If a corporation is spread over several different countries then issues of diverse national cultures must be taken into account. A change initiative designed in California may be quite unacceptable to a South-East Asian national culture. The issue of cross-cultural management becomes less of an issue in truly global corporations where the culture of the staff is so

international that common approaches are possible despite different geographic locations.

However, truly global or transnational corporations remain rare. The more diverse the operations and national units the more difficult it is to introduce common change processes at anything more than a visionary level. The implementation of that changed vision may have to be left to the discretion of the geographic unit concerned.

Another source of diversity is that of professional groups. At Glaxo-Wellcome within the UK division there are differences between the culture of sales units and the culture of the Research and Development scientists. This means that any change process at a national level would have to be able to appeal to both of these different groups. There can also be departmental or divisional subcultures within an organization. The more subcultures that exist, the more complex the design process will be.

These different sources of diversity in turn affect employee loyalties and commitment. If the source of diversity is national culture, to what extent would a local employee in a developing country agree to a corporate change if she or he felt that it threatened the national security or safety of her/his country? At a more basic level, staff may identify more with their immediate work or peer group than they do with the whole employing organization. Similarly, head office staff may identify more with an organization than geographically dispersed field staff.

In some organizations it may be clear that employees do identify and should identify with their employing organization. For instance, it would be strange for a priest not to identify strongly with the Roman Catholic Church. Yet employees can derive a sense of identity from many different sources. Senior managers can enormously assume that their strong allegiance to the employing organization are shared by the rest of the staff. Change agents should not assume that the staff feels that the 'organization' is worth the pain of individual change.

Having identified the levels of density or uniformity within an organization, the change agent may consider addressing these as part of the change process. An organization may be too diverse with insufficient unifying elements for commercial effectiveness or the maintenance of management control. This can happen as a result of rapid growth or increasing internationalization where units start to grasp too much autonomy from the center.

Conversely, the organization may become too uniform, with conflict or dissent eradicated from everyday working behaviours. Alternative ideas are not considered and different personality types are either not allowed to enter the organization or are ejected once inside.

The result can be a company of clones who all think and behave alike and have fixed views on how business should be conducted. Whilst their views fit the market place the business may succeed ; but if the market changes they may struggle to change in order to meet new forms of customer or in competitor demand. Here the change issue becomes one of promoting diversity within the organization. However, this is more to do with the scope of change.

2.3.6.2 Diversity and design choices

If there are high levels of diversity based around different national cultures, then a target of value led change, if time allows, can cross these boundaries. Likewise, common output targets can be prescribed across the globe. Hewlett – Packard is a multinational corporation which has existed with the same statement of organizational values for over sixty years – the HP way. Furthermore, that values statement is used throughout its operations across the globe. The values statement has a universal message about respect for other people that is meaningful for people wherever they live and whatever their religion.

They also have a business planning system and performance management system which are common to all national and business divisions within the corporation. Thus staff objectives are derived from a common set of measurements and changes in these outputs can be targeted as change mechanisms. What Hewlett – Packard does not do is to prescribe common behaviours across its multinational corporations. A programme that emphasizes highly prescribed behaviours cannot be introduced across diverse national groups within the same organization because it would clash with behavioural norms within national societies.

High levels of diversity also has implications for change roles. In a large corporation, either national or international, local staff may identify more with the head of their business division rather than the overall chief executive of the whole corporation. There, in identifying change leaders it may be wise to devolve responsibility down to business unit heads.

The change start point may also be affected by high levels of diversity. It may be concise to unfurl a change process across a whole corporation if diversity exists across divisions or departments.

Diversity can also affect the change path. The presence of diverse professional or vocational identities needs to be taken into account by any change process, particularly if the groups concerned are powerful. A role could be created for a professional representative within the change design team, in the same way that main involvement would be sought, to increase the acceptability of any proposed changes to that representatives peers.

If this is not possible, then a change style that incorporates education and collaboration may be necessary in recognition of the freedom and autonomy professionally normally have within their work. Behavioural prescription is also less likely to be received well by professionals because of the need they often have for high levels of autonomy. For example, teachers are likely to react negatively to the imposition of directives that limit their discretion in the classroom.

If the change is directed at a homogeneous group of employees, it may be possible to dictate behavioural changes as targets for change, or use organizational values as the change target. For example, the counter staff, at McDonalds fast food outlets respond to the exact definition of their behaviours. Indeed this is part of the product that McDonalds is selling.

Similarly, if an organization has a relatively homogenous group of employees who identify strongly with the organization as a whole, top-down change programmes are more likely to succeed. Likewise, a strong organizational identity may mean that the Chief Executive is seen as a leader to all staff, and therefore is the natural choice for the role of leading change.

2.3.7 Capability

Capability assesses how good the organization is at managing change. Aspects that require consideration include the location of change expertise within the organization, how much change the organization and its staff have experienced in the past, and the degree of expertise for handling change at an individual, managerial or departmental level (see figure 2.13)

2.3.7.1 Assessing capability

It is important to question whether an organization possesses the necessary skills and abilities to manage change before embarking on change design and implementation. A change agent should not design an implementation process that the organization is not capable of delivering. The research on change is littered with examples of organizations which either implemented inappropriate change designs, or attempted change designs that were too sophisticated for their levels of change competence. This is also why many of

the change initiatives that are heralded as transformation actually result in construction.

Capabilities need to exist at three levels – the individual level, the managerial level and the organization to manage change within themselves. Anyone who has lived through a personal crisis such as a bereavement or divorce will understand that personal change can be an overwhelming experience.

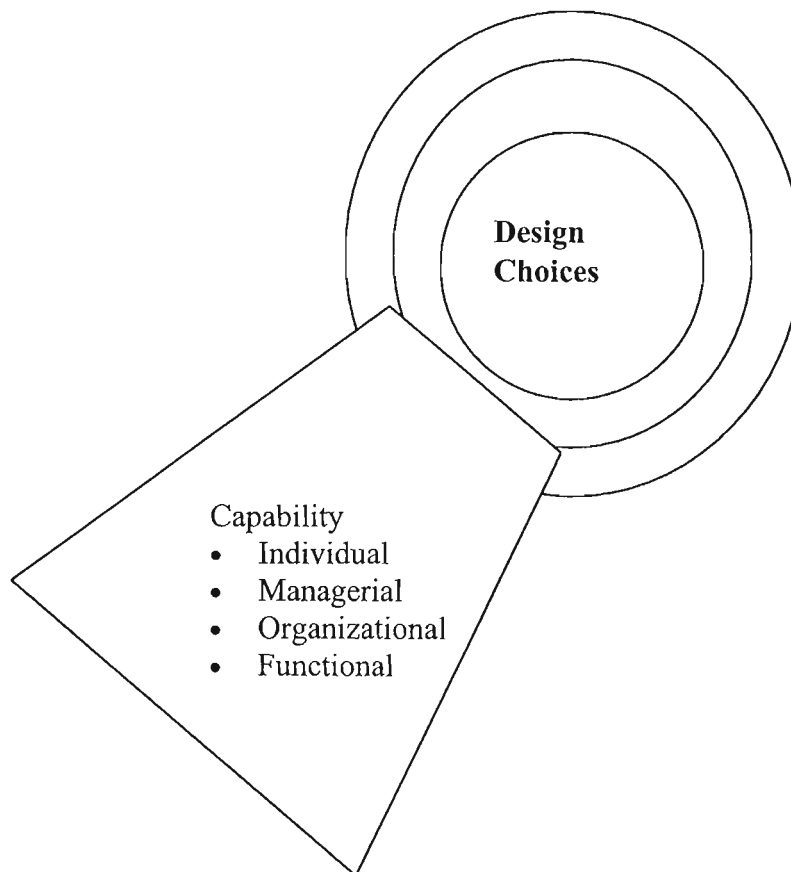


Figure 2.13 Contextual features for capability

However, the more reflective the individual, the more they expect to learn from the experience, and hopefully then be able to manage the process more effectively if it reoccurs.

Learning about individual change is part of a process called personal development. This involves individual staff members developing a

competence for handling change at a very personal and sometimes emotional level.

The organizations that sponsor employees on these courses are not simply concerned with the gains made at an individual level by the staff who attend these courses. The sponsors are also aware that it is the organization which gains if its staff are capable of managing the personal impact of organizational change for themselves. It can save the organization considerable amounts of time and money if this capability is embedded within the people. Staff may show less resistance to change, or may need less persuasion from their peers or managers to change. Resistance at an individual level is often not directed at the change but towards the change process itself.

A second level of capability is at the managerial level of change. How able are line and general managers to counsel and help their staff through the process of change? For instance, does the organization's management possess the appropriate communication skills to convey a clarity about the change and commitment to their staff? Do they possess the change counseling skills needed to help their staff through change? Are any managers experienced in dealing with a number of different change initiatives at one time? Does the organization know which managers within their staff have a high degree of competence at managing change ?

Research that examined organizational transformation in eight different organizations over a nine-year period concluded that line manager capability was a key of differentiator in accounting for the differences between success and failure in the different change histories of the companies. In companies that successfully transformed or changed the researchers found:

- Line managers followed through consistently on change initiatives whereas, in companies that struggled with change, the line manager response was inconsistent.

- There was a focus on a few clustered and coherent interventions. Thus, the line managers were not faced with a bewildering array of change initiatives.
- Managers were assessed and held accountable for managing change and were also rewarded for their efforts in this area.

A third level of capability for managing change is vested at the organizational level. Change units can be established anywhere within an organization. Some change experts may be located within strategic planning units, Chief Executive Offices, Human Resource functions, or specialist change units called Organizational Development departments as well as displaying expertise within the broad subject of change, they may be specialists in their own right in the areas such as management development, top team development, management of high potential staff, or internal communications. All of these functions and skills can contribute to an organization's overall capability in handling change.

Finally, there is also a difference between an organization's ability to manage change incrementally and an ability to manage big-bang change (see Table 2.2). By their very nature big-bang change programmes attract greater attention. Research has shown that companies who possessed a competence at this level also display certain skills:

- They know which levers to pull in order to achieve rapid change. Senior managers know which change initiatives could instantly tap into sources of motivation. Traders in the City of London are motivated by rewards and bonus systems. These are potentially key levers in achieving change within investment banks. In other organizations different levers are key.
- They possess an ability to design big-bang programmes. They know how to run pilot events, how to roll out cascades of workshops and run multimedia communication events. They often maintained specialist change units within the organization.

Other organizations have a capability to manage incremental change. Enduring multinational and global companies such as Hewlett – Packard or Citibank have developed a special ability to ride the waves of change over decades rather than years. Such organizations achieve this through a number of means:

- They constantly scan the external and internal environment.
- They use this information continuously to fine-tune their internal control mechanisms such as business planning systems or performance management systems. These systems act as railtracks between the strategic apex of the company and the non-managerial operating core.

The systems are used continually to send new objectives down through the company and to send information on business performance back up to the top. In the same way that a baby develops motor skills gradually using messages from the brain sent down through its nervous system to its limbs, so these management systems act as an organization's nerves.

- They promote the use of loose organizational structures that can be continually reshaped in response to changes in the marketplace or labour markets.
- They often possess a relatively stable yet implicit set of cultural values that endure over time. No matter what changes occur these values give the companies a cultural stability such that the informal identity of the organization is never overstretched in the minds of the employees.

This suggests that a capability in incremental change is based upon four skills: constantly scanning the external environment, using management systems as information and communication systems, promoting flexible

organizational structures and maintaining elements of cultural identity for the purpose of consistency.

The People Process Model can be used to assess levels of change capability within an organization. Specifically it checks out transformational competence in three areas – organizational transformation, transformation of future leaders, and the ability to transform the workforce. This model assesses the strength of linkage between individual behaviour and corporate strategy through the sophisticated use of people management processes and systems. For more detail of this framework and how to use it see Illustration 1.

ILLUSTRATION ONE

The People Process Model

Introduction

The People Process Model(1) has been developed by Lynda Gratton and assesses the strength of strategic linkage between human resource management processes and business strategy. Therefore, since the model can assess the links between strategy and employee behaviour it is also useful for measuring change capability. If an organization has a visible ability in narrowing the gap between what an intended business strategy wants to achieve and how employees direct their everyday behaviour then strategic implementation becomes a rhetoric not a reality. Correspondingly, if that strategic linkage is strong , then an organization's capability in implementing strategic change processes will be greater than in companies where there is no apparent link between employee behaviour and business strategy.

The People Process Model

The model works by grouping human resource management processes into three clusters: achieving short-term business objectives ; assessing the long-term; and embedding transformational processes (see Figure 11). The model argues that by being constantly attentive to both short-term and long-term people management requirements, an organization can:

- Assess what its human resource needs are for the future;
- Assess these needs against its current short-term abilities;
- Implement a series of transformational interventions to narrow the gap between future requirements and present capabilities.

The transformation cluster examines the activities of leadership development, transformation of the workforce and organizational transformation . These measures alone assess change capability within an organization. However, a further indication of change capability is gained by assessing the extent to which these three change activities are also linked to the activities in the short-term and long-term clusters. If they are linked then the organization is capable of constantly realigning employee behaviour on an incremental basis.

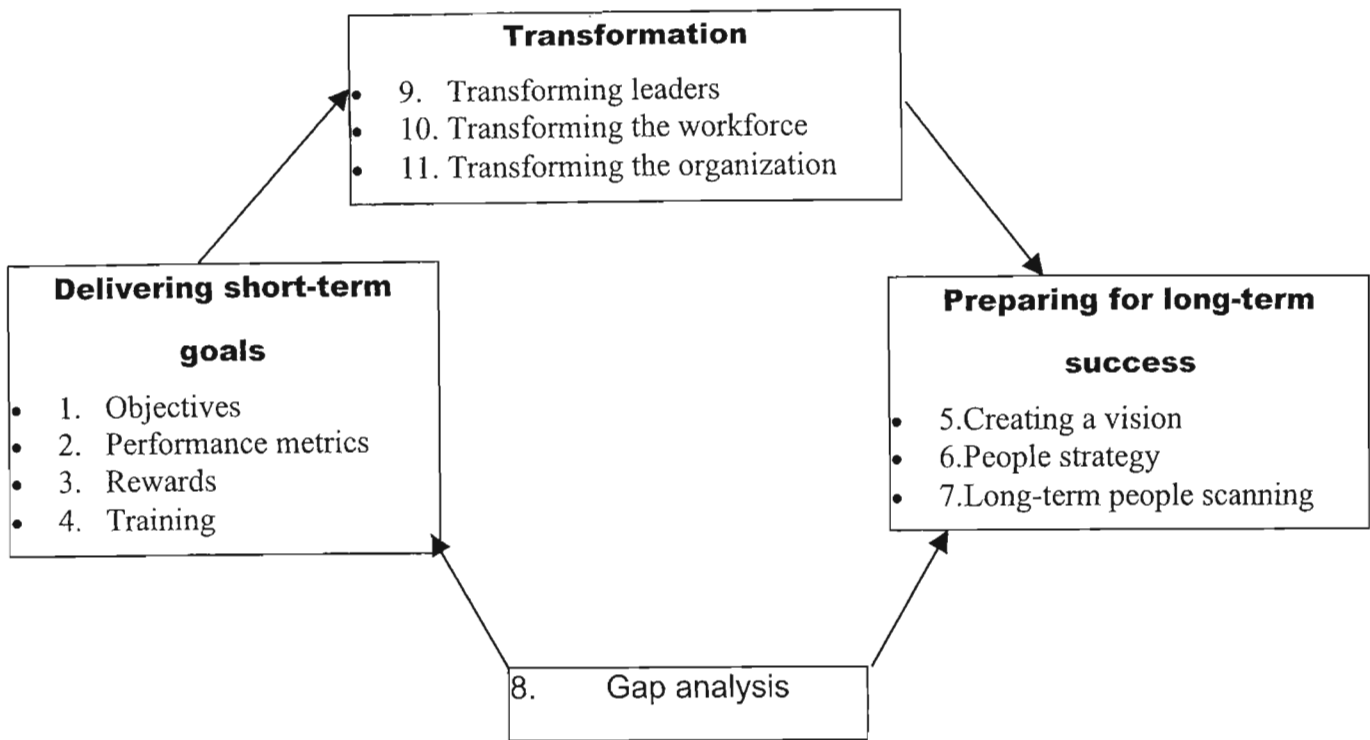


Figure I1: The People Process Model

The cluster of human resource processes, concerned with achieving short-term business objectives, are standard activities within a performance management system. They include objectives, performance criteria or the measures against which performance is assessed, identification and delivery of training and development and determination of rewards. The key question that the model poses is the extent to which these activities are strongly aligned with business objectives.

Can an individual link her/ his individual performance objectives with the objectives of the organization's overall business strategy? Do reward, training and development appear to reinforce behaviour that is consistent with business objectives? Are the measures used within the performance appraisal scheme reflective of business objectives?

The long-term processes are concerned with the creation of a long-term human resources strategy and the amount of external labor market scanning that is carried out. This cluster of activities is similar to the activity of scenario planning within general business strategy. This model asks how much equivalent scenario planning is carried out for people management issues.

The model also allows for organizations to be rated in each of these activities along a scale of 1 to 5, where 1 = low linkage and 5 = high linkage.

Summary

The People Process Model is used to help assess the contextual feature of change capability within the change kaleidoscope. The purpose of this illustration has been to explain how to complete the model.

Capability is difficult feature to assess in the short term. At an individual level there exists a plethora of psychometric tests that can indicate change capabilities, particularly among managerial staff. At the level of the organization it may simply require a resource audit of which staff have had experience of managing large-scale change programmes either in their current company or with previous employers. Surprisingly enough, depending on the size of the organization, a simple questionnaire or focus group sessions with staff may uncover valuable experience in this area.

2.3.7.2 Capability and design choices

Capability influences the choice of change path. Transformational change, whether evolution or revolution, is harder to achieve than realignment. This may mean that whilst transformation is the preferred change path for an organization, it is not an option because the organization lacks the capabilities listed in the previous section. The organization needs to start with the

adaptation or reconstruction first. For instance, earlier change may entail developing managerial capability.

Managers may need to be taken through development initiatives to enhance their understanding of change and their ability to manage it. If the ultimate aim is evolution, business-planning systems, including performance management systems, may also need to be established to aid an incrementalist approach.

When considering change targets, value led change is probably the hardest form of change to achieve as it requires skill to purposefully and successfully penetrate the values and attitudes of staff and to change them. At the very least the organization would need to be able to demonstrate and Organizational Development capability, with perhaps a team of development specialists who either have a knowledge of personal change, or have access to consultants who have this knowledge. Some organizations have change consultancy teams with such capabilities who act as internal contractors within the organizations. A change style of collaboration, for example, may also require particular skills such as facilitation. Capability, therefore, also affects the choice of change roles. Consultants may need to be involved in a change process to compensate for a lack of change capability within an organization.

The choice of change levers is also affected by capability. Similarly, using Human Resource Management systems, such as recruitment and selection or reward systems or change levers requires staff in the Human Resources function to possess both an operational excellence in these areas and a strategic understanding of the power of these systems as change mechanisms.

2.3.8 Capacity

Capacity considers how much resource the organization can invest in the proposed change both in terms of cash and staff, and how much time managers have to devote change (see Figure 2.14).

2.3.8.1 Assessing capacity

Many of the change programmes written up as showcase pieces feature large corporations undertaking change. The danger is that small to medium-sized enterprises try to mimic these larger programmes but without the same capacity available for investment in initiatives. The result can be over ambitious changes announced at senior management level which fizzle out at lower levels because there is no means to manage a big-bang change. It is therefore necessary to consider what key resources are limited in any specific change scenario. These can, in part, be assessed through the use of a resource audit, already discussed in section 2.3.6.1 above.

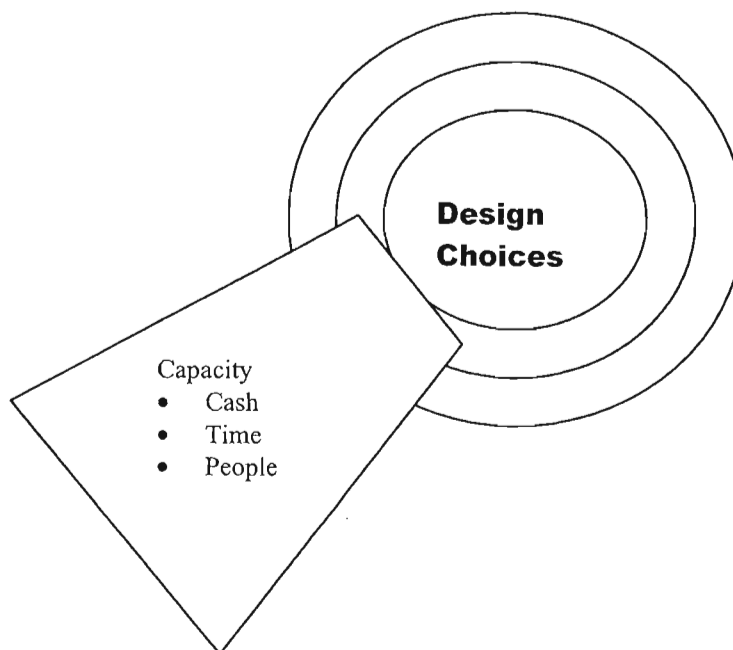


Figure 2.14 Contextual features for capacity

Capacity can be divided into three main areas – cash, time and people:

- Cash: any change interventions that involve management development programmes, particularly off-site, are likely to be expensive and require

considerable investment. Physical change assets, such as the relocation of offices or redesigning existing office layouts, can also require cash investment.

- Time: Difficult questions need to be addressed about how much time is available for senior managers to devote to leading the change. Middle managers often feel squeezed by the pressures of change. They are expected to implement several different change initiatives whilst at the same time continuing to deliver on all their normal performance targets. If a change agent wants line or general managers to give attention to change initiatives then he or she needs to consider creating time for them. Some organizations remove managers' responsibility for certain routine tasks for a limited period of time in order to create time for the implementation of change.
- People : The issue of capability has already been considered, but quantity is also relevant. Are there sufficient people or managers who are competent in the management of change and committed to the change itself? Are these people sufficient to create the momentum needed for the change to be carried out?

2.3.8.2 Capacity and design choices

Cash capacity affects the choice of change path. Big-bang programmes may be costly. Incremental change is less expensive, but only if the required infrastructure of management systems and line manager capability is already in place. If not, then substantial investment will be needed to build up that systems and managerial capability.

Likewise, value led change, if it is to be successful, involves a heavy investment in the communication, education, training and personal development change levers that will need to be used to achieve the target of value driven change. Investment is needed in the form of both managerial

time and money. A change target of outputs or behaviours is much cheaper in terms of time and money, but may not deliver the change that is needed.

Higher levels of capacity, in terms of time, cash and people, are needed for collaborative, educative or participate styles of change. Less time and money is needed in the short term for directive styles of change – although there is always the risk that managing the resistance caused by a directive style of change if used inappropriately may be more costly in the longer term.

Choosing the right people for the key roles in change management also raises questions of capacity. The chief executive may be the company's most charismatic leader but if she or he simply does not have time to devote to the leadership of the change process then alternative candidates need to be considered. If the company has little time but does have cash then there is the option of bringing in an external change consultancy to help manage the change, or assembling an internal change action team to lead it through the organization.

2.3.9 Readiness

Readiness for change is to do with how aware staff are of the need for change and how willing and motivated they are towards the change. Readiness is also to do with how much support there is generally for the change, and how much understanding there is of the scope of change needed (see Figure 2.15)

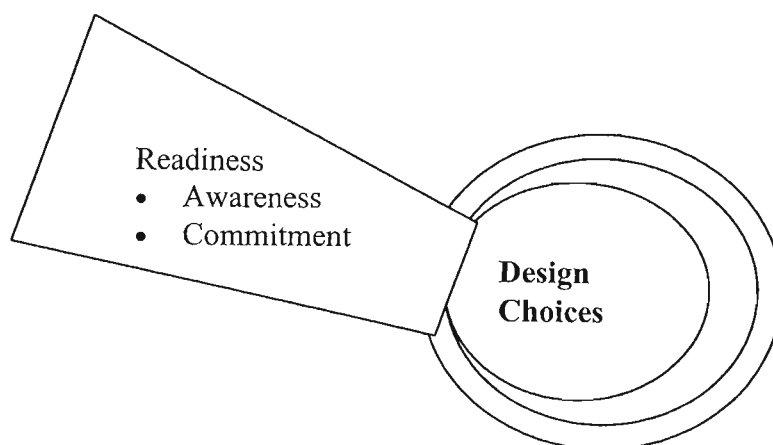


Figure 2.15 Contextual features for readiness

2.3.9.1 Assessing readiness

This feature helps change agents to assess how prepared staff are for change. There are two aspects to readiness – the degree to which staff are aware that change is necessary, and the degree of motivation staff feel towards change.

Staff can be aware at a rational level of the need for change but be unprepared at an emotional level to embrace change at a personal level. Alternatively, even an awareness of the need to change may be missing.

A senior team of an organization may be expert at anticipating future market trends over the next five to ten years. The team may recognize that the organization needs to start to change now in order to be able to respond competitively to the changing environment. However, if the organization is in good health, with excellent profits and high staff satisfaction, the problem the senior managers face is how to demonstrate the need for change to lower levels of staff.

It can also be that people within an organization understand the necessity for change but are committed or motivated to change on their own. There can be a number of reasons for this. First, staff can perceive that the organization's need for change and their need to change are two entirely different issues. It is possible to interview staff about the changes in their external business context and the changes that their organization is undergoing internally in response to these changes. The language that staff will use to explain these changes may be the rhetoric that their senior managers have used to explain the changes. However, the same staff often displays little understanding of how they might have to change themselves at a very personal level if the organizational changes are to occur.

Second, it can be that the staff do understand the meaning of the change but that there is little they can gain from the change. The personal cost of change, in emotional pain and time invested, may be so high that the gains from the change process promises certain individual members of staff are insufficient for them to embark on change themselves. This is sometimes the reason for staff taking early retirement from career posts. In education in the United Kingdom, the changes brought about by the governments in the 1980s and 1990s had a radical impact on school teacher's everyday working lives. They were required to engage with much more assessment of their own work, and national assessment of pupils' work. This required more paperwork at a task level, and an openness towards appraisal of themselves at personal level. For some the changes were too much in content, with little apparent gain for teachers at an individual level. They therefore opted to leave the teaching profession.

Third, some organizations have developed their bureaucratic cultures to such an extent that staff are divorced from the roles they have to play. In these cases it is quite possible for staff to anticipate that their job will change, and that the organization will change, for these are the structures of working life. However, they would see the idea of personal change as unnecessary as all that is required of them at work is to fulfill a particular role.

An example of this from a retail bank concerns the emergence of a 'new careers' model in the 1990s. Many mature corporations at that time faced the problem of corporate renewal. They needed to change from being top heavy, slow and bureaucratic into customer-focused, entrepreneurial organizations. One of the change mechanism used was the removal of job security and the creation of a new psychological contract with employees.

The rhetoric that accompanied this new contract told employees that they could no longer expect a job for life with the corporation, nor a career based on numerous small promotions as they worked their way up the rungs of the corporate ladder. Instead they should expect to work for a number of different employers during their working lives and should ensure for themselves that they were equipped for this new life of job mobility.

Interviewed about these changes, staff in a retail bank could explain at a rational level that change had occurred, what that meant for them in terms of future careers and security and what they were going to do about it. However, the same staff simultaneously completed an in-depth questionnaire which measured their attitudes and orientation to many aspects of working life. One question asked them about future employment prospects : 90 per cent of the staff at the bank responded that they expected to stay working at the same bank for the rest of their working lives. Therefore, however much they could rationally talk about the idea of 'new careers' they had not accepted its implications for themselves at a very personal level.

Assessment of an organization's readiness for change can be made formally through mechanisms such as staff attitude surveys, or more informally through mechanism such as focus groups. Some organizations who have the appropriate skills to do so run the attitude surveys or focus groups themselves. Others employ consultants to help. Consultants may also be employed to encourage greater staff honesty and openness since the use of consultants can give staff the sense of greater anonymity.

2.3.9.2 Readiness and design choices

A low readiness for change has implications for the change path selected. If an organization has a complacent workforce, the change may need to take a change path that is big-bang in nature but only achieves (deliberately) realignment rather than transformation for the organization. This high impact

change design may be necessary in order to shake staff out of their complacency in readiness for a subsequent more fundamental change initiative.

If personal change is not perceived as necessary by staff when it is, this also impacts the change style. The change agent may need to lead a participative or collaborative campaign which engages the personalities of the staff involved. Merely directing staff to change may be insufficient. Change levers to be considered when there is low readiness for change, or a low recognition of the need for personal change, include personal development courses for senior managers and other levels of staff which encourage them to recognize the need for change.

Where staff understand the meaning of the change but perceive little gain from it, the change agent may need to accept that some staff will not change and therefore contemplate voluntary or compulsory exits from the organization.

Likewise if there is low readiness for change it may be impossible to take a bottom-up approach to change since this requires extensive staff involvement. Instead, top-down change may be necessary to kick start the process. Alternatively, change agents could consider using pockets of good practice or pilot sites to start change initiatives in parts of the organization where there is readiness for change. These pilot sites could symbolically act as role models for the rest of the organization .

A low readiness for change is likely to necessitate a change role of leadership. Anyone who is to lead the change must demonstrate two things to the rest of the organization: an absolute belief or passion in the need for change and a commitment to change themselves. The change leader must also demonstrate a visible manifestation of that change to all staff in the organization in terms of behaviour as well as words. Therefore, senior managers who are potential change champions need to be assessed against these criteria. Otherwise, they may espouse the need to change to the rest of

the organization whilst contradicting what they espouse with no change in their own working practices.

When the organization displays a high readiness for change then change champions may find themselves pushing on an open door. The menu design choices are increased.

2.3.10 Power

Power examines where power is vested within an organization. It is to do with the identification of the major stakeholders (within and outside the organization) and individuals or departments which hold power in the organization. Other issues include whose support must be canvassed and how much self-discretion is possessed by the change unit (see Figure 2.16).

2.3.10.1 Assessing Power

Power can be understood on many levels. Here it is considered from two perspectives – the personal power exercised within the organizations by individuals or groups of people and the power of the organization to determine its own future.

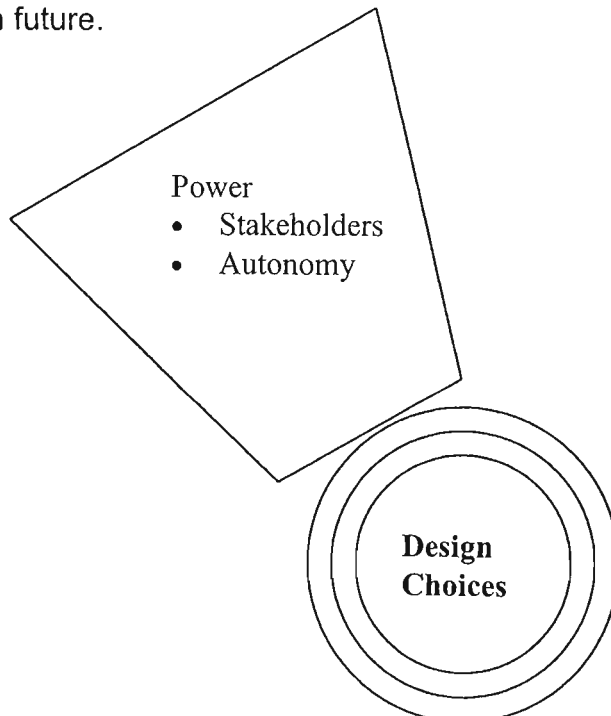


Figure 2.16 Contextual features for power

Understanding the personal power and politics within an organization, and identifying major power brokers, is critical before any design choices can be made. The best choice in design terms may not be achievable because of powerful coalitions who may block the change because of their own agendas.

In organizational terms, many change texts assume that an organization's management team have a full latitude of discretion in terms of the choices they can make about change. In reality, many organizations are constrained in what they can undertake by their relationship with other institutions.

A useful way of assessing who has power and their position on the proposed change is to use stakeholder analysis. A stakeholder analysis enables a change agent to consider what they can do to gain support for their proposed changes from those who have power and are either against the proposed changes or are ambivalent to them. It also enables a change agent to consider how weaker stakeholders who are for the proposed changes can be used to help endorse change. See illustration 2 for more information.

ILLUSTRATION TWO – Stakeholder Analysis

Introduction

Stakeholder analysis is covered in detail in Chapter 5 of Exploring Corporate Strategy. The purpose of stakeholder analysis is to identify those key individuals or groups of individuals who have an interest in an organization's performance and may be able to influence it in some way. As such, stakeholders include not only employees, managers, shareholders and unions, but also bankers, customers, suppliers and , potentially, the wider community. When undertaking change, it is important to understand how much power these different stakeholders have to either facilitate or hinder change and whether or not they view the proposed changes favourably.

Those that have the power and support change need to be encouraged to support and back the changes. Those who have power but do not view change favourably either need to be convinced of the wisdom of the changes or worked round in some way. In particular, any change agent needs to understand the relative position of the most powerful people in the organization to proposed changes, and how much power they have in comparison with the change agent, as the degree of support and opposition will affect the approach the change agent needs to take. This is discussed in some detail in Chapter 3. The purpose of this appendix is to explain how to conduct a stakeholder analysis.

This technique presented in this illustration is the one proposed by Grundy(1), which is an adaptation from Piercy (2). It builds on the approach presented in Exploring Corporate Strategy which proposes the use of the power / interest matrix, in which the stakeholders are plotted on a grid in terms of their level of power to influence and their level of interest in the particular event or change under consideration. Here instead the matrix used is an influence/attitude matrix (see Figure I1).

Stakeholders are plotted on the grid in terms of their attitude to the proposed changes, and the degree of influence they have on the organization. The degree of influence involves both a stakeholder's level of power and its degree of interest in the organization and what it does. For example, a stakeholder may be potentially powerful, but if she or he is also disinterested in the particular changes, then she or he will exercise a low influence. Just as with the power/interest matrix, once stakeholders are positioned on the matrix it is then possible to consider how to reposition them to gain the support needed for the proposed changes.

Constructing a stakeholder analysis

Stakeholder analysis is best carried out by the following a process. The steps in stakeholder analysis include the following (1):

1. Identify the key stakeholders given the current stage of implementation. Internal stakeholders are often the most influential and important during change and should therefore be considered first. However, this is not always the case as some strategic changes can impact greatly on customers and therefore make shareholders nervous. The stakeholder identification also needs to be as broad as possible, encompassing not only those who have decision-making power, but also those who will be affected in some way by the changes.
2. Decide if the stakeholders have high, medium or low influence on the issue in question.
3. Decide if, at the time the assessment is being made, the stakeholders are for the proposed changes, against them, or neutral.
4. Position the stakeholders on the grid to assess the extent to which the change agent can exercise her or his power to direct change.
5. If the change agent cannot direct change, or directing change would be inappropriate for some reason, maybe because it would risk alienating key stakeholders, or possibly losing key members of staff, then it is necessary to consider a different change style and approach.

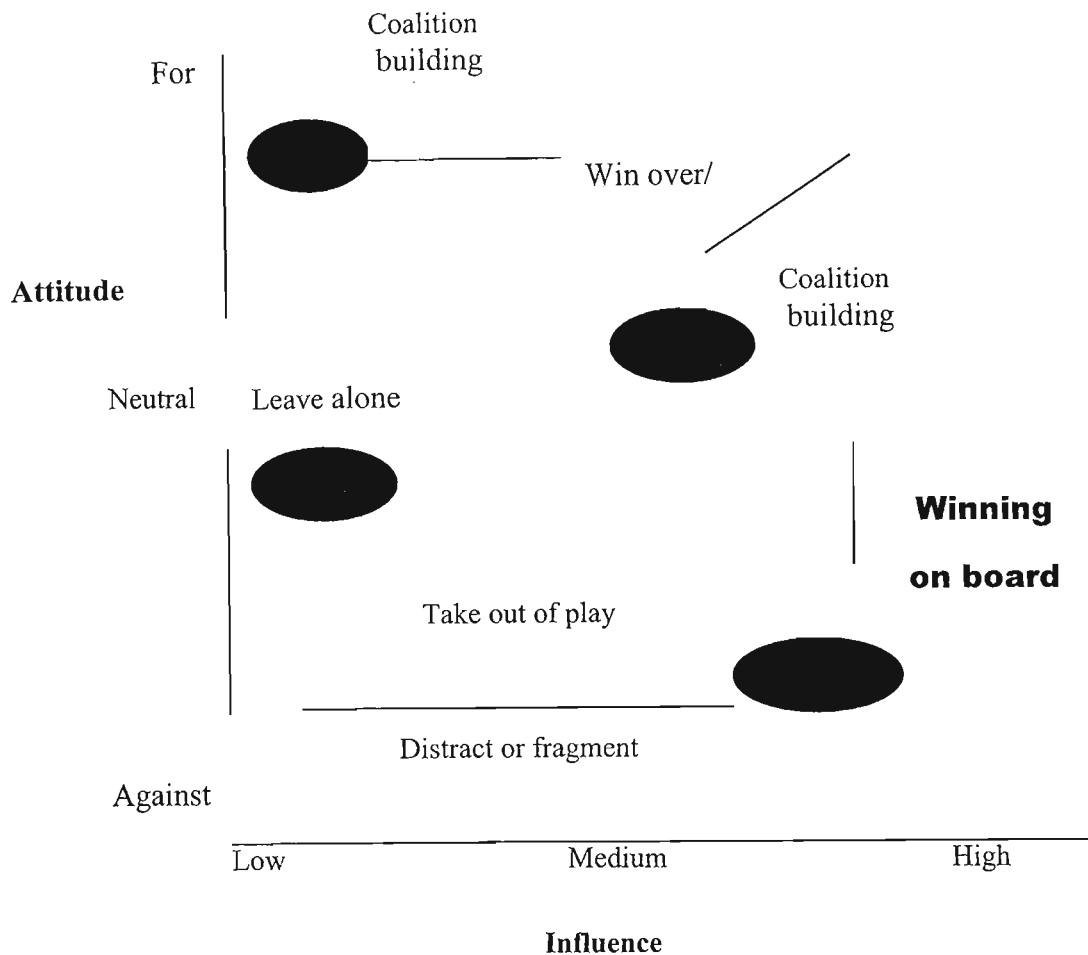


Figure 11: Stakeholder Analysis

(Source: Reprinted from Tony Grundy, "Strategy Implementation and Project Management", *International Journal of Project Management*, 16,1,1998,pp.43-50.With permission from Elsevier Science)

Various strategies can be considered for tackling obstructive stakeholders. As shown in figure 12, obstructive stakeholders can be won over or removed from the game in some way. Obstructive stakeholders may be converted into supporters of the changes if they are involved in a more collaborative or participative change approach, and are able to contribute their ideas. Alternatively, it may be necessary to use more manipulative or coercive means on powerful and obstructive stakeholders. This may involve ensuring they do not lose out as a result of changes in a way they fear they might. If the change agent has enough power, very antagonistic stakeholders could be

allowed to leave the organization, or moved to a position where they have less power to obstruct the changes.

A parallel approach may be to build the power and influence of those who do favour the changes. Those who are for the changes, but weak in power, can possibly be brought together into a coalition to make them more powerful. It may also be possible to use stakeholders who are in favor of the changes to win over those who are antagonistic.

Conclusion

The main purpose of stakeholder analysis, as it is presented in this text, is to enable change agents to determine the relative position of key stakeholders to the proposed changes, and therefore how this affects the approach to change they need to take. The analysis can also be used to identify what barriers to change are presented by the stakeholders. It therefore provides a starting point to enable any change agent to develop a strategy for tackling those stakeholders who have the power to exert a negative influence on the change process.

2.3.10.2 Power and design choices

Power, or lack of it, can influence the choice of change path taken. Where a business division may badly need transformational change, they can be prevented from embarking upon such a route because other more powerful divisions, or the group's centre, block their actions. Equally a powerful parent can be a strong facilitator of change.

Powerful individuals, such as managing directors or chief executives, can push through top-down and directive change. However, where the agent has identified powerful groups within the organization whose support and commitment is needed then a more collaborative style may be appropriate.

Paradoxically, highly powerful individuals, such as chief executive officers who take a leadership role can be counterproductive when the target for change is values and the culture they are trying to remove is one based on blame and fear. If the CEO is seen as a bully but leads the change, staff will merely start to mimic the desired values because they feel threatened. This will not lead to significant change and the issue will never be addressed due to the atmosphere of fear.

Power is critical when assigning roles within a change process. If a change champion or leader is to be appointed then the change agent needs to pick a powerful individual or provide the individual with powerful backing. Then they also need to consider other powerful stakeholder groups and consider incorporating them in some way into the change process, particularly if these groups could be obstructive.

Specific change levers to deal with power include techniques such as breaking and re-forming both formal and informal power structures within organizations, using the existence of cliques, networks and those with influence to gain buy-in for change, and resistance management. Point 2.5 discusses the management of politics in more detail.

The change kaleidoscope has discussed the need to analyze the change context in order to avoid using inappropriate change formulae. This contextual analysis is the key to successful change for it is the context that should drive the design choices that are made rather than personal bias on the part of the change agent. In particular the chapter has:

- Explained the use of the change kaleidoscope as a diagnostic framework for mapping the change context.
- Described each of the eight contextual features of time, scope, preservation, diversity, capability, capacity, readiness for change and power.

- Discussed the design implications of each of the contextual features from the kaleidoscope.

The various diagnostic frameworks that can be used to understand these contextual features and the design choices has also been outlined.

2.4 The Difference Between The Design of Recipe – Driven or Formulaic approaches to Change Implementation and, a more Context – Specific Approach.

Designing the transition: the Implementation Path

So far, this model has discussed the initial planning and design for change implementation.

Point 2.3 introduced the design choices that need to be made. As yet, little has been said about the design of the more detailed steps to achieve the implementation of the desired change approach, or for that matter, once change gets underway, how to manage the implementation. The balance of the model focuses on the design and management of the actual transition.

- The notion of three change states, the current (where the organization is now), the future (where the organization wants to be), and the transition (how to get the future state), is introduced. All three of these states need to be understood before embarking on implementation although the focus of this chapter is the transition is the transition state.
- The concept of a change vision is introduced and it is explained how this aspect of the future state needs to be considered before moving on to design the transition.
- The need to diagnose barriers to change that may be encountered during the transition is discussed. Barriers arise primarily from organizational culture and stakeholders.

- The notion of the transition state is expanded to explain how it encompasses three change phases – unfreeze, move and sustain.
- The concept of the transition curve is explained to illustrate how the organizational transition process of unfreeze , move and sustain is underpinned by the personal transitions of individuals within an organization.
- Consideration is given to how to design a series of levers and mechanisms, and how to sequence their deployment, to achieve the chosen change approach, and move the organization through the transition from unfreezing to ultimately sustaining the changes.

Point 2.5 & 2.6 look in more detail at some of the levers and mechanisms involved in managing the transition to make change actually happen.

2.4.1 The three change states: the current, the future and the transition

There are many different ways of conceiving the overall change process, some use more colorful language than others, such as ‘awakening’, ‘mobilizing’ and ‘institutionalizing’. However, it is commonly accepted that during change it is necessary to consider three states –the current, the future and the transition (see Figure 2.17)

Essential inputs to the diagnosis of the current organizational state are an understanding of the organization’s competitive position and the need for change, but this must be accompanied by an understanding of the internal organizational context. It is also necessary to develop some sort of vision or strategic intent of the desired future organization from what it is now onto the desired future organizational state. The transition state, the process of changing the organization from what the desired future organization state looks like.

This point does not dwell on the current state, but will give some consideration to the future state, particularly in terms of developing a vision for the future. Without an understanding of what the future organization will look like, it is difficult to diagnose barriers to change, design appropriate levers and mechanisms, or measure whether the desired changes are taking place.

To achieve change it is necessary to:

1. Assess the current organizational situation.
2. Define the desired future organizational state.
3. Determine how to get there.

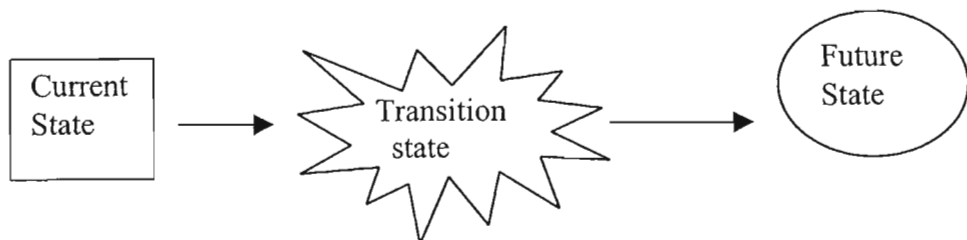


Figure 2.17 Three change states

The transition state, the process of actually making the desired changes happen, often receives less attention than it merits. Implementation is conceived in terms of the up-front planning for change, with scant attention to managing the transition process itself. Yet the transition state is not like either the current or future states. It is not possible to re-deploy and relocate people in terms of named job roles and locations over a weekend, but to change the behaviour of those people, and particularly to change the organization's shared values and beliefs, will take much longer.

That is why this Point and Point 2.5 are devoted to a discussion of the range of change levers and mechanisms that can be deployed during the transition state to achieve the desired and rescued. The special management and resource requirements of the transition state are discussed in Point 2.6.

2.4.2 The future state: developing a vision

The vision provides a picture of what the desired organization looks like. It must also explain the future state to an organization's employees. It is also a mechanism for communication. This model will therefore treat the vision as having two parts to it – a vision statement, and an image of the future organization. The ideal organization framework is unlikely to be a good communication vehicle since it is a framework that has to be explained before people can make sense of it.

2.4.2.1 What is a vision?

Since the 1980s, there has been an increasing emphasis on the need for a powerful change 'vision', or picture of the future, if change is to be successful. Transformational change in particular usually consists of a number of projects and initiatives, without a unifying vision, these initiatives can appear to be unrelated, confusing and piecemeal. A vision gives change recipients a target to aim for, and the incentive and energy for change. It should also generate commitment to change.

A vision is usually a qualitative expression of what constitutes a good vision, but generally three aspects are mentioned. A vision encapsulates what the organization is trying to achieve; a rationale for the changes to be undertaken; and a picture of what the future organization will 'look like', which incorporates something about the values of the new organization and what is expected of employees. In addition, visions need to appeal to the majority of an organization's stakeholders, and comprise realistic and attainable goals.

2.4.2.2 Vision Statements

A vision should be expressed in such a way that it can be communicated effectively to employees in a way that is memorable. Employees will find it difficult to remember overly long and complex messages. Few individuals are able to remember even a page of detail, so a memorable vision statement is

likely to be sort and to the point. If a vision cannot stimulate interest and same degree of understanding in a short space of time, there is still some work to be done. A good vision statement should also be exciting and challenging. Furthermore, employees need to understand how they can help make the vision happen – they need to be able to like what they do on an everyday basis to the achievement of the vision.

A vision statement can be communicated through behaviours as well as words, particularly the behaviours of the senior managers in an organization.

2.4.2.3 Linking vision development to design choices

The change approach selected is top-down and directive, as may be the case for a reconstruction or a revolution, then a vision statement and a future desired state can be developed by one person, such as the Chief Executive or the managing director, particularly if this individual is in the change role of leadership. Alternatively, the vision statement can be developed by the senior management team.

When drawing up the desired future state of the organization and identifying levers and mechanisms for change, the choices made should be based on the intervention target selected (outputs, behaviours or values) , and the change levers chosen to achieve this.

- If the change approach and style is to be more bottom – up and collaborative, then a wider range of employees can be involved in the process of vision and desired state development. Vision statements do not necessarily ‘appear’ from an individual’s sudden burst of inspiration; they may have to evolve gradually through a lot of hard work.

Organizations may choose to use external facilitators to help achieve widespread employee participation, or use senior managers to lead the process. This is likely to depend on decisions already made about the change

roles (leadership team, external facilitation) , which in turn should be based on contextual circumstances to do with capability and capacity for change.

- In circumstances where a more participative change approach has been selected, a combination of the above two approaches to vision development may be selected, whereby the senior managers, or change team, design and vision statement, and that consult staff.

2.4.3 Barriers to change

Once the future state for the organization is understood it is possible to diagnose the barriers to change. Most barriers to change arise from the old organizational culture and organizational stakeholders.

2.4.3.1 Identifying barriers to change and levers to overcome them

Any vision developed of the future will encapsulate new structures, systems and ways of behaving that have to be put in place, but without consideration of existing barriers , it is possible, almost by default, to leave old systems and ways of behaving in place, and these can subsequently prove obstructive. For example, one organization undergoing change wanted to move to a structure of profit centers in a move to devolve responsibility and increase middle manager empowerment.

However, old control systems, such as centralized decision making on levels of resourcing and recruitment, and authorization of certain types of expense claims and expenditure were initially left in place. As a result the middle managers perceived little increase in their scope for discretion or autonomy. Interventions needed to be put in place to address these barriers if change was to progress.

This example illustrates that existing organization ' cultures provide some of the strangest barriers to the implementation of change. If the existing organization culture and the potential barriers to change it creates are not



understood from a technique such as desired state analysis, the way the organization and its members operate may continue to be driven by the existing culture, rather than by the desires new ways of behaving. For example, a desired state analysis would have revealed the banners provided by existing control systems to successful implementation of profit centers in the example given above.

However, when discussing the need for preservation, change does need to avoid throwing out positive aspects of an organization' alongside the negative aspects.

Powerful stakeholders can also provide significant barrier to change. The way such stakeholders are likely to react to the proposed changes should have already been built into the design choices made from the consideration of power as one of the contextual features. However, it is also important to understand the way different stakeholders will respond to change as implementation progresses, and then consider how this is to be tackled.

This is to do with issues of resistance management, which is discussed in more detail in the next chapter.

2.4.3.2 Summarizing barriers and facilitators of change: force field analysis

It is helpful to summarize the analysis of barriers to change, along with identified facilitators of change, in a force – field analysis (see figure 2.4.2). Force-field analysis provides a pictorial overview of the main problems that need to be tackle and helps to focus the debate about which levers and mechanisms need to be developed to overcome by simply removing these systems. If, on the other hand , the barriers are to do with the risk averse nature of employees, or a focus on production rather than customer service, a wide variety of structural, symbolic, communication and training interventions may be needed to get the employees to change.

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The guiding principle of force-field analysis is that the current organizational state is maintained by a series of forces for and against change. Although there may be driving forces for change present, such as a declining competitive situation, these forces are as yet not strong enough to overcome the restraining forces against change resulting from the existing way of doing things, possibly because their existence is not recognized throughout the organization as yet.

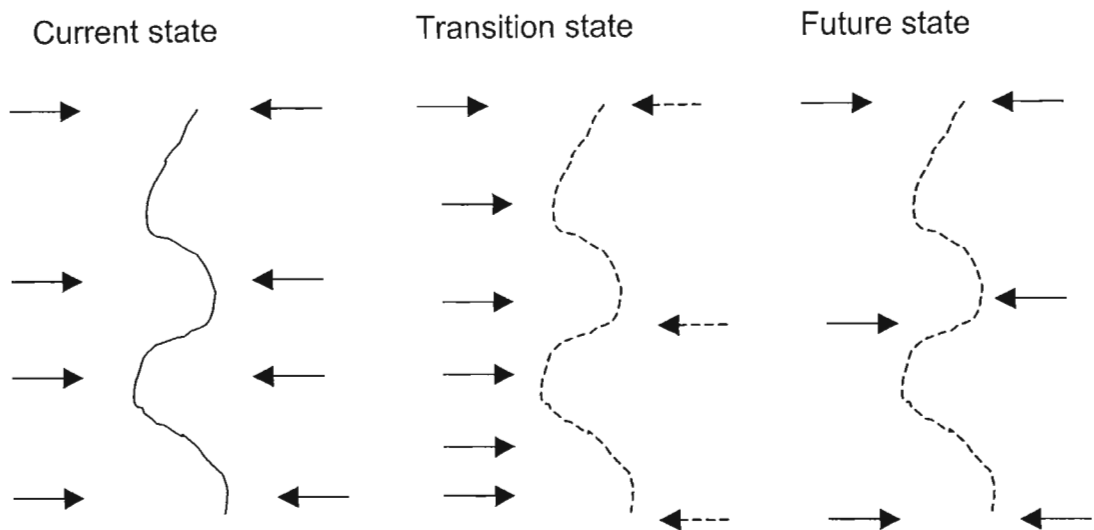


Figure 2.18 Force – field analysis

Therefore, overcoming barriers to change is not just about identifying levers and mechanisms that can be put in place during the transition to decrease and / or remove the restraining forces. Another approach is to also consider levers and mechanisms that can be used during the transition to strengthen and/or augment the driving forces, thereby using an increased pressure for change to overcome the restraining forces.

Figure 2.19 shows a force-field analysis for the situation at WH Smith News prior to the changes. The personnel manager's early change initiatives were about gaining the support of the house managers to reduce the likelihood that they would use their power to obstruct her initiatives. The deferential nature of

the old culture was also eroded by the management style survey conducted by the personnel manager. Yet if the organization was to become customer-focused, with team-working and greater personal accountability, at some point the personnel manager also had to put in place levers and mechanisms to deal with other barriers, such as the control culture in which non-managerial staff did not question decisions – or make decisions, the low change capability, and the lack of HR systems.

Overcoming these barriers could also be assisted by the deployment of other levers and mechanisms to augment the driving forces for change. This could include interventions to increase the awareness of the need for change and the implications of this throughout the organization, which in turn might require improvements to communication mechanisms.

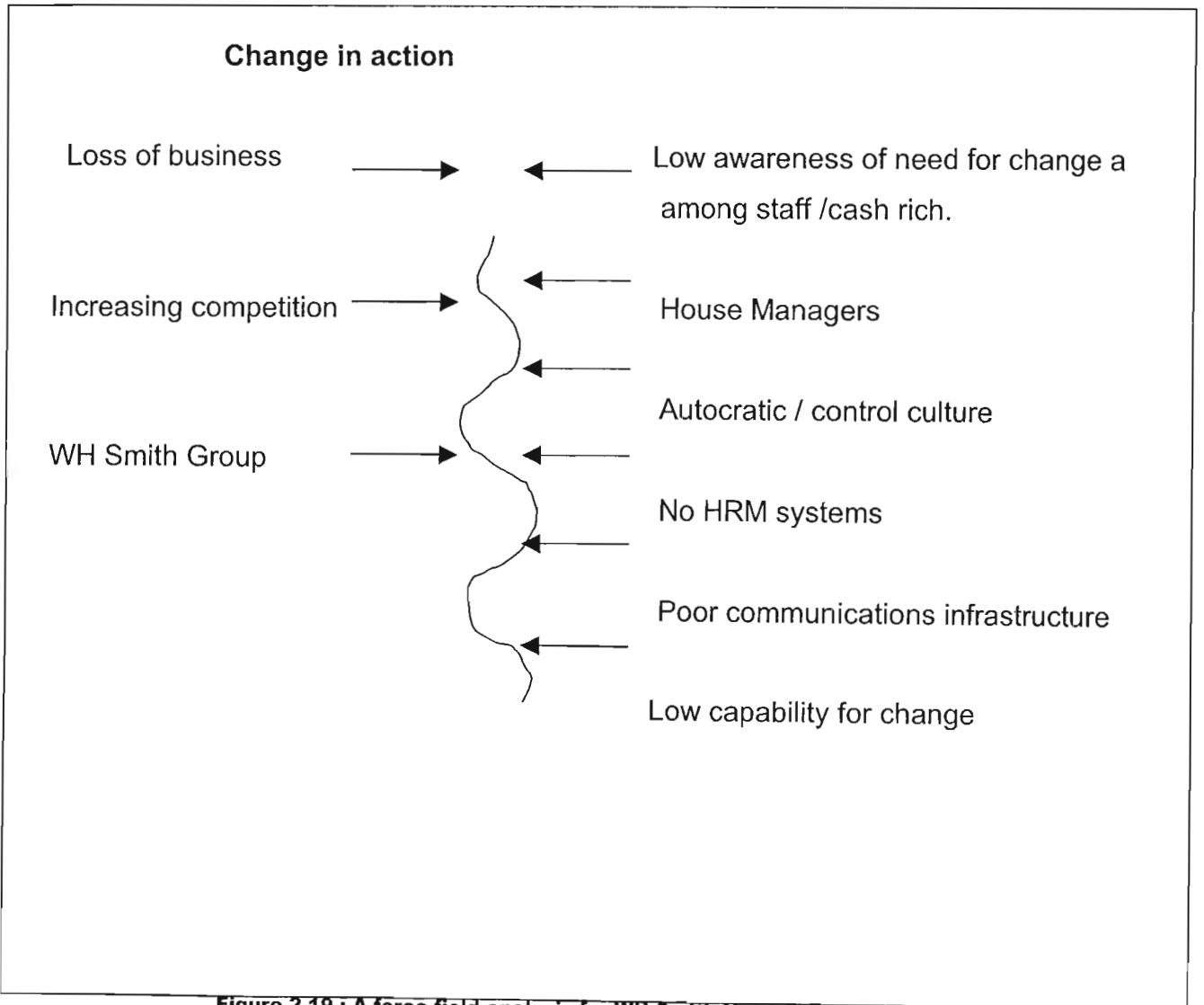


Figure 2.19 : A force-field analysis for WH Smith News

2.4.3.3 Linking barriers to identification to design choices

Linking the identification of barriers to change to design choices is more to do with identifying levers and mechanisms to overcome the barriers compatible with the change levers selected as part of the design choices. If the aim is to target behaviours ultimately to achieve value change by the use of a range of levers and mechanisms from the structural to the symbolic, then the levers and mechanisms considered should include such interventions to both tackle the barriers and increase the drivers. As discussed under unfreezing tactics below, use can be made of symbolism to challenge existing ways of doing things and promote awareness of the need for change. If the aim is to target values, and the chosen change levers include communication and education interventions, then these sorts of interventions should also be considered to overcome restraining forces and strengthen the drivers of change.

2.4.4 Designing the transition state : the organization level

Once the design of the future state has been completed, and it is known what barriers to change have to be overcome, it is then necessary to design an implementation path to deliver the future state. This involves thinking about which levers and mechanisms to deploy and in what order. Of course, many levers and mechanisms will already have been identified. The future culture web will contain details of any new structures, systems, routines and symbols needed.

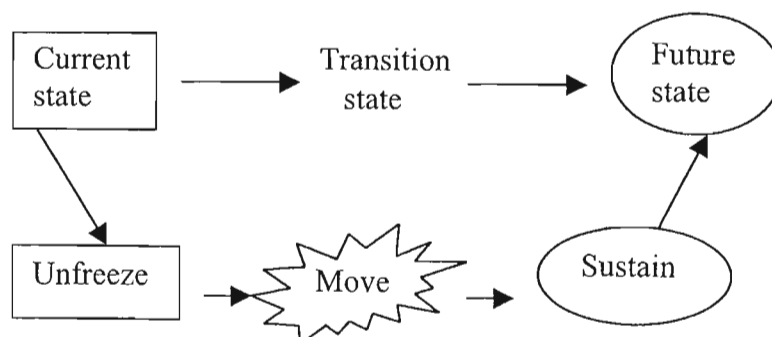


Figure 2.20: Three phases of transition

The consideration of barriers to change should have led to some decisions about old structures, systems and ways of behaving that need to be dismantled or discouraged, and the levers and mechanisms that can be deployed to achieve this and facilitate change.

To provide more shape to the way the identified levers and mechanisms should be sequenced, and what additional levers and mechanisms may be needed, it is helpful to subdivide the transition state itself into three other phases – unfreeze, move and sustain (see Figure 2.20). This model is based on the one devised by Lewin. The original model referred to unfreezing, moving and refreezing:

- Unfreezing is about making people within an organization ready for change by making them aware of the need for change and dissatisfied with the existing ways of working. It is about creating the readiness for change among the workforce, at all levels from senior managers downwards, discussed as part of the change kaleidoscope in Point 2.2 and 2.3. Change is a painful, difficult experience for both organizations and the individuals within them. To undertake change people need to feel that the problems and the pain change will cause are outweighed by need to change.
- Moving is the implementation of the needed changes through the selected range of levers and mechanisms.
- Refreezing involves embedding the changes throughout the organization to ensure members do not relapse into old patterns of behaviour.

The principle of unfreezing is still widely acknowledged as an important part of any change. Managers introduced to this model will often comment that on reflection they can see that the change process within their organization stumbled along rather than acquired momentum, because the staff within the organization were never 'unfrozen' and made ready for change. Similarly, the

concept of refreezing is still recognized as having some merit, as it seems that without efforts to indicate that change is over, change drift can set in. A common comment from managers is that the change processes within their organizations have been left unfinished, since no real attempt has been made to institutionalize the required behavioural and attitudinal changes throughout the organization.

The result is a continual backsliding of staff into old ways of behaving and confusion over where the change process has got to.

However it is more common for the refreeze phase to be referred to as sustain or institutionalize. These terms embody the need to instill the new behaviours and attitudes throughout the organization and signal the end to major change. Whilst avoiding the implication that there will be more change and that the organization will become static.

2.4.4.1 Unfreezing

Unfreezing an organization sounds simple enough in theory , but is far more difficult in practice because it is about making individuals ready for change. The use of logic and rational argument will not necessarily be enough to convince individuals who may stand to lose a lot by change, or who may have to undertake personal change themselves, or have to invest considerable effort into the change process, that there is a strong need to change.

Unfreezing may occur because a significant change in the environment has led to a decline in the organizational performance that is tangible to all employees, such as the arrival of the new competitors leading to a sharp decline in market share, or a take over or a sell-off. This may lead to a felt need for change that can be capitalized on, or possibly even a crisis. But this is not always, and is in fact rarely, the case. If no crisis or felt need for change is evident, then unfreezing has to be managed in same way. There is a variety of different means that can be used and the following section lists only some of them

2.4.4.2 Questioning and challenging the status QUO

A variety of techniques can be used to encourage staff to question the appropriateness of the existing way of doing things for the organization's longer-term survival.

- Encourage debate about the appropriateness of the current way of operating.
- Disseminate information showing how the organization compares poorly with the organizations with which it competes. This could be done through the use of internal communication media, or it could involve the chief executive of an organization using the business press to tell staff that the organization is performing poorly. The fact that the Chief Executive is talking openly about the organization's performance legitimizes debate.
- Introducing techniques such as 360-degree appraisal, whereby subordinates are given the opportunity to appraise their managers, as well as being appraised themselves by those managers. This can legitimize debate about existing management styles and barriers to change within the organization.
- Questioning and challenging may also be achieved by the symbolic means discussed next.

2.4.4.3 Symbolic breaks with the past

Making symbolic breaks with the past is about doing things differently to indicate that things are changing. This may then also legitimize questioning and challenging the status quo. There are many different ways of achieving this:

- Senior managers can dictate by their behaviour, or the way they dress, that things are different.
- Changes can be made to the way things are done. Older staff drive for promotion may be panned over in favor of outsiders with a different skill-set, and other types of staff may even be made redundant. This is a particularly powerful unfreezing mechanisms in any organization where jobs were always for life and promotion was often linked to length of service rather than performance, although there are not many such organizations left these days.
- Changes may be subtle. If there is to be more of an emphasis on customer service and less on technical aspects, then this can be supported by indications of a power shifts from production to marketing.
- Symbolic breaks with the past may be more direct and challenging .

2.4.4.4 Drastic measures and shock tactics

Some symbolic changes may be quite ruthless, verging on shock tactics. Such shock symbolic moves could involve wholesale closures or sell –offs of parts of the business that used to core to the identity of the organization but are no longer. This is common in take-over and turnaround situations. These moves can challenge the very essence of an organization’s beliefs about its identity.

2.4.4.5 Communication, education and training

This approach could be described as the softly, softly approach to unfreezing. It links into the change management style of communication and education, although it is also compatible with more participative change approaches. The idea is that if staff are exposed to a different way of thinking and operating. They will then use the new set of behaviours required in their working

environment. This is often used in combination with one of the other approaches. This method is a classic attempt to unfreeze individuals since it embodies three components – making people aware of the need for change, making them aware of the types of changes needed, and equipping them with some of the capabilities needed to then carry out the changes. If attitudes and values rather than just behaviours or outputs.

2.4.4.6 Earlier reconstruction or adaptation

The notion of unfreezing also connects back to the discussion on change paths. Sometimes, the unfreezing for an evolutionary or revolutionary change is an earlier change. The example of this given in Point 2.3 include General Electric. In the example the initial turnarounds were effected though much 'slashing and burning', which acted in part to unfreeze the organizations for the more fundamental and transformational culture changes which had to follow. However, it must be realized that earlier change may not on its own be sufficient as an unfreezing mechanism.

2.4.4.7 Linking unfreezing to design choices

As with the change interventions, the unfreezing tactics need to be context-specific. What works in one context will not work in another. A key aspect of any successful unfreezing tactics is likely to be novelty, which means doing things differently from the way they have been done in the past. An understanding of an organization administrative heritage may, therefore, be helpful here, especially if an organization wants to communicate a real commitment to change.

Administrative heritage is to do with the organization's history and particularly its change history. It is about the types of events and traditions that are remembered by the members of the organization. For instance, previous change attempts may have been always initiated in the same way perhaps by the appointment of a new managers, and the announcement in memos and memos and meetings that changes and some restructuring are to take place.

If following these past change initiatives, staff have then seen little change, this would not be a good way to launch a new attempt at change. The approach taken needs to be visibly different. Otherwise, staff will assume that the message of change equals no change, as it has to be done in the past.

Alternatively, it may be that previous change attempts have been very successful, but the changes have been incremental in nature, whereas now the organization needs to undertake radical and more fundamental change. Again, it would be unwise to initiate the latest changes in the same way as previous changes.

The key contextual features will also affect the decision on which sort of unfreezing interventions to use. For example:

- An organization with little time to deliver change, and a low readiness for change, in which the change agent has the power and needs to impose change through a type of reconstruction or revolution, will need to achieve unfreezing quickly. More dramatic and directive means of unfreezing, such as symbolic breaks with the past and shock tactics, may be necessary.
- When there is more time, the choice of unfreezing tactic(s) may also depend on whether the change agent has selected a participative or directive approach, and the degree of power of the change agent. A change agent with little power can possibly do little other than to encourage questioning and debate to build support. Change agents with more power can utilize a broader range of tactics. The change target should also be considered. For example, if the aim is to achieve value change, then communication and education, or even personal development interventions are more likely to be needed if staff are to understand the new values the organization is trying to develop.
- Diversity can require the use of different unfreezing tactics for different groups of staff. Different styles of change may be needed for different groups of staff such as consultants and managers. Therefore, different

unfreezing tactics would also be needed. For example, tactics such as education and communication are more likely to be appropriate for consultants since this is consistent with the suggested collaborative change style and acknowledges the power they wield – they cannot be compelled to change. For managers, it may be possible to use participative techniques, which encourage challenging and questioning.

- If the aim is to deliver change in a bottom – up fashion, then the change agent may need to establish initial communication and workshop seminars to stimulate debate and encourage staff to take ownership for moving the change agenda forwards.
-
- If an organization ultimately wants to deliver transformation, but is either in crisis, or for some reason such as a lack of capability or lack of change agent power, is unable to embark on a transformation immediately, then the earlier reconstruction or adaptation will contribute to a readiness for future more fundamental change.

2.4.5 Facilitating personal transitions: the individual level

Organizations only change if the individuals within that organization change. To an external customer encounter summarizes what the organization stands for. If an organization wants to change the way its customers see it, it has to change the behaviour of its people. Strategic change has to be driven down throughout the organization. Yet, as Point 2.2 explains, all too often, change management is viewed as something that is 'done' to people. Employees of the organization are treated as passive onlookers who will comply with the directives and objectives issued from the top.

Therefore, to achieve change, a change agent needs to recognize that they have two parallel sets of tasks to manage: first, leading the organization through change, and second, leading the organization through that change (see Figure 2.21). This is why change capability, is so important because part of change capability is having the ability to lead staff through change.

Individual transitions can be likened to the bereavement and mourning process. It is a psychological process that research shows all individuals go through. Individuals will experience feelings of loss, and will have to work through those feelings of loss and come to terms with life afterwards. This takes time, although varying degrees of time for different individuals. This text uses two concepts to explain how individuals pass through change the change equation and the transition curve.

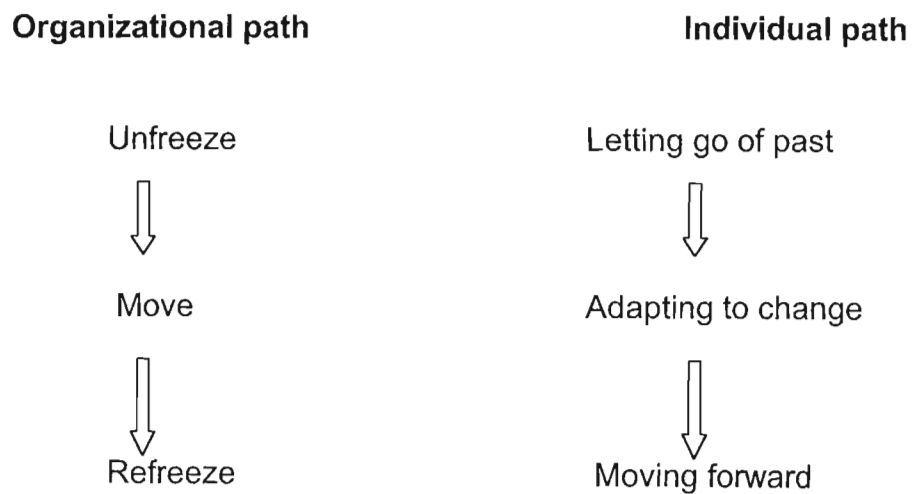


Figure 2.21: Dual leadership responsibilities – managing the organizational and individual change paths

2.4.5.1 The change equation

The change equation, shown in Table 2.5, states there are three components that need to be present for individuals to be prepared to undertake change:

1. The individual needs to feel that the problems and pain that change will cause are outweighed by the need to change.
2. There needs to be dissatisfaction with the existing status quo.

3. The proposed changes have to be seen to be achievable.

Note that the cost of change is not meant to be measurable in financial terms. The 'cost' is more to do with the individual emotional pain and effort associated with change. It acknowledges that change be it personal or organizational can be a painful and difficult process for everyone.

This equation is particularly helpful when considering unfreezing. It is also relevant to the discussion in the previous two chapters on readiness for change. Unfreezing individuals is about getting individuals to recognize that change is necessary, and that they have to let go of the past, but also that the proposed changes are desirable in the sense that they will solve the problems the organization is facing, and that they are achievable. An example helps here.

$$C = (A + B + D) > X$$

When:

- C = Change
- A = Level of dissatisfaction with status quo
- B = Desirability of proposed change
- D = Practicality (risk of disruption) of change
- X = Personal cost of changing

Table 2.6 : *The change equation*

2.4.5.2 **The transition curve**

The transition curve describes the process individuals go through during change, and is depicted in figure 2.22. The transition curve suggests that individuals undergoing change pass through seven stages:

- In stage 1, individuals initially experience shock when they encounter the need for change, and a dip in their self-confidence due to the need for them to undertake personal change and to do things differently.
- Stage 2, denial, is a stage when individuals may try to rationalize the changes as not really involving a significant change for themselves. Individuals may try to tell themselves that working in a new role will involve nothing different from their current role. As a result their self-confidence goes back up again, but this denial can also prevent them from moving forwards.

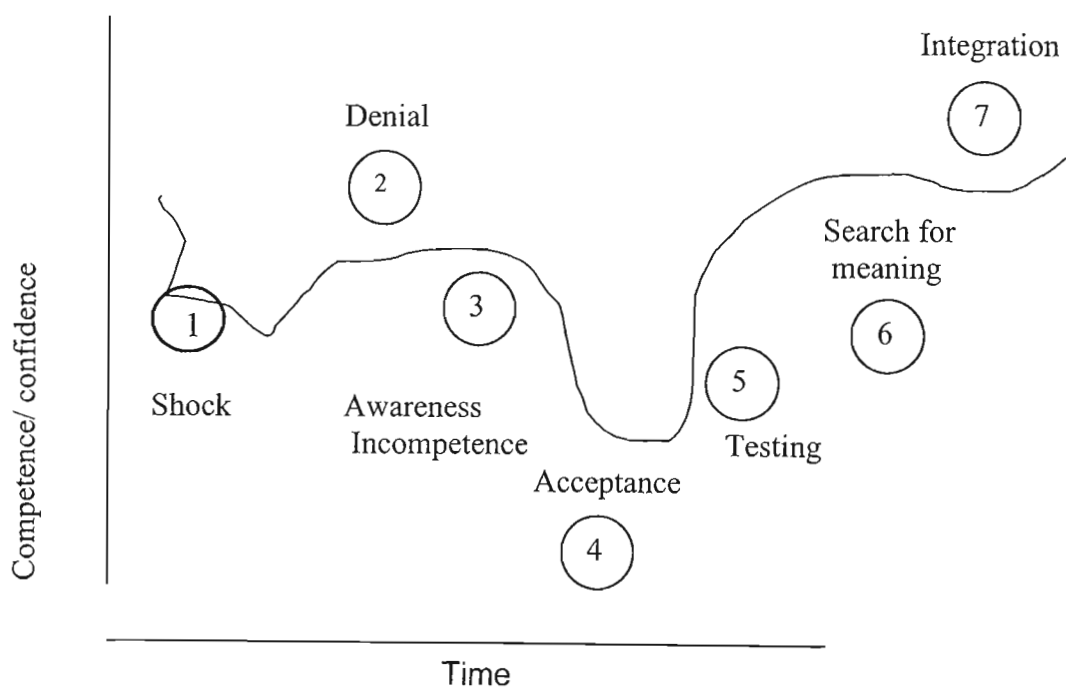


Figure 2.22: The transition curve

(Source: Based on J.Adams, J. Hayes and B.Hopson, *Transition: Understanding and Managing Personal Change*, 1976, London: Martin Robertson & Company)

- To move on to stage 3, awareness, individuals need to develop recognition of the need for personal change. However, acquiring this awareness, which may be prompted by discussion with others, or recognition that old ways of doing things no longer work, also brings with it a drop in confidence as individuals become aware of their inadequacy to fulfill their new role.

- Individuals will be able to move forward to stage 4, acceptance, when they can accept the need to let go of the past – to let go of old attitudes and behaviours and adopt new ones.
- Stage 5, testing, is to do with identifying and testing out new behaviours, perhaps as a result of training. As new behaviours start to enable individuals to perform more adequately in their new role, confidence starts to build again.
- By stage 6, search, the individual is assimilation learning from their successes and failures, and starting to understand why some behaviours work and others do not.
- Stage 7, integration, is marked by an integration of new behaviours into the everyday way of working by individuals. There ceases to be a gap between an individual's perceived ability to perform and the expectations placed on that individual.

2.4.5.3 Experiencing the transition curve

Table 2.7 and Table 2.8 depict change journeys experienced by individuals. Table 2.8 shows an individual who adapted, but found the process far more traumatic than the first. Both examples illustrate well the emotional nature of the individual transitions, and the second powerfully shows how an individual can need a lot of help to get through a personal transition. Some individuals never complete the transition. They get stuck half-way through, and never really recover from the feeling of loss and that things used to be better in the old days.

The headings 'sensing', 'shock' and 'despair' in Table 2.8 demonstrate how hard it can be for an individual to let go of the past and come to terms with the need for change.

Similarly, the headings ‘disorganization’, ‘realization’, ‘steadying’, ‘testing’ and ‘acceptance’ in Table 2.7 & 2.8 reveal the feelings of loss and inadequacy that individuals can experience as they try to understand what is expected of them and what they need to do, but also how there is a gradual acceptance that change is necessary. ‘Moving on’ in Table 2.7 & 2.8 is about the individuals emerging on the other side of change, feeling competent to perform in their new roles.

CHANGE IN ACTION	
A RAPID ADAPTATION	
Journey	Reaction
Shock ▼	‘I was offered the job in the morning and started in the afternoon. I knew what the job was, but there was an awful lot to learn.’
Acceptance ▼	‘It wasn’t planned and it meant a significant change to my life, but I welcomed it - I wouldn’t have liked to have stayed in my previous job.’
Testing ▲	‘I learnt very quickly, I asked a lot of questions, read a lot and quickly got on top of the job. I gave the appearance of being in control within days – though, of course, there were many months of learning.’
Moving on	‘I’m in control.’

Table 2.7 : Change in Action – A rapid adaptation

Journey	Reaction
Sensing	'I'd been getting all sorts of messages'.
▼	
Shock	'It was totally contrary to everything that I'd been told.'
▼	
Despair	'I felt very criticized, not understood and totally incompetent.'
▼	
Disorganization	'I felt totally confused. I thought that I must be going nuts. Had I the right perception? Paranoid? I'd lost all sense of judgement, I felt out of control; Doubt. Am I dreaming this?'
▼	
Yearning	'I had vivid dreams, replaying the events leading up to replaying them in different ways. It was like a dreadful nightmare.'
▼	
Despair	'I felt isolated but was unable to talk to other people. I had a real feeling of desperation. At one stage, I didn't think I'd survive. It was a desperate time.'
▼	
Realization	'I realized that I had no alternative, I had got to get my self-esteem and credibility back into shape sufficiently to carry on. I had to own up and take

responsibility for what I'd done; I felt betrayed, cheapened and scapegoated. I was very angry with the organization for blaming me. I am responsible but look what you made me do.'

▼	
Steadying	'I moved (within the organization). I spent a long time willfully for getting. I started to feel better – a sense of more stability. I was defensive – fearful that things could get out of control again.'
▼	
Testing	'I was continuously building anew. I attended courses, some things went well; it took a long time to feel better about myself.'
▼	
Meaning	'Getting a clear view of what I'm good and not good at. Developing my understanding of the reality and limits of my relationship with the organization.'
▼	
Sharing	'It was important to talk about it.'
▼	
Moving on	'I feel very powerful. I've put things into perspective and learned from them. It is okay to be me and to trust my perception – and that it's not the only one.'

Table 2.8 Change in Action : A Painful Adaptation.

(Adapted from: Roger Stuart, "Experiencing Organisational Change: Triggers, Processes and Outcomes of Change Journeys," Personnel Review, 24,2,1995.)

2.4.5.4 Linking management of personal transitions to design choices

Tables 2.7 & 2.8 show that individuals pass through the transition curve at a different rate and in different ways. The curve depicts a typical pattern or response rather than a prescriptive route that all individuals adhere to. It also shows that resistance to change is a natural phenomenon associated, like grieving, with a reluctance to give up possessions, people and status and expectations.

The concept of the transition curve can be combined with the unfreeze, move and sustain model, as shown in Figure 2.23 to help remind designers of what change interventions in these phases are trying to achieve for the individual recipients:

- The stages of shock, denial and awareness, accompanied by feelings of loss, fits with the change equation and unfreezing. Interventions aimed at helping individuals to come to terms with the need for change and to let go of the past would, therefore, be built into the unfreeze phase through the type of unfreezing tactics discussed above. The unfreezing tactic(s) adopted would still need to match the context and the selected design choices.
- The experience of individuals as they move through acceptance, testing and search will underpin the move phase. This interventions such as education and training, personal development, new work procedures and systems, and new management styles, which help individuals through these stages should one be included in the more phase. Coaching and counseling, from either internal or external facilitators, for staff who are having problems adapting may also be necessary here.
- The range of levers and mechanisms deployed in the move phase will need to fit the design choices selected. In circumstances where there is little time or money, it may prove difficult to provide support through

counseling or coaching to staff members who are struggling. There may have to be a trade-off between what is idea and what is possible.

The emphasis may need to be on changes to structures and systems with imposed changes to roles and responsibilities and new service and quality targets. If the required change is transformational in nature, it will be necessary to drive in value change and not just behavioural change.

- The levers and mechanisms will need to reflect this with greater emphasis on personal development, communication, counseling and coaching rather than just skills-based training. Similarly, if a participative or bottom-up change approach is selected, it will be necessary to utilize levers that encourage staff participation may mean greater investment in workshops and cross-functional teams to develop new working practices and procedures.
- The sustain phase is about helping the integration process. Again the levers and mechanisms used will need to match the design choices of change target and change levers. Interventions that can be particularly helpful in this phase when the change target is behaviours or values include reward mechanisms to reinforce and support behavioural change undertaken by staff. If the change target is outputs, such levers may have been used in the move phase . Symbolic interventions can also be helpful here to reinforce change. Since both human resource systems and symbolic interventions as levers of change are discussed in more detail in Point 4, this part will be revisited in the next chapter.

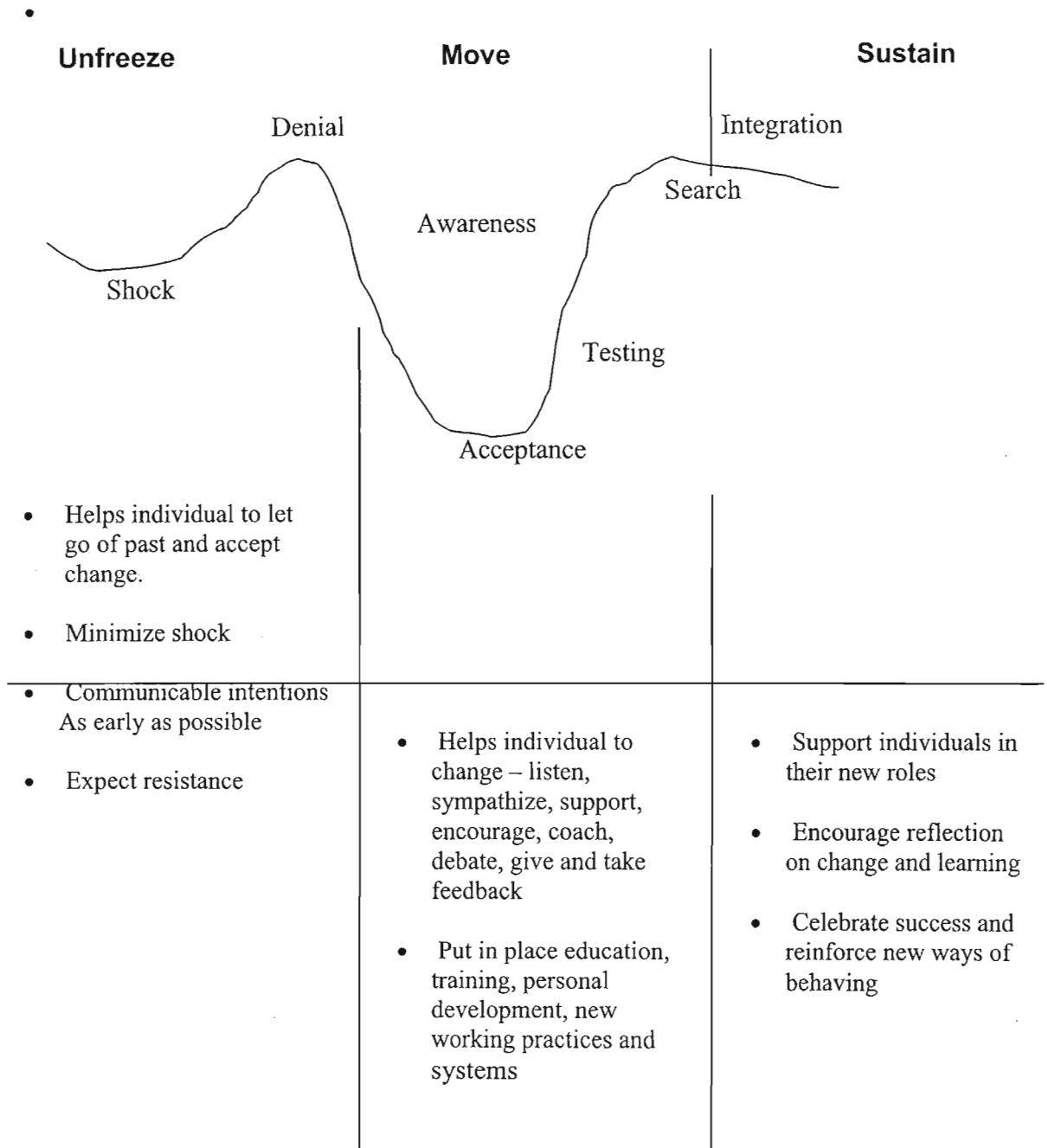


Figure 2.23 Three levels of interaction

2.4.6 Designing and sequencing levers and mechanisms

This chapter has argued so far that to move an organization' from the current to the future state, it is necessary to unfreeze the organization' and ready the organizational members for change, then to move the organization' by putting in place a series of interventions that will lead to the desired changes in values and behaviours, and then finally to sustain the changes to prevent individuals backsliding into old ways of behaving. This chapter has also suggested that many of the levers and mechanisms to use should already have been identified, by developing the 'desired organization' with new systems, structures, routines and symbols and by considering the barriers to change and how to overcome them. Unfreezing tactics have also been discussed. Other levers and mechanisms may have been identified when considering change levers to use as part of the initial design choices. What now needs to be done is to put the unfreeze, move and sustain phases together with the identified levers and mechanisms to determine when to do what. However, it must be recognized that there is still additional work to be done on designing levers and mechanisms, discussed in more detail in Point 2.4.

2.4.6.1 Three levels of change

It has already been pointed out above that particularly if the change is transformational in nature, many communication, education and development interventions may be necessary. These interventions will be additional to the levers and mechanisms that can be identified from something such as a desired state analysis, but they are important for facilitating the process of individual transitions. Therefore, one needs to be reminded that change involves not just moving and altering the organization, but also the individuals within it. Change can be thought of as occurring within organizations on three levels – individual, climate , and structures and systems as represented in Table 2.29.

- Changing individuals who work in an organization is about changing their skills, values, attitudes and behaviours. The changes have to be supportive of the overall organizational changes desired. For example, if an organization wants to introduce customer-supplier relationships between divisions, but as a result of the change interventions employees start to behave in a way that best protects their own immediate business interests, with little concern for any impact on any other businesses, this is a change, but not one that supports the desired change outcome.
- Changing structures and systems is about changing all formal and informal organizational and political structures, all systems, including HR systems, all processes and procedures, and all roles, responsibilities and relationships.
- Changing the organizational culture is about changing the way people relate to each other in an organization, and the management style.

	Unfreeze	Move	Sustain
Individual	Changing skills, values, attitudes and behaviours		
Structures and Systems	Changing all formal and informal organizational structures and systems		
Climate	Changing the way people relate to each other		

Table 2.29 Three level of interaction

(Source: Adapted from L.D. Goodstein and W.W. Burke, 'Creating Successful Organization Change', Organizational Dynamics, 19.4. 1991. pp. 5 – 17)

It may, for example, include changes to how conflict is managed, how decisions are made, how staff are managed and treated, and how open people are with each other. Often what are described as overall features of culture, for example, a blame/control culture, or an open friendly culture, amount to the organizational climate.

It is possible to start the process of mapping out which levers and mechanisms to use when, by deploying the levers and mechanisms identified in the re-webbing exercise, along with the selected unfreezing tactics, and any levers and mechanisms needed to overcome identified barriers to change, across the unfreeze, move and sustain phases. Symbolic and routine changes are more likely to have an individual impact and affect the organizational climate, whereas changes in structures and control systems are more likely to alter the organizational system in which the individual works. However, faced with the three levels the change agent is forced to consider what additional interventions, such as communication, personal development, reward mechanisms and resistance management, are needed to achieve the individual changes desired.

2.4.6.2 Linking the sequencing of levers and mechanisms to the design choices

Some managers question whether it is really possible to plan out in advance an entire organizational transition, as described in this chapter. The answer is probably not, but this is also affected by the design choices. For example:

- In more participative and bottom-up change approaches, later interventions may be dependent on ideas developed from earlier change workshops. Similarly, mechanisms that are used to sustain the organizational changes may come about in an evolutionary manner. They may be developed in an opportunistic fashion for the entire organization from initiatives that are being used successfully in just one part of the organization. In such situations less pre-planning will be appropriate.

- If the change process is to be more directive and imposed, particularly within a tight timescale, it may be both possible and desirable to be more precise about what changes are to occur when.
- Even in change processes designed to be more evolutionary and emergent over time, it is useful to give careful thought on how the status quo, is to be challenged to achieve unfreezing. Further, some of the early choices that need to be made, such as whether reward and selection systems are to be used to sustain the changes or as part of the move phase, do need to be given consideration are difference between more collaborative and more directive change processes, may be more to do with who is involved in, or consulted on, the design of the process, rather than the unfreeze, move and sustain path selected.
- Timescales have an impact. It is possible that in a big-bang change process the different interventions that need to be put in place occur so rapidly that it is hard to distinguish between unfreeze, move and sustain interventions. When rapid reconstruction is a precursor to more fundamental change, in retrospect all the reconstruction initiatives may become a series of shock interventions which unfreeze the organization for the next step in the overall change path.
- The change target can have a major influence. If the target is just behaviours, or just outputs, as may be the case for adaptation as well as reconstruction, then the interventions aimed at achieving change in the individual and climate subsystems may be minimal, since more fundamental change to values and management styles are not actually required as part of the change process.

The strength of a model such as the unfreeze, move and sustain model is not to do with the answers it gives, but the questions it forces change agents to ask. Without such a model, it is all too easy to put in place a series of interventions which have little effect because the members of the organization are not ready for change and do not understand what the

changes are all about. It is also possible to leave the changes unfinished, because steps are not taken to institutionalize the changes.

Similarly, without the connection of the organizational change process to the individual change process through the transition curve, particularly when attempting to undertake more fundamental change, it is possible to underestimate the range of interventions needed to achieve the required individual changes. It is also necessary to remember that different levels of the organization may be at different stages at different times. Senior managers may have progressed to the move phase whilst interventions aimed at unfreezing lower level staff are still being put in place.

2.4.7 Key questions to consider when designing unfreeze, move and sustain

Working exactly what to do to achieve change, even with the outline unfreeze, move and sustain presented above, is still complex.

1. Is there a coherent strategy understood and shared throughout the organization ?
2. Are supporting structures and systems under development ?
3. Is there a trigger for change or has one been manufactured?
4. Are there visible 'early wins' designed into the change process?
5. Are day-to-day activities aligned to get required outputs?
6. Are the identified barriers to change being removed/ dealt with?
7. Are changes supported with symbolic activity?
8. Is communication built into the change process ?

Table 2.10 The eight keys questions to consider when planning an outline of an unfreeze, move & sustain transition process

No wonder change agents resort to off-the-shelf recipes or call in consultants. Furthermore, whereas it is assumed that readers will have a knowledge of how to design new structures and systems from Exploring corporate Strategy, there are many other interventions mentioned above that they need to know

more about, such as communication, education, management development and symbolic activity, to name just a few. These cannot all be covered in this chapter.

Table 2.10, therefore, details eight key questions to consider when developing an outline of an unfreeze, move and sustain transition process and the sequence in which the levers and mechanisms should be deployed. It should be noted, as explained extensively above, that the order in which these questions are considered and dealt with may differ from context to context. The eight questions are not meant to be a prescriptive step-by-step list. For example, in a more emergent, and bottom-up change process unfreezing may need to occur before it is possible to get sufficient mass of people involved to develop a clear strategy. Whereas in a top-down and directive change process it may be appropriate for the change agent to start with the formulation of a clear vision for the organization.

1. Is there a coherent strategy understood and shared throughout the organization?

The overall strategy needs to be translated not just into a clear vision that can be shared and understood throughout the organization, but also broken up into actionable pieces. Any change initiative is likely to consist of a number of major projects, such as redesigning work processes and procedures, office and depot relocations, designing and installing new equipment and technology, job redesign, the introduction of total quality and / or continuous improvement techniques, and possibly business process re-engineering. Furthermore, even a restructuring may involve intermediate steps.

It is therefore necessary to create coherence from all these projects, not just in terms of a unifying vision, but also to understand dependencies between projects. The way these projects are to be managed and ran will be determined by the change start point and management style selected.

This is a very important step. It is the major projects that will determine most of the resource requirements for the change process in addition to the resources needed to keep the business going during the transition. The projects, their links and interdependencies, and their resource requirements, will form the basis of the change plan.

In any major change project, project management has a key role to play. At some point a plan, or maybe multiple plans by business division, detailing what is to be done, when and by whom, has to be put together. Progress has to be monitored against this plan.

2. Are supporting structures and systems under development?

Consideration must be given to levers and mechanisms to do with formal and informal organization structures and power structures, information systems, management systems, measurement systems and HR systems.

At this point it is necessary to consider when to implement what. Is the new structure to be put in place to enable changes as part of the unfreeze, or are interrelationships and responsibilities within the new structure to be allowed to evolve and then be institutionalized through formal systems and reporting relationships in the sustain phase? Is the new structure to be put in place immediately, or are there to be some sort of interim structure and management mechanisms?

Similar questions need to be asked about the new systems. Which are to be used to challenge the status quo, and which to sustain the changes? New measurement systems on, for example, customer service levels, may be used to challenge, and new reward mechanisms may be used to sustain changes.

It must be noted that there is no prescribed formula for the order in which to do things. The chosen order will depend on the design choices made, but it will also depend on the suitability or feasibility of the proposed levers within the organization's context.

Organizations which have recently put in place a new pay structure, or need to engage in a lengthy union negotiations to change the reward and promotion mechanisms, for example, may feel that HR systems are an inappropriate place to start. Such an organization may decide that reward and selection systems are to be used to institutionalize the changes, whereas more ad hoc bonuses and non-financial acknowledgement of appropriate new behaviour will be given during the move phase.

3. Is there a trigger for change or has one been manufactured ?

This question is about designing the unfreezing process as much as anything else.

4. Are there visible 'early wins' designed into the change process?

Unfreezing can be helped by making demonstrably successful changes early on, which is sometimes referred to as making, 'early wins' or 'picking the low hanging fruit'. AID analysis – attractiveness versus implementation difficulty – shown in Figure 2.24, can be used to help identify which projects should be tackled first to give demonstrable early wins, that symbolically indicate that change is first, achievable, and second, going to happen whether individuals like it or not.

However, this step may not just be about identifying projects to put in place early on. This step may also include things that staff have consistently identified as a barrier to change. It involves any interventions that the recipients of change can identify as a positive step on the way to change, and that can be used as an example of progress and success.

5. Are day-to-day activities aligned to get required outputs?

This is about understanding which routines to change or remove, and which new routines to put into place , and when. However, it also includes

the design of the systems (rewards, appraisals, selection, training and management development), and giving further consideration to additional control systems they may be needed. As such, it overlaps with step 2. Since HR systems can play a very important role in shaping an individuals behaviour, they are also discussed in more detail in the next chapter.

Routines can be hard to diagnose. Some routines may encapsulate the overall way staff operate. For example, in many organizations that are not customer focused, and are traditionally risk averse, staff may follow a general routine of 'process before sales," which means that when faced with a for and a customer, a member of staff will first worry about filling the form in correctly, and the customer and their concerns second.

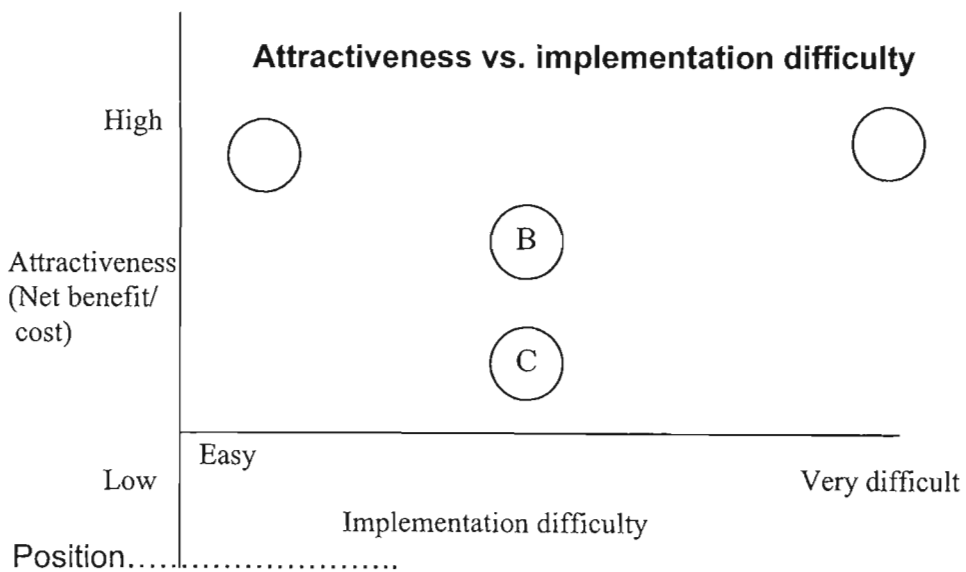


Figure 2.24 : Attractiveness vs implementation difficulty

Position projects and change initiatives according to the degree to which they are difficult to implement, and how attractive they are in terms of the benefits they deliver with respect to the costs. When considering difficulty of implementation think about the number of barriers, and likely stakeholder responses to the initiatives. In the above example, project A may be a good project for early wins. The viability of initiative C given its low benefits should be questioned, and project D needs further consideration of what can be done to ease its implementation.

Such routines are likely to be identified as part of the desired state analysis. However, managers may not know what all the daily routines followed by their staff are, even though some of these routines may create inefficiencies and blockages to change. Such routines will only be identified when projects examining existing working practices are undertaken, and will have to be tackled at that time. An alternative way of gaining an understanding of routines and ways of working that are blocking change is through much wider participation in the change process by employees.

6. Are the identified barriers to change being removed / dealt with

If levers and mechanisms have not already been developed to deal with the structures, networks, cliques, stakeholders, routines, control systems and symbols that have been explicitly identified as barriers to change, this must be built into the change process. It also needs to be decided when these barriers should be removed. Some of the old symbols and ways of operating may be removed as part of the unfreezing tactics, other routine ways of behaving may be harder to change and require additional interventions in the move phase.

7. Are changes supported with symbolic activity ?

Symbolic activity can be built into all three change phases, with a particular impact on the individual level and the climate, in order to support the changes taking place. This is a very important topic and will be developed further in the next chapter

8. Is communication built into the change process?

This is an area of critical importance during change, which can be broadened to include education and personal development. It will be developed further in the next chapter. A communications strategy needs to be developed which underpins all three phases of change, to help individuals to both understand

and achieve what is expected of them, and to keep them informed of progress and developments.

This point has explained the concept of the transition state as an intermediate state between where organization is now and where it wants to be in the future. The transition state requires explicit consideration of how it is to be designed and managed.

An additional design complexity is to ensure that there is a match between the selected change approach and the design of the transition state. The next two chapters build on this chapter, by extending consideration of levers and mechanisms such as communication, symbolic activity, human resources systems, and politics, and by considering how change agents should actually manage the transition once it is underway.

2.4.8 Designing the transition : levers and mechanisms.

The previous point explained how to conceive the actual change implementation, the transition state, as having three phases – unfreeze, move and sustain. This chapter builds on this, by focusing on the design of some additional levers and mechanisms required to effect change during the transition period. It considers:

- Using communication, both verbal and symbolic, as a lever to facilitate the change process, and help individuals through the transition.
- Resistance management and politics a change levers which can be used to overcome reluctance to change among both change recipients and those who may need to play an active role in change implementation.
- Building new human resource management systems, including the way staff are selected, appraised and rewarded, as levers to support change.

- Using personal development and training to facilitate change.

This point discusses how these interventions can be used to help unfreeze and move an organization, and ultimately sustain the changes put in place.

2.4.8.1 Communication during change

One of the key things to remember when communication with other people is that what the speaker thinks he or she has said, and what the listeners hear, may not be the same thing. Communication is not the transfer of meaning, since it is the listener of meaning, since it is the listener who creates the meaning for themselves.

In reality when messages are conveyed from one person to another, their meaning is often slanted. This is not just due to an imperfect memory for things that have been heard and read. Individuals communicate in many different ways. They communicate not just by the words and language they use, but also through their body language, the words and phrases they emphasize, and the degree of emotion used.

This is problematic in change situations as the message that counts for change recipients is, of course, the one they have received. The recipients then act on the basis of their interpretations recipients arrive at are also affected by a variety of other things, including previous ways of doing things, and personal circumstances and experiences. Communication during change has to be designed to take this into account.

Techniques such as verbal and written communication, but also non-verbal and symbolic means of communication, such as changing artifacts or using ritual behaviour, language and stories, can be used to convey certain messages and implications about change. Effective change agents need to understand the many different means by which they are communicating with both intentionally and unintentionally, but also so that they can utilize the different communication mechanisms to help get their message across.

2.4.8.2 Verbal communication

Verbal communication includes both written and spoken communication. There are four issues to consider-timing, communication channels, message content and message presenter.

2.4.8.3 Timing of communication

When to communicate what is a serious issue. There is no ideal time. Employees will always want to give as much information as soon as possible, whereas the designers of the changes may want to give as little as information as possible, until they are completely clear about what is to be done. The designers may also be concerned about issues of confidentiality, and that there may not be openers available.

However, change agents need to be aware that:

- Employees resent hearing of change from sources other than management, such as the press, and there is a need to control potentially harmful rumors. The later the communication, the less the time and opportunity for employees to absorb, understand and adjust to what they are being told. Readiness for change helps to reduce resistance.
- Incomplete announcements and honesty are better than cover-ups. Even if the early stages of change it is not possible to explain all the details, it may be possible to explain all the details, it may be possible to inform staff of options being considered, and provide timetables of when staff should be informed of decisions.
- Details will always leak out, even if those leading the change have adopted a policy of silence on the changes under consideration.

The types of communication needed during a transition can be mapped against the unfreeze, move and sustain model introduced in the previous chapter (see Table 2.11):

- In the early days of change, communication should be timed to achieve a readiness for change as part of unfreezing.
- As change progresses towards the move phase, the communication should start to focus more on giving individuals the information and support they need to undertake the changes being asked of them, and also on reducing the uncertainty and ambiguity individuals will be experiencing as the momentum of change picks up.

An overall proviso is to remember that the planned communication will never be enough. Communication is the responsibility of not just those appointed to run communication seminars and workshops, but also all managers and supervisors throughout the organization who have teams of people that they need to help through the change process. This also has implications for what should be communicated and to whom.

2.4.8.4 Communication channels

Table 2.12 shows the wide variety of communication channels available during change. There are also a variety of informal and ad hoc channels of communication such as conversations over lunch at the coffee machine. The key to choosing a communication channel is to match it to the audience needs.

Change phase	Communication purpose	
Unfreeze	Creating Readiness	Aims: <ul style="list-style-type: none"> • Unfreeze staff • Challenge the status quo • Spread understanding of need for change
	<i>Requires rich communication</i>	
Move	Providing explanation	Aims: <ul style="list-style-type: none"> • Reduce uncertainty/ambiguity • Provide staff with information to fulfill their role during change • Enable staff to undertake needed change
	<i>Predominantly requires rich communication</i>	
Sustain	Providing updates	Aims: <ul style="list-style-type: none"> • Keep staff inform of progress • Prevent uncertainty/anxiety
	<i>More likely to be routine communication</i>	

Table 2.11: Communication during change

<ul style="list-style-type: none"> ➤ Videos, videoconferencing and roadshows ➤ Cascaded briefings ➤ Seminars and workshops ➤ Conferences ➤ Briefing notes and/or meetings ➤ Plans and progress reports ➤ Manuals and information packs ➤ Newsletters ➤ Noticeboards and bulletins ➤ Team briefing ➤ Electronic mail
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Table 2.12 Communication Channels

When designing a communication strategy, it is necessary to decide for each piece of communication which channel is most suited to the audience and the message being delivered. As a general rule, in non-routine, complex situations, such as change, richer forms of communication media, such as face-to-face are best. Less rich forms of communication, such as written and electronic means, are more suited to routine, non-change situations (see Table 2.12).

Since rich communication channels are two-way and face-to-face, they provide an abundance of communication cues. They allow for the expression of concerns, answers to questions, the sharing of interpretations and experiences, and the sharing of problems and solutions. Research consistently suggests that this is the most effective form of communication during change, preferably through small groups, which affords the participants the opportunity to ask questions and air concerns. This approach also enables the message to be targeted to the needs of that particular group of individuals.

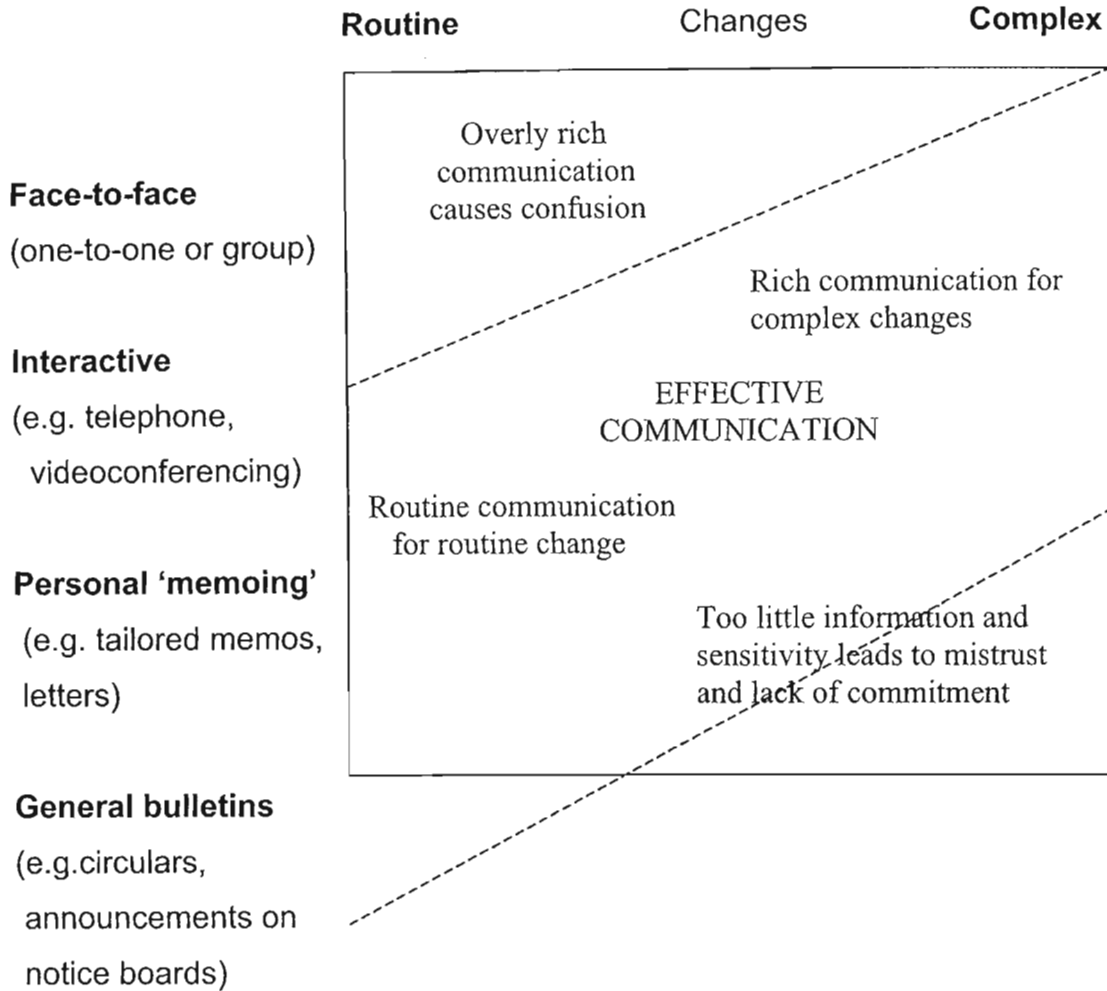


Figure 2.25: Effective and non-effective communication of change

However, if individuals involved in change are to achieve and understanding of the behavioural and attitudinal implications of change, rich means of communication may need to be more than just face-to-face question and answer sessions. This may include work-shops, or even personal development interventions with role play, to achieve experiential learning.

Most communications strategies will also utilize many different types of communication, including written communication. To return table 2.11, the richer forms of communication used to achieve unfreezing and explanation may need to be supported by less rich forms of communication. Participants will never remember everything they are told at meetings or workshops. Written communication in the form of newsletters or notice board bulletins, for

example, can be used to provide updates on progress and plans. Some organizations use electronic communication for these purposes.

- **Message content**

The key issue with the message content is to match the detail to the audience needs:

- If the message provides information that is personally relevant, and is couched in language that recipients can relate to and understand, the more likely it is that the message will be understood and retained.
- Employees do not just need organizational vision, they also need a personal vision. In a change situation, the question everyone wants an answer to is, what is going to happen to me? Until individuals know if they will have a job, or where they will have to relocate to, or how their terms and conditions will change, they are unlikely to take in much else.
- For the change agents and people who have worked with them on designing the change process, it is too easy to announce just the conclusions and not explain the thinking that has gone into the decision-making process. This can lead to people asking question about why particular options have not been considered, when they may have been , and questioning the feasibility an suitability of the proposal (see Figure 2.26).

The message content may also need to be adjusted to meet the different needs of different stakeholders. Although the primary target for communication may be the employees, it may also be necessary to communicate with other stakeholders such as the unions, the customers, the suppliers and stakeholders.

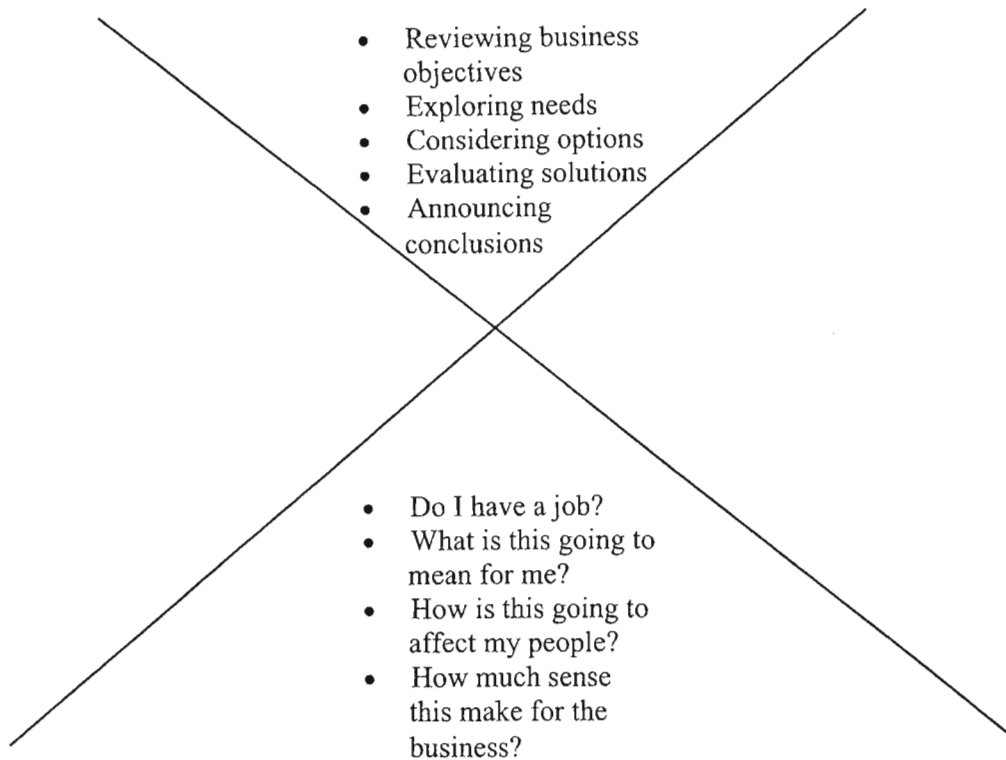


Figure 2.26: The communication collision

(Source: Bill Quirke, Communicating for change, 1995, McGraw Hill)

Even staff within one organization may have different information requirements, due to the different ways they are affected by the changes. For example, if change is being implemented by the use of prototypes and then extended, even staff as yet not having to undergo change will still need information on progress.

- **Who should communicate the change?**

In situations of dramatic change, the obvious answer to the question of who should communicate the change would appear to be the senior managers, and preferably the MD or CEO. If senior managers do not personally deliver bad news or news of dramatic change, this can be interpreted as a lack of concern for the welfare of staff, or even a reluctance to give bad news

personally. The size of the organization, or the geographic spread, can make it impossible for one or two people to lead all presentations, particularly if there is a need for all staff to hear certain information at a similar time to contain unhelpful rumours, or to avoid the symbolic implication that certain groups of staff are more important to the company than others. Many organizations overcome this by using videos, which are then shown by managers to staff and accompanied by a question and answer session.

This may work as long as the managers concerned are briefed and trained sufficiently to be able to discuss the changes knowledgeably; show enthusiasm for the changes themselves; have adequate presentation skills; and are able to demonstrate empathy and sensitivity where necessary.

In some instances the use of the line supervisor may be more appropriate, as they are more likely to be able to translate change into language and terminology that is relevant to their staff. It may be appropriate to involve managers and supervisors in the second wave of communication, when more detail pertinent to particular groups of staff is being communicated. Update and progress information can also be given by line managers and supervisors.

Anyone that has to communicate change to others needs to have as much information as possible. If managers are asked to brief their staff, but cannot answer their questions, and have no means of feeding the questions upwards to obtain answers from their staff, they are unlikely to generate such commitment for change. Furthermore, when change is to be communicated by individuals who have not been involved in the planning. Some thought needs to be given to the issues that might arise, and how these issues should be dealt with. This can be enhanced by collecting all questions asked and then issuing answers.

- **Linking communication to design choices**

In any change process, the more communication with staff by a variety of different means, the better. There is always a need for certain types of communication like progress information. However, there is a need to match the communication strategy to the context of the changes and the design choices already made. The key issue here is to understand the role of communication in the design choices made so far. For example:

- If the change style selected is communication and education, then the communication strategy needs to be designed to have many seminars and/or training and education interventions up-front that are about creating an awareness of the need for change, an understanding of what needs to change, and providing staff with the skills to undertake change.
- If the change style is to be collaborative or participative, the change process has to allow for collaboration and participation. In collaborative change approaches, particularly those that are also bottom-up, collaboration could also extend to the design of the communication strategy.
- If the change style is to be more directive or coercive, much of the communication may be move one-way with less of an emphasis on participation. Dramatic symbolic gestures are more likely to be used to support directive and coercive change styles.
- If the change levers selected include communication, education and personal developments, perhaps to effect a value change, then such activity needs to be built into both the unfreeze stage and the move stage to help staff understand what is expected of them, and to enable them to change.
- If the change levers selected include symbolic activity, these communicating the changes, and those in a prominent management role,

need to be seen to support the espoused managers of change by their behaviours, actions and language.

- All unfreezing tactics involve communication in one form or another, be it verbal, or written. Decisions about the unfreezing tactics will need to be built into a communication strategy.
- Time and capacity, particularly money and managerial resources, can affect the communication strategy. It may be that these factors mitigate against an extensive communication strategy. This is likely to be true for organizations in crisis. Face-to-face communication is likely to be limited and more tell than sal.

2.4.8.5 Managing resistance and politics

- **Managing resistance**

Resistance management is the term used to cover a number of techniques for diagnosing and managing resistance to change. Once the various stakeholders or groups of stakeholders have been identified, it is then necessary to consider who might resist change, and why, during the transition phase. Only then is it possible to consider the various tactics that should be employed to overcome possible resistance.

The transition curve discussed in Point 4 shows that change is an emotional and difficult process for most individuals. Resistance should always be expected and should not necessarily be perceived in a negative light. It is possible that initial resistance is a natural response to change for most individuals, and that the resistance needs to be worked through before change recipients can start to accept change and adapt. Resistance should not be assumed to be age-based either. There are a number of different models, lists and categories of reasons why individuals are likely to resist change . Table 2.13 shows one such categorization.

Once potential areas of resistance have been identified, it is necessary to consider the appropriate tactics to overcome the resistance anticipated among the different stakeholders. Resistance can be overcome by a range of tactics that are very similar to the range of change management styles see Table 2.14. The difference here is that the approach taken with one or two individuals to overcome their resistance may need to be different to the general approach taken with other employees.

Resistance may be due to:	
Self-interest and politics:	Issues to do with personal loss and cost of undertaking personal change, such as loss of turf, loss of status, loss of promotional prospects, separation from long-standing colleagues, or even a less convenient journey to work.
Psychological reasons:	Issues such as fear of the unknown, fear of failure, concern about ability to develop needed skills, or a low ability to cope with change.
Emotional reasons:	May include lack of energy and motivation, denial of need for change, or demoralization. Also uncertainty about impact of change on individuals, such as job security and earnings levels.
Change approach:	Lack of participation, involvement and communication.
Recipient perceptions:	To do with lack of understanding about why change is needed and its implications. May include different assessments about what should be done and the likely outcomes of proposed changes. A lack of trust may result from previous change experiences in which promises were not kept.
Cultural bias:	Entrenched ways of thinking (selective perception), and 'we have always done it this way' attitudes and habits. Conflict between proposed changes and existing values and beliefs.
Historical organizational factors:	Traditional relationships between managers and the unions and the workforce, or traditions of rivalry between functions or departments.

Table 2.13 – Resistance to change

Education and communication:	Could include sharing information such as communication of reasons for change, what will and will not change, who will be affected, benefits and timetables. Could also include promoting a vision. Helps overcome negative recipients perceptions, and emotional and psychological fears of change.
Participation and involvement	Managers and staff can be included in task forces, working parties, focus groups, quality circles, or just involvement through some sort of consultative process. If staff are involved and feel they have contributed to the design of the changes they are less likely to resist them. Can reduce resistance arising from the change approach, and can help reduce concerns about the impact of change and the ability to cope.
Facilitation and support:	This could include the creation of peer support networks and groups, counseling for those experiencing difficulties or stress, access to external and internal consultants for advice and help, or simply the availability of a line manager who staff can talk to. Support can also include training in needed new technical and business skills. Such support may be critical for some staff who are fearful of the impact of change.
Negotiation and agreement:	Tactic common in a unionized organization. It involves discussion with employees or their representatives to resolve areas of dispute about the changes, such as remuneration, hours of work, levels of employment, and terms and conditions. It may involve giving incentives to gain acceptance of change, such as guaranteed levels of pensions for those taking early retirement, or additional payment for more demanding duties and greater flexibility. Can help overcome resistance due to self-interest.
Manipulation and co-option:	This involves attempts to influence others in a more covert manner, perhaps by the way information is presented. It could be include inviting an influential manager who could be obstructive to join a working party since the manager would be more likely to be supportive of recommendations she or he has contributed to. However, if individuals perceive themselves as being manipulated they are likely to react negatively to this tactic.
Explicit/implicit coercion:	Individuals are forced to accept change, by either explicit or implicit threats, such as the loss of employment. The threat may not be direct, it may be that transferring one or two individuals, or even making them redundant, sends an implicit message to others

Table 2.14 Tactics for managing resistance to change.

Much resistance will not be overt. Some staff will hide their resistance and instead this resistance will manifest itself later in the change process by foot dragging, or poor performance or productivity from the staff concerned. In extreme circumstances some staff may even practice sabotage. Other staff may just spread negative stories about the leading of the change effort and the potential impacts of the changes. Therefore, some resistance will have to be tackled as and when it is encountered.

A lack of readiness for change should be confused with resistance. If people have been prepared for change, and understand what is expected of them, they are less likely to exhibit resistance. For the majority of staff, therefore, most effort in the early days of change should be devoted to strategies designed to create a readiness for change. This includes use of techniques such as education and communication. However, there may be staff that may never be able to cope with the changes whatever assistance they get. Those that continue to resist change well into the move phase may be the staff the organization should choose to let go. It may even be that the persistent resisters are the ones selected for redundancy.

- **Managing politics**

Changing needs to take into account the informal as well the formal processes within organizations. A common problem encountered when implementing strategic change is a failure to take into account the balance of power, how the political system operates, and who externally has influence over the process. Yet power affects outcomes.

Political activity is a relevant change management activity for any manager involved in change. Implementation games such as diverting resources, financial or human, away from change projects; using bureaucratic, organizational procedures to slow down the acceptance of change proposals; limiting communication of change goals and tasks; damaging the change

agents credibility; or agreeing to change proposals but not doing anything to advance them are common place in organizations.

Methods for analyzing the political systems within organizations, and likely stakeholder reactions, include stakeholder analysis and resistance management, and the use of social network analysis. Social network analysis, or sociograms, is a useful technique for understanding the political landscape within an organization. Sociograms are diagrams which reveal the patterns of influence and trust that exist within organizations, which may be very different to the patterns that formal organization charts suggest exist. This is due to the influence of informal networks, both work and social.

Sociograms are developed by interviewing people about their networks – if their formal and informal work and social relationships. They can be used to understand who influences and trusts whom within an organization, both to gain an understanding of the networks that may be used to subvert change, and to identify the individuals who have the informal power to build support for change. Sociograms can also be used to reveal individuals within the organization who might carry a lot of formal power, but have an insufficient level of influence to help develop support for change.

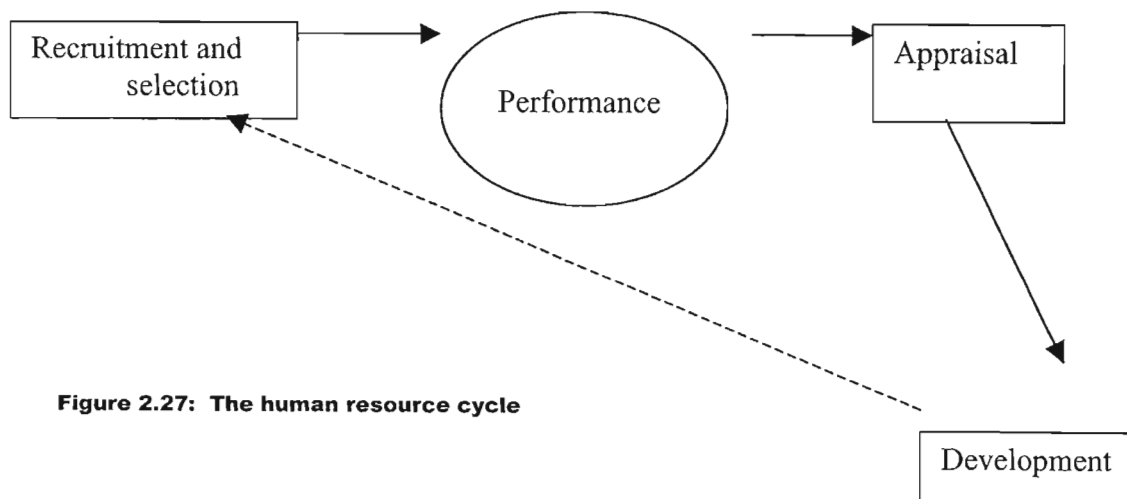


Figure 2.27: The human resource cycle

- **Linking resistance management and politics to design choices**

Resistance management and politics are needed in all change process. The reality of change is that it involves resistance and it involves politics. However,

yet again there is a need to match the tactics to the change context. The choices as to the type of resistance management tactics to use are a little like those to do with change style. If there is a lack of time, then more coercive and manipulative resistance management tactics may have to be used, and if there is a crisis they may also be perceived as more legitimate. However, if there is more time, then communication, education, participation and negotiation may be better approaches. On the other hand, resistance management is also about tackling individual resistance. It may be that far more senior staff, if some individuals are not behaving as required in the new environment and are therefore obstructing the change process in some way, they have to be treated differently and on an individual basis.

2.4.8.6 Building new human resource management systems.

Human resource management (HRM) policies and processes are one influence on individual and group behaviour within an organization. They can be used both to move the organization through change and also reinforce and sustain the newly formed organization once the change is over. The main components of a human resource system are shown in 2.5.5 and include:

- Recruitment and selection: designing jobs, and attracting, selecting and appointing staff into the organization.
- Appraisal – measuring, monitoring and assessing staff performance, assessing staff for either reward or future training or development, and defining future performance objectives.
- Reward : rewarding individuals or teams for contribution, and motivating them to stay and /or perform.
- Development: training and developing staff for either improved future performance or as part of a general career development.

The following examines both the need for linkages between these different components of the HRM system if it is to operate as a set of uniform practices, policies and activities, and the role of each of these HRM systems in change.

- **Linkages between the components**

In order for the components of the HRM system to work effectively as change levers the organization has to ensure three forms of linkage: temporal, vertical and horizontal.

- Temporal linkages ensure that the human resource policies and processes change over time as the business strategy evolves.
- Vertical linkages ensure that the human resource policies and processes are congruent and reflective of the business strategy and the business goals within that strategy. There is little point in having a business strategy which can only be achieved through the development of a team culture if the compensation and benefits system rewards individual performance rather than team performance.
- Horizontal linkages ensure that the human resource policies and processes are congruent with each other. Do the criteria by which people are selected bear some resemblance to the criteria by which they are appraised for performance? To extend the example given above, if the business strategy needs a team-based culture, then the criteria used in selecting staff, and appraising staff and rewarding staff, should all be linked into team-performance so that each activity complements the others.

Competencies are often used as a mechanism to achieve horizontal linkage. A common set of competencies are established for an organization. Different combinations or clusters of competencies are

then put against specific jobs. For a specific job the same competencies can be used as selection and appraisal criteria, and for assessing rewards and determining development needs.

- **Recruitment and selection**

Recruitment and selection are two separate stages in the overall process of bringing new people into an organization:

- Recruitment is concerned with looking for people whom the organization might wish to employ. It is to do with advertising vacancies and attracting people to apply to the organization.
- Selection is the process by which an individual or individuals are chosen for appointment from the pool of individuals who have either applied through the recruitment process or been recommended for a position.

Recruitment is the process that produces candidates. Selection is the sorting of the candidates, possibly through interviewing and profiling questionnaires, to identify the final appointments. There are several ways of that recruitment and selection can be used to support change interventions. During the unfreeze phase one of the most common mechanisms used to indicate the need for change is redundancy. However, tactics can be more subtle:

- Organizations can change the selection criteria. Selection criteria may include past may include past experience, personal skills, qualifications, knowledge areas, attitudes, and so on.

If the organization is seeking to achieve a cultural change, for example, these criteria can be altered to reflect the new forms and values that an organization to fill vacancies previously filled through internal promotion. This also indicates to existing staff that they are no longer has the appropriate skills.

- New selection criteria also enable the use of degradation & challenge rituals. For example, setting new selection criteria for certain positions may mean that staff with appropriate qualifications need to be brought in from outside the organization to fill vacancies previously filled through internal promotion. This also indicates to existing staff that they no longer have the appropriate skills.
- Staff can be made to re-apply to the organization for a job. If selection criteria have also been changed, or less jobs made available in the new structure, this may mean that some staff are offered redundancy rather than a job.
- Organizations can change the type of people recruited. Organizations may choose to make redundant certain types of staff, but to take on a different type of staff. Organizations may also decide to start to recruit and/or promote from a pool of potential candidates previously ignored. Challenging existing perceptions of who fills which jobs can both symbolically and practically aid a change process.

During the move phase, the tactics may be similar to the unfreeze phase. Selection criteria may be altered to allow for an ongoing reduction of staff by identification of those staff not able to perform against the competencies now required by the organization. Job redesign may also be used. Job redesign is concerned with the actual structure of a job. Change may involve changes to certain working practices within the organization – perhaps the way cars are assembled, or telephone enquiries are dealt with.

This in turn may affect the number of staff needed and the sort of people who will fill them. It could also lead to the introduction of a move to flexible working, or annualized hours, where staff work more hours at one time of the year than others to meet the fluctuating level of customer orders.

During the sustain phase, the recruitment and selection interventions are likely to be concerned with interventions aimed at longer-term change within

the make-up of a workforce, rather than short-term change to the staff an organization already has:

- Organizations may change the way people are recruited.
- Organizations may change the selection mechanisms (interviews, assessment centers, psychometric tests) for both new recruits and for the promotion of existing staff, although some organizations may choose to do this in the move phase.

- **Appraisal**

Appraisal is the assessment of an individual's past performance, often against objectives previously set, and the establishment of future performance objectives; it may also include the identification of development or training needs and /or the determination of rewards or bonuses.

The most common way of using appraisal systems to help deliver change is to change either the criteria or the objectives against which staff are assessed. Criteria may be changed by reshaping the skills, competencies or behaviours against which staff are assessed, and objectives may be changed by reshaping what staff have to achieve. For example, to aid a shift in priorities for lecturers at a university from teaching to research, the objectives in the appraisal system may be altered to include getting research published in academic journals.

360-degree appraisals can be introduced whereby staff also appraise their managers as well as the other way round. This was done at WH Smith News to help unfreeze the deferential culture. The frequency with which managers have to appraise their staff could also be changed. It may be specified that managers are expected informally to keep in touch with their staff throughout the year to assess how they are coping with the change, so that the formal annual appraisal is merely a summary of what is already known. This

suggests a change in role for the manager, to one more to do with coaching and counseling.

- **Reward**

Reward covers the whole compensation and benefits area and is a common change lever to help obtain changes in staff behaviour and performance. Reward is concerned with both rewarding people for past performance and motivating them for future performance, it also acts as a means of retaining staff. However, reward is a very broad category and people can be rewarded in many different ways. Reward can encompass being sent on training courses as a bonus for particular performance. It might include extra holidays, payment for college fees, access to childcare, and company cars. All of these forms of reward can be used to help recruit and retain staff with a range of different needs, but also be used to motivate people to embrace change.

To understand how to use a reward system effectively within an organization a change agent needs to understand the different motivations of staff groups. For some groups, such as sales representatives, financial rewards are a critical motivator. For others, financial reward is not a primary motivator, for example, nurse, most academics, and people working within the voluntary sector. Furthermore, if the recruitment policies have been changed to start tapping into a previously neglected type of staff such as mothers returning to work, a different range of rewards may need to be offered to retain these staff.

Such employees may value flexibility over financial reward. This may also require a shift in the company policy towards a 'cafeteria' benefits system, such as that operated by Price Waterhouse, whereby staff can pick and mix from a range of benefits, such as extra holiday, childcare vouchers, company car, pension and shopping vouchers, to top up their basic salary packages that are best for them.

Given the links between reward and motivation, it is easy to see how compensation and benefits can promote change, both through the transition

phase and beyond. In the unfreeze phase, changes to the reward system, as with changes to the reward system, as with changes to the other HRM systems, are likely to be symbolic, and may include:

- Pay freezes, pay cuts or the non-payment of the usual annual bonuses.
- The alteration of non-financial rewards. Subsidies for canteens or health clubs could be stopped as part of a cost-cutting drive. Staff clubs could be closed.
- The criteria against which bonuses are paid could be altered. If previously performance-related pay was determined by how many individual sales were achieved over a short period of time, a shift towards relationship marketing might suggest that the reward system should be altered to reflect the ability to sustain longer-term customer relationships. This is as true for senior managers as it is for more junior staff.

During the move phase, the reward system is more likely to be used to encourage change-related behaviours – through both financial and non-financial means. Again, these rewards may be symbolic, giving messages to staff about what they have to do to help with the change process – or perhaps even to keep their job. For example:

- Staff may be rewarded for simply supporting the changes. For instance, line managers can be given bonuses for spending time counseling their staff through change or implementing change-related initiatives. The same can apply to non-managerial staff.
- Other rewards may include writing about staff who are deemed to be doing the right things in newsletters to portray them as role models to others, or publicly giving staff who make the sorts of change wanted recognition through the use of rites of enhancement as discussed above.

- Staff could also be rewarded by other means, such as training and development courses. Those staff who are doing the right things may receive sponsorship for something like an MBA course, or be sent on a high-profile management development programme at a top business school.

Sustaining change is more to do with maintaining and retaining changed behaviours into the longer term. Changes to reward systems in this phase of change are more likely to be permanent changes to the overall framework of rewards. It is at this point that an organization may implement, for example, a new cafeteria benefits system, or embed symbolic rewards into the permanent way of working in an organization.

- **Development**

Change may involve staff acquiring new skills, new knowledge, new working practices, or new behaviours, attitudes or values. Development and training is the mechanism used to help achieve this. Training seeks a specific outcome in terms of skills or behaviours.

Development is more challenging and broader in remit. It may include experiential learning, which can encompass outdoor development courses, or it can be classroom based. Education is even broader in its aim, seeking to open a delegate's or student's mind to new ways of thinking. The key to success is to choose the right delivery channel for the type of change design chosen, and the level of people who are the recipients of the learning process. Senior management react less well to training and better to education, whereas staff requiring new skills need training.

There are many mechanisms for delivering development and training:

- Off-site interventions: This can involve courses on specific skills or knowledge areas such as IT, or qualifications retailing.

- General management programmes (either in the form of degree-based courses such as MBAs, or executive development courses that examine all management functions): Organizations can also have customized general management programmes designed to suit their own needs.
- In-house training: this can take the form of courses or job-based learning.
- In-house computer-based training: Employees can have direct access to new knowledge and skills, without using the training manager or their manager's training budget as an intermediary.

These different interventions can be used to different effect to help unfreeze, move and sustain an organization. Personal development is very powerful during the unfreeze phase, since it is concerned with helping an individual to grow and change at an individual level. It is about challenging the way individuals see things. As such, it is a type of intervention that is valuable in circumstances where value change is required of individuals.

British Airways, for example, used a personal development program as part of the unfreezing process for the culture change in the 1980s. The program, putting people first, was used to help staff develop a recognition of what customer service was about. Personal development can also be used to aid unfreezing when a type of behavioural change is needed which in turn requires individuals to recognize the degree of change this requires from them personally.

Personal development programmes designed to aid unfreezing are likely to be in-house programmes designed with the intent of putting many staff through them simultaneously to achieve a critical mass of support for change. However, if the need is to unfreeze particular senior managers, then these people may be sent on open management development programmes. Of course, if the unfreezing style selected is communication and education, then the unfreeze interventions may be more about education than personal development.

During the move phase, both training and development will be needed to help staff develop either new skills, the interventions will be more to do with training, whereas if the emphasis is on value-based change, more personal development interventions will be needed. Again, courses are likely to be designed specifically for the organization if a critical mass of people need to attend. Coaching and counseling by outside facilitators, a more intensive form of private, individual personal development, may be provided for more senior managers to help them develop the new attitudes or behaviours required of them or to provide them with the change skills they need to help their staff through change.

If training and development initiatives are to be used as change levers they must be chosen with the change outcomes in mind. So, for example, if an organization decides that for it to succeed at change all its senior and middle managers need to understand the change process and how to help their staff through change, then the course designed would need to fit this objective. This means that the contractor of the course for the organization needs to be able to evaluate the objectives of every available course and assess their fit with the requirement. It also means that the participants need to be able to evaluate the objectives of every available course and assess their fit with the requirement. It also means that the participants need to be able to link the content of any change-related training to the desired outcomes of the organizational change programme.

Sustain interventions will be more to do with putting in place training to ensure the ongoing development by staff at all levels of the sort of competencies the organization requires for it to remain competitive in the longer-term. Things such as new induction courses for new recruits could also be put in place at this point. Training and development initiatives will need to be supported by corresponding changes to the appraisal system, to ensure people are put on appropriate training courses and assessed against whether or not they are able to use the skills and competencies they are supposed to have acquired.

Another important sustain intervention is career development. Any organization undertaking change needs to make suitable adjustments to its career planning processes, to build the organizational leaders and competencies required for the future. It is very short sighted for the current senior managers to anticipate that the behaviour or knowledge that got them to the top should also apply to the next generation of leaders.

Career development may be delivered by a series of planned project assignments or job promotions aimed at giving the individual the range of experiences deemed necessary for future leaders, and/or management development programmes such as MBA courses. It may also incorporate activities such as coaching and mentoring, whereby more junior managers are assigned a more senior manager to act as their mentor on personal and career development.

- **Linking HRM systems and design choices**

As with all other levers and mechanisms it is important to link the use of the HRM interventions to design choices already made. For example:

- If the change target is outputs, then changes to rewards and performance objectives within the appraisal system are likely to be particularly helpful.
- If the change target is behaviours, then a range of HRM interventions will be needed including training and development to help effect the changes to skills and behaviours, and changes to appraisal criteria and rewards to support the new behaviour during its quality programme. Development interventions may also be needed if the behavioural shift also requires an accompanying recognition of the types of personal change needed to support the changes in behaviours.
- If the change target is values, then as the discussion on training and development makes clear, many longer-term development – related

initiatives will be required aimed at altering the way individuals think about their work and their customers.

- If the change start point is to be bottom-up, rewards and promotion could be used to encourage participation on an ad hoc basis. This would also be a symbolic intervention, indicating that those staff that get on and are valued are those that are contributing to the change process. More permanent changes to reward systems would only be instituted in the longer term to sustain the changes that had evolved.
- If the change start point is top-down, then things such as performance objectives and rewards may be imposed to force in change, particularly when accompanied by a focus on behaviours to force change quickly.

Other factors may also influence the decisions about which HRM interventions to use. Capacity, in terms of cash employee time for change is an issue. Organizations can be so over-stretched because of the changes they are trying to implement that they cannot release staff, or allow them in time for the training that has been set up. There is little point in investing in an initiative whilst having no capacity to deliver it. Training and development programmes can also involve significant investment in terms of time and finance.

The purpose of this point has been to describe in some detail the use of a particular levers and mechanisms to aid the transition process and help effect the required changes namely:

- Communication is particularly important during all phases of the transition. During the unfreeze phase, communication needs to be designed to create readiness; during the move phase communication also needs to provide explanation; and as change progresses, communication also needs to provide update information for staff. It is always necessary to focus on matching the communication to the needs of the audience.

- Symbolic activity is important as an alternative form of communication during change. Rituals can be used to help facilitate the unfreeze, move and sustain change process by legitimizing questioning and challenging in the early stages of change, and promoting new role models and social identities as change progresses.
- Resistance management, and understanding the political landscape of an organization and how to work within it, are other legitimate change interventions.
- Finally but by no means least, HRM systems are a key change lever. Recruitment and selection, reward systems, appraisal mechanisms, and training and development are all interventions that need to be used to encourage individuals to adopt the new skills, behaviours, attitudes or values required as part of the changes.

This point completes the analysis of how to design the transition process, although it is also starting to address considerations of how to manage the transition.

2.4.9 Managing the transition: monitoring and resourcing

The last two chapters explained how to design the actual change implementation, the transition state, and also discussed how to sequence the selected levers and mechanisms throughout the transition. This chapter builds on this, by focusing on the management of the transition state. It considers:

- The design of change outcomes and monitoring mechanisms to evaluate the progress and success of change process.
- The different roles that need to be managed during the transition state and the issues for the individuals who fulfill them, with a focus on change agency, middle managers and change recipients.

The discussion opens with a consideration of the nature of the transition period itself. An understanding of what change is like once implementation gets underway is important for a fuller appreciation of the types of monitoring mechanisms required and the types of skills required by those responsible for managing the transition.

2.4.9.1 Managing the transition

It would be all too easy to assume from what has been said so far that the key to managing any transition is good up-front planning. It is true that the more planning and forethought given to the transition state, the better the chances of success, which is why the previous chapters devote so much attention to it. However, as Chapter 1 pointed out, it would be wrong to believe that implementation will unfold neatly in a linear fashion in accordance with carefully laid plans. The transition is better characterized as an emergent process full of surprises, with unpredictable and uncertain outcomes. Words like 'frustrating', 'chaotic' and 'difficult' are often used by managers to describe their experiences.

A good analogy is to think of the old slot machines that used to be found in entertainment arcades for children. A penny dropped in a slot at the top could take many routes. The 'prize' a child would get out of the machine would depend on the route the penny took. Leading change is a similar experience. Managers can drop interventions in at the top of the organization, but the resulting outcome, in terms of the changes in behaviours or attitudes it produces, can be surprising and disappointing. Outcomes achieved are not always as intended. Change is about managing individual expectations and interpretations, not just structures and systems.

Change agents need to work to align the interpretation of individuals with their change vision. This does not involve the use of just verbal and written communication, but also the use of symbolic activity, education, training, and possibly, personal development, all discussed in the previous chapter.

The nature of the implementation process also has implications for its management, one of which is that some type of specific transition management is needed to resolve problems as they arise, and keep the change process on track. It also involves recognizing that the very nature of change, and the way individuals react to change, makes misinterpretation and unexpected outcomes not only likely to happen, but very probable. It is therefore necessary to attempt to monitor change progress from the recipients' perspective. These issues are discussed in more detail in the rest of the chapter.

2.4.9.2 Designing change outcomes monitoring mechanisms

- **Designing change outcomes and measures**

As with any management interventions it is wise to establish some measures of success for the change process based on the desired change outcomes. Change outcomes describe the behaviours required of people and the types of outputs they are expected to produce in the future. They spell out how the behaviours of staff need to change on a day-to-day basis. Change outcomes are also measurable aspects of change. They are therefore important because they enable the change agent to devise ways of assessing whether the desired behaviours and outputs are occurring.

If an organization is in crisis, however, and needs to effect a rapid reconstruction, then the desired change outcomes are more likely to be financial measures. These outcomes may be to do with the types of measures derived from an annual report, such as profit margins, levels of debt or stock levels. The desired outcomes might also include hard measures to do with internal efficiency, such as cost reduction, which in turn may be associated with targets for staff reductions, levels of waste and cycle times.

Other outcomes and measures can be set to indicate the impact of change on the workforce, such as labor turnover, absenteeism and levels of commitment.

These outcomes may seem generally desirable, but even low labor turnover is not a good outcome in all cases. In some mature corporations, with a historical legacy of strong internal labor markets, staff cuts might become inevitable in the longer term. In that instance higher labor turnover among certain groups of staff with skills less relevant to the future of the organization might be a welcome outcome.

Furthermore, following change, indicators like absenteeism may improve not because staff are more motivated or happier, but because they are scared for their jobs. Once other employment becomes available, they may leave. The critical component is the appropriate measures for their change – each change process determines its own outcomes.

The results from the performance management systems or staff appraisals can be used to assess the achievement of change outcomes. If new criteria for staff assessment or managerial competencies have been brought in, how well are staff performing against these? How many staff are demonstrating changed behaviours as a result of training or development interventions?

Other techniques for collecting information on progress against change outcomes include attitude surveys, customer surveys, interviews and questionnaires, as well as data on control measures such as how quickly the phone is answered. The data from these different mechanisms can be cross-compared to determine aspects such as the degree of innovatory behaviour and risk taking within the organization, levels of staff satisfaction, and the extent to which people are rewarded for new ideas. The findings can also be cross-compared to the HRM systems to see how well these systems are supporting the achievement of the desired outcomes.

The emphasis so far placed on softer measures, to do with understanding the well-being of the workforce and monitoring whether or not staff behaviours are changing as required, is not meant to imply that other harder and more quantifiable measures are not also needed. Of course, it is important to set objectives targets that people can work towards, such as reducing cycle

times, levels of rejects or defects, or improving levels of customer service, or the time to answer enquiries, within a certain time period . There is evidence that result-driven programmes, which focus on achieving specific, measurable, operational improvements within a short time frame, in order to help achieve specific organizational goals will also provide visible early wins in the change process.

Furthermore, it is important that any set of measures put in place support the change process by encouraging staff to work towards the company's change vision and goals, as well as providing an overall view of business performance. A technique for achieving this that has become popular since the early 1990s is the balanced scorecard. The balanced scorecard uses four set of measures:

- Financial measures to assess how the company looks to shareholders;
- Customer performance measures to assess how the company is performing in the eyes of the customer.
- Internal operational measures to assess how well the company is doing on the business processes that impact on customer service;
- Measures of innovation and learning to assess if the company is continuing to improve.

The emphasis here has been placed on more qualitative measures because as this text has already stressed, unless individuals change, then the organization will not achieve its new strategy. Furthermore, simplistic measures such as levels of absence may be measuring levels of fear rather than levels of motivation, and may be masking problems.

2.4.9.3 Monitoring progress

Transition management is about ensuring that what is planned happens, but also about detecting and managing the unexpected. There are many well-known project management techniques that can help either developing detailed plans and schedules, monitoring progress against the plans, and developing resource requirements and implications. Similarly, budgeting techniques will be required to prepare budgets and monitor costs. However, monitoring progress is also about responding to people issues and understanding how recipients of change are reacting. This requires communication with people. This is particularly true when trying to drive in more transformational change which involves a radically different way of working to the past, which is possibly also associated with changes to organizational assumptions and beliefs. If despite the best efforts of the change agent(s) staff do not understand what is expected of them, appropriate new behaviours and beliefs will not develop.

The senior managers, the ones leading change, may be the last to find out about things that are not progressing according to plan. Bad news does not travel upwards well. This means it requires explicit effort to collate information on how change is progressing from the perspective of the recipients. Various techniques can be used to monitor and evaluate the progress of implementation:

- Focus groups and workshops: groups of people from across different organizational levels, department and functions can be drawn together to discuss the change process. Participants can be asked to discuss both what is going well and why, and what is going badly and why. They may also be able to contribute ideas on how problems can be solved, and perhaps help each other with problems they are encountering. Workshops can become a way of sharing learning as well as monitoring change.
- Management by walking about and open door policies: Senior managers can make a point of being visible, and available for staff to talk to. They

can visit departments and offices and discuss the progress of change with staff.

- Team briefing: Many organizations use team briefing to keep staff apprised and progress. Team briefings usually take the form of monthly meetings with a departmental manager or supervisor, at which organization –wide news is discussed, with a particular emphasis on issues that affect the staff attending the briefing. These meetings can be made two-way so that comments staff make are collated and passed back upwards.
- Question and answer session: Managers can host informal question and answer sessions for staff. These may take the form of informal staff /management meetings, such as breakfast or lunchtime meetings.
- External consultants to monitor progress: External consultants can be engaged to run focus groups or workshops, or conduct staff surveys. Staff may be more prepared to be open and honest about what they say in front of an outsider, particularly if guaranteed some level of anonymity.
- Staff representatives who collate feedback: Staff representatives can be nominated to collate feedback. They may be the attendees of the focus groups or workshops.
- Staff suggestion schemes can be used to gather feedback on things that need changing or could be done better.
- Confidential ‘hot lines’ or internal mail mechanisms
- Attitude surveys and other questionnaires

Context-sensitivity is an issue for monitoring mechanisms as well. It is unlikely that people who are feeling unsure about what the future holds, and nervous about ‘who’s next’ for redundancy, will tell an MD on a walkabout what is

going badly. To be open about the way they are feeling, and what they see as the obstruction to change, those on the receiving end of the changes may initially need to be afforded some degree of anonymity before they will speak openly. Once it can be seen that there is no comeback for honesty, then it may be possible to develop more open lines of two-way communication. For people to give feedback there also needs to be visible action on feedback, or staff will feel that their managers are not seriously interested in their opinions, so why bother.

This point completes the discussion of the design and management of the transition state. Its aim has been to explain how the nature of the transition state places particular demands on those leading change, which in turn has implications for change agency skills, and monitoring and measuring mechanisms.

This model has stressed throughout that successful change is reliant on the development of a context-specific approach. There is no approach that can be applied irrespective of context. Furthermore change implementation is a highly complex task involving a number of decisions about how change should be approached in the particular context in question.

Leadership or change agency requires first of all a diagnosis of the change context and judgement about the best approach to take. Then based on the selected approach, it is necessary to manage both the organizational change path and the individual transition that will ultimately underpin the organizational transformation. The complexity of their process is increased by the need to conduct many additional task in parallel with the transition design and management. These tasks include working at all times through various communication mechanisms to keep individual understanding of the need for change and the goals of change aligned with the overall vision.

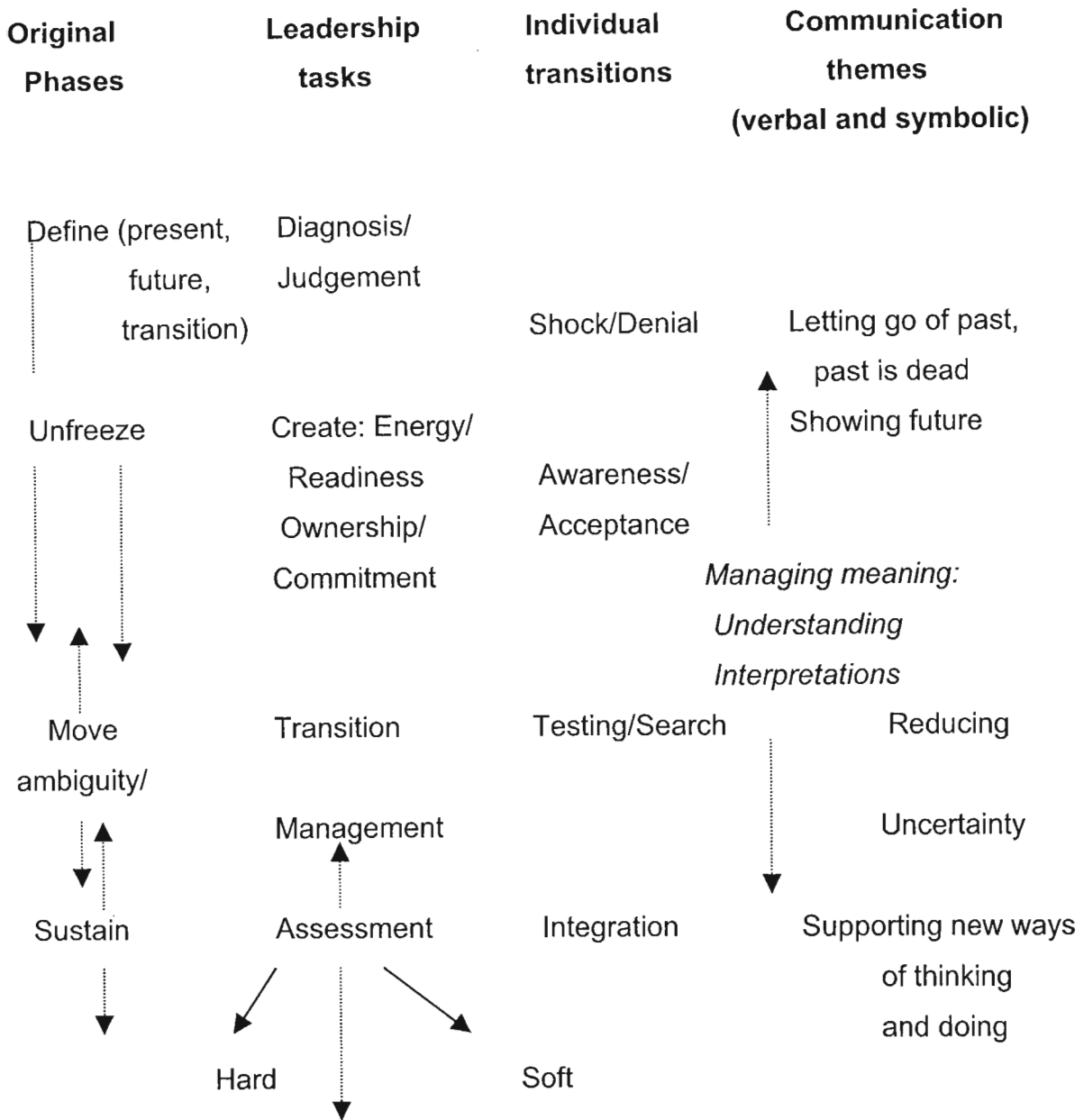


Figure 2.28 Putting it all together

The subsequent, and final chapter revisits the change flow chart presented in Point 2.1, to help the reader put together the various steps in the development of a context-sensitive approach to the implementation and management of strategic change.

2.5 The Managerial and Personal Skills Required by a Successful Change Agent

The nature of the transition state and the impact of change on individuals requires special attention to the nature of change agency, and the roles of middle managers and change recipients during change.

2.5.1 Change Agency

Chapter 1 has already discussed a number of skills required of change agents. These skills include the ability to analyze the change context, to judge the key contextual features of the change context and therefore design an appropriate change approach, to take action to achieve implementation, to handle complexity, to be sensitive about the impact of change, and to be aware of the potential impact on one's own preferences on the design choices made. Change agents also require good influencing skills because of the political nature of their role. However, change implementation is a complicated and difficult task. Transition management once change gets underway involves coordination of all the planned activities, but also the management and resolution of any unexpected problems. It involves:

- Ensuring that what is planned happens, but also anticipating, detecting and dealing with the unexpected;
- Providing continuity between formulation and implementation to ensure consistency in the way plans are turned into practice;
- Overseeing the changes, which includes the coordination of the myriad change projects and change-related activities;
- Monitoring change progress against plans.

Whoever is leading the change process may also take responsibility for transition management. However, the more fundamental the transition, the more time-consuming transition management is a task. If change is being led by an individual, such as the MD or CEO, the individual may find that even if all or her operational responsibilities are delegated, just being visible and championing the change takes up most of the time. Therefore, the bigger and more complex the change, the more likely it is that a transition management team will be needed to support the main change agent(s).

Similarly, middle and senior managers with operational responsibilities may also have insufficient time to fully address transition management responsibilities. Therefore, although creating a management team out of the hierarchy, or selecting representatives from the main stakeholder groups within the organization, or even assigning responsibility for transition management to the line managers, are all possibilities, in large-scale change it is more likely that the transition management team will be most effective if it is staffed with individuals whose sole responsibility is transition management. This team of additional change agents will need to be a powerful group and, therefore, either accepted by the organizational power structure or given backing by the chief executive for what they do.

The individuals within the transition management team will also need to be well trained. The individuals will need to :

- Understand the business;
- Understand and buy-in to the change vision and goals;
- Understand the mechanisms, tools and techniques of change management;
- Have good people skills, be sensitive to people issues, and be well respected within the organization.

In major change projects, it is also more important that individuals managing the project have process rather than technical skills (see table 2.15). Process

skills are to do with managerial and interpersonal skills, such as communication, consultation, team building, managing politics, and being able to motivate others and demonstrate enthusiasm. Technical skills are more to do with being able to use control techniques and technology required by the change project, such as information systems. This does not mean that planning and scheduling tasks are not necessary, but that transition management involves more than traditional project management skills, particularly if it is accepted that managing change involves working with individuals and their interpretations.

	Strategic change	Operational change
Agenda	Rapid change, quick results Significant resource commitment Fickle support Complex interdependencies Multiple 'ripples' Conflicting perceptions Multipurpose changes Unstable goals Confused responsibilities for process and outcomes <ul style="list-style-type: none"> • Process • Control • Content 	Slow change, slow results Few extra resources needed Solid support Few interdependencies Self-contained Shared views Single-function systems Stable goals Clear 'ownership' of process and outcomes <ul style="list-style-type: none"> • Content • Control • Process
Skills	<ul style="list-style-type: none"> • Managerial and interpersonal • Business 'awareness' and Political capabilities 	<ul style="list-style-type: none"> • Technical • Traditional project management capabilities

Table 2.15 Change Skills

(Source: Adapted from D. Buchaman and D. Baddy, The Expertise of the Change Agent: Public Performance and Backstage activity, 1992, Hempstead: Pentice Hall)

2.5.2 Middle managers

Traditionally, middle managers were viewed as change implementers, the people in the organization responsible for taking the change plan and making it happen by translating it into actions. Middle manager tasks were more to do with monitoring and control. Middle managers are also often characterized as resistant to change., providing powerful obstructions to changes that counter their own self-interest.

However, most managers fulfill a complex and demanding role in change. They have to :

- Undertake personal change themselves;
- Implement the needed changes in their departments or teams;
- Help and lead their staff through personal change;
- And in the meanwhile, keep the business going.

Thus, for much of the time managers are simultaneously change recipients and change implementers. They fulfill a role more accurately described by the term change relayers since they are responsible for absorbing change and passing it on. In effect, each manager of a team has to be change agent in her or his own right. Managers' need:

- Verbal communication skills to fulfill their role of selling the need for change to their staff;
- Team building skills to build a team from a group of staff who may not have worked together before.
- Coaching and counseling skills to help members of their team cope with change;

- Negotiating skills to help resolve problems encountered during the development of new working practices.

The traditional role often given to middle managers, one primarily to do with putting new working practices in place, is expanded by the need to spend an extensive amount of time furthering both their own understanding of change and that of their staff. If the demands of the relayer role on managers are not recognized by the designers of the change process, the outcome will be that this unanticipated role places an overhead on the time of middle managers when they themselves are having to undergo a lot of change. This can lead to a lack of time for important, although less tangible, change-related activities, such as communication with staff, team building, counseling and coaching.

The notion of middle managers as change relayers presents an alternative to the view of middle managers as a source of resistance. It suggests that it is not just getting support from middle managers for the changes that is important, they also need to have sufficient interpersonal skills and the time to fulfill their relayer role if they are not to become blockages to change. If designers of change still conceive of them in purely operational terms and automatically expect them to be sources of resistance, the designers may fail to recognize the pivotal role middle managers play in change, and to equip them with the necessary skills and support.

However, research also shows that middle manager involvement is important in the formulation of strategic decisions. This is not just because involvement in the thinking increases their levels of commitment and strategic understanding. Figure 2.28 shows that middle managers have four strategic roles, only one of which is implementing strategy. The other three are:

- Championing strategic alternatives, which involves middle managers in bringing innovations they have nurtured in their own department to senior manager's attention.

- Synthesizing, which is to do with middle managers collating information on external opportunities and threats and passing it on to senior managers.
- Middle manager facilitation, which involves middle managers in coaching and encouraging their staff to pursue new ideas and experimentation.

		Direction of influence	
		Upwards	Downwards
Nature of contribution	Divergent	Championing strategic alternatives	Facilitating adaptability
	Integrative	Synthesizing information	Implementing strategy

Figure 2.29: Middle manager change roles

(source: Reprinted with permission of Academy of Management, P.O.Box 3020, Briar Cliff Manor, NY. Recognizing Middle Management's Role, 1994, Vol.8, No.4. Reproduced with permission of the publisher via Copyright Clearance Center, Inc.)

As such, middle managers can play a role in developing new organizational capabilities and improving an organization's competitive advantage. More important, however, is ensuring that middle managers have skills to make the strategic contributions that they should be capable of providing.

2.5.3 Change Agents Response to Recipients of Change

Change recipients are those individuals on the receiving end of change, those that must adopt and adapt to change. Point 2.5 discusses the transition curve, and makes it clear that change is traumatic for everyone. As such, this model

has already discussed some of the issues about recipients and change, and how managers need to help both their staff and themselves through transition curve.

Another issue affecting change recipients that has received far more recognition recently is that of survivor's syndrome. Following a working circumstances, those staff left often struggle to cope. Their feelings can lead to lower morale and therefore stress and lower staff performance if not tackled and managed.

There are interventions that can be used to address survivors' syndrome, by equipping survivors to cope with personal change, and providing the skills for future survival.

- Strategic interventions, such as the creation of a new corporate culture which is compatible with the new business strategy, can help create a clear vision of the future and help employees to become active agents in supporting and achieving the new vision.
- Techno-structural interventions, such as participation, communication, problem solving and employee involvement, can provide information to survivors about their future role within the company, and support systems to help them to achieve this.
- Human resource management interventions can address the rebuilding of the employment relationship after major change.
- Human process interventions can also help. These include team-building activities to facilitate open communication and rebuild trust, morale and commitment; counseling and support to facilitate the personal change required; and stress management to manage work role conflict, feelings of job insecurity, and role and career confusion.

The overall message from work such as that on survivors' syndrome is that unless the human factor in change is recognized, and managed appropriately and sympathetically, the reactions of the employees, on whom the organization ultimately depends for its performance, can nullify the effects of change, leading to poorer organizational results and profits than anticipated following change.

2.6 Summary

This model argues that successful change is reliant on the development of a context-sensitive approach to change. A diagnostic framework, the change kaleidoscope, has been presented. The kaleidoscope enables change agent to assess the change context in which they are operating, judge which are the key contextual features of this context, and therefore make appropriate design decisions to create a context sensitive change approach. This chapter summarizes the main arguments put forward by revisiting the change flow chart presented in Point 2.1. It also discusses the limitations of the models proposed. In conclusion some thoughts are presented about the role of change agents in the twenty-first century.

2.6.1 The change flow chart

Point 2.1 presents a change flow chart (see Figure 2.30) to explain the different stages in the development of a context-sensitive approach to change. As Point 2.2 explains, stages 1 to 3, analyzing the competitive position, determining the type of change needed and identifying desired future state, are discussed very briefly.

Stages 4 to 6, analyzing the change context, identifying the critical contextual features and determining the appropriate design choices, form the first half of the model and use the change kaleidoscope. Point 2.3 examines the choices that a change agent must make when designing a change process. The choices include the change path, the change start point, the change style, the change target, the change roles and the range of change levels. However, the

key argument in Point 2.3 is that it is impossible to choose from this menu of choices without understanding the context of the organization. The change context and how to assess it is therefore examined in detail in Point 2.4.

Point 2.4 examine the change context through the change kaleidoscope. The concept behind this model is that every organizational change is unique. Therefore, in each change situation the configuration of contextual features will also be unique like fingerprints.

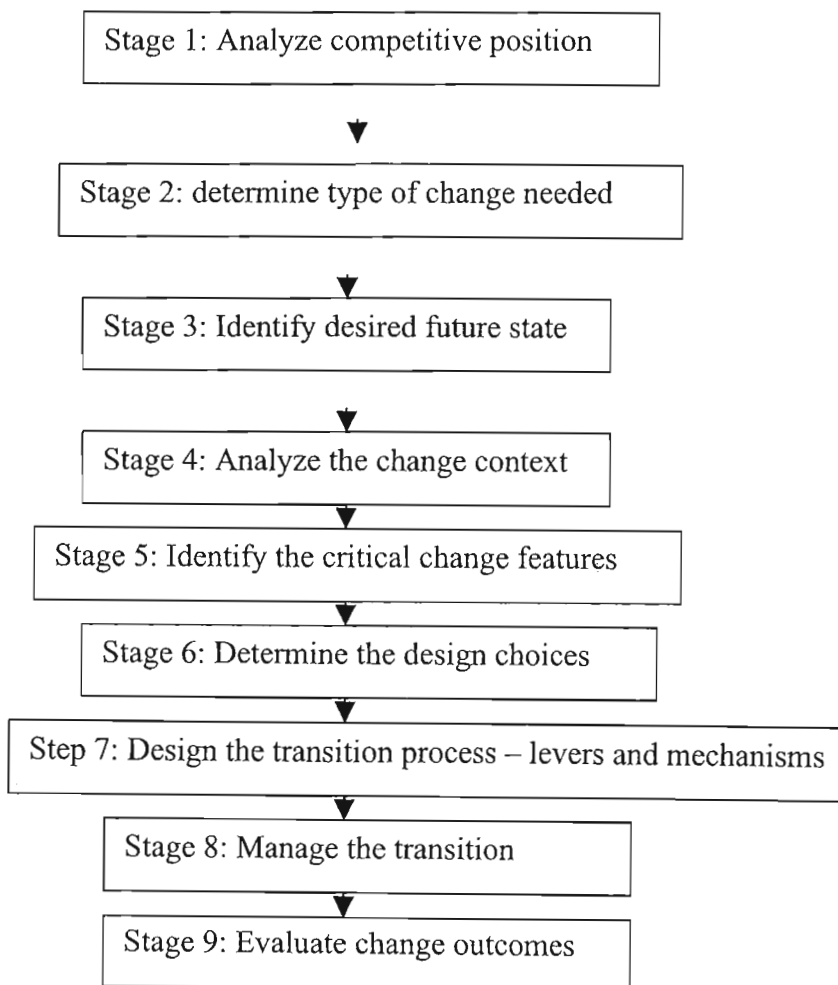


Figure 2.30: The change flow chart

However, there are questions which can be asked about any change context which remain constant. These question include the amount of time available for change, the scope of the change required, the degree of diversity within the organization, the staff's readiness for change, the change capability and capacity to undertake change within the organization.

Point 2.4 & 2.6 consider the design, implementation and management of the transition phase of change –the final stages in the change flow chart. Too often change management stops after the design choices have been made, or worse still at the point of strategy development. These three chapters reveal the complexity of change management in action. They illustrate to the reader the different stages of transition, and the relationship between organizational transitions and the personal transitions of individuals. They also describe the different levers and mechanisms that can be used to support each stage of transition, and suggest methods of evaluating change through outcome measures.

2.6.2 The complexity of change

This model has sought to both reveal and address the complexity of change. Some texts either ignore the complexity of the process or reduce its management to ten-step plans. This model has tried to honour the idea of management as both an intellectual and analytical pursuit, but simultaneously present it as an activity which is practical and requires action.

The theories presented in the model therefore seek to provide universally applicable questions not answers. They ask questions about the features of change contexts which if ignored by change agents may become barriers to change in the longer term. Readers may like to see the models as mapping devices which help to hone their judgement in change situations. They are not predictive – they cannot take the place of judgement. They merely seek to inform judgement.

Furthermore, the models have their limitations. In addition, they can only capture the complexity of change if the reader grasps the way the contextual features of any change situation interconnect, and the uniqueness of these interconnections within each new change scenario.

2.6.3 The change agency in the twenty-first century

The ability to manage change is fast becoming a mainstream competence for managers. It is no longer optional extra in the managerial toolkit. This is driven by the pace and nature of organizational change, rather than any fashion pushed by business schools or consultancies. The pace and nature of change is also determining the composition of change competence. Change is so rapid and so constant that it is rendering obsolete universalistic formulae to many management problems. Best questions become the key tools rather than best practice.

For that reason change agents require many strengths, They need intellectual rigour to ask penetrating questions and dig deep into an organization's life in order to understand it. To do what they need a curiosity and a maturity at the same time. They need curiosity to make them ask the peculiar questions that would be missed otherwise: they need maturity to recognize that change is difficult because organization's life in order to understand. They also need maturity to appreciate the subtle interconnections that exist within organizations, and a sensitivity to understand the implications of change on the lives of employees and the wider society. Yet, at the end of the day, these sensitive, mature analysts have also got to make judgements, take action and manage the consequences of those actions with as much skill as was needed for the analysis and design.

Chapter 3 – Case Study

3.1. Introduction – Company Profile

Foschini Limited is an investment holding company whose subsidiaries, through their operating division – Foschini, Markhams, Exact, TFG Apparel Supply Company, The Jewellery Division, Sport Scene, RJL, Donna-Claire and Retail Credit Solution – retail clothing, Jewellery, accessories, cosmetics and sporting apparel to the broad, middle income group throughout Southern Africa.

The company, which commenced trading in 1924, has been listed on the Johannesburg Stock Exchange for 60 years and is regarded as the foremost independent chain store group in the country. The company's success is strongly driven by its desire to provide the right merchandise to the respective target interests of all its trading divisions and its still in achieving this objective has resulted in a successful track record. The Foschini Group is confident that teamwork coupled with professionalism in all aspects of retailing will continue to be the foundation for the future. The group operates in the retail segment, entirely within the South African Common Monetary Area.

3.1.1. FOSCHINI HISTORY

The entrance to the Foschini head office executive suite is dominated by an imposing canvas portrait of Stanley Lewis, the man who in September 2001, relinquished control of the company which he bought as a loss-making concern about 42 years ago and forged into a blue-chip R2.7 billion retail group.

His significant influence on the company withstood even his emigration to the UK about 12 years ago. He remained executive chairman of the local concern until September 2000.

In September of 2001 Foschini announced that the Lewis family would relinquish control in a R1.4 billion unbundling. The news, which was welcomed, was not entirely unexpected, partly because the family has been reducing its involvement of late but largely because Foschini has, like many family controlled groups, been under pressure to get rid of its complex control structure and make the share more tradable.

Foschini listened and thereby it announced that the Lewis Foschini Investment Company [Lefic] holding of 117 million shares [50%] would be distributed to shareholders, leaving the Lewis family and management with 4.5% each while about 70% would be held by institutions, making the share much more.

The Lewis family is one of several to come to the realization that it is becoming more and more difficult to retain control in an increasingly amorphous global corporate environment. As SA's siege mentality subsides, there is a growing realization that one cannot retain control through complicated pyramid structures and N shares. The markets are demanding simplicity and disclosure, and want management to perform with or without the protective wing of the majority shareholder.

A few years ago, most SA companies were in the hands of a few families. In a sense, this has not changed, given the continued influence of families like the Oppernheimers and the Ruperts. But many families are taking a lesser role in the affairs of the companies they once dominated. The Achermans, though still in control of Pick 'n Pay, recently handed over top executive duties to someone outside of the family. The Hersovs and Menells [Anglovaal], Hamiltons [Suncrush] and Ellerines [Ellerines] are just some of the families who, in varying degrees, are exiting from the companies they owned and managed for decades.

While there is the advantage of incentive in companies owned and managed by the same people, the investment community has been critical of family-owned and managed businesses because the interests of the family may be placed above those of the company. For example, if the patriarch wants to appoint a successor, the temptation to appoint his son must be huge. And if the family has a particular idea

about the strategic direction of the group, it is difficult for board members to criticize or vote against the person who holds the most shares.

The Foschini unbundling leaves management more exposed to the vagaries of the market, something about which MD Dennis Polak is happy. "Management is confident and happy to be judged on performance – its ability to row the business into the new millennium," he says.

He adds, however, that the Lewis influence on Foschini will be missed. Lewis ran the company himself for 30 years after buying it, and its development into one of SA's most successful retail companies earned him the reputation as a doyen of retail in SA.

When he bought the loss making company four decades ago, there were 40 stores. Now there is 1068 clothing, jewellery, accessories and sporting goods stores in SA trading under the names Foschini, Markhams, American Swiss, Sterns, Sport Scene, R.J.L, Donna Claire and Exact.

Lewis's tenure at Foschini was illustrious. But it could be argued that some decisions, such as the costly and lengthy fight for the ill-fated UK-based retailer Etam, would have been avoided or cut short if the family had not been in control. It can also be argued that however advanced the technology, it is difficult to have one's finger on the pulse if one lives thousands of miles away.

Nevertheless, he has by all accounts, left Foschini in excellent shape while major retailers around it are issuing profit warnings and putting out numerous fires as the economy continues to be depressed and acquisitions do not pan out.

In the year to March 2001, Foschini reported a 9% rise in attributable income to R211.2 million and a 10.2% rise in headline earnings to 91.2c on a 5% turnover rise to R2.5 billion.

Polak says Foschini management has been proactive in the face of a changing retail environment. "SA previously operated in a siege economy where the retail environment was insular and to some extent protected," he says. There was also a high inflation environment where prices were going up at the same rate as expenses. SA retailers have had to come to terms with trading in a single digit inflation environment. "This means that to grow sales, they must gain market share or create new divisions or new formats or they must look for acquisition opportunities," and Foschini is doing all three.

Polak says rising costs remain a huge problem. There are rapidly increasing staff costs, reflecting both union demands and the skills shortage and often double digit rental costs. There are also significant IT costs, largely in hard currency.

"Since our profit dip in financial 1997, we have been constantly re-evaluating processes and eliminating those which do not add value. We look for better productivity and improvements to the business."

He says Foschini's ability to remain in shape is largely due to the fact that in each trading division, assortments are tailored around and understanding of who the customers are and their needs.

Because 80% of the group's business is credit, there is a huge database and it is progressively doing more and more micro-marketing. The spin-offs have included the development of Donna Claire, for larger figures, with 22 stand alone stores and of the 26 store RJL, aimed at the younger market. Polak believes in specialist retail stores rather than the departmental store formats of some of its competitors.

Recently Foschini integrated its jewellery businesses – Sterns and American Swiss – that were competing against each other rather than attacking the market. The structure has been streamline, but the two brands will remain.

The retail industry is now facing completely new challenges and while companies tend to blame everything except their own management, those slow to react to change get hurt.

Polak says that in 1997, when Foschini showed a surprise dip in earnings, it was guilty of not reacting to change, but it took the lesson. Before 1997, it had, like many other retailers, been doing well and it did not react quickly enough to the changing retail environment.

Polak says that having credit customers used to be a strategic benefit, but now credit has been opened up to many consumers, so there is no longer as much advantage. The biggest change, though, has been the intensely difficult economic climate. "In my living memory, consumers have never been as hard pressed," Polak says.

There are also many more commodities today attracting discretionary income than a few years ago. Cellphones, for example take away at least R200 a month from people who could have spent that money on clothing. Electrical goods are also taking away money. "Buying patterns have changed, so your product offering has to be exciting enough to attract the discretionary spend," he says.

Like most other SA companies, retailers have also been making acquisitions offshore, based partly on the view that the local market is becoming saturated and come have burnt their fingers. Foschini divested from Etam almost two years ago, but Polak says it has 'not been scared off [international acquisitions] in totality.' It would, however, be keener on a northern hemisphere retailer as the difference in season is advantageous from a fashion ability point of view and there would be a degree of hard currency earnings. It would not make a huge investment and would make sure it bought something 'where we could help strategically, system-wise and where we have the finance, but not where we would have to inject management.'

But offshore acquisitions are not high on the Foschini agenda. Polak says he is confident there is still tremendous growth for retailing in SA as the economy starts to grow, bringing with it the creation of some jobs and more shoppers.

Management has been proactive in meeting these new challenges, but also in recognizing investor sentiment.

Polak says the unbundling anticipated negative sentiment from local and international institutions, who are not keen to buy shares in pyramids. Previously there were three points of entry into Foschini – Lefic, Lefic N shares and Foschini.

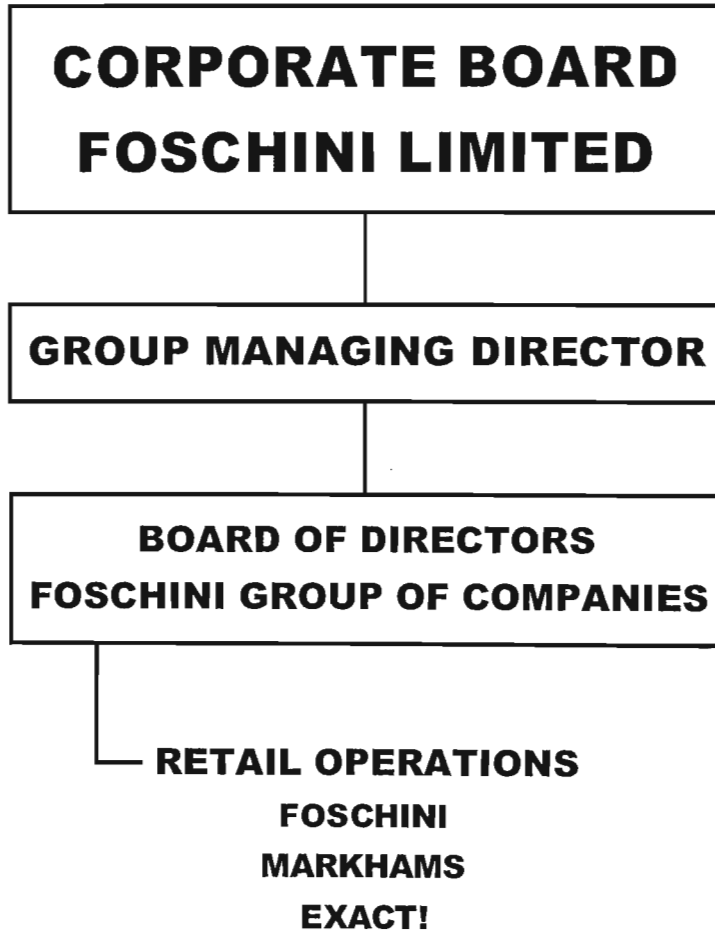
The unbundling was a bold decision, he says, not only on the part of the Lewises but also by management, which is now not under protection and become more exposed to the market.

He does not fear a hostile takeover, as about 70% of the shares are held by institutions who have given management their backing as long as management produces the goods.

This is business in the real world, of which corporate South Africa is, whether it likes it or not, now a part.

Dennis Polak
The Foschini Group MD

3.1.2 THE FOSCHINI GROUP CORPORATE STRUCTURE



The Foschini Group is a powerful fashion leader and one of the most successful chain store groups in South Africa. The Group comprises of over 1100 stores, operating in ladies', men's and children's clothing as well as in the cosmetics, jewellery, sport equipment and giftware markets. Our Head Office is situated in Parow, Cape Town.

FOSCHINI

MARKHAMS

exact!

American Swiss

STERNS
FOR NOW. FOREVER.

Sport
SCORP

donna-claire
FASHION IN SIZES 16-28

RJL
The sharp side of the edge.

WWW
world wide wear

ASG
APPAREL SUPPLY COMPANY

RETAIL CREDIT
SOLUTIONS

Totalsports

MATRIX

3.1.3 FOSCHINI TODAY

The focus of my study is on the Foschini subsidiary of the Foschini group. The Foschini subsidiary comprises of 60% of the total Foschini Group.

Foschini has over 300 stores and continues to be one of South Africa's most powerful fashion leaders, maintaining its strength by continually expanding both its store base and product differentiation. Foschini stores now offer a broad range of ladies fashion, children wear, footwear, accessories, jewellery and cosmetics.

Foschini fashion is aimed at the modern contemporary women. She, who leads a multi-dimensional life, is confident and independent and knows what she wants. She wears what suits her. She is looking for a store that consistently provides her with easy to wear practical fashion for her 'real' lifestyle.

Foschini retail store is a subsidiary of the Foschini Group Limited. Today Foschini has over 300 stores and continues to be one of South Africa's most powerful leaders, maintaining its strength by continuously expanding both its store base and product differentiation. Foschini stores now offer a broad range of ladies fashion, children wear, footwear, accessories, jewellery and cosmetics.

The Foschini ladies division operates 344 stores throughout South Africa and Namibia. It is the group's largest trading division. The division has been restructured into 3 [three] separate trading formats namely, Foschini – an elevated fashion quality and volume positioning of about 199 stores, Donna-Claire – a niche format focusing on bigger sizes, with 42 stores countrywide and Fashion Express – a vole chain which consists of 103 stores nationwide.

3.2- THE TRANSFORMATION PROCESS

The appointment of the new Managing Director, Simon Bowley in February of year 2000, saw major change throughout the Foschini organization. On his appointment Mr Bowley evaluated the company [Foschini] as an outsider would and some of the things he saw, he did not like. He immediately went to his drawing board and came up with a new vision and strategy to take the business to greater heights.

An overview of the management strategy drawn up in year 2000 is outlined below

Foschini Management Strategy Year 2000

The Strategy focused on the following Key Issues:

- Marketing
- Merchandise
- Stores
- Costs
- People
- Capex

- Marketing

Objective

“Establish brand identities and supporting marketing programs for :

- Foschini
- Fashion express
- Donna Claire”

FOSCHINI

Focus on top customers and full price sales

- Reduction in days on discount
- Launch of gold card – roll out 250 000
- Customers – 66% profit contribution

Establish Image

- Launch of Gloria Campaign – “Fashion Attitude
- To be carried through :

✓ Windows and In-Store Visuals

✓ Magazines, Mallers and T.V.

Focus on Visual Merchandising and Communicating and correct fashion message

- Visual Guidelines bi-monthly
- Seasonal road show and focus on merchandise
- Mocking of a store and agreeing season guidelines and principles

□ Re-visit promotional program for 2001

- Create exciting events – e.g. Levi, Musica, Ster Kinekor events, etc.
- Create excitement in our shops – 'fashion attitude'
 - ❖ Visual merchandising
 - ❖ Music
 - ❖ Staff and attitude

- Internal marketing – build the brand and attitude within the organization – 'the culture should'

FASHION EXPRESS

- ❖ Formulate Corporate identity which supports the business's position and mission
- ❖ Develops Brand Personality and supporting promotional program
- ❖ Focused Store / Site strategy
- ❖ Develop appropriate store format and supporting props
- ❖ Launch February 2001
- ❖ Examine Club Concept – Develop independent account base

DONNA CLAIRE

- ❖ Launch Gold Card
- ❖ Build Brand Equity and increase PR and above the line activity
- ❖ Grow Account Base
- ❖ Develop stand alone promotional program – special events in store
- ❖ Build on Workshop concept

- People

Foschini Requirements

- ✓ Live the values
- ✓ A culture of ownership and accountability
- ✓ Atmosphere of energy and passion
- ✓ Competent leadership
- ✓ Competent staff – skills, knowledge and attitude
- ✓ Performance Management in place
- ✓ Recognition and rewards aligned
- ✓ Achievement of our EE plan
- ✓ No increase in number of staff
- ✓ Service Ethos [internal and external customers]
- ✓ Communication 360

Live The Values

- ❖ Identify / reaffirm our values
- ❖ Define behaviours linked to values
- ❖ Re-enforcement
- ❖ Monitor

OBJECTIVE

“To create a competitive
Advantage through people

4 GLOBAL HR Challenges for 2000 / 1

- Leadership development
- Performance Management
- Cultural assessment and management
- Finding and keeping key skills

Competent leadership

- ❖ Field + H/O ITISA program to develop a pool of leadership
- ❖ Management / executive development

- focus on world class leadership

What is the 'ITISA program?

Create ethos of service

➤ Internal

- Define standards for service
- Monitor
- Re-enforce via performance management

Create ethos of service - continued

- External
- Define service standards
- "Mystery shop" to monitor awards in stores / incentives
- "ED" program [Excite and Design]

COMMUNICATION

- Structure formal communications better
- Streamline meetings – review necessity
- Use informal ad hoc sessions more
- Use E-mail / Internet, etc. more efficiently
- Enhance Head Office / Stores communication – 'Adopt-a-store' project

No increase in head count

- Critically evaluate each recruitment requisition
- Creative restructuring of portfolios
- Store re-design may lead to less staff

Foschini change model

Foschini

Merchandise

Fulfillment of the branch

merchandiser role

- Translation of the Merchandise Strategy into stores
- Dynamic response

Logistics flow from the dc must better reflect the strategy

- Shorter lead time
- Co-ordinate inputs

Improved execution of the merchandise vision in stores

- Visual merchandise
- Store staff
- Flair and tasteful creativity in stores

Communication improved 360 degrees

accountability

STORES

CREATE STORE EXPERIENCE

Merchandise Presentation

- 'Store Vibe'

IN STORE MARKETING

- WINDOWS – Create visual impact

IN STORE MARKETING

- INTERIOR – Exciting store displays

- MESSAGE – Clear marketing presentation across all stores

COSTS

OBJECTIVE

'To improve productivity'

REQUIREMENTS

- Adding value
- Improving efficiency / productivity
- Improving profitability
- Owner mentality – consider all the options

QUESTIONS TO EXPLORE

- Are we getting best prices
- Are we doing things in the best interest of the company?
- Reallocation of expenses [see the total picture] – can we recover in the Selling Price [e.g. ticketing]?

ACTION PLAN

Store expenses

- Reduce headcount by approx. 200 people – new store design more open and middle walls / units to be removed from existing stores Ray Stewart
- Rentals – to be re-negotiated where out of line.
- Customer Complaints – reduce by 5%
- Review expense ratios to identify abnormalities for investigation and action

□FIELD

- Consolidation of Division
- Improve productivity – more stores per area and specialization [Donna Claire, Fashion Express]
- Consolidation of Display Division by expanding self dressing in stores
- Kimble tags / swing tickets – costs to be recovered in selling prices saving R400k [also look at getting suppliers to produce them]
- Inter-branch transfers to be reduced by 20% with improved branch allocations

OBJECTIVE

....

High rates of sale with more full price sales

REQUIREMENTS

- A compelling Merchandise Offer
- An improved Supply Chain
- The Fulfillment of the Branch Merchandiser Role
- Logistics that reflect the plan
- Executive of the Vision in Stores
- Communication
- Accountability

A COMPELLING MECHANDISE OFFER

- ❖ Balanced
- ❖ Exciting and New
- ❖ Value = quality and price
- ❖ Consistency
- ❖ Branding [including in-house, designer and international]

SUPPLY CHAIN

- ❖ Shorter lead times [different ways of dealing with suppliers to achieve quick turnarounds as well as fast track through TFGM and the DC]

❖ Strategic quick response for part of the buy

➤ Re-examine implications of imports [fabric and ready made product]

➤ Enhanced local manufacture [in-house] – improved skills and flexibility across all product categories

➤ Address weak local supply [especially liquidations, threat / opportunity of export market and the loss of specialists].

The ITISA Program is a way of changing our Foschini culture from within, using our own internal change agents`

Required Outcome of the Process

❖ Development of a pool of internal change agents

❖ Development of a pool of new leadership

❖ Creation and application of role models for success

❖ Identification of change drivers linked to culture

❖ Mechanism to draw the strings of the strategy together – ie. This is not only a leadership development program

❖ Progress towards 'World Class Retail'

❖ Empowered employees

❖ Enhanced shopping experience – leading to customer repeat / multiple purchases

❖ Build on past and existing interventions

❖ Align with legislation, eg. EE, Skills Plan, etc.

❖ Change / improve the culture

CULTURE CHANGE MODELS

In order to change the culture laterally from within, we need a team of dedicated

'CHANGE CHAMPIONS'

champions'

- ❖ Drawn from all levels – 'VOLUNTARY'
- ❖ Chosen for leadership potential – inside and outside by organization
- ❖ Selected by ITISA and HR / operation
- ❖ Continue with existing job during the process, with time allocated to projects
- ❖ No extra payment for involvement
- ❖ Spread through divisions and head office
- ❖ All go through 12 days [3*4 days] of 'academy' with 6 weeks between sessions.

OBJECTIVE

**'To create an
outstanding
shopping
experience'**

THREE FOCUS APPROACH

- ❖ PEOPLE
- ❖ CREATE STORE EXPERIENCE
- ❖ IN STORE MARKETING

people

- ✓ ITISA ACADEMY

people

- ✓ EDUCATE SALES ASSOCIATES ON PRODUCT STRATEGIES / ROAD SHOWS

- ✓ FOCUS ON STORE MANAGERS, [OWNERSHIP!!!]

Create store experience

- ✓ Revamp 120 stores in three years

Create store experience

- ✓ Improve store design concept

CAPEX

- ✓ Competitive quoting and use of Quantity Surveyor for bench-marking to ensure best prices – Robin Douglas
- ✓ Ownership of projects / construction costs on site Project Manager

STRATEGY CONTINUED

Competent staff

- ✓ Define required profile
- ✓ Asses current profile / skills
- ✓ Plan training to close 'gap'
- ✓ Link to skills development plan

EE PLAN

- Link into skills development plan
- Implement eg. Trainee programs
- Monitor on an ongoing basis

PERFORMANCE MANAGEMENT

- Define key performance areas per role
- Define levels of authority and accountability
- Deal with issues immediately
- Regularly assess against objectives – copies to HR for record keeping once per year
- Listen!!!

ENERGY / PASSION / MOTIVATION

- This is an outcome of all of the plans outlined above
- ITISA project as a way to structure how we do this

REWARDS AND RECOGNITION

- ❖ Investigate alternate methods of recognizing performance
- ❖ Ensure consistency and objectivity in implementation of recognition and rewards
- ❖ Link into performance management program

3.2.1 The Nature of Organisational change and the philosophy behind it

The nature of the change process undertaken by Foschini could be illustrated as follows :

Simon Bowly had introduced major changes in the organization linked to his new strategy for the business.

Some of the major changes he came up with included :-

- A major restructuring of the management and head office teams
- The redesign and launch of the new concept of the Foschini store design
- The launch of the new Fashion Express Chain of Stores

- The implementation of the JDS / ODBMS computerized inventory management system.
- The involvement with the Bureaux, who are an international fashion consulting, company.
- The signing of a new advertising and marketing company called Jupiter Drawing Room and the launch of the Gloria campaign.

All these were drastic changes, which will have a very positive impact on the future of Foschini. However there still was a need for major change. The Managing Director had identified that the business was in serious trouble. Some of the issues of concern were :

- ◆ The effects o restructuring
- ◆ Service levels
- ◆ Quality of merchandise
- ◆ Competencies of employees
- ◆ A lack of culture of owner mentality

There was a drastic need for a sharpening of the culture at Foschini. The duties of this process was identified as renewed focus on :

- ◆ The existing values
- ◆ Existing initiatives

Hence the issues identified in the People Strategy – discussed above

Due to the current state of the business and a need for a sharpening of the culture various options were considered by senior management in order to bring the business back on track. Change was definitely required, there were two options to consider, one being a big-bang change initiative which Mr Bowley had already

instigated with the restructuring of the Head Office Management team. The second option was a change coalition.

A change coalition process being carried out gradually on an incremental basis.

One of the processes researched and considered at was the ITISA program run by Mr David Pullen. The success evident in another subsidiary of the business Exact was evaluated. Some of the factors considered were :

- ◆ Had it worked
- ◆ Did it have in-house capacity
- ◆ Did it deliver potential
- ◆ Did it create a culture of ownership
- ◆ Did it identify potential
- ◆ Did the process sharpen the culture
- ◆ Did the process acknowledge to the history of the company

After careful consideration of the success rate at EXACT, the ITISA program was sourced as the company to initiate a change coalition at Foschini

In light of the above it is clearly evident that there was a need for change. The change makers explored this by going through modules 1 and 2 of the retail academy change management program.

An outline of the content of the above mentioned modules could be described as follows.

MODULE 1

OUTCOMES

In this module the learner engages with the literature on Leadership and becomes familiar with the theoretical trends. Leadership is focussed on more heavily than

management, although it works from the premise that good management requires good leadership.

Specific Outcome

Analyse the literature on leadership in order to identify good leadership practices and to show how these have undergone change historically.

Assessment Criteria

- ❖ Different theories of leadership in the literature are analyzed and key principles within each theory are identified.
- ❖ Significant historical changes in the theory of leadership are identified and discussed.
- ❖ A set of 'good leadership practices' is generated for the current and local context.

MODULE 2 BENCHMARKING AND CREATING AWARENESS

Outcomes

In this module the learner describes his / her business environment in terms of :-

- ❖ Its' organizational governance practices
- ❖ Its' manufacturing and services practices

The learner then examines internationally benchmarked practices in these areas and evaluates his company's practices against these, using checklists provided by the trainer. The trainer also provides the international models of best practices for the above areas in their businesses.

Specific Outcome

Describe and evaluate your business environment in terms of its organizational practices, and its manufacturing and services practices.

Assessment Criteria

- ❖ The organizational governance practices are identified and described.
- ❖ These practices are evaluated against international standards of organizational governance.
- ❖ The manufacturing and services practices are identified and described.
- ❖ These practices are evaluated against international standards of manufacturing and services.
- ❖ A set of 'best practices' in the areas of organization governance, manufacturing and services is generated.

BENCHMARKING AND CREATING AWARENESS

The focus of business practices and leadership style in our current times requires that we are transparent, open, and that we continuously evaluate and review our situation and performance.

Benchmarking and Creating Awareness allows us to identify and evaluate our macro and micro environment and to place ourselves within that environment, enabling us to adopt, change and continuously improve in a logical, planned and effective manner.

The Change Process is World Class Leadership Practices, World Class Manufacturing and Service Practices underpinned by a Values Foundation providing the framework for benchmarking and creating awareness. That is :-

World Class Leadership Practices

Information Driven

Benchmark and create awareness on, for example :

- Effectiveness of meeting structures
- Communication processes and channels

- Quality of management information
- Individuals skills

Goal Focused

Benchmark and create awareness on, for example :

- Clarity of vision and strategy
- Effectiveness of performance management
- Achievement of team and individual goals
- Focus on customers and quality

Participation and Empowerment

Benchmark and create awareness on, for example :

- Measuring levels of involvement and participation
- Effectiveness of participative structures
- Skills levels that promote involvement
- Processes for decision making and problem solving

People Development

Benchmark and create awareness on, for example :

- Knowledge, skills and competency inventories
- Training and development needs analysis
- Effectiveness and manpower, career and succession plans
- Alignment to strategies, goals and objectives

- Effectiveness against best practices in industry

Unity in Diversity

Benchmark and create awareness on, for example :

- Team effectiveness and team performance

- Conformance to the company philosophies, values and beliefs
- Alignment between and within departments
- Optimum use of competencies

At this stage they had a brief look at benchmarking world class competitiveness and broadened their context for competitiveness. This had given them the framework for setting benchmarks for the team and creating awareness around the environment within which they had to operate.

The candidates also undertook a benchmarking exercise where they benchmarked themselves against best practices.

The exercise was as follows

Benchmark the current and desired levels / performance standards / best practices in each area of World Class. Use the following generic dipstick to guide your thinking – position your current status. See table 3.1 : Benchmarking best practices

BENCHMARKING BEST PRACTICES

GOAL FOCUSED		
❖ We have a well communicated clearly understood vision	Y	N
❖ Our Strategy is understood in broad by all	Y	N
❖ We have clear action plans to support the strategies	Y	N
❖ Teams and team members have [personal] change objectives	Y	N
❖ Our jobs are clearly structured around value adding outputs	Y	N
❖ We regularly and diagnostically measure and evaluate performance	Y	N
❖ We focus on quality and / or customers	Y	N
❖ We all understand the urgency and demands of competitive business	Y	N
INFORMATION DRIVEN		
❖ We have effective structures for communicating progress, success, updates, processes and changes	Y	N
❖ We involve our people in determining what needs to be communicated	Y	N
❖ Our information systems are integrated and effective	Y	N
❖ We have output orientated successful meetings	Y	N
❖ Our people know what is going on	Y	N
❖ We ask if we do not know	Y	N
❖ We have easy access to information that influences our jobs	Y	N
PARTICIPATION AND EMPOWERMENT		
❖ Our people have sufficient knowledge and skills to contribute to decisions in our work area	Y	N
❖ We have structures in place that encourage suggestions and input	Y	N
❖ We have access to information and resources required for decision making	Y	N
❖ We involve employee representatives in recognizing opportunities, problem solving, decision making	Y	N
❖ We continuously develop knowledge and skills in our people to build capacity for participation	Y	N
❖ We regularly measure the levels of participation	Y	N
❖ We have formal processes for decision making and problem solving	Y	N

PEOPLE DEVELOPMENT		
❖ We have training plans in place based on identified needs	Y	N
❖ We have a career and succession planning	Y	N
❖ Our people accept accountability for their own development	Y	N
❖ People development is clearly reflected in our company strategy	Y	N
❖ We have top-down support for training and development	Y	N
❖ We base our training on performance review results and competency profiles	Y	N
❖ Our training budget is seldom cut during bad times	Y	N
UNITY IN DIVERSITY		
❖ We regularly audit our behaviours against our values	Y	N
❖ We actively promote the acceptance of diversity	Y	N
❖ We take time and effort to understand each other	Y	N
❖ Our teams do not pass the blame	Y	N
❖ We promote cross-functional projects and activities	Y	N
❖ We regularly discuss needs and requirements with each other and other teams	Y	N
❖ We recognize and accept individual differences	Y	N
Service Excellence		
❖ We deliver on time	Y	N
❖ We understand our internal and external customers needs	Y	N
❖ We regularly audit service levels	Y	N
❖ We respond to customers as promised	Y	N

❖ We have best practices in place	Y	N
❖ We are honest and open with customers	Y	N
❖ We have agreed customer service levels	Y	N
❖ We continuously look for ways of improving our customer service	Y	N

Quality Superiority		
❖ We have benchmarked world class quality standards	Y	N
❖ Our employees believe in in-built quality and deliver	Y	N
❖ We regularly audit quality	Y	N
❖ We regularly audit competitor quality	Y	N
❖ We conform to ISO 9000 requirements	Y	N
❖ We have zero defect / meet our reject standards	Y	N
❖ Our quality standards are understood by all involved employees	Y	N
❖ All our employees accept responsibility for quality	Y	N
❖ Our employees understand our company quality requirements	Y	N
ASSET EFFECTIVENESS		
❖ We have formal procedures for measuring the effectiveness of the utilization of our assets	Y	N
❖ Our employees ensure that our assets are secure and maintained	Y	N
❖ We meet our maintenance schedules	Y	N
❖ Our employees are trained to use our assets effectively	Y	N
❖ We maintain current asset registers	Y	N
❖ We ensure maximum up-time of our equipment	Y	N
❖ Our buildings are effectively utilized	Y	N
❖ We regularly report variances to the effective use of our assets	Y	N
❖ We have model stock levels	Y	N
RESOURCES EFFICIENCY		
❖ We have formal measures to gauge the use of our resources	Y	N
❖ We measure and manage people efficiently	Y	N
❖ We monitor losses and theft	Y	N

❖ We follow up on efficiency variances	Y	N
❖ We audit the effective use of resources	Y	N
❖ We have plans in place to save water and electricity	Y	N
❖ We constantly research better ways of doing things	Y	N
❖ We continuously reduce waste	Y	N

MARKET AND FINANCIAL COMPETITIVENESS

❖ We pay market related salaries and wages	Y	N
❖ We are recognized competitors in our industry	Y	N
❖ We ensure that all our activities and actions are value adding	Y	N
❖ We show economic value adding on investments	Y	N
❖ Our capital investments are value adding	Y	N
❖ We understand our markets	Y	N
❖ We identify and address issues that influence our competitiveness	Y	N
❖ We continuously review our practices, processes and strategies	Y	N

GOAL FOCUSED

❖ We have a well communicated clearly understood vision	Y	N
❖ Our strategy is understood in broad by all	Y	N
❖ We have clear action plans to support the strategies	Y	N
❖ Teams and team members have [personal] change objectives	Y	N
❖ Our jobs are clearly structured around value adding outputs	Y	N
❖ We regularly and diagnostically measure and evaluate performance	Y	N
❖ We focus on quality and/or customers	Y	N
❖ We all understand the urgency and demands of competitive business	Y	N

INFORMATION DRIVE

❖ We have effective structures for communicating progress, success, updates, processes and changes	Y	N
❖ We involve our people in determining what needs to be communicated	Y	N
❖ Our information systems are integrated and effective	Y	N
❖ We have output orientated successful meetings	Y	N
❖ Our people know what is going on	Y	N
❖ We ask if we do not know	Y	N

❖ We have easy access to information that influences our jobs	Y	N
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PARTICIPATION AND EMPOWERMENT

❖ Our people have sufficient knowledge and skills to contribute to decisions in our work area	Y	N
❖ We have structures in place that encourage suggestions and input	Y	N
❖ We have access to information and resources required for decision making	Y	N
❖ We involve employee representatives in recognizing opportunities, problem solving and decision making	Y	N
❖ We continuously develop knowledge and skills in our people to build capacity for participation	Y	N
❖ We regularly measure the levels of participation	Y	N
❖ We have formal processes for decision making and problem solving	Y	N

PEOPLE DEVELOPMENT

❖ We have training plans in place based on identified needs	Y	N
❖ We have a career and succession planning process in place	Y	N
❖ Our people accept accountability for their own development	Y	N
❖ People development is clearly reflected in our company strategy	Y	N
❖ We have top-down support for training and development	Y	N
❖ We base our training on performance review results and competency profiles	Y	N
❖ Our training budget is seldom cut during bad times	Y	N

UNITY IN DIVERSITY

❖ We regularly audit our behaviours against our values	Y	N
❖ We actively promote the acceptance of diversity	Y	N
❖ We take time and effort to understand each other	Y	N
❖ Our teams do not pass the blame	Y	N
❖ We promote cross-functional projects and activities	Y	N
❖ We regularly discuss needs and requirements with each other and other teams	Y	N
❖ We recognize and accept individual differences	Y	N

SERVICE EXCELLENCE		
❖ We deliver on time	Y	N
❖ We understand our internal and external customers needs	Y	N
❖ We regularly audit service levels	Y	N
❖ We respond to customers as promised	Y	N
❖ We have best practices in place	Y	N
❖ We are honest and open with customers	Y	N
❖ We have agreed customer service levels	Y	N
❖ We continuously look for ways of improving our customer service	Y	N
ASSET EFFECTIVENESS		
❖ We have formal procedures for measuring the effectiveness of the utilization of our assets	Y	N
❖ Our employees ensure that our assets are secure and maintained	Y	N
❖ We meet our maintenance schedules	Y	N
❖ Our employees are trained to use our assets effectively	Y	N
❖ We maintain current asset registers	Y	N
❖ We ensure maximum up-time of our equipment	Y	N
❖ Our buildings are effectively utilized	Y	N
❖ We regularly report variances to the effective use of our assets	Y	N
❖ We have model stock levels	Y	N
RESOURCE EFFICIENCY		
❖ We have formal measures to gauge the use of our resources	Y	N
❖ We measure and manage people efficiently	Y	N
❖ We monitor losses and theft	Y	N
❖ We follow up on efficiency variances	Y	N
❖ We audit the effective use of resources	Y	N
❖ We have plans in place to save water and electricity	Y	N
❖ We constantly research better ways of doing things	Y	N
❖ We continuously reduce waste	Y	N
MARKET AND FINANCIAL COMPETITIVENESS		
❖ We pay market related salaries and wages	Y	N

❖ We are recognized competitors in our industry	Y	N
❖ We ensure that all our activities and actions are value adding	Y	N
❖ We show economic value adding on investments	Y	N
❖ Our capital investments are value adding	Y	N
❖ We understand our markets	Y	N
❖ We identify and address issues that influence our competitiveness	Y	N
❖ We continuously review our practices, processes and strategies	Y	N

Table 3.1 : Benchmarking Best Practices

The change process could be illustrated by discussing the philosophy behind the Foschini Retail Academy.

The vision of the Foschini Retail Academy was :

3.2.1.1 THE VISION OF THE FOSCHINI RETAIL ACADEMY

“To create a pool of excellence from which current and future leadership can be drawn and developed”

THIS WILL BE ACHIEVED THROUGH :

- Accelerated Development
- Developing **Company** specific yet portable competencies
- Continuous knowledge and skills improvement
- Focused Career and Succession Planning
- Building a Learning Organization : “Each one teach one”
- Establishing in-house capacity to develop core business and industry knowledge and skills

- Creating a knowledge and skills foundation for external courses and learning experiences to facilitate transfer
- Competency and outcomes bases
- Aligned to NQF requirements

The objective and values of the Foschini Retail Academy [FRA] was :



The objective of the Foschini Retail Academy is :

- To achieve leadership excellence by having a unified vision and implementing best practices through team effectiveness, accountability, people development and effective performance.

The values are :-

- **WE** maintain our integrity by being honest, open and ethical in all our dealings
- **WE** are committed to providing “exceeding service” to our customers and giving them value for money
- **WE** treat people with dignity and respect and ensure a supportive, encouraging environment.

- **WE** believe in equal opportunity and development for all and reward people fairly according to responsibility, effort and performance.

- **WE** are committed to a self-critical profession – with visible and consistent standards and a constant search for performance and improvement.

The strategy of the Foschini Retail Academy is as follows :

3.2.1.2. THE FOSCHINI RETAIL ACADEMY

The Foschini Retail Academy was created to develop a pool of excellent leaders that effectively operate within the Vision, Strategy and Values of **The Company**. Although the theories, concepts and techniques reflect world class thinking and practices, they have been ‘customised’ to provide maximum benefit within our unique environment.

The program that you will be completing has been designed to achieve the following objectives.

- ❖ To provide context for world class leadership practices
- ❖ To explore the competencies and practices that cause effective leadership
- ❖ To identify and examine working models in Southern Africa
- ❖ To evaluate and continuously improve leadership practices and competencies within **The Company**

- ❖ To afford delegates the opportunity to explore and ‘test drive’ leadership competencies in a realistic but learning environment
- ❖ To ensure that graduates from the program implement leadership knowledge and skills through focused evaluation

AN OUTLINE OF THE LEADERSHIP ACADEMY

Description of the Foschini Retail Academy Program

Developing a set of leadership competencies / skills for people in positions of management or pre-management within the identified industry.

Purpose

To facilitate appropriate career mobility – to ensure that people in positions of leadership / management are equipped with the workplace related skills of leadership. These skills encompass generic and specific – i.e. the specific organizational structures and processes must be understood [referred to as Brand-specific competencies], while generic best practices of leadership are developed.

Organizing Structure of the Program

The Foschini Retail Academy includes the following elements :-

- ❖ Exposure to a body of theory [literature and on slides]
- ❖ Interactive learning opportunities with learning groups
- ❖ Individual learning opportunities
- ❖ Developing 'sets of tools' of analysis
- ❖ Guidelines for implementation of acquired competencies

Curriculum Practices

- ❖ Creating appropriate learning environment where skills can be taught, developed, used and applied in simulated environments
- ❖ Individual reading, research, projects
- ❖ Group research, projects

- ❖ Tests and skills audits
- ❖ Work-place articulation : application of knowledge and evaluation of learner
- ❖ Guest speakers – area experts
- ❖ Work-place situations for analysis and evaluation

LEADERSHIP PRACTICES AND COMPETENCIES

Leadership at all levels in the **Company** lead within the boundaries of the Vision, Strategy, Values and Policies and Procedures of the company. This program encourages learning not only of the competencies required by leaders, but also the high leverage practices that create the working environment.

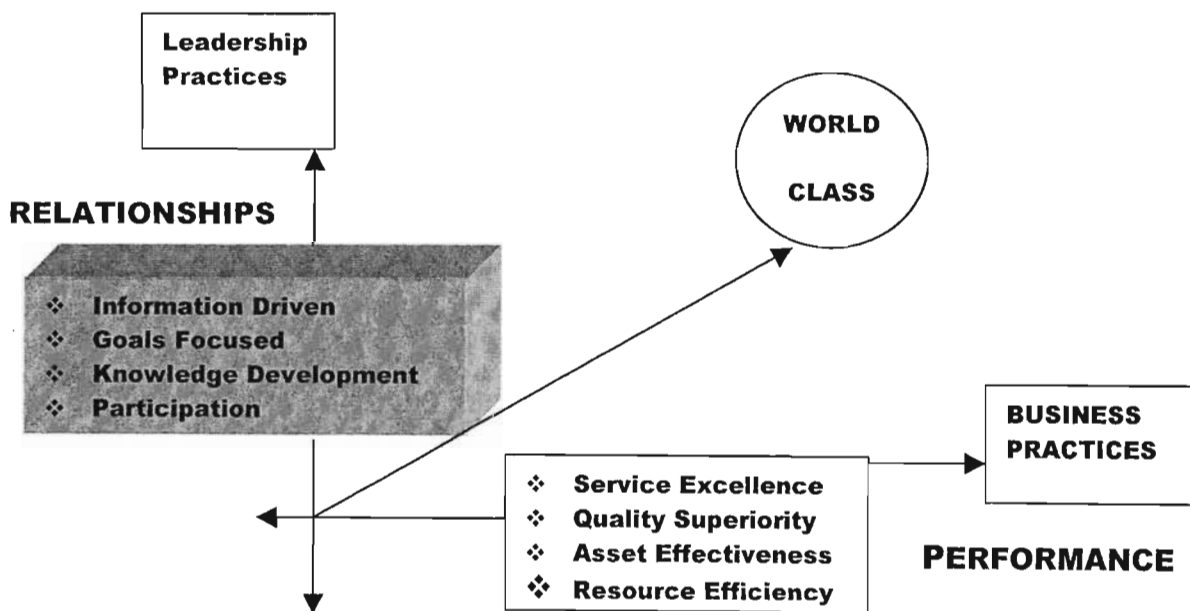


Figure 3.1 : Leadership Practices

We expose the delegates to the leadership practices that have recurrently appeared as being essential to create true leadership competence. It would be ineffective to teach a changed leadership if the environment remained unchanged. We therefore have the following objectives :-

- ❖ To identify current and desired levels of participation applicable to **high leverage practices in the company**
- ❖ To provide a benchmark against which to plan the implementation of effective leadership practices
- ❖ To facilitate a structured discussion around current and desired leadership practices
- ❖ To create an awareness of the level and nature of participation appropriate to world class companies
- ❖ To allow teams to identify and focus on selected practices in the creation of participative style and structure ;

The 25 Leverage Practices

The **25 high leverage practices** that delegates will explore and gain an understanding of are :

1. Vision and Values
2. Manpower Career and Succession Plans
3. Continuous Improvement
4. Budgeting
5. Recruitment and Selection
6. Training and Development
7. Organisation Structures
8. Performance Discussions
9. Action Planning
10. Involvement
11. Industrial Relations
12. Financial Performance Incentives
13. Policy and Procedures

14. Information
15. Monitoring
16. Strategy
17. Capex
18. Relationships
19. Delegation
20. Communication
21. Job Structures
22. Remuneration
23. Discipline
24. Forecasting
25. Quality Management

The candidates were asked to rate themselves against what their understand of world class leadership was. The dipstick used can be seen in figure 4.

Leadership Competencies

Based on the competencies that are most frequently benchmarked as “World Class Leadership” competencies, we have developed a suite of leadership modules that include :

- ❖ Creating a Shared Vision and Values
- ❖ The Changing World of Organization Governance
- ❖ Focused Leadership – Strategic Planning and Implementation
- ❖ Performance Management
- ❖ Communication
- ❖ Decision Making, Problem Solving and Developing Opportunities
- ❖ Developing People
- ❖ Managing Change
- ❖ Team Facilitation

Each module consists of theory, team and individual experiential learning, various tools to benchmark, evaluate and plan continuous improve and practical guidelines to implement learning experiences so developing leadership competencies.

Delegates will be expected to not only operate effectively within, but to assist in creating a learning environment that encourages team teaching and individual learning.

An outline of the modules is as follows :-

AN OUTLINE OF THE MODULES

1. Introduction and Overview

- ❖ Understanding leadership and management
- ❖ World class competitiveness – context
- ❖ Historical overview of leadership / management development
- ❖ Selected readings on leadership, teams and management
- ❖ Leading edge leadership competencies

2. Benchmarking and Creating Awareness

- ❖ The changing world of organization governance
- ❖ Auditing, evaluating, benchmarking and creating awareness
- ❖ Organization governance – benchmarking levels of participation
- ❖ Developing a common leadership philosophy, language and practices
- ❖ Developing action plans to craft an intergrated leadership style

3. Shared Vision, Common Values and Aligned Strategies

- ❖ The context for a compelling, unifying vision
- ❖ The components of a vision
- ❖ Creating alignment through vision
- ❖ Crafting common values that reflect rights and accountabilities
- ❖ Integrating customers' expectations into the vision, strategy and values

- ❖ Developing commitment focused strategies Cascading and achieving strategies to performance, creating focus
- ❖ Creating philosophies and team structures that drive the vision, values and strategies within the context of customers' expectations
- ❖ Setting team and individual goals

4. Team Facilitation

- ❖ Team relationships and team performance
- ❖ Why we have teams
- ❖ Team development and team effectiveness
- ❖ Team roles
- ❖ Team structure
- ❖ VISA and team effectiveness
- ❖ Team life
- ❖ Team behaviours that increase and decrease team effectiveness

5. Performance Management

- ❖ Performance Management, a process for managing performance
- ❖ From performance appraisal to performance management
- ❖ Focused leadership
- ❖ The components of a vision
- ❖ Creating alignment through vision
- ❖ Crafting common values that reflect rights and accountabilities
- ❖ Integrating customers' expectations into vision, strategy and values
- ❖ Development commitment focused strategies
- ❖ Cascading and aligning strategies to performance, creating focus
- ❖ Developing structures that support the vision, strategy, values and customers' expectations
- ❖ Agreeing team and individual outputs.
- ❖ Agreeing team and individual performance standards to measure competent performance
- ❖ Cascading team and individual change goals / objectives from the company strategies

- ❖ Measuring, evaluating and correcting / improving performance
- ❖ Conducting performance discussions
- ❖ Developing plans to continuously improve performance, skills and people
- ❖ Integrating performance management with the business systems, processes and practices
- ❖ The performance management cycle

6. Strategic Planning

- ❖ Creating the context for strategy – world class practices
- ❖ The environment within which we operate – macro and micro
- ❖ Strategic focus areas and the vision
- ❖ Strategic focus areas – world class leadership, manufacturing and service practices
- ❖ Strategic focus areas – considering strategic alternatives
- ❖ Strategy, business plans, objectives and action plans
- ❖ The calendar plan
- ❖ Performance review, variances and action plans

7. People Development

- ❖ The objectives of training and development
- ❖ Training, education and development
- ❖ Manpower, career and succession planning
- ❖ Strategies and people resources
- ❖ Continuous improvement and training development
- ❖ Team and individual competencies
- ❖ Training and developing planning
- ❖ Evaluation of training and development
- ❖ Coaching for individual development
- ❖ Developing individual plans and performance management

8. Communication

- ❖ Self-development
- ❖ Developing self-awareness

- ❖ Self-disclosure
- ❖ Communication skills
- ❖ Interactive behaviours
- ❖ Team processes and techniques for effective team communications
- ❖ Contributing to discussions
- ❖ Listening to understand
- ❖ Getting the message across clearly

- ❖ Giving useful feedback
- ❖ Accepting feedback
- ❖ Planning productive meetings / reports

9. Team Decision Making and Problem Solving

- ❖ Team decision making and problem solving
- ❖ The nature of decisions
- ❖ The nature of decisions made by the team
- ❖ Team framework for decision making
- ❖ Unique events, seldom recurring and generic decisions
- ❖ Centralization and standardization
- ❖ Empowerment and participation
- ❖ Governance
- ❖ Team consensus / evaluating solutions
- ❖ Decision making, problem solving and opportunity techniques
- ❖ Making good decisions
- ❖ Implementing changes
- ❖ Checking results and progress

10. Change Management

- ❖ The context for world class practices
- ❖ The changing environment : social, global / macros, micro
- ❖ The nature of change – models
- ❖ Life cycles and growth curves
- ❖ The Human response to change

- ❖ The process for managing change
- ❖ Competencies that assist people in dealing with change

11. Project Management

- ❖ The context for world class practices
- ❖ The changing environment : local, global / macros, micro
- ❖ The rationale for using a project approach to decision making, problem solving and recognizing opportunities

- ❖ Teamwork, self-directed teams, solution teams and team effectiveness
- ❖ The brief, scope and specifications for a project – customers' expectations
- ❖ Developing a project vision, strategy, structure, values, outputs, performance standards and competencies
- ❖ Preparing a project plan – documentation
- ❖ Decision making, problem solving and recognizing opportunities – techniques and processes
- ❖ Planning, scheduling and programming people, money, resources and time, and interacting with existing business practices and processes
- ❖ Measuring, evaluating, redirecting and celebrating progress and performance
- ❖ Project hand-over, commissioning, evaluating and finalizing projects
- ❖ Project follow-up, review and variance reporting

12. People Skills for Line Managers

- ❖ Profits, People and Principles
- ❖ Developing Self Awareness
- ❖ People Skills – Implications for Leadership credibility
- ❖ Emotional Intelligence – theory, models, practical application
- ❖ Identifying Blind Spots and defining Development Needs
- ❖ Managing the Human Impact of Change
- ❖ Managing the Troubled Employee – Employee Assistance Program considerations and practical application [constructive intervention]
- ❖ Key issue – managing Alcohol and Substance Abuse

❖ Managing Stress – Strategies to build resiliency

The change makers after going through modules 1 and 2 and undertaking the benchmarking exercise, began to see the need for change.

The nature of the organizational change process was explored and discussed by all.

3.2.2 The Development of a change approach suitable for the organization's specific context

The operations department together with the Human Resource Department researched many change management processes that were available on the market. After meeting with Dave Pullen of ITISA, it was decided that the ITISA program was best suited to the company's needs.

The Managing Director, Simon Bowley further stipulated that Mr Pullen was chosen as the ideal consultant was to initiate a change management process within the company primarily due to his bit with the senior management team.

Both parties reviewed the company's strategy and the strategy was discussed and accepted by David Pullen as the outputs required of the ITISA program. Mr Pulen then presented the ITISA program to the company and clarified the process, to the senior management team.

After discussions with Mr Pullen of ITISA, he subsequently presented a proposal that was accepted by the board.

The second stage of the process was for all levels of management to accept and buy into the process.

The ITISA program was then presented to this level of management of the company and the process was thereby accepted by all. Some additional suggestions put

forward by ITISA together with consolidated graphs can be seen in figure 4.4. It was decided to call the change process the Foschini Retail Academy.

With Mr Pullen officially on board as a change consultant, he undertook a survey to identify where the company was at in terms of culture.

3.2.2.1 An Analysis of the current state of the company

Some issues that were a given in the organization were :

- ◆ The company's values had been developed through great effort and cost some seven years ago, however, the group values were not being lived.
- ◆ There had been many change initiatives introduced previously, which were very good, however, they were not followed through
- ◆ There was no performance management process in place
- ◆ There was no process or culture of driving the strategy through the lowest level
- ◆ There was little formal recognition of potential for outstanding service and turnover
- ◆ The moral of the employees were very low

With the contract being signed between the Managing Director of Foschini, Simon Bowley and David Pullen of ITISA, this gave birth to the Foschini Retail Academy. The change Management process initiated at Foschini.

Due to the geographical spread of the numerous stores, it was decided that there would be three academies being run for the year. One in Johannesburg, one in Cape Town and one in Kwa-Zulu Natal. The three divisions got their creative juices and spirits working overtime when they went around introducing the Academies to the employees in the division. The Human Resources Department was tasked with spreading the word and getting people to apply to be a change agent of the academy.

A further analysis on the following issues were also conducted. These were discussed in detail by the change makers for clear understanding.

High Leverage Business / Leadership Practices

The high leverage practices that we have identified as those most significant in influencing the operating environment have been benchmarked and validated in theory, good business practices and research in a large number of successful organizations.

Candidates were asked to assess the training and development status in the company given the following guidelines.

To be able to assess your own understanding and competence in these areas we would like you to rate yourself against the following dimensions. Remember that this is a 'training and development' needs analysis to evaluate your training and development needs – not a performance review, so be realistic and honest.

1. Don't know what it means
2. Have heard it
3. Understand some of the concepts
4. Able to perform some of the requirement
5. Know more or less what to do
6. Can do most of it
7. Can do it on my own
8. Show a high level of mastery
9. Highly effective at doing it

3.2.2.2 The Foschini Retail Academy – Process Conduct

The Academy uses a variety of well-structured learning techniques and experiences to ensure that effective transfer of learning takes place :-

1. Process facilitation
2. Self learning through readings
3. Self learning through development projects
4. Self learning through working models in industry
5. Team and individual experimental exercises
6. Competencies tests and audits
7. On-the-job evaluation of transfer of knowledge and skills

Process Facilitation

Trained facilitators create the environment, context and learning experiences for delegates whilst imparting, exploring and detailing theory and practices in a logical and understandable manner. The facilitators continuously test understanding and where appropriate, competence.

Self Learning through Readings

The Company had identified and indexed a number of relevant, current and “best practice” books and readings that are issued to the delegates for research and presentation to the group. Delegates are expected to deliver presentations on their readings to share insights and knowledge with the group. The delegates are evaluated and rated in terms of their presentations by the facilitators and the group.

Self Learning through Development Projects

Delegates choose development projects that are directly linked to the 25 high leverage business practices or as agreed with their team and team leader. The projects are managed against a project plan with regular feedback and evaluation to and from the group. The delegates are formally appraised and rated as input to their overall progress on the Academy.

Team and Individual Experiential Exercises

The facilitator initiates and controls experiential learning exercises for individuals and teams within a safe and supportive learning environment. Each module includes selected exercises to stimulate and reinforce best practices and processes. Constructive feedback and actions to improve performance follow each experiential exercise.

Our Competitive Position and the need to change was further explored and questions like Why World-Class was looked at?

The 7 Major Forces of Change were explored

1. Information and communication technology
2. Population
3. Globalization
4. Technology utilization by labour
5. Diversity
6. Open systems view of institutions
7. Democracy as the emerging political format

Change is inevitable if we are to be a
Competitive nation with the ability to meet the
Aspirations of our people

Table 3.2 : The 7 major forces of change

**Change is inevitable if we are to be a
Competitive nation with the ability to**

Meet the aspiration of our people

The candidates also evaluated South Africa in terms of competitiveness as follows :

SA's FACTORS OF COMPETITIVENESS						
[RANKING AMONG 46 SUREYED ECONOMIES]		1994	1995	1996	1997	1998
Domestic economy	What growth rate and industry?	42	42	44	42	40
Internationalization	What trade and barriers?	35	38	39	46	45
Government	How efficient and representative?	38	35	37	34	31
Finance	What systems and accessibility?	26	27	31	36	31
Infrastructure	What harbours, roads, electricity networks	37	30	32	33	35
Management	What leadership and operational skills?	35	38	40	37	38
Science & Technology	What research & production methods?	28	34	34	40	39
People	What skills and work ethic?	46	46	46	46	46
In 1997 South Africa has slid to 45th place, second to last amongst the 46 industrialized countries						

In order for South Africa to move towards world class standards the following aspects would have to be in order. The candidates discussed striving towards world class in the following manner.

STRIVING TOWARDS WORLD-CLASS

As South African swiftly moves to re-enter the global market, organizations are increasingly faced with seemingly impossible demands on :

- A] Uncompromising service and quality by customers
- B] Performance improvement and just reward by all key stakeholders
- C] Empowerment and participation of employees at all levels

The ability to respond effectively to the prevailing challenges will depend on the degree to which an organization can achieve World-Class status in a manner that surpasses that of existing and forthcoming competitors.

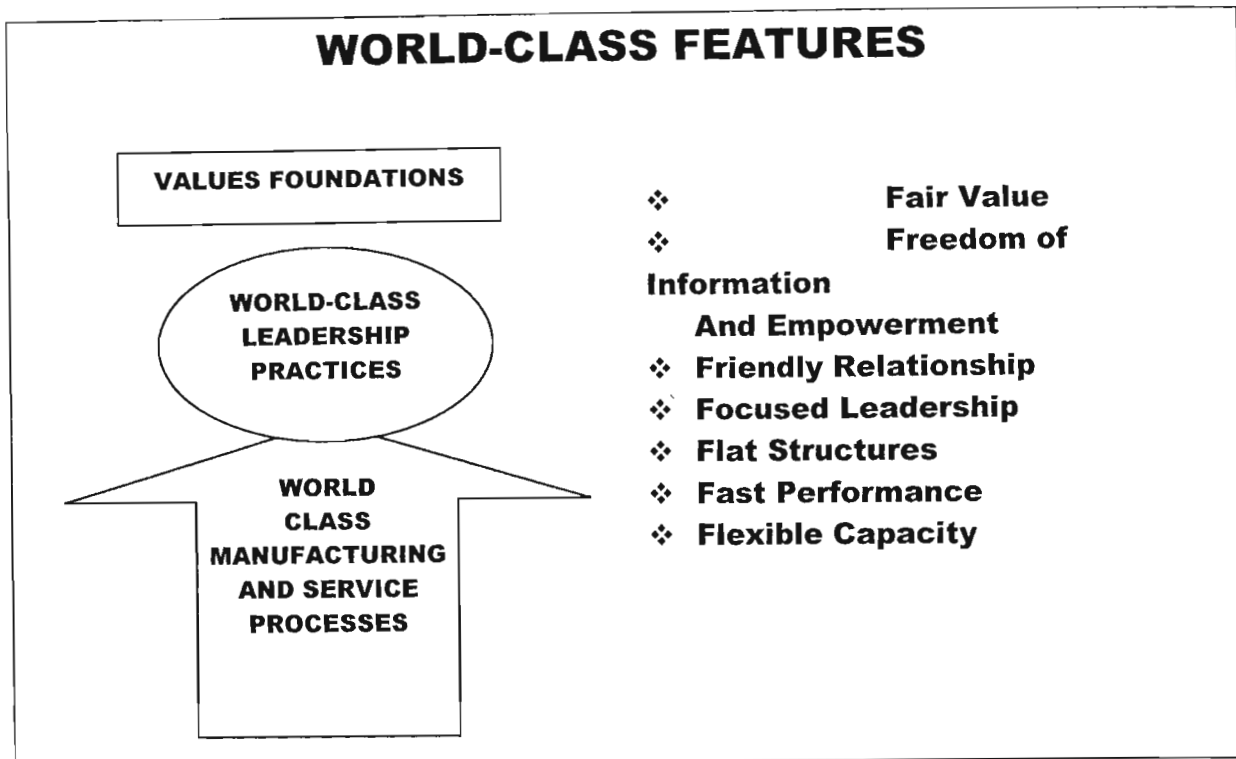


Figure 3.2 :World Class Features

Fair Values

Entrenching a participatively developed core belief system underpinned by reciprocal rights and accountabilities, which govern behaviours and value the diversity of all stakeholders in pursuit of becoming World-Class.

Freedom of Information and Empowerment

Liberating the capacity of every person to serve customers, to access information and to exercise meaningful influence in decisions that enable fulfillment of agreed goals and accountabilities.

Friendly Relationships

Protection of the environment and interdependence with all stakeholders to establish the organization as the preferred supplier and employer in the market.

Focused Leadership

Sustaining short and long-term economic viability and returns for all stakeholders through focused alignment of all people with vision, mission, values and strategy; in an environment that fosters innovation, accountability and team work.

Flat Structures

Customer focused, non-bureaucratic and information driven organizations that allow self-directed work teams to continuously add value; with access by all across all levels and functions [vertically and horizontally seamless structures].

Fast Performance

Rapid customer and market response times by implementing competitive strategies through clarity and alignment of team and individual goals and contributions, that results in service excellence, quality superiority, asset effectiveness, resource efficiency and market superiority.

Flexible Capacity

Continuous learning and multi-skilling that enhances the responsive capacity of people to deal with shifts in technology, customer demands and competition.

WORLD-CLASS MANUFACTURING AND SERVICE PRACTICES

- ❖ Market supremacy and Financial Competitiveness
- ❖ Service Excellence
- ❖ Quality Superiority
- ❖ Asset Effectiveness
- ❖ Resource Efficiency

WORLD-CLASS LEADERSHIP PRACTICES

- ❖ Empowered People
- ❖ Information Driven
- ❖ Goal Focused
- ❖ Knowledge and Skills Development
- ❖ Unity in Diversity

After looking at what makes a country or organization world class – the candidates looked at these aspects in detail, by studying modules 3, 4 and 11.

An outline of the literature content of these modules can be illustrated as follows :

MODULE 3 VISION AND VALUES

Module 3 Outcomes

In this module the learner develops a business plan for the organization that includes:

- ❖ Development of the organization's Vision and Values
- ❖ Development of competitive strategies
- ❖ Development of processes for conformance by members

The process of developing the business plan must be inclusive, to make it legitimate.

This module deals with the prioritizing of the organization [team] in the future through focusing on Key Strategies and Core Values.

Specific Outcome

Develop a comprehensive business plan that includes developing organizational vision, values and strategy within a consultative process.

Assessment Criteria

- ❖ Organizational Vision and Values statement is designed through consultation with trade unions, workers, management, and customers.
- ❖ A communication strategy is designed to inform stakeholders
- ❖ A strategy to ensure conformance of employees to the Vision and Values Is designed.
- ❖ Responsibilities of employees to meet business targets within the Values and Vision are described.
- ❖ Strategies for change and processes of action, reflection and review are included in the business plan.

VISION AND VALUES

Module Outcomes

On completion of this module the delegates will be able to:

- ❖ Describe how to introduce a Vision and Values that is understood and accepted by all in the organization.

- ❖ Create input for the Vision and Values through a top-down/bottom-up unfolding strategy.
- ❖ Integrate the internal and external customers expectations into the Vision and Values.
- ❖ Develop processes and initiatives to ensure that employees conform to the shared values.
- ❖ Develop processes and initiatives to ensure that employees conform to the shared values.
- ❖ Convert the Vision to team and individual outputs.
- ❖ Ensure that the focus is on the business and the people.
- ❖ Develop change objectives, action plans, actions and review and correct performance.
- ❖ Understand and include stakeholders / environmental influences on the Vision and Values.
- ❖ Ensure that the Vision and Values initiate a business cycle that produces team operating plans and thus individual plans.

Module Outline

1. The Context for World Class Leadership
2. Focused Leadership
 - ❖ Alignment / Accountability
3. Developing a Vision
 - ❖ What is Vision?
 - ❖ The requirements of an effective Vision
 - ❖ Converting the Vision to action
 - ❖ Communicating the Vision
 - ❖ Cascading the Vision to teams

4. Developing Shared Values
 - ❖ What are Values?
 - ❖ The requirements of enduring Values
 - ❖ Converting the Values to action
 - ❖ Communicating the Values

 - ❖ Recognizing, rewarding and celebrating the Values

5. Converting the Vision and Values to Action
 - ❖ Change objectives – individual and team roles
 - ❖ Managing performance against the Vision and Values
 - ❖ Continuous improvement

MODULE 4 TEAM FACILITATION

Module 4 Outcomes

In this module learners develop an understanding of attitudes and behaviours requires of effective team leaders in the workplace.

Specific Outcome

Develop and lead an effective team in the workplace

Assessment Criteria

- ❖ A common team vision is designed with team members
- ❖ Business targets and customer expectations are communicated to members
- ❖ The factors influencing team performance are identified and discussed
- ❖ Structures and behaviours that increase team effectiveness are discussed and implemented
- ❖ Strategies to implement new ideas are identified and discussed

Range / Embedded Knowledge

- ❖ Factors influencing team performance
- ❖ Structures and behaviours that increase team effectiveness

TEAM FACILITATION

Team Facilitation deals with the leader's role in creating a team that is committed to achieving a common vision and customer focus, having team relationships and processes that convert philosophies, ideas and interventions into implementable strategies understood, accepted and owned by all.

It is about pride in performance and wanting to be part of a winning team, giving security and rewards to all our employees in the sense that the business prospers. It is about being part of a team and the satisfaction of knowing that what you do, make a contribution. We want all the employees to understand how their work contributes to the success of the business, that the organization is the sum of all its parts, because the actions that all employees do or do not take, impact on the business.

This module deals with team facilitation, understanding team relationships and team performance, the development and the effectiveness of a team, informal and formal team members roles and team structure and behaviours within and between teams that increase or decrease team effectiveness.

Through input, experiential exercises and group / work discussions and interaction, we will craft the following behaviours associated with teamwork:

- ❖ Acting in an energetic and urgent manner
- ❖ Not accepting poor performance
- ❖ Being open and non-defensive in the fact of feedback about the team's performance

- ❖ Actively promoting the exchange of learning, best practices and new ideas
 - ❖ Giving clear and honest feedback
 - ❖ Being clear about responsibilities and accountabilities
 - ❖ Delivering on Agenda commitments
 - ❖ Has insight into what drives and influences individual and team performance
-
- ❖ Leading from the front, wants to be Captain
 - ❖ Confidence to assert one's own view
 - ❖ Understanding the interdependence between functions
 - ❖ Communicating clear vision

TEAM LEADER AND TEAM MEMBER ROLES AND ACCOUNTABILITIES

Team leaders' roles and accountabilities

- ❖ Identify and record team issues / opportunity
- ❖ Identify and record personal development issues / opportunities
- ❖ Lead the workshop with the team
- ❖ Develop a team action plan for team development
- ❖ Endorse and commits to the action plan and to providing the necessary resources

Team members' roles and accountabilities

- ❖ Identify and record personal development issues / opportunities
- ❖ Record actions from the workshop
- ❖ Commit to actions and follow up reviews

TEAMS

The Hawthorne studies in the late 20's and early 30's caused management writers to recognize that behaviour is attached to informal and formal relationships – these relationships have a great deal of influence over team and team member behaviour. Teams can restrict or enhance performance and unless the leader can sustain participative groups, the team is going to be at odds with, or at least not fully supportive of the Vision and Goals of the organization.

Today's leaders succeed by developing the effectively using teams that possess freedom and empowerment in producing quality and excellent service.

To become a team, a group of people generally need :

- ❖ To interact with one another to accomplish an objective or goal;
- ❖ To be aware of each other as team members;
- ❖ To perceive themselves to be part of a team.

This module deals with the team leader's role in creating a team that is committed to:

- ❖ Achieving a common vision; supporting a common customer focus; being aware of customers expectations; and having team relationships and processes to convert these into implementable strategies understood and accepted by all.

TEAM RELATIONSHIPS AND TEAM PERFORMANCE

World-class teams balance their focus between the relationships between people and team and team performance. World-class leadership can only be achieved if individuals are allowed to aspire to their fullest potential and are involved in establishing performance output norms. The organization has to achieve a high level of both people relationships and people performance. Leadership means every person has unique contribution and is a leader in his/her own right.

The Team Processes

As in sports teams, spirit is not enough for a team to be effective. The team needs processes for dealing with team meetings, structure, decisions, discipline, reward etc. The processes can be formal to guide and regulate work and relationships or informal depending on individual strengths, weaknesses and the 'value system.' A team needs to : explore, agree and educate its members around the team process to facilitate rather than restrict performance.

The Team Outputs

Once the team has built up a team spirit and effective processes to guide teamwork, it needs to focus the team effort towards value adding / producing outputs.

Without the focus of team outputs – ie. A Vision, Strategies, Goals, Objectives, Key Performance Areas, team effort would dissolve to wasted energy.

SYNERGY

- ❖ Every person has unique contributions and is a leader in his/her own right.
- ❖ Energy to individuals is synergy to groups. “The synergy of the group is always potentially greater than the combined energies of its members” [Karp, H.B. 1976].
- ❖ “When team concepts are applied to group formation, the result is not only the effective use of energy, but also the creation of new energy” [Karp, H.B. 1976].
- ❖ The results that the team produces should be better than that of its most competent member.

INTERDEPENDENCE

- ❖ “Effective teams are made up of highly interdependent people who must combine their separate effort in order to produce an organization result” [Karp, H.B. 1976].

- ❖ A team combines effort and resources rather than co-ordinating it –it's teamwork not planning as a primary input.
- ❖ Because of products and services becoming more and more complex, technically specialized individuals cannot accomplish their outputs and goals alone.

TEAM DEVELOPMENT AND EFFECTIVENESS

The development of team and hence its effectiveness depends on the ability of the team members to work within it together to attain a common vision, accepted strategies and commonly held objectives.

The following dimensions describe the requirements for creating an effective team 'spirit' – the relationships within the team.

Shared vision, goals / objectives, values

These describe the where to, how, what and why of team commitment.

Involvement

Involvement in both 'maintaining' and leading the team

Creativity and experimentation

Creative debate, lateral breakthrough thinking, occasionally moving beyond the boundaries of established policies and procedures

Living the values

The ability to openly recognize individual differences, conflict and to encourage discussion. Building a working relationship characterized by openness and trust.

Control and procedures

A group needs to establish a process for guiding and regulating its activities. Team development and effectiveness is greatly enhanced by the establishment of agendas, schedules and procedures established by the team.

Effective team communications

Creating and maintaining an atmosphere that allow people to contribute and keep each other informed.

Recognizing opportunities, decision making and problem solving

The team needs to encourage and to have team process and techniques for making decision, solving problems and capitalizing on opportunities – and use them.

Benchmarking, evaluating and celebrating performance and success

The team uses input from all team members, in an open and honest discussion to measure its success and plan continuous improvement.

Optimizing people and resources

Clearly identified but not inflexible roles and outputs ensure that the team gives all team members the opportunity to contribute to what they are best at and to learn.

MODULE 11 PROJECT MANAGEMENT

Outcomes

In the briefing Phase, the learner clarifies the intended project in terms of identifying :

- ❖ Objectives, outcomes and goals
- ❖ Key role holders and stakeholders
- ❖ Resources required
- ❖ The authorizing environment and authorizing processes

Assessment Criteria

- ❖ The goals / objectives / outcomes of the project are explained
- ❖ The reasons for suggesting the project and its purpose are described
- ❖ The risks and benefits are identified and explained
- ❖ Key activities of the project are described
- ❖ Project milestones are identified and explained

Specific Outcome - RESOURCES

- ❖ Establish the resource requirements of the project

Assessment Criteria

- ❖ The capital expenditure required for the project is identified and explained
- ❖ The duration of the project is identified and explained
- ❖ The physical resource requirements are identified and explained
- ❖ The technology requirements are identified and explained

The organization's specific context was analyzed in detail. The candidates scrutinised the business in great detail. They then explored what world class was and the factors that contributed to a company becoming world class.

It was the change makers themselves that identified the change approach to be undertaken by the company.

They did this by analyzing the shortfalls in the company and then undertaking projects to put these things in place.

3.2.3 The Managerial and personal skills required by a successful change agent.

The change agents were recruited in a very systemized way. The selection criteria as stipulated by the Foschini Retail Academy was as follows :

THE FOSCHINI RETAIL ACADEMY – SELECTION CRITERIA

The Academy has been designed to afford leaders at all levels in the organization the opportunity to develop World Class Leadership Competencies. The content has been designed to allow for individual differences and learner paced development – not all learners will learn at the same pace. However, there are initial minimum entrance criteria against which delegates can evaluate their own readiness, and against which the facilitator can evaluate a delegate's probability of completing the programs successfully, given their current level of competence and awareness. Some candidates may require exposure to certain areas of the Company or Company practices, philosophies and competencies before attending the program.

The facilitator and line leaders will assess the delegates' readiness and advise them accordingly.

The selection and recruitment process of the change agents undertook the following format :

The Recruitment and Selection Process

In the Cape Town Division, there were 500 applicants that applied to go on the first Academy. In Johannesburg division, there were approximately 200 applicants and in Natal a further 200 candidates applied.

The whole process was on a voluntary basis. No individual was forced to apply to go on the program. On the first round a team of 100 change makers from across the

country, from all levels within stores, field and head office was chosen to attend the program.

Once the individuals applied, they were asked to fill out a questionnaire and to then hand the completed questionnaire back to the Human Resources Department. This was the first stage in the selection process of recruiting the candidate change makers. A copy of the advertisement that was displayed and the application form were as follows :

The Retail Academy Application Form

F O S C H I N I

RETAIL ACADEMY APPLICATION FORM

Name _____

Job Title _____

Department _____

Store _____

1. Are you proficient in English?

Read and Write

Excellent
Excellent

Good
Good

Poor
Poor

Speak

2. Are you available to do additional, after hours work?

Yes	No
------------	-----------

3. Are you available to travel?

Yes	No
------------	-----------

4. What effort have you made to increase your knowledge and or skills?

5. What leadership positions have you held within or outside the working environment? Please provide dates

6. Why do you believe you should be chosen as a leader of change?

THE Foschini Retail Academy

COMMENCES MARCH 2001

We're looking for people who are *passionate about positive change*

in Foschini. People who have the *energy and drive* to go the extra mile and who will *make a difference.*

The *Foschini Retail Academy*

challenges you to apply, so that your extraordinary ideas will lead Foschini in our quest toward a

world class retailer.

So... If you want to be part of this process and are ready to have your

world turned upside down, please fax the application form through to Jenny Bux at (031) 538 2307 before Friday 2 February 2001



FOSCHINI RETAIL
ACADEMY

After the candidates had filled their application forms the Human Resources Practitioners went through the questionnaires and short listed prospective candidates to go on the program.

The second stage of the selection process then began. This stage of the selection process took the following format.

Remembering that the HR Personnel were recruiting employees who were to be the Foschini's leader of the future. To recruit the right change makers, competency based panel interviews were conducted with all the short listed candidates using a structured interview questionnaire. The aim was to ensure that fair, open and professional interviews were conducted.

Here are some of the selection criteria which was probed:

- Willingness to work long hours, travel, stay away from home [where applicable]
- The future of Foschini – understanding Foschini's vision and strategies
- Intelligence and insight – industry challenges, insight into change maker attributes and what it will take to make Foschini world class
- Enthusiasm, positive attitude and energy – looking for goal – orientation, drive, focus on control and tenacity
- Leadership potential and motivator – own leadership qualities, creditability and previous changes initiated.
- Flexibility – handling conflict and rejection and the ability to prioritize
- Good communication skills – communication and presentation skills and the ability to converse in English

- Ability to conform to Foschini's values. Having ones own value system and how to deal with situations where values were compromised
- Willingness to present and facilitate
- Basic Retail / Business knowledge
- Ability to build relationships

Depending on how well each applicant answered the questions, they were put forward for selection. The strengths and development areas of each candidate were noted.

The information was used to personally give feedback to each applicant when telling him or her if his or her applications were successful or not.

The idea was to build on ones strength and to develop the other areas. This means that those who were regretted this time round, have a clear advantage if they focus on their development areas to be selected for the next academy. It is important to remember that the interviewers have a responsibility to both the company and the applicant. The company expects only the best to be selected. The applicant, on the other hand would appreciate a just process with frank feedback. Finally the caliber of the applicants was of a very high standard. It was commendable that in the field. Many of them made an effort to travel far distances over weekends to attend their interviews.

Once the candidates were recruited they were then briefed on the role out of the Academy.

A discussion of the role out and the objectives of the 3 academies can be illustrated as follows :

3.2.3.2 The roll out of the academy

The specific objectives of the three academies were as follows :

❖ First Session of the Academy

1. A context for change was created.
 - ◆ Benchmarking exercises were reviewed as per figure 4.6. The 25 leverage practices were also explored – figure 4.7
 - ◆ Worldclass practices were reviewed and discussed
 - ◆ Focused leadership was explored through the need for vision and strategy
2. An environment of discomfort was created based on current environment and competencies
 - ◆ The individual and company's need for change was explored
3. The human response to change and the change process was discussed in detail

The ultimate objective of the first session of the academy was to create discomfort for all

❖ Second Session of the Academy

- ◆ Change leadership competencies were developed
- ◆ The management of change was reinforced
- ◆ The theoretical aspects of the change program were explored

Through the various modules numerous benchmarking dipstick analysis were carried out to highlight the company's shortfalls and development areas.

❖ **The Third Session of the Academy**

- ◆ The change makers had to now focus on real issues, problems and opportunities in the business
- ◆ The objectives of session 1 and session 2 were linked to delivery
- ◆ An awareness was created around personal competencies, the various responses to change and the process of managing change

A schematic representation of the various emotions that the change makers experience through the duration of the process can be seen in figure 4.9

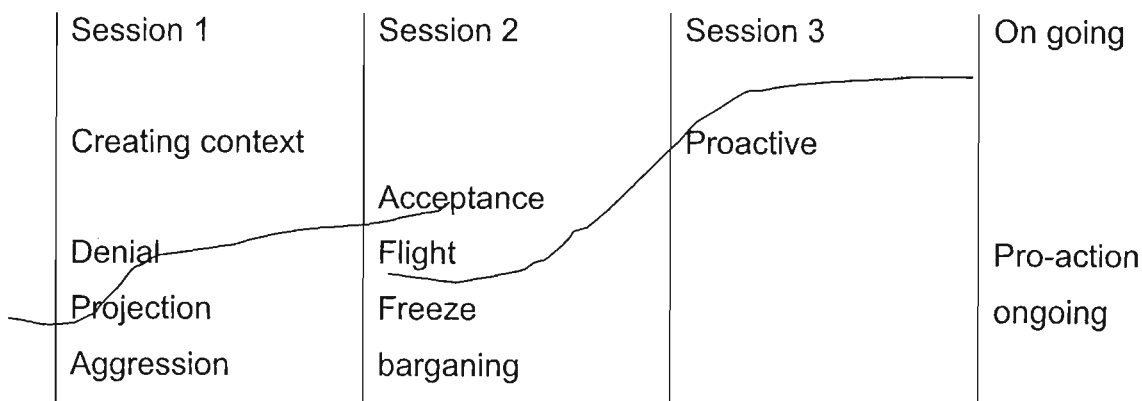


Figure 3.5 – The Process of Change

After the third session of the academy, the change makers went back to their stores and undertook various projects that was aimed at rectifying bad practices at stores.

After attending the 3 academy sessions they then went back to their relevant jobs.

They were further asked to undertake a competency assessment protocol.

A copy of one such assessment protocol taken by one of the top change makers Amina Gounden can be seen as follows : [The pass mark for the test was 70%]

The ITISA Leadership School

Competency Assessment Protocol

AMINA GOUNDEN

MODULES 1,2 & 3: CONTEXT FOR WORLD CLASS

1. ***World class companies need to focus on world class leadership and manufacturing/service practices what are the:***
 - ***Describe and explain features of a world-class company (5)***
 - I. FAIR VALUES

Entrenching a participatively developed core belief system, underpinned by reciprocal rights and accountabilities, which govern behaviours and value the diversity of all stakeholders in pursuit of becoming World-Class.
 - II. FREEDOM OF INFORMATION AND EMPOWERMENT

Liberating the capacity of every person to serve customers, to access information and to exercise meaningful influence in decisions that enable fulfilment of agreed goals and accountabilities.
 - III. FRIENDLY RELATIONSHIPS

Protection of the environment and interdependence with all stakeholders to establish the organisation as the preferred supplier and employer in the market.
 - IV. FOCUSED LEADERSHIP

Sustaining short and long-term economic viability and returns for all stakeholders through focused alignment of all people with the Vision, Mission, Values and Strategy; in an environment that fosters innovation, accountability and team work.
 - V. FLAT STRUCTURES

Customer focused, non-bureaucratic and information driven organisations that allow self directed work teams to continuously add value; with access by all

across all levels and functions (vertically and horizontally seamless structures).

VI. FAST PERFORMANCE

Rapid customer and market response times by implementing competitive strategies through clarity and alignment of team and individual goals and contributions, that result in service excellence, quality superiority, asset effectiveness, resource efficiency and market superiority.

VII. FLEXIBLE CAPACITY

Continuous learning and multi-skilling that enhances the responsive capacity of people to deal with shifts in technology, customer demands and competition.

- ***The ten areas of focus*** **(10)**

- i) Goal focused
- ii) Information driven
- iii) Participation and empowerment
- iv) People development
- v) Unity in diversity
- vi) Service excellence
- vii) Quality superiority
- viii) Asset effectiveness
- ix) Resource efficiency
- x) Market and financial competitiveness

2. ***In what four areas of people optimisation has our historical development left us dis-empowered (the means of production) (4)***

1. Erosion of civil liberties
2. Political autocracy
3. Exclusive social development
4. Extractive resource exploitation

3. ***Why do organisations need a shared vision and values? (4)***

A Vision contains an organisational dream that stretches the imagination and motivates people to rethink what is possible; it is an attempt to articulate what a desired future for the company would be.

A Vision paints a picture of the company in the future – it shows a clear direction as to where the company is going. In order to achieve that Vision, each person and team needs to understand it and work together towards it.

Values support World Class business practices. Values are a foundation of a company, it would not survive without them. Staff need to know what is expected of them in terms of behaviour

4. **Describe the four phases of governance.**

(8)

CO-ERSIVE:

Repetitive; threathening
"Do as I tell you"

CO-OPTIVE:

Favourites
Maintain and carry through

CO-DETERMINATION:

Do together
"Do it yourself and deal with it"

CO-CREATION:

Involves everyone

5. **Describe the difference if any between:**

(6)

- **Participation**
- **Empowerment**
- **Co-determination**

PARTICIPATION:

- Involves people in decision-making, problem solving and recognising opportunities
- Team involvement in decision making
- Mutual respect, creativity and recognizing opportunity

EMPOWERMENT:

- The knowledge and skills that people need to meaningfully contribute to decision-making, problem solving and recognising opportunities.
- To be accountable to our business. Add value to what we do.
- Sharing information and development.
- Enabling to use that skill.

CO-DETERMINATION:

- The structure that includes people in decision-making, problem solving and recognising opportunities.
- Doing things together.
- Structured

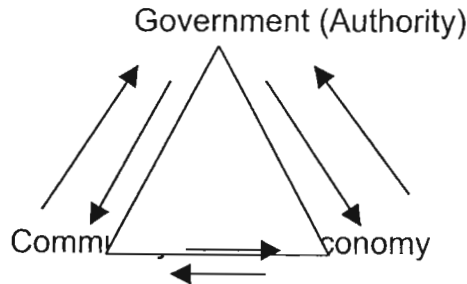
6. **Why do we need to redesign the 25 leadership practices?**

(4)

We need to redesign the 25 leadership practices because the environment needs to change in order to keep up with today's competitive world. We achieve that by doing the following:-

- Identify current and desired levels of participation applicable to high leverage practices in the company.
- Benchmark the implementation of effective leadership practices.
- Discuss around current and desired leadership practices.
- Create an awareness of the level and nature of participation appropriate to world-class companies.
- Allow teams to identify and focus on selected practices in the creation of participative style and structure

7. **Describe governance using**
- The "Triangles" representing Authority, Community and Economy. (10)



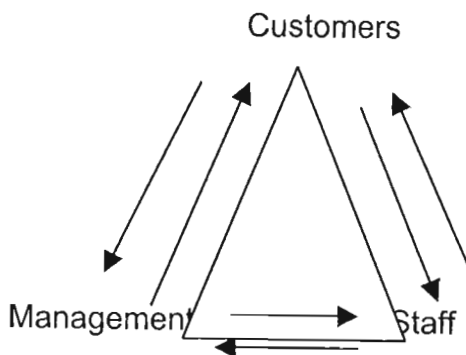
The country is made up of the Government, who is elected by the community and are expected to deliver to the community.

The Community provides services and this impacts on the Economy.

The Economy feeds back to the Government and the Government in turn provides job creation and services, which in turn strengthens the Economy. This in turn, provides services back to the Community.

At Foschini: Government is Management
 Community is Staff
 Economy is our Customers

The model is therefore inverted so that the customers are at the top, as they are the most important people in our business. Without Customers, we don't have a business.



- We are all reliant on one another and therefore need to interact with one another.

- We need an open system whereby:
 - Management and Staff interact
 - Open door policy
 - Customer's needs are focused on

8. What are the seven forces of change in the world? (7)

1. Information and communication technology
2. Population growth
3. Globalisation
4. Technology utilisation by labour
5. Diversity
6. Open systems view of institutions
7. Democracy as the emerging political format

9. Describe your company's vision and list the values. (6)

Foschini Vision:

To be market leaders in what women want to wear

Values:

- We maintain our integrity by being honest, open and ethical in all our dealings
- We are committed to providing 'exceeding service' to customers, and giving them value for money
- We treat people with dignity and respect and ensure a supportive, encouraging environment
- We believe in equal opportunity and development for all, and reward people fairly according to responsibility, effort and performance
- We are committed to a self-critical professionalism, with visible and consistent standards and a constant search for performance improvement.

[64]

MODULE 4: TEAM FACILITATION

1. Describe the informal team roles that should be present in a team. (10)

Informal team roles should be based on the team member's personal competence and experience. It is agreed by the team, not necessarily for the success of the individual's job demands but for the success of the team.

- I. Shared vision, goals, objectives and values
 - Team members understand and are committed to the vision, goals, objectives and values
- II. Involvement
 - There is full involvement in team leadership and maintenance
- III. Creativity and experimentation
 - The team experiments with new/different ways of doing things
- IV. Living the values
 - The team regularly appraises its performance against the values
- V. Control and procedures
 - There are sufficient effective processes and procedures to guide the team
- VI. Effective team communications
 - Team members openly discuss and keep each other informed
- VII. Recognising opportunities, decision making and problem solving
 - The team has well established, accepted approaches
- VIII. Benchmarking, evaluating and celebrating performance and success
 - The team regularly benchmarks, evaluates and celebrates its performance
- IX. Optimising people and resources
 - The team has clearly identified but not inflexible roles. They allow us all to give our best and learn

Examples of positive informal team roles:

- ❖ Encouraging creative debate
- ❖ Providing visionary thinking
- ❖ Focusing on action/initiating activity
- ❖ Facilitating participation
- ❖ Co-ordinating
- ❖ Seeking opinions / giving opinions
- ❖ Giving information / advice
- ❖ Clarifying / summarising
- ❖ Providing context and standards
- ❖ Evaluating, diagnosing and testing for consensus
- ❖ Gaining consensus / mediating

2. *Describe destructive, non-functional behaviours that decreases team effectiveness* **(10)**

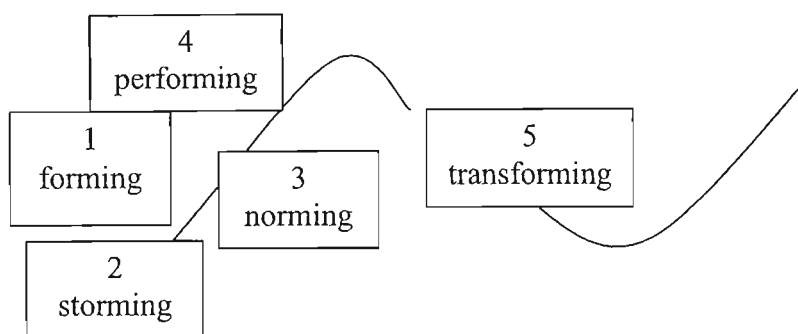
Examples of negative informal team roles:

- Indifference or withdrawal – sometimes sulking
- Seeking sympathy or recognition
- Shifting the focus or blame
- Aggression / competition
- Expressing personal feeling inappropriately
- Premature smoothing the waters – inappropriate consensus
- Blocking – stifling creative debate
- Subversion / fifth column action
- Sniping – focusing on detail rather than process

➤ Won't work syndrome / not invented here

1. There is a lack of understanding of and commitment to vision, goals, objectives and values
2. One person dominates and the leadership roles is not team focused
3. The team relies on precedent and past – little creativity
4. The relationship does not reflect the values
5. There is little control, and a lack of process and procedures to guide the team
6. Communications between team members are limited, closed or guarded
7. The team has no agreed on approaches
8. The team never benchmarks, evaluates or celebrates performances
9. The rigidity or total lack of team structure prevents team members from being able to give their best and learn

3. Describe the stages of team life. In which stage would you place your own company, give your reasons. (4)



1. Forming: A newly established team or a team facing change of focus or leadership will try to find guidance in a newly unstructured environment
2. Storming: The team members exercise their individuality and compete to establish the pecking order
3. Norming: Giving structure to team – a shared vision, strategy, values and outputs. Claryfying roles and relationships also reduces emotional conflict
4. Performing: The team is truly independent and capable of insight and self direction
5. Transforming: The team accepts change, promotes change and continuous improvement

After using the each-one-teach-one with our adopted store, I think that our company is presently at the Norming Stage whereby we are experiencing the following: Acceptance of team and individual roles, constructive relationships, participation and increasing outputs.

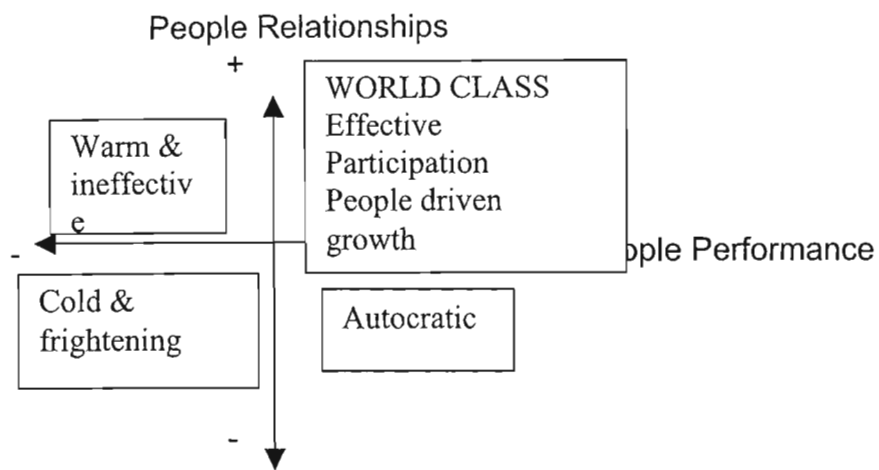
4. What is a natural team vs. a cross functional team (4)

Team leader balances people relationships and team performance whilst achieving the Vision, Strategy, Outputs and Objectives, living the values and satisfying the customers. This forms a natural team

Ad hoc teams which become "natural" teams because of their focus - cross-functional projects

5. What would the style be in a company that has: (6)

- **high performance / low relationships**
- **low performance / low relationships**
- **low performance / high relationships**



- The vertical axis relates to relationships within the company/team
- The horizontal axis relates to performance within the company/team

The 4 quadrants:-

1. When relationships are high and performance is low, we have a warm and ineffective climate
2. When relationships are low and performance is low, we have a cold and frightening environment
3. When relationships are low, and performance is high, we have an autocratic climate
4. When both relationships and performance is high we have effective participation, shared responsibility and performance i.e. World Class

6. Describe the difference between a group and a team (4)

A team:

- They interact with one another to accomplish an objective or goal
- Is aware of each other as team members
- They perceive themselves to be part of a team

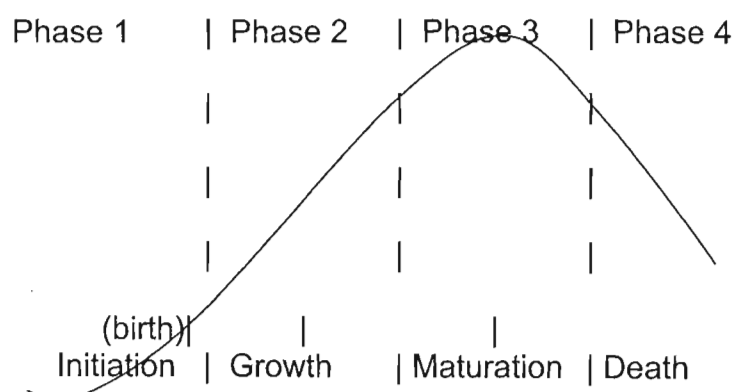
A Group:

- Are people who belong to a certain category but don't necessarily have a common objective or goal

7. Describe the key elements of the company strategy from the strategic plan (5)

1. People: To create a competitive advantage through people
2. Stores: Create store experience ("store vibe") and in-store marketing (windows and interior)
3. Costs: To improve productivity e.g. reduce customer complaints
4. Merchandise: Improved execution of the merchandise vision in stores
5. Marketing: Fashion Express stores, Gloria campaign & Donna Claire
6. Systems

8. **Describe the company transformation process in your own words, indicating key points** (6)



Phase 1 : Birth – Start of new business

- Great deal of effort and little or no return on investment in a short term

Phase 2 : Growth – New business operational

- The effort continues on a sustained or aggressive basis and the rewards on the return on the investment are high

Phase 3 : Maturity – Business reaches maturity

- The return on investment levels out and the business stagnates and as a result the decline phase starts

Phase 4 : Death – Closure of business and retrenchments

Foschini had reached the Maturity stage whereby returns were levelling out and we were starting to go into decline.

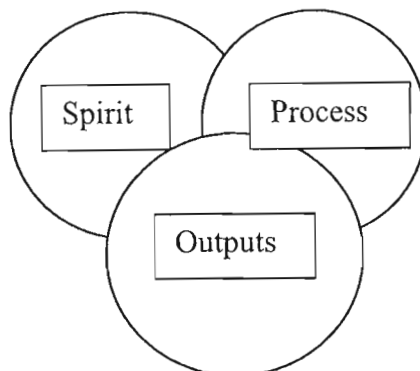
Therefore, we had to rejuvenate the business that brought us back to the Birth stage. A lot of change has already taken place in terms of restructuring, etc.

9. Explain the concept of VISA and its relevance to team member roles (5)

The VISA framework allows us to determine whether the team members and collectively the team spends appropriate amount of time in the areas that matter and deliver value-adding performance.

V	Vision	Being able to develop and convert the long term Big Picture of the company/team into plans and actions that your team can follow, want to follow with team involvement
I	Inter-dependence	Identifying the opportunities, relationships, networks and influences that will impact on the achievements of the Vision and Strategies by your team
S	Systemising	Developing the systems, structures, policies, procedures and practices that facilitate the achievement of the Vision and Strategies by your team
A	Action	Performing value-adding activities that translate the action plans, into results by your team

10. Describe the role of: Spirit, process and outputs in a team. (6)



Team Spirit:

Team spirit is the philosophy, beliefs – the value foundation of the team, often referred to as the Code of Conduct, ethos, credo, etc. It is an agreed and benchmarked set of appropriate and acceptable inter-personal behaviours within the team and between the team and stakeholders. It determines the team's approach to conflict, recognition dealing with issues and inter-personal behaviour. It describes team member's personal rights and reciprocal accountabilities as a team member.

Team Processes:

As in sports teams, spirit is not enough for a team to be effective. The team needs processes for dealing with team meetings, structure, decisions, discipline, reward, etc. The processes can be formal to guide and regulate work and relationships or informal depending on individual strengths, weaknesses and the 'value system'. A team needs to: explore, agree and educate its members around the team process to facilitate rather than restrict performance.

Team Outputs:

Once a team has built up a team spirit and effective processes to guide teamwork, it needs to focus the team towards value adding/producing outputs.

Without the focus of team outputs – i.e. a Vision, Goals, Objectives, key performance areas, team effort would dissolve to wasted energy.

[60]

MODULES 5 & 6: PERFORMANCE MANAGEMENT & STRATEGIC PLANNING

1. *Describe the role of vision, mission and purpose in an organisation. (5)*

Vision:

Contains an organisational dream that stretches the imagination and motivates people to rethink what is possible, it is an attempt to articulate what a desired future for the company would be.

Vision, Mission & Purpose:

- Influence and organise meaning for members of the organisation
- Provide focus for new attention
- Focus on organisation's basic purpose and general direction
- Describes where the organisation is going to

2. *Describe important elements of a successful strategic planning exercise (10)*

- The impact of the South African economic, political and social environment on the organisation
- The impact of the industry in which the organisation is located
- The effect of the organisation's own vision and values
- The effect of the organisation's business imperatives and targets
- The impact of customer expectations on the organisation
- The achievements against industry standards
- The achievements against international standards
- The achievements against company standards
- Obstacles to achieve the above
- Areas in which change is needed

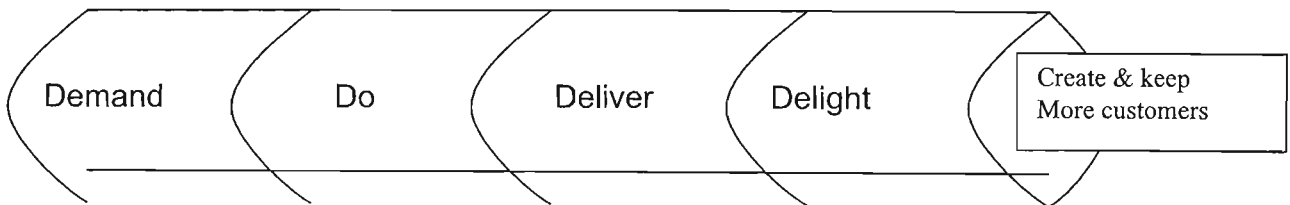
3. *Detail the guidelines on vision. (8)*

1. Effective and inspiring
2. Clear and challenging
3. Makes sense in the market place
4. Constantly challenged
5. Beacons and controls
6. Empower people, then customers
7. Prepare for future, honour past
8. Lived in details, not broad strokes

4. Describe how you would go about introducing a vision and shared values into an organization. (5)

- a) Align individuals and teams within the Vision, Mission, Strategy and Values of the organization, whilst recognizing the internal and external customer's expectations
- b) Allow individuals and teams to identify and plan their own and their team's contribution to achieving company goals – their routine and change contributions, value adding outputs within the agreed framework of the organization's Vision, Strategies and Values
- c) Empower individuals and teams to set, measure, report on and recognize their own and their teams contribution to achieving the company goals
- d) Assist Managers, leaders and employees to identify, benchmark and develop job competency profiles and models that form the basis of funding developing and managing people – ensuring fairness, objectivity, value adding performance, and continuous improvement.
- e) Understanding the importance and role of a shared vision within the company and your team
- f) Living company values through measurable, observable behaviours

5. Illustrate the value pipeline (wealth creating pipeline). (5)



The pipeline consists of the following:-

Demand:

Demands made by team members and customers

Do:

Our levels of skills and knowledge

Deliver:

The outputs (with the delays, slow deliveries, etc)

Delight:

What sets us apart from the rest (going the extra mile) being accountable in making the decision, prompt, professional and always putting the customer first = being World Class.

We have the various departments, but each department would be inter-linked by a pipeline or chain that brings us to vertical and horizontal alignment. They all share a common Vision, Mission, Strategy and Values aimed at exceeding/meeting our customer's expectations. We want to focus on the exceeding part for this is what sets you apart from the rest. Being World Class is horizontal and vertical alignment with the focus on the customer.

6. Describe the role of values. (5)

1. Direction and action
2. Controls performance
3. Distance control mechanism
4. Purpose and reason
5. Core philosophy
6. Values have rules and consequences
7. Values are the foundation for World Class Practices but they need to be lived in measurable, observable behaviours that ensure that the values contribute to the company's performance

7. What are outputs? (8)

- They are value added
- They are results rather than activities
- They all focus on the Vision, Mission, Strategy and Objectives
- Team outputs are made up of individual outputs
- They can be routine or specific
- They can be objectively measured
- They contribute to wealth creation
- They trace our role to the vision
- They clarify individual roles and responsibilities
- They form the basis for performance management

Outputs also:

- Focuses on what your customer wants
- Supports Vision, Mission, Strategy and Values
- Shows responsibility
- Shows how your job adds value
- Can be for a team and for individual team members
- Can have routine standards and/or change objectives
- They can change
- Can be measured

8. Describe the difference between routine outputs and change objectives.

(10)

Routine outputs:

Routine outputs is your job, and what you need to produce from day to day to be competent e.g. quality, housekeeping, safety, productivity and equipment. Also, they are the results of your work, the value you add, products or services that you produce. Not what you do but the result of what you do.

Change outputs:

Change outputs are special or specific focus in certain areas – your routine outputs – where you need to produce something different/special, or fix poor performance – or to develop yourself e.g. To become multi-skilled; To reduce waste by 10%; To improve line efficiencies; To reduce theft; To increase customer service levels to 90% and to reduce your error rate.

9. Detail the components of a job model: performance and competencies. (4)

Outputs:	Standards:	Activities:	Core Competencies:
Produce?	How Well?	How?	What Knowledge & Skills

[60]

MODULE 7: PEOPLE DEVELOPMENT

1. **Describe the difference between training and development** (5)

Training is skills based.

Development on the other hand is almost always future based, the more complex the position the person occupies, the more distant the focus of the development. Competitors want to grow their businesses. These are the people we have to compete against, to recognise the rigour of the competitive climate in which you operate and live, and to be sharper and better.

2. Describe the key steps in the manpower, career and succession planning process. (10)

The “Manpower” Plan:

In its simplest form a manpower plan focuses on the broad numbers and skills required in the future. It also considers knowledge and skills that are crucial to the survival of the business, rather than the more generic, affordable job categories. The Manpower Plan is a supply and demand analysis detailing the current complement for knowledge and skills, and on future demand and its knowledge and skills. The Plan is around finding, developing, coaching,

recruiting, retaining, etc. the people so that they will be around when we need them.

Career Paths:

To allow the people in the organisation to plan and manage their own development and to provide the organisation with a guide to developing its people, we must provide paths along which people may progress should they so choose. Career paths are routes along which development can take place i.e. from trainee to operator; multi-skilled operator to “line leaders” to supervisors, etc; from clerk to co-ordinator to supervisor to manager, etc.

Succession Plans:

Succession plans describe the plans that we develop to ensure that we have continually of knowledge and skills in the business. The plan is not a contract but an indication of the possible moves that could be made in the future to fill vacancies from within the company. Generally succession plans focus around key or critical posts and skills in the company and people who show the potential and desire to grow and develop. It would be a pointless exercise to develop succession plans to include employees who through whatever circumstances or needs to not intend to develop within the organisation.

3. Describe how to construct an individual training plan for team members.

(6)

1. List outputs that you produce
2. Standards by which you measure the achievement of each output
3. List the tasks/activities that you do – to fulfil your outputs
4. List the knowledge, skills and attributes you require to perform the tasks in such a way they meet the standards for the outputs
5. Take all the individual profiles, add the required knowledge and skills to the designated team members and check to see whether everyone has the necessary knowledge and skills to fulfil their roles. This is also done to ensure that the spread of knowledge and skills gives the team cover and flexibility

4. Describe the process for evaluating training and development. (15)

- I. The evaluation of the training and development activity/solution:
 - Did it achieve the objectives?
 - Was the technology appropriate?
 - Did the presentation/language fit the target population?
 - Was it current and technically accurate?
 - Was it “transferable”?
- II. The evaluation of delegates attending or undergoing the training or development:
 - Did the delegate meet the course objectives?

- Did the delegate complete all the projects, meet the deadlines?
- Has the delegate developed a personal plan of training and development?

III. The evaluation of the trainer of skills back on the job (this is obviously more difficult but still possible with development activities unless the trainee is given an opportunity for performance):

- Did the training cover the core competencies?
- Based on on-the-job performance, can the employee apply the competencies?
- Is there still a performance gap between required from the job and the employee?
- Has the employee's performance improved?

5. Discuss the link between performance and competence. (5)

Performance is important because:

- We are rated on our performance
- It keeps stores profitable so that our doors stay open
- Beats competitors
- Keeps customers and management happy

Competencies are:

- The skills, knowledge and attributes that you have to ensure that you are able to complete your tasks.

Therefore, competencies need to increase which results in better performance.

6. ***Detail the format for a competency based development plan.*** (5)

OUTPUTS	STANDARDS	ACTIVITIES	CORE COMPETENCIES	TRAINING & DEVELOPMENT NEEDS

7. ***Describe knowledge and skills required to do your own job.*** (4)

- Know how to deal with customer complaints and offer assistance – people skills
- Greet and direct people to the correct departments and companies
- Know what the company housekeeping standards are – company image
- Computer literate and usage of fax machine - information

[50]

MODULE 8: COMMUNICATION

1. List / describe 5 effective and 5 ineffective behaviours. (10)Effective behaviours:

- ❖ Open and honest
- ❖ Clear goals and beliefs
- ❖ Time a valuable resource
- ❖ Quality of life is important
- ❖ Set high standards

Ineffective behaviours:

- ❖ Manipulate others
- ❖ Selfish
- ❖ Insincere
- ❖ Avoid responsibility
- ❖ Unhelpful

2. Describe “understanding your perceptions – the four psychological positions” (20)I'm Okay, You're Okay ☺☺

- Can level comfortably and honestly without intending to threaten other people
- Can deal with people, problems and decisions realistically without rationalisation or prejudices
- Feels joy and rational; gives credit where is due and honest; acknowledge and accept recognition and use it!

I'm Okay, You're Not Okay ☺☹

- Feelings such as anger, suspicion, superiority, jealousy, disappointment or contempt; arrogance
- Often places unrealistic blame on others for mistakes and failures
- Allows prejudice and criticisms to interfere with objective decision-making
- Gives unfair or biased treatment to people or problems, which are considered inferior

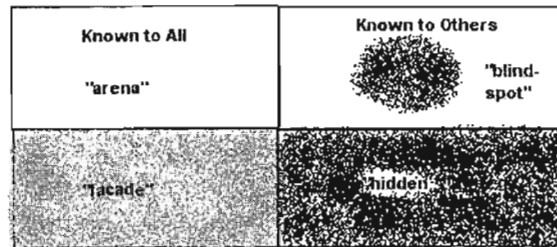
I'm Not Okay, You're Okay ☹☺

- The person is convinced of probable failure no matter what, and often reinforces this belief by making many careless mistakes and by bungling tasks
- Difficulty in handling responsibility
- Inferiority
- Avoids handling conflict

I'm Not Okay, You're Not Okay ☹☹

- Frustrated, insecurity, unsure, anger
- No trust – devious
- Avoids handling conflict
- Unable to give strokes

3. Describe the Johari Window "Blind spot". (5)



- Contains information that one does not know about oneself but which the group may know.
- As you begin to participate in the group, you communicate all kinds of information of which you are not aware, but which is being picked up by other people. This information may be in a form of verbal cues, mannerisms, the way you say things, or the style in which you relate to others.
- The extent to which we are insensitive to much of our own behaviour and what it may communicate to others can be quite surprising and disconcerting. E.g. scratching your head before you reply to a question.

4. Name 6 barriers to effective communication. (6)

1. Physical environment
2. Language and terminology
3. Knowledge / education
4. Emotion / perception
5. Involvement
6. Quality of communication

5. What are eliciting behaviours and reactive behaviours? (2)

Eliciting:

Asking behaviours or bringing forth / drawing out
Someone who seeks facts, information, clarification
e.g. What do you understand by

Reactive:

Responding behaviours or act in response
Someone who offers facts, instructions, opinions or clarification to other people
e.g. Let me tell you what I think

6. What are the two most important communication processes that we have detailed in the "communication process" exercise? (3)

1. Team meetings (not formal meetings only, but any occasion when the team gets together as a team)

2. Team briefing sessions (any sessions that are used expressly to communicate information to the team/teams)
3. Team performance feedback (any session that the team holds in review and discuss team and individual performance)

7. What causes low levels of disclosure? (4)

- i.e. Why don't we tell people more about ourselves?
- Afraid of revealing your feelings and thoughts
 - Afraid of being rejected or hurt in some way
 - Afraid of being judged negatively
 - Afraid of consequences

[50]

MODULES 9 & 10: TEAM DECISION MAKING & PROBLEM SOLVING

1. Describe the difference between and provide examples of Operational versus Strategic decision making processes (10)

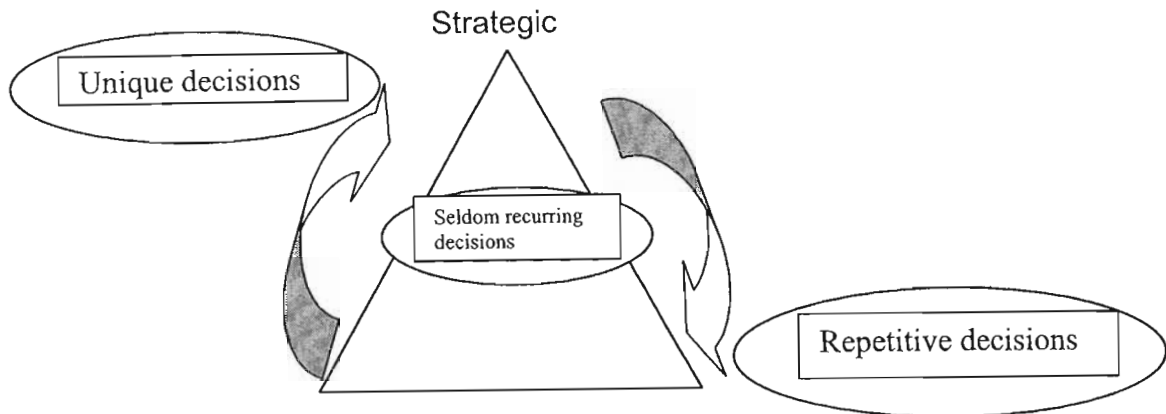
Operational:

- The time span for results or consequence is short, immediate at times
- The impact is close to the action, it is personal to teams and individuals
- The variables are very apparent, known and easily identifiable
- Decisions are made within an organic, rapidly changing operating environment
- The agreed solution can easily be converted to easy action steps
- The impact of the decisions is limited in organisational influence.

Strategic:

- Generally the time span of the consequence is longer i.e. the results or facts of the decision take time in accruing
 - People taking the decisions and accompanying risks, need the knowledge and skills to deal with conceptual complexity
 - High levels of specialist knowledge and skills are required
 - Multiple variables have to be considered and addressed
- We find more consultation than participation on strategic decisions with teams providing input into the decisions
- On operational decisions we should find more participation

2. **Provide examples from your own company that explain the Standardised versus Centralised decision making matrix (10)**



Unique decisions (centralised) – very high level of competency

- New business acquisitions
- Flattening structures
- Amendments to policies and procedures
- Formulating visions / mission
- Management styles e.g. G.M.

Strategic / operational

- IT systems update
- Store design
- Flattening structures
- Retrenchments
- Budgeting

Repetitive (standardised)

- Employing, dismissing, training staff
- Store layout
- Marketing
- Buying and planning
- Selling
- Stockloss/security







3. **Explain the rules for effective team consensus decision making (10)**

1. Abide by the company values
2. View conflict on ideas, solutions, options, etc. as a positive creative influence rather than hindering the process of consensus
3. What is "right" is what the team believe to be the solution that delivers the best results, not which member's opinion won the debate.

4. It's disrespectful not to be heard, problems are best solved and decisions best made when individual team members accept responsibility for both hearing and being heard.
5. Conflict must be dealt with and not superficially or prematurely "smoothed over".
6. "Multiple input" team evaluation of the progress of the team, and team processes through which decisions are made is essential.
7. Team decision-making and problem solving should be based on logic, good information, well through approaches and debates – not emotion, or just opinion.
8. Open discussion around perceptions and motives decreases value judgements!
9. Use team subgroups to investigate and present recommendations to the team – involve the most passionate supporters / objectives in the task group.
10. Insist on creative debate, if you don't support a proposed team decision, you must provide a constructive alternative.
11. The consequences of the decision are known.

4. Explain and provide examples of two problem solving process techniques (10)

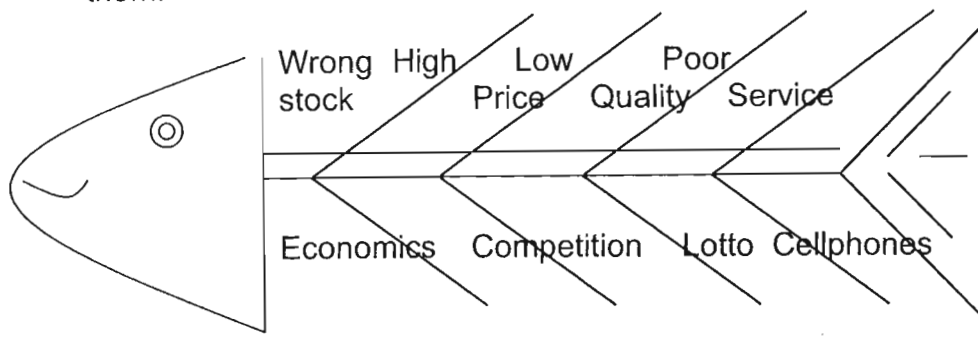
1. De Bono's 6 "thinking hats" determine the mood with which we approach a problem or opportunity and the approach we use throughout the process, often changing hats.

 Black – Criticism & risk	 White - Information
 Red - Emotion	 Green - Creativity
 Yellow - Feasibility	 Blue – Managing the process

- Provide the team with a statement, proposition or problem
- Tell the team to provide ideas, solutions, thoughts without consideration of practicalities, rules, company policies and procedures, etc.

- Encourage impossible (seemingly) creative, innovative new thoughts without comment, criticism, evaluation or changes
- List and gain understanding of all the suggestions
- Review suggestions, rejecting the obviously unstable, unimportant or inappropriate ideas through discussion
- Wear the “thinking hats”

2. The cause effect “fishbone diagram” or “Ishikawa” allows you to “work the problem” – identifying the real problem (or opportunity) rather than superficially observing symptoms and acting on them.



- Make a statement of the situation we have observed (what, where, how, etc.)
- Identify the major areas in which the problem lies – use the areas of World-Class Manufacturing service and leadership practices
- Generate creative suggestions about what the cause may be within the key areas using the guidelines for brainstorming
- Look for possible causes – not symptoms. Develop a solution which best fits – address most of the causes

1. Firstly, draw the fish diagram
2. Ask staff for all the possible problems that would create an unpleasant working environment
3. List all on the bones of the skeleton of the fish
4. After all the reasons have been listed, ask the staff to reduce the number down to the worst 3 – then ask them if these are the most common problems that they experience
5. If it is and it most likely is, then tell them that if they fix these problems then the environment will change to a better one.
6. The same can be done to fix the turnover problems experienced by the store

5. Explain how you would manage the impact of change on people in your company (10)

- Initially one is unaware that change needs to take place therefore awareness needs to be created.

- Once awareness is created one denies the fact that change is needed and in turn discomfort is caused.
- When one feels discomfort, it results in aggression, conflict and resistance to change, but we need to accept this and deal with it.

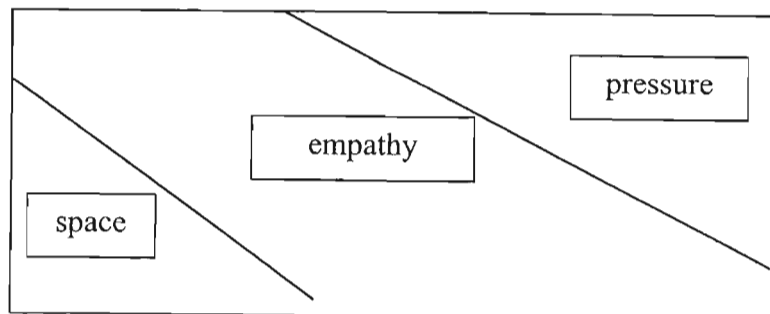
- They need to understand why it is important to achieve change (in line with our Vision, Values and Strategies).
- We cannot grow without change.
- Change demands transparency, openness and participation.
- People generally only change when their current state of comfort is surpassed by a far greater state of sorrow.
- Change is about tough decisions and hard work.
- It is important to not only look at the company or a team in terms of the change, but it is also vitally important that we look at ourselves critically and examine what old habits/attitudes and processes we should let go of, which ones we should maintain and build on, and what new practices we should adopt and develop our action plans accordingly.
- We therefore agree that it is important to be flexible and open to change so that we can become change agents in the turn around of our company to World Class practices!

[50]

MODULE 12: PEOPLE SKILLS FOR LINE MANAGERS

1. *Explain why personal values are so important in terms of being an effective leader.* (10)

- Values support World Class business practices.
- Values are the foundations – the company would not survive without them.
- In the ESP model we look at how we should deal with those people who do not live our company values.



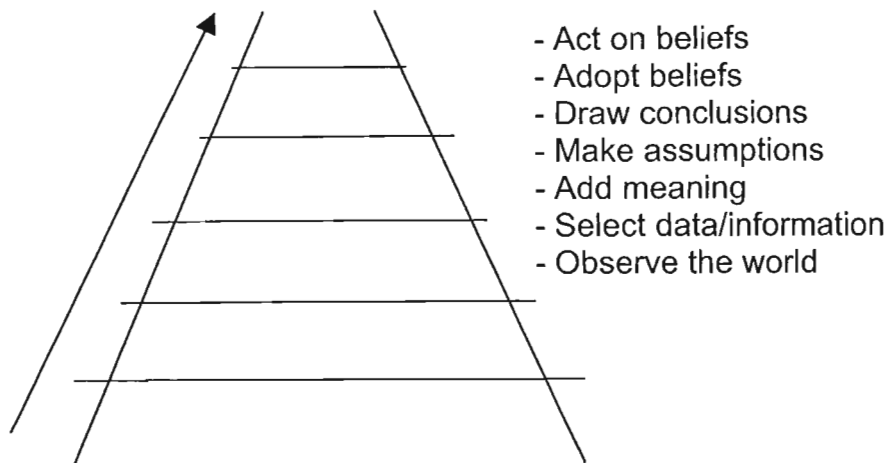
We need to create the right environment by remaining consistently empathetic to all staff, but increase the pressure to live the values, and reduce the space to justify and make excuses, by not accepting them.

We need to catch people doing things right; catch people living the values and praise and reward

- Set direction and standards
- Motivates and inspires
- Develops people

- Creates atmosphere
- Is pro-active
- Respect others
- Is committed
- Takes responsibility
- Leads by example
- Aligns people
- Produces change

2. **Explain the “ladder of inference” and how this impacts on our understanding of the world (10)**



- Before beginning a task, focus on your attitude. This will determine your success or failure.
- If you are positive towards life, life will in turn become positive towards you.
- You control your attitude. If you are negative, it is because you have decided to be negative.
- Act as if you have a good attitude.
- Before you achieve the kind of results you want you must first become that person.
- Treat everybody as if they were the most important person in the world.
- First change your assumptions and in turn your attitude will also change.
- We become what we think. We should control our thoughts and that will control our lives.
- In order to develop a good attitude, take charge first thing in the morning. Start your day with a positive statement to yourself. E.g. You have a day when you get up in the morning and something goes wrong and you say, it's going to be one of those days! But instead what I say is: Well, it started out bad, but it's still going to be a great day, and you'll be amazed how it turns a bad day into a good day.

- When you are faced with a problem, adopt the attitude that you can and will solve it.

3. In Transactional Analysis, the concept of “hooking” is very important. Describe how this process occurs when 2 people interact (10)

Adult:

Behaving, thinking, feeling in response to what is going on around you.

Parent:

Behaving, thinking, feeling in ways that are a copy of one's parents or parent figures.

Child:

Behaving, thinking, feelings that you used when you were a child.

Effective peer communication/interaction should be based on adult-to-adult transactions by:-

- Being sensitive to your own feelings
- Knowing your own value system
- Recognising and accepting what you can't change, work with what you can
- Having mutual trust and respect which is a strong basis for healthy relationships
- Acknowledging the other person's feelings
- Asserting you own feelings
- Focusing on the issue and not the person
- Being supporting, encouraging and motivating
- Being logical, objective, basing your intervention on facts, and appealing to your sub-ordinate's own positive Adult tendencies

4. Explain the concept of Emotional Intelligence, and provide an explanation of why this is so relevant to effective leadership practices (10)

What is emotional intelligence?

- Is the array of personal, emotional and social competencies and skills that influences success.
- Involves understanding the impact our behaviour has on future experiences
- It is the common sense ability to get along in the world
- It bolsters the impact of our IQ
- It magnifies creativity and innovation
- It enhances leadership and effective teamwork
- It motivates us to reach our full potential
- It is the power behind successful performance at work
- It is changeable and can be increased

Why is emotional intelligence relevant?

- People are able to work well with each other
- They are perceptive and quick to understand each other

- It (EI) facilitates decision making
 - They are able to figure out what is actually happening in a given situation
 - They are able to get to the core of a problem and reach resolutions
 - It improves and expands customer relations
 - Breeds trust and loyalty when dealing with internal and external customers
 - Can accurately read others and respond flexibly and appropriately to them
 - Able to influence customers positively and effectively
 - EI helps employees extract creativity from conflict
- It sharpens management and teamwork skills

5. Explain why an EAP is relevant in today's business environment and provide 5 statements that explain what an EAP is all about (10)

- An EAP can be an ideal vehicle to inform employees and monitor their reactions to planned changes in the workplace (a barometer function through effective reporting back to the business).
- EAP procedures ensure that the employee has fulfilled his/her rights and responsibilities.
- An EAP will ensure that an infrastructure is in place to manage the impact thereof proactively.
- An EAP is an integral component of a company's "total health strategy" to review employee health policy in the light of broader social-political and economic developments in South Africa. EAP is considered a vital area of employee health, along with occupational health, primary healthcare, safety and security, employee benefits and medical aid.

What is EAP about?

1. A formalisation of services (policy, procedures and referral guidelines) already provided by Health Services to proactively identify and effectively manage employees who are experiencing personal problems which may impact on their work performance.
2. A mechanism (information system) whereby the company can proactively manage stress by identifying "hot spots" within the organisation.
3. A visible infrastructure to assist line managers to provide a "helping hand" to employees who are experiencing difficulties.
4. A strategy to develop and retain skilled employees
5. A confidential, professional and accessible service to empower employees to manage/address personal problems before work performance is adversely affected.

6. Provide 5 guidelines for constructive confrontation where an employee is "troubled" (5)

1. Establish the levels of work performance that you would expect. Give an indication of how much responsibility you will expect from the employee. Explain what is acceptable and unacceptable to you.

2. Be firm, but tell the employee that you are there to help; be honest and open with the employee, get to the point by using your authority positively.
3. Do not make value judgements and do not moralise: just state what you expect as the manager. Be aware of your personal values affecting your effective management of the troubled employee (eg. There is no difference between a single mother with financial problems and a married man with an alcohol problem).
4. Set up a plan for improvement so that you know if progress is being made. Evaluate progress from time to time.
5. Always confront the employee in private. You can achieve co-operation more by the way in which you confront the problem. It helps to motivate the employee display your confidence in their ability to over-come the problem.
6. Confidentiality of the private interview is critical.

7. Explain how you would build your own stress resilience (5)

- Look at my lifestyle and see what can be changed even if it is something small.
- Watch my diet by eating healthy foods.
- Get enough rest and sleep.
- Get away for a while. Spend some time alone just for me.
- Tackle one thing at a time by not trying to do too much at once.
- I cannot change my past. I cannot change the fact that people will act in a certain way. I cannot change the inevitable. The only thing I can do is play on the one string I have, and that is my attitude. I am convinced that life is 10% what happens to me and 90% how I react to it. And so it is with me, I am in charge of my attitude.

On passing the test that is achieving 70% and higher, the champions of change had to be rated by their colleagues, stores managers and fellow champions on their success as being change leaders. A formal survey document was used in the form of Table 3.3

Measures

1. Contribution of Changemaker to change process
2. Creating understanding of need for change
3. Demonstrating role model behaviour
4. Assisting in dealing with problems in store/area/division
5. Involvement in ad hoc projects
6. Vision and values presented

Contribution of Changemaker to Change process

1. The Changemaker made no contribution to the change process. There has been no indication of a change in their own behaviour and/or outputs that contribute to the Foschini change process.

2. Some effort was made by the Changemaker to contribute to the Foschini change process, however it has not been sustainable and has had little impact on the organisation.

3. The Changemaker demonstrated a change in their own behaviour and/or outputs.

4. Through the Changemaker's efforts, the team has a clear understanding of the principles and philosophy underpinning the change process, and some buy-in has been demonstrated.

5. The Changemaker was actively involved in the change process and, regardless of level or position, significantly contributed to the success of company during this period. This is evident by their level of functioning, in terms of behaviour and performance/outputs. They also inspired the team to also actively participate in the change process in terms of behaviour and performance/outputs.

1	2	3	4	5	6	7	8	9
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Creating Understanding for the Need for Change

- 1. The Changemaker has failed to create an awareness of the need to change with teams who still do not understand the change process – environment and behaviours.
- 2.
- 3. The team has some idea of the need to change, however the process and behaviours are absent and the Changemaker has not acted as an involved change agent.
- 4.
- 5. The Changemaker has created awareness and willingness to change. Teams and individuals have progressed from the past mindset and culture.
- 6.
- 7. The teams are driving change within their stores/area/division with active support from the Changemaker. Progress and behaviour is beginning to contribute to the success of the store/area/division.
- 8.
- 9. The Changemaker constantly provides reinforcement and encouragement to the teams and individuals who fully understand and are committed to the Foschini change process that is evident in their behaviour and outputs.

1	2	3	4	5	6	7	8	9
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Demonstrating Role Model Behaviour and Performance

1. The Changemaker’s behaviour and performance is contrary to the image that the Foschini Retail Academy detailed and developed, i.e. living the values, leading change, performing in their job. Store/area/divisional teams facilitated by the Changemaker fail to reflect these behaviours.
- 2.
3. The Changemaker has communicated the Foschini values and performance obligations to the team and team members without effort to inspire new behaviours.
- 4.
5. The Changemaker and teams facilitated by the Changemaker have made attempts to change their behaviour and this is reflected in their actions, i.e. living the values, levels of performance.
- 6.
7. The Changemaker and the teams facilitated by the Changemaker are continuously striving to introduce behaviours that will enhance performance and demonstrate the values of the team and its members.
- 8.
9. The Changemaker is constantly a shining example to all – peers, teams and customers of the Foschini way. Teams facilitated clearly reflect these behaviours.

1	2	3	4	5	6	7	8	9
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Assisting in Dealing with Problems

1. Problems within the Changemakers' store/area/division have been ignored.
- 2.
3. Problems have been identified and referred to Management/HO.
- 4.
5. Problems have been identified and solutions proposed in line with the principles and philosophies of the FRA modules. Some effort has been put into actioning a solution.
- 6.
7. The Changemaker has actioned a solution for an identified problem, and has referred out of the ordinary problems to the relevant manager.
- 8.
9. Problems have been identified and solutions timeously implemented. Follow-up evaluation and action has ensured a positive and a continuous improvement in the environment. As a result of the success of the Changemaker's intervention, they have (been requested to) assist with additional problems.

1	2	3	4	5	6	7	8	9
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Involvement in Ad hoc Projects

1. The Changemaker has made no effort to participate in ad hoc projects, in line with the fundamental principles and philosophy of the FRA.
- 2.
3. Some effort has been initiated to be involved in projects however progress has been slow or non-existent. Ownership of the process is not evident.
- 4.
5. Structures (e.g. meetings/monthly reports) exist and are used to highlight, discuss and plan progress of projects. Issues and problems are identified and where appropriate referred. Ownership for certain issues and opportunities is beginning to be demonstrated.
- 6.
7. The Changemaker has developed competence in facilitating ad hoc projects that support the Foschini change process. Some sustainable change is evident as a result of the Changemaker's intervention. The Changemaker also solicited the participation of the team in actioning solutions.
- 8.
9. Effective structures, processes have been introduced to collect and deal with change problems, issues, opportunities and a number of projects have been successfully implemented. Creative ideas and suggestions have been put forward by the team.

1	2	3	4	5	6	7	8	9
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Company Vision and Values

1. The Changemaker has failed to introduce any information regarding the Company vision and values.
- 2.
3. The Changemaker has introduced some basic but not yet effective communication of the vision and values.
- 4.
5. The Changemaker has introduced the Company vision and values and created adequate team awareness thereof.
- 6.
7. The Changemaker has explored team behaviours supporting the Company vision and values with the team.
- 8.
9. The Changemaker and the team demonstrate behaviours that support the vision and values and have developed mechanisms for dealing with non-conforming behaviour.

1	2	3	4	5	6	7	8	9
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Table 3.3 : 360° feedback survey

The change makers also undertook a gap analysis to identify problem areas, they then drew up a training program / lesson plan that addressed the particular issue. Finally created awareness at the relevant store to the existence of the specific problem. The change maker then enlisted the help of all employees in working together to rectify the problem.

A draft of the task required of them can be seen in table 3.4

WHAT CHANGEMAKERS MUST DO

	OUTPUT	MEASURE
1.	Diagnosis / Gap Analysis	<ul style="list-style-type: none"> ▪ Key Focus Areas identified
2.	Training	<ul style="list-style-type: none"> ▪ Training Schedules drafted ▪ Lesson Plans developed ▪ Evaluation of Training ▪ Results Audited
3.	Projects	<ul style="list-style-type: none"> ▪ Plans in Place ▪ Key Indicators identified ▪ Meet Deadlines ▪ Audit Results
4.	Information Source	<ul style="list-style-type: none"> ▪ Available ▪ Accurate ▪ Credible

A year after the initial run of the academies a memorandum was sent to all change makers informing them that they had to meet certain requirements before being certified as competent change makers.

A copy of the memo can be seen in table 3.5

MEMORANDUM

TO: ALL CHANGEMAKERS

**C.C: STORE MANAGERS
AREA MANAGERS
DIVISIONAL MANAGERS**

FROM: JENNY BUX

DATE: 31 JANUARY 2002

SUBJECT: FOSCHINI RETAIL ACADEMY – PORTFOLIO OF EVIDENCE & GRADUATION

Dear Change makers

The time has come to separate the men from the boys - it is time to see who will be graduating from the first Foschini Retail Academy!

The portfolio of evidence to prove competence as a Change maker is due on **Friday, 1 March 2002**. Please ensure that it is faxed or handed in to me, prior to this date. The following information should be included in this report:

1. Book Review Scores
2. Competency Assessment Protocol Results
3. Projects:
 - a. **Diagnosis/gap analysis** (*i.e. What was the problem that you identified?*)
 - b. **Key indicators** – turnover, stock losses, staff retention, people development, etc (*i.e. What things were affected by the problem?*)
 - c. **Action plan development & implementation** (*i.e. What did you do to address the problem? Provide specific details*)
 - d. **Audit Results** (*i.e. What were the results/impact*)
4. Any additional training or interventions undertaken
5. 360 Feedback Reports. Please ask 2 colleagues in your store and 2 in another store(s), as well as your line manager, to complete the attached form.

Your graduation will be dependent on the quality and standard of the information in your portfolio. The graduation for the Change Makers in the Coastal Division will be on **Saturday 23 March 2002**. Invitations will be sent to those Change Makers who qualify. These people will attend a one-day workshop with Dave Pullen and members of the Foschini management team, to review the past year and to look at

their contribution in the year ahead. Those who do not prove competence at this stage, will have an opportunity to do so with the next group of Change Makers.

Please contact me, should you have any queries in this regard. Remember that there are files on the academy for each of you in the Isando office so contact me if you need any of the information in these files to assist you in completing your portfolio of evidence.

Good Luck!

Regards

Jenny Bux

Table 3.5 : Memorandum

After careful consideration of the information submitted by the change makers in their portfolio of evidence, requirements can be seen in table 3.6
The change makers were rated against this portfolio and then declared competent or not.

PORTFOLIO OF EVIDENCE

- 1) Competency Assessment Protocol
- 2) Projects
 - Diagnosis / gap analysis
 - Key indicators identified (e.g. turnover, stock losses, staff retention, people development, etc.)
 - Action plan development & implementation
 - Audit Results
- 3) Training
 - Lesson plan development
 - Register of training completed
 - Evaluation of Training
 - Audit Results (key indicators)
- 4) 360° Feedback

Table 3.6 : Portfolio of evidence

- Completed assessment forms (minimum 5)

For all competent change makers a formal graduation ceremony was held, were each candidate was handed a certificate, see figure 3.6. These candidates now officially became the future leaders of the company.

As official change makers of the company, these individuals are now expected to go back to their jobs and identify ways of getting the business to run better by benchmarking themselves constantly against world class standards.

Figure 3.6 : Graduation Certificate

FOSCHINI



This is to certify that



Has graduated from the
Foschini Retail Academy
2001/2

Jaco McDonald
Divisional Manager

Jenny Bux
Human Resources Development Facilitator

11 March 2002

3.2.4 A context – sensitive change approach

The change agents undertook an exercise where they identified the desirable state of the company. They initially identified what the status of the company was currently and what the desired state should be.

A copy of the analysis undertaken can be seen below :-

Strategy	Status	Desirability
1. Strategy is a sensitive document formulated by management, restricted in distribution and used by them to budget and focus the company	✓	
2. All level of management have input into the formulation of strategy, which is used to focus the organization and drive the budget.		✓
3. Team members provide input into the strategy, which is clearly communicated to focus the organization and their team.		
4. Stakeholders, including the environment, customers and suppliers provide input into the strategy, which is converted into results-orientated plans supported for all.		

Action Planning	Status	Desirability
1. Objectives and action plans based on sales/production/distribution targets are distributed to teams and individuals.	✓	
2. Managers agree action plans with individual team members based on top-down strategies.		
3. Teams draw up action plans to achieve objectives in support of the shared vision and strategies.		✓
4. Routines and specific team outputs are anticipatively developed to support the shared vision and strategies, and provide a framework for team and individual plans to support team goals.		

Budgeting	Status	Desirability
1. Budgets are estimated and calculated by senior managers based on realistic forecasts, and then communicated.		
2. Budgets are estimated and calculated by senior managers, and team members are requested to peruse	✓	

and suggest changes.		
3. Team members provide inputs into the team budget, which is then estimated, calculated and distributed for agreement.		✓
4. Team members estimate and calculate their budget requirements in the context of the big picture, which are discussed and consolidated in team budgets.		

Training and Development	Status	Desirability
1. The managers carry out an annual training needs analysis based on courses available and budget constraints		
2. Managers and employees agree individual training needs based on performance appraisals and perceived performance problems	✓	
3. Teams and individuals discuss and agree individual training needs based on core knowledge and skills requirements for competent performance, ie the training gap is identified		✓
4. Manpower, career succession planning and performance management processes provide the basis for teams to agree the training and development needs of its members.		

Capex	Status	Desirability
1. Capital expenditure / investment decisions are made by senior management in support of an agreed management strategy	✓	
2. Team members list the needs and capital expenditure / investment decisions are made by senior management in support of an agreed strategy		✓
3. Based on their input to the organization and team strategy, teams and team members justify and agree		

their capital expenditure and investment needs in support of the strategy		
4. Teams are central to the achievement of their company strategy. They calculate and determine their own capital expenditure / investment based on the communicated 'big picture'		

Relationships	Status	Desirability
1. Employees are regarded as subordinate to senior managers, disposable and replaceable depending on business needs		
2. Employees are regarded as having basic human rights and obligations subject to the organization's rules, policies, procedures and laws of the land	✓	
3. Diversity and individual contribution are recognized as key elements in achieving success through people		✓
4. Stakeholdership, team and individual contributions underpinned by shared vision and values drive the organization		

Delegation	Status	Desirability
1. Managers delegate authority for decision making as and when team members show the capacity and willingness to accept responsibility	✓	
2. Job descriptions clearly define the levels and units of authority, as do policies and procedures and delegation takes place within these clearly defined parameters		
3. Team members agree job outputs and define the levels and units of decision making necessary to produce results		✓
4. Team members agree job outputs, accountabilities and levels of decision entrepreneurship and risk taking		

Performance Review	Status	Desirability
1. Performance review is conducted annually by management and communicate to employees – some discussion takes place, post mortem		
2. Based on pre-agreed objectives, which support management's strategy, performance reviews are conducted maybe more than annually and the manager and team member agree performance [outputs / goals]	✓	
3. Teams and individuals agree objectives in support of the strategy of the company and hold regular formal reviews to discuss, align and evaluate team and individual performance		✓
4. Performance review is a diagnostic, ongoing process of self management and evaluation against action plans in support of strategy based on 360 degree evaluation		

COMMUNICATION	Status	Desirability
1. Memo's, internal newsletters and notice boards are used to tell / inform employees on progress and changes		
2. Group sessions are used to communicate / inform employees on progress and changes	✓	
3. Forums exist to communicate / inform employees on progress and changes, whilst encouraging feedback		
4. Forums exist where employees discuss and agree progress and changes and provide information and identify opportunities		✓

Structures	Status	Desirability
1. Organization structures are used to clearly define individual levels, grades and chain of command [Functional silos]		
2. Organization structures are designed around the	✓	

functions of the organization and clearly defined individual levels and grades		
3. Organization structures are designed around the strategy of the organization and clearly define team and individual outputs, levels and grades		✓
4. Organization structures empower people in teams to satisfy the needs of the customers whilst reflecting individual and team contributions to goals [pipelines]		

Participation	Status	Desirability
1. Senior management decide the levels of participation and involvement that they are prepared to accept in the organization	✓	
2. All levels of management are involved in the determination and action planning of all participative process in the organization		
3. Teams and individuals audit levels of participation and jointly determine levels of participation and act on to achieve them		✓
4. Based on clear, measurable action plans participation is agreed, implemented and monitored by teams, individuals and representative forums		

Recruitment and Selection	Status	Desirability
1. Managers agree new positions, replacement positions, job specifications, job adverts, etc. Conduct interviews, prepare shot-lists, make and communicate appointments	✓	
2. Managers, staff positions and technical specialists are involved in agreeing new / replacement positions, job specifications, job adverts, ect. Conduct interviews, prepare shot lists, make and communicate appointments		✓

3. Team members and staff specialists are involved in agreeing new / replacement positions, restructuring where necessary, job specifications, job adverts, etc. Conducting interviews, making and communication appointments in their teams		
4. Participative forums carry out all the activities related to recruitment and selection in the company, with participants trained to conduct interviews and prepare specifications		

Job Structures	Status	Desirability
1. Senior managers introduce process for structuring and grading positions in the organization based on essential duties or tasks	✓	
2. Managers and relevant incumbents are involved in structuring jobs based on essential duties, tasks and grade structures		
3. Base on core knowledge and skills profiles, teams and individuals develop and agree job outputs and quality requirements in support of strategy		✓
4. Based on core knowledge and skills and in participation with customers and suppliers, teams and individuals develop and agree job outputs and quality requirements that are routine and specific in support of the strategy		

Policy and Procedures	Status	Desirability
1. Rules, policy and procedures are developed and implemented by senior line management to control subordinates and to ensure consistent behaviour	✓	
2. Rules, policies and procedures are developed and implemented by senior management based on the recommendations of specialist functions to ensure consistent behaviour and standardized performance		✓

3. Rules, policies and procedures are developed by management, employee representative and staff specialists to provide guidelines for ensuring consistent behaviour and support shared values and continuous improvement		
4. Rules, policies and procedures are developed by teams to support the business of the company and its shared values; non-conformance is address by teams who refer to commonly understand policies and procedures that guide customer satisfaction		

Remuneration [Salaries]	Status	Desirability
1. Based on seniority, job grades and subjective management observations, individuals receive increases in accordance with the budget	✓	
2. Following an annual performance appraisal, managers calculate and allocate an increase to subordinated. This is based upon clearly defined and proven competencies, rather than subjective judgement		✓
3. The team to which the individual belongs, assist in allocating an individualized increase based on the individual's unique and measurable competencies and contribution to the teams performance		
4. The team receives a reward for achievement of team goals. Individual remuneration is decided with input by the team based on individual knowledge, skills and contributions to team achievement		

Discipline	Status	Desirability
1. Disciplinary action is carried out by management in an ad-hoc, inconsistent manner		
2. Based on the agreed disciplinary procedure management exercise the right to impose discipline, while employees exercise their right to appeal. Procedural fairness is maintained	✓	
3. Behaviours which are not in keeping with the company's values are corrected by means of the disciplinary procedure and discipline is enforced through a representative disciplinary committee which includes employees		✓
4. The team bases disciplinary and corrective action on team consensus with a disciplinary procedure that is underpinned by the shared values. Employee representative always form part of the team		
Human Resources, Career and Succession Planning	Status	Desirability
1. Management decides on career and succession plans based on personal views and observations, the plans are secret documents	✓	
2. The Human Resources Department develops human resourcing plans and career plans based on management input and thoroughly checked with teams		✓
3. Human resourcing, career and succession plans are developed by a representative body that allows people open access to human resource and possible career plans. Succession plans are available to team leaders and team members for discussion		
4. Human resources career and succession plans are developed by natural teams and all employees are allowed input and open access to the plans. Succession is based on competence and multi-skilling		

Continuous Improvement	Status	Desirability
1. Management initiate improvement of products, procedures, practices, plant and equipment based on the budget inline with their strategic plan as and when deemed appropriate	✓	
2. Team leaders and managers are asked to make recommendations on improvements. Team members are urged to use a suggestion box to propose changes to products, procedures, practices, plant and equipment		
3. Teams propose improvements for products, procedures, practices, plant and equipment based on the input from team members. The improvements are implemented by teams and team members		✓
4. On average every employee proposes one workplace improvement per week and teams agree implementation where improvements will improve effectiveness and increase the quality of working life		

Vision and Values	Status	Desirability
1. The vision and values are implied and based on management's view of the future		
2. The vision and values are displayed and some attempts are made to communicate the statements which reflect the future state of the company which management has created	✓	
3. The vision and values have been developed with the input of all employees and act as a compelling force which steers behaviour and performance		✓
4. The vision and values are a reflection of the desired		

future for all employees who actively convert it into observable behaviours and measurable performance in support of growth and customer satisfaction		
Forecasting	Status	Desirability
1. Business forecasts are done annually by management with review on an ad-hoc or reactionary basis when opportunity or crisis arises	✓	
2. Management meetings are used to develop and manage forecasts on an ongoing basis ensuring timeous action is taken to adapt to changing circumstances		✓
3. Team members from interdependent departments develop and review forecasts that are used to guide the outputs of departments and teams		
4. Team members, suppliers and customers develop and regularly review forecasts that ensure optimum use of interdependencies and guide the outputs of the company and suppliers to customers		

Quality Management	Status	Desirability
1. Quality is seen as secondary to productivity and the company spends significant amount of time and money in correcting quality problems – ie. Rejects, rework		
2. Quality standards are rigorously imposed by quality controllers, but the company still spends a significant amount of time and money in correcting quality problems – i.e rejects, rework	✓	
3. Teams and individuals impose the standards to ensure built-in quality. Quality in not sacrificed for quantity		✓
4. Customers and suppliers are included in the quality teams to ensure quality at source, zero defect and eliminating the need for re-work and returns		

Industrial Relations	Status	Desirability
1. Unions are regarded with suspicion and mistrust and are seen to be intent on the destruction of the company and its' customers.		
2. Unions are recognized, as is management's right and prerogative to manage and the union's right to strike. The relationship is seen as necessarily adversarial and focuses on collective bargaining.	✓	
3. The unions are recognized as strategic partners and included in participative structures which focuses on wealth creation through World-Class practices.		✓
4. Unions are seen as being essential representatives on the decision making bodies for the company and the relationship is one of participative interdependence in the achievement of vision, strategies and actions that are beneficial to all.		
Information	Status	Desirability
1. Information is largely viewed as the preserve of management or specialist functions [eg HR and finance] and is only shared on a ad hoc basis, normally using written methods.		
2. Management determines what information they think should be communicated and regularly utilize group discussions to distribute it.		
3. Management gain input from people across all levels and take personal accountability to translate and interpret information so that it is meaningful and useful to various levels and activities.		✓
4. Representatives of all levels of the workforce are involved upfront in determining both the nature and format of information that needs to be communicated.		

Monitoring	Status	Desirability
1. Ad hoc attempts are made to determine the climate and mood in the organization, but management only discusses the results.		
2. Climate audits that are not 'off the shelf' or generic and have been designed to reflect the organization's vision and values are conducted regularly, eg. Annually. The results are published for everyone to see.		
3. Regular climate audits are used to involve all employees in evaluating the status of their area of work and to develop action plans to address gaps.		✓
4. Continuing non-performance to monitored goals is viewed as unacceptable and teams are involved in determining problems and in both proposing and implementing corrective actions.		

Financial Performance Incentives	Status	Desirability
1. Management determines the amount of money to be distributed as performance incentive bonuses.		
2. Incentive bonuses discriminate between the perceived contributions made by various areas of the organization, eg – sales, production, different shifts, etc.		✓
3. The organization is viewed as an integrated whole and consequently all the various areas of work share collectively and equitably in the performance incentives.		
4. All of the information relating to how incentive rewards are calculated is transparent and available to everyone.		
Current status out of 100	37	
Desired status out of 100		69

At this stage of the process they studied modules 5,6,7,8 and 9.

3.2.4.1 Literature study during this phase

An outline of the modules is as follows :

MODULE 5 PERFORMANCE MANAGEMENT

Outcomes

Specific Outcome

- ❖ Design a process for managing performance in an organization

Assessment Criteria

- ❖ The organization's vision, values and strategies for change are identified
- ❖ The organization's customers and their expectations are identified
- ❖ Processes are designed to assist individuals in identifying their tasks and goals in terms of the organization's vision, values, strategies and customer expectations

- ❖ Strategies for evaluating performance are formulated and implemented
- ❖ Strategies for improving performance are formulated and implemented
- ❖ Strategies for providing regular performance feedback to individuals and teams are designed and implemented

Range / Embedded Knowledge

Customers' expectations : Quality of goods and services

MODULE 6 STRATEGIC PLANNING

Outcomes

Specific Outcomes

- ❖ Identify and explain the factors, which impact, on the organization
- ❖ Evaluate the organization's achievement of its vision, values, customer expectations and business targets.

Assessment Criteria

- ❖ The impact of the South African economic, political and social environment on the organization is analyzed.
- ❖ The impact of the industry in which the organization is located is analyzed.
- ❖ The effect of the organization's own vision and values is analyzed.
- ❖ The effect of the organization's business imperatives and targets is analyzed.
- ❖ The impact of customer expectations on the organization is analyzed.
- ❖ The achievements are evaluated against industry standards.

- ❖ The achievements are evaluated against international standards where appropriated.
- ❖ The achievements are evaluated against company standards.
- ❖ Obstacles to achievement of the above are identified and explained.
- ❖ Areas in which change is needed are identified and explained.
- ❖ An action plan is designed to facilitate achievement of the organization's vision, values, customer expectations and business targets.
- ❖ A plan for measuring achievement of the above is designed.

MODULE 7 PEOPLE DEVELOPMENT

Module 7 Outcomes

In this module the learner will acquire the skills needed to identify various Training and Development needs in the business. The learner will then devise a Training Plan aimed at addressing those needs and will identify implementation and evaluation strategies.

Specific Outcome

Design a comprehensive Training and Development Planning [aka Skills Planning] process for a business.

On completion of the module you will be able to recognize and display the following behaviours :

- ❖ Being clear and unequivocal about responsibilities and accountabilities
- ❖ Being open and non-defensive in the face of feedback about the team's performance
- ❖ Giving clear and honest feedback
- ❖ Acts to change
- ❖ Not accepting unsatisfactory performance
- ❖ Sets and expects high standards of performance
- ❖ Actively promotes the exchange of learning, best practice and new ideas
- ❖ Effective in coaching and developing others
- ❖ Looks for and uses opportunities to develop self

Assessment Criteria

- ❖ The standards of competency required for the business are identified
- ❖ The existing pool of skills and knowledge is described and evaluated
- ❖ Future and immediate Training and Development needs are identified
- ❖ Appropriate Education and Training interventions are designed

- ❖ A Training and Development Plan is drawn up
- ❖ Strategies for evaluating Education and Training initiatives are devised

Introduction

Training and Development activities make up the leadership competency of developing People – ‘people development’. Training and development of the company’s people continually provides a competitive edge by :

- ❖ Developing and maintaining the skills and knowledge that we need to compete
- ❖ Identifying individual needs for improvement
- ❖ Preparing our human resources for the future
- ❖ Providing people with growth to expand personal vision
- ❖ Protecting core knowledge and skills vital to the business

This module deals with people development, developing knowledge and skills to compete, identifying individual needs for improvement, preparing for the future, providing people with growth to expand personal vision and to protect core knowledge and skills vital to the business.

KEY CONCEPTS

Training, Education and Development

Training is generally accepted as being skills based, i.e. learning to do something, whilst education has to be with increasing or updating a knowledge base. Development on the other hand is almost always future based, the more complex the position the person occupies, the more distant the focus of the development. Competitors want to grow their business. These are the people you have to compete against, to recognize the rigour of the competitive climate in which you operate and live, and to be sharper and better.

The process of acquiring and building knowledge and skills is continuous, with the dynamics of change and technology increasing the demand for competent people.

KNOWLEDGE	SKILLS
Policies	“Operating” Skills
Procedures	Life Skills
Practices	Management Techniques
Theory	Application Theory
General Knowledge	Specialist Skills
Laws and Legislation	
Vision and Values	
Strategies	
Specialist Knowledge	
“Body of Science”	

Table 3.7 : Training and development needs

To provide and keep competitive people require that we continuously identify and address the type of training and development needs that our people have. Training and development needs are influenced by:

- ❖ Strategy and business plans
- ❖ Technology changes
- ❖ Market patterns and trends (Labour)
- ❖ Career and succession plans
- ❖ Performance problems
- ❖ Personal development problems
- ❖ Competitor activities
- ❖ Legislation

The candidates were asked to undertake an analysis on the current status of the training and development in the organization.

The exercise undertaken was as follows :

EXERCISE: CURRENT STATUS OF TRAINING AND DEVELOPEMENT

As a team discuss and agree the current state of training and development of your company as a whole. Record your responses.

We have detailed job competency profiles for all our jobs

Not in place

Somewhat in place

In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

Our profiles specify knowledge and skills requirements for all jobs

Not in place

Somewhat in place

In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

We have identified the core industry knowledge required in our business

Not in place

Somewhat in place

In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

We know what the key position are in our business

Not in place

Somewhat in place

In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

We have a formal process for discussing, identifying and detailing training and development needs

Not in place

Somewhat in place

In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

We create training plans for all our employees

Not in place

Somewhat in place

In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

We create development plans for all our employees

Not in place

Somewhat in place

In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

We regularly (formally) review individual and team performance to monitor knowledge and skill development

Not in place

Somewhat in place

In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

Our Performance Review leads to training and /or development activities

Not in place

Somewhat in place

In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

Our teams identify team and team members training development needs

Not in place Somewhat in place In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

We provide our people with career opportunities

Not in place Somewhat in place In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

Our training and development budget is seldom cut if justified

Not in place Somewhat in place In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

We make time for training and development

Not in place Somewhat in place In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

We measure the success of training and development in terms of measurable results

Not in place

Somewhat in place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

We create opportunities for our people to gain experience

Not in place

Somewhat in place

In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

We accept and live philosophy of teaching each other

Not in place

Somewhat in place

In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

We accept the responsibility for managing our own development

Not in place

Somewhat in place

In place

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

After the exercise they then had to agree on what changes was necessary as discussed below.

EXERCISE: DISCUSS AND AGREE ON CHANGES

Using your team's responses to this inventory, discuss and agree which of the areas need attention.

MANPOWER, CAREER AND SUCCESSION PLANNING

Supply and Demand Plan

The process of manpower, career and succession planning has its roots in the future needs of the business. It is a strategic people plan to ensure that the company has the people capacity to deal with the future needs and demands. This requires that the plans be based on the strategies and business plans that have been created for the company.

The following inputs are essential for the formulation of a successful manpower plan:

- ❖ The company vision and strategy
- ❖ Customers expectations
- ❖ Technology scenarios/strategies
- ❖ Capacity and business plans
- ❖ Labour/Manpower legislation
- ❖ Labour market patterns and trends
- ❖ Industry trends

MODULE 8 COMMUNICATION

Outcomes

In this module the learner is encouraged to engage in activities that develop self-knowledge. The idea is that understanding oneself and one's own behaviour is the first step to developing effective communication practices.

The learner is also encouraged to design team interactions and feedback in a way that encourages team members to communicate with each other in a positive way. The underlying assumption is that effective team communication enhances team performance towards the achievement of company business objectives.

Specific Outcomes

- ❖ Demonstrate an understanding of the link between self knowledge and effective communication
- ❖ Develop communication process that reflect and encourage effective interactive communication and that enhance individual and team performance.

Assessment Criteria

- ❖ The individual participates in a process of developing self awareness and self esteem.
- ❖ Individual behaviour is analyzed in terms of the information such behaviour conveys to other people

- ❖ The individual develops and understanding of how good communication requires good interactive and inter personal skills
- ❖ Effective interactive skills are developed
- ❖ Meetings with teams are designed to elicit communication regarding ideas and information from members

- ❖ Briefing and feedback to team members are designed to facilitate the communication of ideas and information
- ❖ Feedback to team members is designed to support member's performance and individual development

INTRODUCTION

This module on Improved Communication through Self Knowledge and Interactive Skills and the structure of formal and informal communications provides delegates with the knowledge and skills to improve your own, your team and your company's performance.

Using tried and tested behaviour anchored personal and team exercises and practicing World class communication techniques you will be able to introduce and develop improved interactive and written communications.

We deal with communication as a broad subject in this module. We cover communication from the basis of how the individual and the team reacts, processes that the organization uses to communicate and finally the formal communication systems in the company – do they work and how should they work. As a team member, or team leader, you have a responsibility to share your knowledge, experiences and gathered information whilst listening to and gathering information from people and processes that you come into contact with. We will discuss and explore communication beginning with you, the individual. The module will allow you to : Identify effective and less effective behaviour, understand perceptions and how they influence behaviour, identify your own style, techniques of listening and interactive communication processes such as briefing groups, meetings, minutes, notices, etc.

Self-Development

Business life is full examples of people who seem to have all the right skills and all the knowledge – technical and otherwise – yet they still never seem to achieve worthwhile results. We also meet many individuals who have had little training and while on the surface appear to lack accepted formal skills, they have created immensely successful careers and seem to have the knack of always succeeding. In practice, growth is not simply a question of skills and textbook knowledge, it is about seeing opportunities, seizing them and making things happen.

Self Awareness – Effective and ineffective behaviours

We all demonstrate effective and less effective or ineffective behaviours from time to time which influence the way we treat other and are treated by others. Obviously the way we feel will interfere with the way we communicate, or how others communicate with us.

Usually no one totally displays either one or the other set of characteristics, it is a question of degree and individual development is essentially about which set of characteristics we move towards and which we move away from. The two sets of characteristics when placed side by side become stark alternatives : choices, which we are able to make about ourselves, our approach to life and our approach to work. Often those individuals who predominately exhibit the high effectiveness characteristics are uncomfortable people to work with, their drive and dynamism at first sight appearing to inhibit the common good of the team. The really effective teams however, learn to capitalize on these qualities and encourage their less effective members to move towards them.

EXERCISE : Evaluating my own behaviours

Listed below are examples of effective and ineffective behaviours that people tend to exhibit from time to time. Read through them and list those that you feel describe your behaviours, even if only now and then. Be honest with yourself, as you will be using this input to develop a special plan to improve your communication skills.

Effective Behaviour

Active	Y	N	Quality of life is important	Y	N
Proactive	Y	N	Successful	Y	N
Seek new challenges	Y	N	Achieve results	Y	N
Seek feedback	Y	N	Set high standards	Y	N
Seek insight	Y	N	Recognize and understand own feelings	Y	N
Welcome constructive criticism	Y	N	Caring	Y	N
Time a valuable resource	Y	N	Tolerant	Y	N
Plan	Y	N	Open and honest	Y	N
Seek new experiences	Y	N	Give freedom	Y	N
Clear goals and beliefs	Y	N	Relaxed	Y	N
Happy	Y	N	Develop others	Y	N

Table 3.8 : Effective Behaviour characteristics

Ineffective Behaviour

Passive	Y	N	Avoid new experiences	Y	N
Left in peace	Y	N	Manipulate others	Y	N
Avoid challenges	Y	N	Selfish	Y	N
Avoid insight	Y	N	Insincere	Y	N
Unquestioned beliefs	Y	N	Unhelpful	Y	N
Reject feedback	Y	N	Intolerant	Y	N
Not in touch with feelings	Y	N	Low standards	Y	N
Avoid responsibility	Y	N	Prefer weak colleagues	Y	N

Table 3.9 : In-effective Behaviour characteristics

Developing self-awareness

Understanding your perceptions

While still young, a child formulates a concept of identity, self worth and the worth of other. These concepts may or may not be realistic, but the child accepts them as fact.

A child's self-concepts are based on the experiences, which he or she has. These experiences teach the child that in order to get the recognition and attention it needs to survive, the child must behave in a certain way. This recognition, or 'stroking' as it is often called is given to the child according to the acceptability of his/her behaviour and plays a strong role in forming the child's perception of him or herself.

These stroking patterns determine whether the child feels basically 'ok' – that is, secure and confident of a satisfying like; on "Not Ok" – insecure, incompetent and bound for failure. As these self-concepts develop, the child also develops a concept of others; other people can be "Ok" or "Not Ok". Since our childhood experience are many and varies, we tend to fluctuate between "Ok" or "Not Ok" feelings, about ourselves and others, depending upon the situation we're in and the people we're with. We develop psychological positions, which act as guidelines for our perceptions, feelings, values and behaviours

I'M OKAY, YOU'RE OKAY

This is the most constructive of the four psychological positions, but it's one which most of us have difficulty maintaining all the time. People who spend a great deal of time in the "I, Ok, You're Okay" or "Winner" position were usually brought up in an atmosphere which fosters positive feelings or later chose to develop these feelings. They are able to deal with problems realistically and to recognize and accept their weakness as well as their strengths.

This position requires a certain amount of Adult [our logical, mature, thoughtful side] intervention. It does not mean that we are never hurt or angry. It does mean that we are able to use our Adult to understand and deal with these feelings realistically, rather than being overwhelmed by them. Winners have a genuine concern for others. They can offer help and encouragement to others, and they do not feel threatened by other people's strengths or skills. People in the "I'm Ok, You're Ok" position can level comfortably and honestly without intending to threaten other people. They can deal with people, problems, and decisions realistically without rationalization or prejudices. This is a sound management position, which fosters a 'get on with it' attitude.

Even if we spend most our time in the "I'm Ok, You're Ok" position, there are still times when we experience Not-Ok feelings about others. These may include feelings of anger, suspicion, jealousy, disappointment or contempt. At such times, we are likely to fall into the "I'm Ok, You're Not Ok" position.

I'M OKAY, YOU'RE NOT OKAY

This is often referred to as a cosmetic position, since it is a cover-up for underlying feelings of I'm "Not Ok". We tend to adopt this position when we are unable or unwilling to face the problems, which are causing the "Not Ok" feelings. For example, when parents scold or punish a child, the child often scolds or hits a

younger sister or brother. This attack results from the child's need to soothe the wounds by establishing superiority over someone else, just as the parents did over the child.

In this position, we tend to rationalize that if others are less 'ok', we can feel a little better about ourselves. Consequently, people in this position tend to operate from the Critical Parent [the authority based on part of our personality] and often place unrealistic blame on others for mistakes and failures.

Sometimes, though, this is a taught position. We may have incorporated Parent Messages about when to feel superior to. Unless such messages are examined by out Adult, we may continue to act on them. For instance, we might wrongly conclude that when we become managers, we should feel superior to those who work for us. This is an unproductive management position. Such a manager would probably allow his prejudices and criticisms to interfere with objective decision-making or even give unfair or biased treatment to people or problems, which are considered inferior.

I'M NOT OKAY, YOU'RE OKAY

A child who receives a high volume of negative strokes for mistakes may grow to believe that he or she can not do anything right. After being stroked consistently by parents- two most important people in the child's world – for being "Not Ok" [stupid, clumsy, inadequate, worthless, inferior] the child may incorporate this belief into everyday activities and accept the basic premise – I'm Not Ok, You're Ok'.

To a person who spends much time in this position, life's problems seem to be almost insurmountable. Even job tasks that are well within the person's capabilities may seem overwhelming. The person is convinced of probable failure no matter what, and often reinforces this belief by making many careless mistakes and by bungling tasks. A manager in this position would probably have a difficult time handling responsibility in this position. Fosters a tendency to 'escape' from people. Problems and decisions because of an irrational belief that he can't deal with them as effectively as others can

Like the other positions, this is one we've all probably experience under certain circumstances. If we attend a convention or meeting where everyone seems to know one another, and we don't know a soul, we may feel somewhat awkward – at least in the beginning. Eventually though, we do not meet people and become more comfortable and the "I'm Not Ok" feelings dissipate.

I'M NOT OKAY, YOU'RE NOT OKAY

Understandably, this is the most painful, unproductive position of all. People who spend much of their time in this position are likely to have very unhappy memories of their childhood. They may have received very strokes from parents and those they did get were probably negative. In addition, they may have evaluated the people around them as being "Not Ok", that is, other people don't give or receive strokes either.

Understanding how and why this position develops can help us change it. In fact, we can use our Adult to learn new skills to minimize the time we spend in any of the three "Not Ok" positions. We can alleviate the "I'm Not Ok" feelings by learning to give ourselves strokes. And we can learn how to offer strokes to others, to deal with them from the "You're OK" position – we usually find that our transactions are more productive and that the feelings exchanged are position.

SELF-DISCLOSURE

One of the ways of gaining better understanding of yourself and thus ensuring your personal growth and development into the "Winner" life positions is to give and receive feedback about yourself. Not only will this self-disclosure ensure personal growth but also it will dramatically enrich relationships with others.

Levels of self-disclosure

We spend the largest portion of our working lives in contact with our managers and team. Furthermore, our managers have an immense impact on our personal career

growth and direction and yet it is frequently with our managers and team that we have the most difficulty in revealing our thoughts, feelings and motives – ie. In disclosing ourselves.

Self-disclosure and feedback

The process of giving and receiving feedback can be illustrated through a model called the Johari window

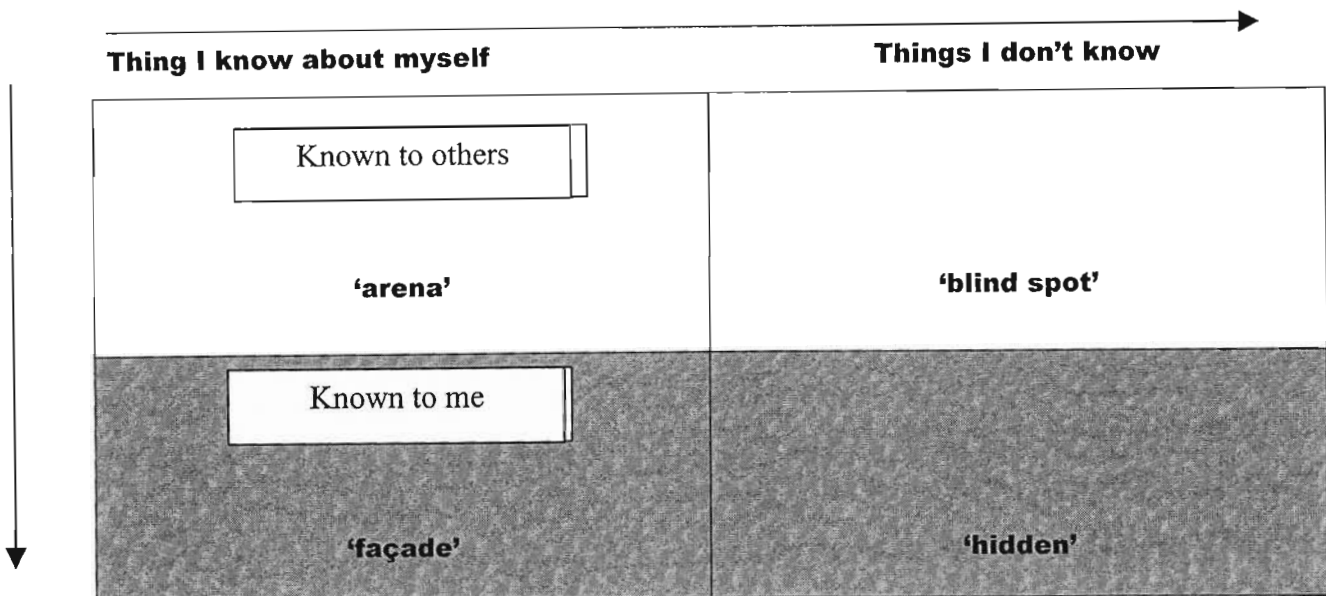


Figure 3.7 : Johari Window

Arena

The first pane, called the Arena, contains things that I know about myself and which the group knows. It is an area characterized by free and open exchange of information between others and myself. The behaviour here is public and available to everyone. The Arena increases in size between the individual and his group as more information; particularly personally relevant information is shared.

Blind Spot

The second pane, the Blind Spot, contains information that I do not know myself but which the group may know. As I begin to participate in the group, I communicate all

kinds of information may be in the form of verbal cues, mannerisms, the way I say things, or the style in which I relate to others.

The extent to which we are insensitive to much of our behaviour and what it may communicate to others can be quite surprising and disconcerting. For example, a group members once told a course facilitator that every time he was asked to comment on some personal or group issue, he always coughed before he answered.

Facade

In pane three, there are things that I know about myself but of which the group is unaware. For one reason or another I keep this information hidden from them. My fear may be that if the group or individuals in the group know, they might reject, attack, or hurt me in some way. As a consequence, I withhold this information. This pane is called the "Façade" or Hidden Arena". One of the reasons I may keep this information to myself is that I do not see the supportive elements in the group.

My assumption is that if I start revealing my feelings, thoughts and reactions, group members might judge me negatively. I cannot find out, however, how members will really react unless I test these assumptions and reveal something of myself. In other words, if I do not take some risks, I will never learn the reality or unreality of my assumptions. On the other hand, I may keep certain kinds of information to myself when my motives for doing so are to control or manipulate others.

Unknown

The last pane contains things that neither I, nor the group, know about me. Some of this material may be so far below the surface of awareness to both the group and myself but can be made public through an exchange of feedback. This area is called the 'unknown' and may represent such things as interpersonal dynamics, early childhood memories, latent and forward or up and down as a consequence of soliciting or giving feedback, it would be extended so that part of it will always remain

unknown. You can call this extension the 'unconscious' part of oneself. It can also be called the area of untapped potential.

GROWING THE AREA

- ❖ One goal we may set for ourselves in the group settings is to decrease our blind spots, ie. Move the vertical line to the right.
- ❖ Another goal we may set for ourselves, in terms of our model, is to reduce our facade, ie. Move the horizontal line down.

USING FEEDBACK TO CREATE A CLIMATE FOR GROWTH

Feedback shapes and directs the individual and also, by way of its content and motivation, highlights the expectations of the people involved in the process – whether these be positive, neutral or negative expectations.

COMMUNICATION PROCESSES

The most important communication processes that we would like to develop in the company have to do with :

- ❖ Team meetings [not formal meetings only, but any occasion when the team gets together as a team]
- ❖ Team briefing sessions [any session that are used expressly to communicate information to the team / teams]
- ❖ Team performance feedback [any session that the team holds to review and discuss team and individual performance]

2. Team Briefing Session

Team briefing sessions often become top-down information sessions where management 'communicate' what they feel the employees to know without feedback or confirmation that team members / employees understand and accept what they

hear / see. Please use the following assessment to rate the success of your team briefing.

MODULE 9 TEAM DECISION MAKING AND PROBLEM SOLVING

Outcomes

In this module the learner is exposed to process of team decision making and problem solving, and the competencies that are required for effective decisions, solutions and actions

Specific Outcomes

- ❖ Demonstrate and understanding of the values that underpin effective decision-making practices
- ❖ Develop a framework for participatory decision-making within the company

Assessment Criteria

- ❖ Risk-taking behaviour is demonstrated
- ❖ Innovative problem solving initiatives are demonstrated

- ❖ The ability to learn from successful and failed decisions is demonstrated
- ❖ Commercial benefits are anticipated, identified and acted upon
- ❖ The willingness to take responsibility for decisions is demonstrated
- ❖ The company's current decision-making process is identified and its participatory nature is evaluated
- ❖ Areas where changes in decision-making practices are required are identified
- ❖ Categories of decisions are identified and explained
- ❖ Circumstances that require different kinds of decisions are identified and explained

- ❖ A framework of decision-making that encourages participation is designed and implemented

Range / Embedded Knowledge

Categories of decisions : strategic; operational; centralized; standardized

Circumstances : unique events; generic events; seldom-occurring events

INTRODUCTION

The process of decision making, problem solving, recognizing and capitalizing on opportunities, implies that people are empowered through both systems and knowledge and skills. It includes being accountable for decision-making – taking responsibility for delivering results. It is about challenging the status quo, finding better ways of doing things, and making decisions as if the resources of the company were ours.

This module deals with decision-making and problem solving, the competencies that are required for effective decisions, solutions and actions. Through input, experiential exercises and group / work discussions and interaction, we will craft the following behaviours associated with decision-making and problem solving.

- ❖ Being courageous and tough-minded in the face of obstacles and being competitive
- ❖ Not letting the 'fear of failure' stand in the way of decision-making
- ❖ Being innovative in problem solving and seeking new solutions and opportunities
- ❖ Anticipating and shaping opportunities – acting quickly

- ❖ Abhorring 'not invented here'
- ❖ Actively promoting the exchange of learning, best practices and new ideas
- ❖ Seeking to out-think the competence and identify more favourite terrain
- ❖ Having an astute appreciation of the commercial benefits of new developments and seizing them

Team Decision Making and Problem Solving Objectives

- ❖ To identify the team[s] approach to decision making and problem solving
- ❖ To explore the philosophies and mechanism for team and individual problem solving and decision making
- ❖ To identify areas for consultation and participation, centralization and standardization
- ❖ To create a team framework for participate decision making
- ❖ To experience techniques and philosophies of participate decision making

Team Decision-Making and Problem Solving

In terms, having the right skills, knowledge and motivation is crucial but not enough. Teams and individuals in terms need to be responsible for making decisions and taking risks. Respect for the individual ultimately means responsibility, authority, latitude, job ownership and freedom – including the freedom to make mistakes. Only then will the team and its team members continuously grow, learn to be uplifted, challenged and motivated. Empowerment means taking ownership, being accountable and responsible for results. It is about liberty rather than licence. Empowerment and participation are measure by the degree to which information; power, authority and decision on making are shared.

Mangers are used to controlling the work and outputs of the area under their control and are held accountable for these results. Letting go of the control requires a great deal of trust and faith in the team members, and a willingness to accept that mistakes will happen and are part of the learning experience and will reflect on the performance of the manager and the team.

MODULE 10 CHANGE MANAGEMENT

Outcomes

Specific Outcomes

- ❖ Identify and explain the factors affecting change in your organization
- ❖ Describe the nature of change and the need to manage change within a business organization

Assessment Criteria

- ❖ Aspects of global change that impact on the organization are identified and explained
- ❖ Change in the relevant industry is identified and explained
- ❖ Aspects of change in South Africa that affect the organization are explained
- ❖ Factors within the organization that impact on change are identified and explained
- ❖ Changes that occurred within the organization over the past five years are mapped and explained
- ❖ A vision for the future of the organization is scripted
- ❖ Areas in which change is needed to achieve that vision are identified and explained
- ❖ People's responses to change are described
- ❖ Techniques for managing and supporting change personally and inter-personally are described

Range / Embedded Knowledge

Global change : communication : technology; globalization of markets; rising competition; rising customer expectations

Change in South Africa : social; economic; political; labour

CREATING CONTEXT FOR CHANGE

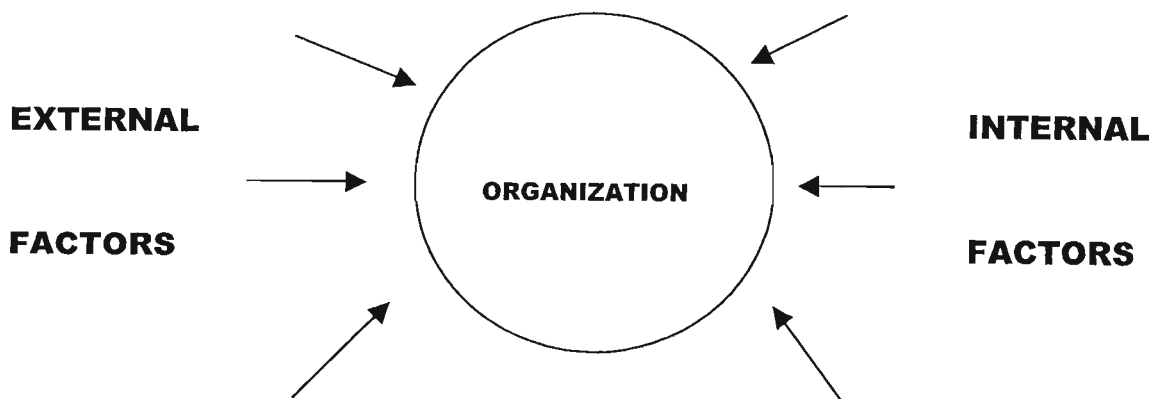
Change Towards World Class Competitiveness

South Africa is re-entering world markets and with this new acceptance will come major opportunities and threats for companies. The process of transforming South African organizations will, however, require significant changes in the competencies, behaviour, attitudes, practices and perceptions of people. Traditional behaviours and practices of the South African society have developed intense fears, mistrusts and polarization between racial and ethnic groups, while devastating the natural development of people.

An example of an exercise undertaken on change management can be seen below :

EXERCISE

In your groups, list the external and internal factors that have a direct or indirect impact on the growth and success of your business currently and in the future. Identify what your group would change in South Africa [external] and your business [internal] if you could change anything.



The change agents drew up a change strategy by addressing the specific shortfalls in the organization.

After analyzing the company by carrying out various benchmarking exercises, they grew to understand the business very well.

It was then easy for them to draw up a change process to address specific issues that needed to be dealt with.

3.3 Summary

The Foschini retail organization had critically analyzed the change Management strategy at Exact before embarking on a similar initiative at Foschini . There was careful planning and discussions on the correct execution of the process introduced. The organization undertook the change process from a lateral level.

They introduced the concept of change champions from all levels in the organization and these individuals effectively drove the process through to the stores and the departments they came from.

The change champions that were recruited on to th4 programme had to have strong leadership qualities.

It was the change- champions themselves that generated the necessary initiatives to change the organization with the intention of moving towards world class standards.

Chapter 4 – Evaluation

4.1 Introduction

Transformation in organizations is never considered simple and guaranteed. With the focus on achieving improved work performance as one of the deliverables of the change process, aspects that influence the very core provide some relief to this elusive yet unique component. The organization what faced with what leadership had envisioned years before. Business was not going to become any easier in an already saturated industry. Performance of each operation had to be honed. Strategic initiatives undertaken In the mid-90's had taken a fundamentally important step which saw a refreshing yet vitally necessary development. It was a case of being serious about business and winning at all levels for the organization that strategic intent brought with it a freedom of expression [Hamel and Prahalad 1989,41]. Deterministic outcomes in such a turbulent and complex environment and with a country in democratic transformation are clearly of little value for success. Strategic intent brought and spelt out the drive to stay in business and provided the continuous improvement impetus so necessary to an industry so sheltered in the past. The management had stated the need and direction of the company but had left the 'how to get there' up to the individuals of the organization. This meant that participation and innovation were being encouraged from all levels of the organization bounded only by the rules of good corporate governance.

4.2. The Foschini Strategy Evaluation

The evaluation of the change management process at Foschini PTY [Ltd] focused on four of the many areas of change management. The nature of organizational change and the philosophy behind the FRA. The need to develop a change approach which is suitable for the organization's specific contest. The managerial and personal skills required by a successful change agent. The differences between the design of recipe driven or formulaic approaches to change implementation and more context – specific approaches.

These four issues were dealt with in detail. It was evident that each of these factors is paramount to the success of any change management process. This conclusion was drawn from literature as well as the case study on the organization.

The process is evaluated against the proposed 4 factors as follows :

4.2.1. The nature of organizational change and the philosophy behind it.

In terms of comparing the philosophy of organizational change as discussed in the literature review as the philosophy undertaken by the Foschini retail academy it is evident that the academy addresses the issues in terms of analyzing the context – ie. They explored the need for change. The managing director's new strategy and subsequent actions taken thereafter set the tone for change. They identified what had to be changed by understanding the vision of the company and identifying weaknesses in the company.

A further analysis can be undertaken as follows whereby the process is evaluated against the proposed eight factors for successful change [table 4.1] as proposed by Kotter [1996]. This enables succinct comments to be made as to the primary focus of the process. The process considers the phase following the strategic intent development and looks primarily at the implementation of Foschini's own aligned vision and purpose.

Factors for successful change

Rating score	1	2	3	4	5	6	7	8	9	10
	low									high
<p>Establish sense of urgency</p> <p>The degree to which employees were informed of the organizations sustainability and the need for change</p>									✓	
<p>Comment</p> <p>Good communication exercises with workshops enable employees to be informed and understand the need for the change</p>										
<p>Create a guiding coalition</p> <p>Degree to which employees were guided to fully conceptualize the reality of transformation</p>									✓	
<p>Comment</p> <p>Understand of the strategic intent was translated through participative workshops. Inputs and expectations multiplied with many consensuses for the future state and culture.</p>										
<p>Develop a vision and strategy</p> <p>Degree to which employees participated and understood the purpose of vision and strategy</p>					✓					
<p>Comment</p> <p>Understanding the strategic intent provided a base from which Foschini developed its own aligned vision and purpose through the participatory workshops of all employees.</p>										
<p>Communicate the change vision</p> <p>Degree to which management communicated the vision throughout the Foschini entity</p>									✓	
<p>Comment</p> <p>With the team based workshops all employees were made fully aware of the vision</p>										
<p>Empower people to take action</p> <p>Degree to which employees were enabled to make changes in the workplace as well as accepting responsibility</p>			✓							
<p>Comment</p> <p>Although the correct message was sent meaningful empowerment met with resistance in the workplace primarily due to the potential for chaos. Policies and procedures, management's discomfort all led to a diluted attempt to empower.</p>										

<p>Generate short-term wins</p> <p>Degree to which people were able to experience short terms wins with the Gledhow entity</p>		✓								
<p>Comment</p> <p>Discussion had been significant with the establishment of task teams. The crumbling of the old methods had not allowed significant wins to be experienced. Reward and recognition aspects did not change.</p>										
<p>Consolidate gains and produce more change</p> <p>Degree to which organization had consolidated wins and enabled more change to evolve</p>			✓							
<p>Comment</p> <p>Foschini had developed scorecards, which were to be the tools for enacting the vision. The application had met with resistance and low energy levels delivering poor objectives.</p>										
<p>Institutionalize the new approaches in the culture</p> <p>Degree to which Foschini had made the future state become a reality and daily way of life</p>			✓							
<p>Comment</p> <p>The functioning and momentum of the agreed way of operation had lost energy and meaning at Foschini..</p>										

Table 4.1 : Factors for successful change

In summing up the above evaluation of the organizational change aspect of the transformation process it is clear that the people factor was lacking in focus and application. Much had been spoken of the need and many hours of workshop conducted but this component was never really able to succeed to any significant degree. Empowerment in this culture did not enable the innovation and creativity to be exercised. It was a case of management’s concern for the release of authority or power that had dampened the progress. If one examines the process against the

Burke-Litwin model for transformational change the aspects clearly are congruent in many respects.

- ❖ Strategy and vision were in place and had been provided so that reach for a dream would create the tension within the factory employees. The power of vision.
- ❖ External environment was successfully explored to determine and highlight the changes taking place from political, technological, economically and socially.
- ❖ Leadership had been through many workshops to sensitize to the process of what was expected. The added understanding of just where the leadership differed with management styles as made known.
- ❖ Organizational culture that is probably the more difficult was only dealt with to some degree in the history sessions. The culture of the organization had been formed over many years within this very diverse, ethnic group of employees. The beliefs and values of the individuals had not been considered in any real depth.

What was being asked for was change leadership, which inspired, influenced and had committed interdependent employees. The expectations of the teams are similar in many respects, as the desire for betterment in the workplace was a common thread. The need for respect, to be heard, teamwork, unity team values and improved behavioural standards show amazing congruency throughout the workshops as worker to manager had alignment in many of their needs.

Well one may argue there was commitment otherwise the entity would not have functioned. To some extent it is true considering what Chris Argyris [1998] says about external commitment. With little influence in ones destiny contractual compliance is the order of the day. It's a case of the less power to the people then there is less commitment from those people. Employees therefore simply do what is expected of them. Naturally the intention was to focus the

4.2.2 Evaluation Organizational Change

The implications for effective organizational change which can be established as a result of this study relate primarily to the management of resistance to change, but also to the broader change process.

In the management of resistance to change, a number of points emerge as guidelines for the planning and implementation of organizational change.

4.2.2.1. Planning

Where possible, areas of potential resistance should be identified and addressed before the implementation of the change, the primary implication here being that broad consultation with all affected parties during the planning stages can do much to reduce the potential for resistance to change. Consultation had the added advantage of, when properly managed, enhancing the quality of the planning as more information becomes available for decision-making.

4.2.2.2 Communication

As Smeltzer [1991] found, effective communication strategies are crucial during a process of change. Open and appropriately timed communication can do much to reduce levels of anxiety and resentment at 'being left in the dark'. The importance of two way communication during the transition period had been strongly demonstrated in this study. Information passed from management to staff is certainly a necessary part of communication, but it is by no means sufficient in itself. If the change process is to be managed effectively, then those who are affected by the change must be listened to and their concerns addressed. A questionnaire such as the CRS used in combination with group discussions proved useful in this regard. It must be stressed, however, that the feedback component of the communication is vital. As the model of the individual's experience of resistance to change shows, it is the feedback process through which change is managed.

Merely creating forums where staff can be 'heard', without building in a feedback and follow-up mechanism is likely to create expectations of a response, which will not be met, leading to resentment and mistrust.

4.2.2.3. Impact of change on organizational identity

In this study, the impact, at its most basic level, of planned organizational change was to initiate a change in the nature of an organizational system. Much of the work that took place during the introductory discussion and first feedback session was related to boundary issues for the participants in the change process. Lorsch [1986] identifies the culture and identity of an organization as being the hidden barrier to strategic change. Where external information is not permitted past the organization's boundaries to change the way in which the organization functions or is structured, the organization becomes trapped in a mode which does not permit interaction with or reaction to external changes – it becomes fossilized.

The communication process which took place was thus used not only reactively, to manage existing resistance, but also pro-actively, to promote the flow of information across organizational boundaries [which functioned as inhibitors of change]. Goldstein's [1988, p 23] argument that 'the increase in information leads to the possibility of a new orderly structure appearing in the system' applies here and explains, from a systems perspective, why it is that increasing the amount of information entering a system is able to stimulate change. The focus of the communication, it is important to note, should be on heightening awareness of discrepancies between the present and desired stated of the system.

In terms of information theory, it should be clear that if change is to be planned and implemented effectively, it is not sufficient merely to plan and implement change and to manage resistance appropriately.

The fact that system structures and organizational identity are inevitably required to change to some extent in order to accommodate and facilitate the planned change means that the flow of information at the boundaries of the affected systems must be

stimulated and carefully monitored. Communication, which takes place during the change process, needs therefore to be driven by and evaluated against this need.

4.2.3 The development of a change approach suitable for the organization's specific context

An evaluation of the Foschini Retail Academy compared to the literature on this aspect reveals the following :

- ❖ The academy allowed the change makers the opportunity to analyze the current state of the business and thereby draw up a strategy taking into consideration the resources available to the company – to ultimately become world class.

IN terms of part 2.2 of the literature review relating to options to consider the change path undertaken was an evolution change path whereby a more emergent change approach was followed. The change agents identified areas of concern and introduced products to eliminate the problem. The same point of the change process was from all levels that is laterally. It came from bottom up and laterally. The change style relating to how the process of change was managed followed education and communication method. The change agents were equipped with knowledge and skills in terms of various benchmarking exercises, which involved them to understand personal change that was support of the organizational change goals. The change target was identified as sharpening the culture in terms of refocusing on employee values and company values, on behaviours in terms of having the right attitude and on outputs – ie. Delivery.

The change role was undertaken by the change agents [the champions of the change process]

4.2.3.1 Analyzing the change context : the change kaleidoscope.

A careful analysis of the current stated of the organization was carried out and the following factors were explored.

Time

It was identified that time was of the essence although the process was voluntary and the academy sessions ran over a period of time which was crucial to the success of the process, a year was about all the time the company was prepared to allow the process to deliver on results.

Scope

It was decided that change was needed across the board at all levels and all departments of the organization. Hence people from all levels and all different departments were chosen to attend the academies.

Presentation

Careful consideration was given to previous initiatives undertaken by the company and they were basically revamped and reintroduced through the academies. Exercises which also brought their attention to the need for change

Power

Whereas previously the company was governed by the likes of the Lewis family they now had authority to practice as they saw fit which was a huge bonus.

The evaluation of the change management process initiated at Foschini focused on four of the many areas of change management.

A case study analysis is being conducted using the pattern matching technique, focusing on the four areas.

The nature of organizational change and the philosophy behind the FRA

The need to develop a change approach which is suitable for the organization's specific context

The managerial and personal skills reviewed by a successful change agent

The difference between the design of recipe – driven or formulaic approaches to change implementation and more context specific approaches.

These four issues were explored in great detail. It was evident that each of the factors are paramount to the success of any change management process. Evidence to support this claim can be stated as follows :-

Diversity

The diversity issue was addressed through the time spent on the history lesson at the academy. Ample time was taken to explore the history of the company and the various employees of the company. Thereby acknowledging diversity and cultural differences amongst employees.

Capability

Capability assesses how good the organization is at managing change. At the individual level the change makers were equipped with knowledge to manage the change process

At managerial level – senior management was given to explore the change process and what it was to deliver. At this level the managers ability at coaching and leading their staff through the process of change was explored.

At the organizational level it is usually vested in the HR or organizational development department. In the case study the operations department together with the Human Resources department was tasked with managing the process.

At a functional level the available resources were looked at. It was evident that there were sufficient resources to undertake and see the process through.

Capacity

Here the resources available to the company in terms of cash and staff were looked at and also how much of time managers or change agents had to devote to the change process. In the organization there was enough staff and money to see the process implemented and followed through. Staff was given time to undertake projects at stores and huge amounts of money was spent by in the company in running the academies in terms of consultant fees, travel costs and accommodation expenditure.

Readiness

Senior management clearly understood the need for change. The change agents at the academies had to undertake various benchmarking.

The change makers clearly understood the change process that was designed by the company and how the company was going to move forward.

4.2.4 The managerial and personal skills reviewed by a successful change agent

The candidates identified that core competencies in terms of leadership were reviewed by the individuals of the organization, in order for the organization to reach world class.

The concept of core competence was coined by Prahalad and Hamel [1990, p81]. "In the long run, competitiveness derives from an ability to build, at lower cost and more speedily than competitors, the core competencies that spawn unanticipated products."

Gronhaug and Nordhaug [1992] extend this thinking, claiming that strategic management is about adjusting competence to a constantly changing business environment. They claim that effectiveness is an external standard, related to the

firm's ability to meet the demands of the customers it aims to serve. This thinking is mirrored in Senge's [1990] concept of the 'learning organization' in which he claims that if organizations are to survive and thrive, they need to learn to adapt rapidly.

Linking the work of Prahalad [1990] on core competence and that of Senge [1990] on Learning Organizations, it becomes clear that organizations need to develop transition management as a core competence. In the works of Gronhaug and Nordhaug [1992 p443] "The significance of competencies as productive resources in firms is increasing as the possession of the right competencies becomes ever more crucial for their future performance".

Through their attendance at the academies the candidates were educated on leadership qualities and on how to initiate any carry out change processes at the workplace.

However not all individuals were at the same level hence different people were affected differently. The resistance to change of some individuals was not addressed.

According to Judson [1991], change in the workplace affects people on three levels namely, operational [the physical tasks which they perform, which may be altered as a result of the change], psychological [the way they feel about and perceive themselves in relation to the change] and social [the way in which interpersonal and inter-group relationships are affected by the change]. Organizational change can thus have far reaching effects on individuals in many aspects of their lives.

While a substantial body of literature exists on human learning and how change or learning takes place, a central aspect of the individual's experience of change – that of resistance – has been largely either ignored or treated as an annoying confounding variable. Matejka and Julian [1993] take an approach to resistance which seems to be common to many change agents : resistance is a problem. Therefore, it must be avoided possible and resolved speedily where it does occur. Malinconico [1983] points out that resistance is a legitimate part of change which must be viewed not as an ancillary problem or a distraction from the real problem at

hand. Rather, it is an intrinsic part of the process of change. If the individual's experience of change is to be fully understood, then resistance to change cannot be ignored.

4.2.5.□. The context – specific change process implementation

The change makers had clearly identified what needed to be changed in the company and undertook various projects to initiate these changes.

4.2.5.1. DESIGNING THE TRANSITION

[A] The implementation path

A clearly identified vision was re-looked at and consensus from all in terms of what exactly did it mean. The vision 'Leaders in what women want to wear' was discussed in all stores by the change makers to get them to understand where the company was heading.

Barriers to change were identified in terms of some store managers and area managers.

Once the desired state was identified, the barriers to change had been identified the current stated had to be looked at and ways of moving forward was there.

The three levels of change was looked at :

1. Changing individuals: this is about changing their skills, values, attitudes and behaviours. The change makers were exposed to best business practices in their academy sessions and what the required standards were.

2. Changing structures and systems: The change makers undertook the task of designing and implementing a performance management system, a format of the new performance appraisal for a sales associate – can be seen in with a performance guideline - figure 4.2 can be compared to an old performance document appraisal for a sales associate – table 4.3

Sales Associate

PERFORMANCE APPRAISAL DISCUSSION [The new format]

Name	
Employee Number	
Store Name	
Date of Engagement	
Commencement of current position	
Manager's Name	

Instructions:

1. Review outputs and performance measures of the relevant position. Also take note of knowledge and skills required for the position.
2. Together the employee and manager determine measures that are appropriate to the individual meeting the outputs and performance standards (refer to performance measure guidelines). These measures are set at the beginning of the financial year and reviewed after each appraisal within that financial year.
3. Determine a review date within the next 6 months.
4. At the next review discuss the employee's performance for each of the set measures over the period and rate them 1,2,3, or 4 (1=met none, 2=met some, 3=met all, 4=exceeded all)
5. Complete the "comments" column, highlighting strengths, weaknesses and the "action" column indicating action plans for improvement.
6. Provide additional comments in the "general overview" (e.g. comments on general performance – SWOT, special achievements for the year, notable or poor results achieved that weren't part of the original measures, special circumstances that skewed the results etc.).
7. Agree on a development plan for the employee arising from the above (e.g. training requirements, coaching needs, etc.).
8. Discuss future career aspirations (succession planning) and development needs. These development needs are aimed at giving a person the knowledge and skills required for the next position they're aiming for.
9. Employee and manager together complete the record and forward to one-up manager.

JOB COMPETENCE

Knowledge	Skills
<ul style="list-style-type: none"> • Product Knowledge • POS Procedures • Handling Cash & Credit • Promotions & Marketing • Asset Management • Stock Handling • Company Policies & Procedures • Company Standing Instructions • Company Vision & Values • Company Strategy & Objectives • Fashion • Security • Sales Administration • Customer Service • Display • Housekeeping 	<ul style="list-style-type: none"> • Selling • Problem-solving • Communication • Interpersonal • Time Management • Point of Sale

May 2002

	OUTPUTS	PERFORMANCE STANDARDS
1.	Turnover	<ul style="list-style-type: none"> • Department sales targets achieved • Promotional activities actioned (application of ITP and merchandising principles) • New accounts targets achieved • Collections efficiency targets achieved
2.	Profitability	<ul style="list-style-type: none"> • Stocklosses minimised • Company Assets maintained • Store security procedures adhered to • Department stock counts & stock takes undertaken
3.	Customer Service <i>Sales Associate provides customers with friendly, knowledgeable & efficient service</i>	<ul style="list-style-type: none"> • Customer Service Policies and Procedures and Standing instructions are adhered to • Customer queries and complaints resolved (e.g. returns, disputed purchases) • Mystery shop targets achieved • Product knowledge effectively communicated to customers
4.	Merchandise Performance	<ul style="list-style-type: none"> • Stock replenished • Markdowns actioned • Promotions implemented • Merchandised department according to company standards • Department layout correct
5.	Department Image <i>Department represents the Foschini brand through merchandising, display & personal image in line with the company's vision.</i>	<ul style="list-style-type: none"> • Housekeeping standards adhered to • Shopping experience enhanced (e.g. attitude, energy, atmosphere) • Professional image maintained (e.g. dress code and conduct)
6.	General Conduct	<ul style="list-style-type: none"> • Company values demonstrated • Company Policies, Procedures, Standing Instructions and Rules of Conduct complied with • Team contribution demonstrated (e.g. supportive, active participation, interdependence, builds relationships)
7.	General - additional outputs to be added as deemed necessary by the line manager	

SALES ASSOCIATE - PERFORMANCE APPRAISAL

DISCUSSION

ASSESSMENT - "HOW ARE YOU DOING?"

Date

NAME: _____

BRANCH: _____

1 = Met None; 2 = Met Some; 3 = Met All; 4 =

Exceeded All

NO	OUTPUTS	PERFORMANCE STD - MEASURE	ASSESSMENT				Action & Comments
			1	2	3	4	
1.	Turnover	<div style="border: 1px solid black; padding: 5px; display: inline-block; transform: rotate(-90deg); transform-origin: center;">Performance</div>					
2.	Profitability						
3.	Customer Service						
4.	Merchandise Performance						
5.	Department Image						

		OVERALL PERFORMANCE RATING (OUT OF 10:)				
6.	General Conduct	People				
7.	General					
		OVERALL PERFORMANCE RATING (OUT OF 10:)				

Demographics:

Race

B	C	I	W
---	---	---	---

Gender

M	F
---	---

SUMMARIZE FROM ABOVE THE THREE FOCUS AREAS:

Focus/Objective 1:	
Focus/Objective 2:	
Focus/Objective 3:	

FUTURE CAREER ASPIRATIONS:

Short-term 1yr:

Medium term 2yrs:

Long-term 3-5yrs:

INDIVIDUAL DEVELOPMENT PLAN:

NO.	WHAT ARE YOUR TRAINING & DEVELOPMENT NEEDS	ACTION (Informal/Formal Workshops)	BY HEN	COMPLETED (Y/N & COMMENTS)
2.				

Employee Signature: _____

Manager Signature: _____

Date: _____

Date: _____

Table 4.2 [a] : Performance Appraisal New Format

PERFORMANCE MEASURES GUIDELINES

TURNOVER

- Percentage turnover to plan (actual vs. plan) / percentage turnover to target (actual vs. target) for sales staff
- Percentage growth (actual vs. L/Y)
- Number of new accounts opened
- Number of new accounts to plan
- Promotions implemented timeously and effectively
- Percentage collections efficiency (target percentage)
- Percentage to growth vs. sister companies (e.g., Markhams, Exact, etc.)
- Multiple sales generated
- Turnover growth or %turnover to plan of a specific promotion
- Percentage of own promotion initiated (circuses, fashion shows, ect)

PROFITABILITY

- Stockloss results
 - a. Merchandise acknowledged correctly
 - b. Stockloss results to L/Y and to plan
 - c. Stockloss results within the company norm
 - d. Stock counts & stocktakes performed accurately and timeously
- Profit
 - a. Percentage profit to plan (actual vs. plan)
 - b. Percentage grown (actual vs. L/Y)
 - c. Percentage profit to turnover (percentage to turnover [T/Y vs. L/Y or plan])
 - d. Percentage cost / expenses to budget (actual vs. budget)
 - e. Percentage expenses to L/Y (actual vs. L/Y)
- Asset Maintenance
 - a. Maintenance Costs (Up/down on L/Y)
 - b. Care taken of company assets (e.g.. Fax machine, POS, car, PC, music equipment, etc)
 - c. Proactive in taking care of problems (don't wait for AM)

CUSTOMER SERVICE

- Mystery shop results (above minimum percentage, L/Y vs. T/Y)
- Number of customer complaints
- Adherence to customer service, Standing Instructions, Policies and Procedures (ability of POS, services)
- Adherence to customer service world class practice
- Levels of product and services knowledge
- Efforts made to have right product for the customers

- Feedback to relevant line managers / departments regarding customer suggestions ie. input
- Full jewellery services offered in accordance with Standing Instructions, Company Policy and Procedure

MERCHANDISE PERFORMANCE

- Markdowns actioned timeously and accurately
- Promotions actioned timeously and accurately
- Stores merchandised according to company standards (ITP & Marketing Update)
- Feedback to line managers and relevant departments on merchandise (e.g., quality, range, size curves, etc)
- Stockturn (T/Y vs. L/Y and Actual vs. Company Norm)
- Stockholding (store actual vs. company profile and T/Y vs. L/Y)
- Size curves correct
- Sales m² (actual vs. plan or TY vs LY)
- Merchandise returns (T/Y vs. L/Y)
- Stock replenished timeously (jewellery and cosmetics)
- Department contributions

DEPARTMENT / STORE IMAGE

- Housekeeping standards adhered to
- Visual merchandising standards adhered to (merchandise presentation, windows, display, POS material)
- Personal / Professional image maintained (e.g., cosmetics, uniform worn at all times and neat, personal grooming)
- Positive personal style (energy, passion, drive, etc)
- Store atmosphere (vibe, team work)

GENERAL CONDUCT

- Number and nature of negative performance / behaviour discussions (PIP's, discipline, enquiries, minutes of meetings, etc)
- Team player? (supportive, active participation, interdependence, builds relationships)
- Lives the company values

MANAGEMENT

- Deals rapidly and effectively with any out of line situations (negative performance, performance discussions)
- Audit results (below company norm; T/Y vs. L/Y; actual vs. target)
- Security report in line with agreed norm
- Staff aware of targets and (targets calculated and monitored; staff aware of targets)
- Administration available of request
- Appropriate controls in place (e.g., security, expenses)
- Adequate plans in place (in store Ops File):
 - a. Succession Plans
 - b. Casual Plans
 - c. Training Plans

- d. Expenses
- e. Turnover and promotions
- f. Store Objectives
- g. Store Plans
- h. Staffing

LEADERSHIP

- Regular staff meetings
- Regular staff training & development (EMT, training needs ID & addressed)
- Performance Management applied (staff aware and apply company vision, values, strategies, objectives, etc)
- Sound HR principles applied:
 - a. Succession plans (people in place where vacancies exists)
 - b. Training and development (training plans adhered to, learning contract signed off, T&D needs ID, T&D Needs addressed, etc)
 - c. Recruitment and selection (interviews [structured], induction, reference checks, right people employed and retained)
 - d. Exit interviews (interviews completed)
- Leads by example and lives the values
- Team are clearly motivated, unified, supportive, committed ...

ADMIN

- Administration completed accurately and timeously according to the company's Standing Instructions and Policies and Procedures
- Admin checks completed accurately and timeously according to the companies Standing Instructions & Policies and Procedures
- Store Audit results in line with agreed norm (company norm/average; L/Y vs. T/Y / 2KC & 6 others)
- Branch expenses in line with budgets and/or L/Y vs. T/Y
- Markdowns actioned accurately and timeously
- Returns sent off regularly and returns administration completed correctly
- Loss control (security) documentation is accurate and available on request (stockloss control measures, fraud control, injury on duty, etc)

GENERAL

For example –Changemaker, succession training, T&D for a new project, etc.

Table 4.2. [b] Performance guidelines

PERFORMANCE DEVELOPMENT DISCUSSION RECORD- [OLD**FORMAT]****SALES ASSOCIATE**

Name _____

Job Title _____

Store Name : _____

Start Date : _____ Previous Promotion Date : _____

Commencement of Current Position Date _____

Manager _____

Date of Discussion _____

1st Review Date : _____

2nd Review Date : _____

Review and Reviewer: Retain photocopies of this document for later reference.

Forward completed originals to The Human Resources Secretary, Foschini Resources (Pty) Ltd under confidential cover.

Initial return date _____ Final return date _____

February 2000

Performance Development and Discussion Guidance Notes for Sales Associates Introduction. Your Manager will discuss your work performance and development with you and explore with you what can be done to help you do your job better. You will have the opportunity to discuss any problems or difficulties that you may have, and consider your future development within the company. Preparation It is important that you prepare yourself thoroughly before the discussion. Your Manager will give you a copy of the form used to record the discussion about two weeks before the discussion is scheduled to take place. You should use this form to self-appraise your performance. Be honest and objective when doing this. Development

Consider your future development and your career aspirations. Be realistic and again think of the timescale and what additional training or development you may need in preparation. (Questions to ask yourself to stimulate discussion on your strengths:) What do you consider are your greatest strengths / talents / abilities? What situation do you feel good about (at work)? What has interested you most about your job in the last six months? What areas do you feel that you are becoming most effective in? Are there ways in which you think we could use your talents, special interests and your time more profitably? What would you need to do / overcome to advance in your job? The Development Discussion Your Manager will also have prepared for the discussion.

The self-appraisal that you have done will form the basis of the discussion and help you both to reach an agreement. At the end of the discussion, your Manager will summarise the discussion and enter his/her comment on the form. You will then have the opportunity to enter your own comments. After the Discussion Your Manager's Manager (Area Manager) will have the opportunity to review the development form and enter his/her comments. Remember the discussion is confidential. Interim Review and Final Appraisal Your performance will be reviewed mid financial year. A final appraisal will take place at the end of the financial year where your key responsibility areas will be evaluated, your action plan and career aspiration plan reviewed.

KEY CONCEPTS

Performance Development Discussion or Appraisal

Performance Discussion or Appraisal refers to a systematic approach to managing people, goals, measurements, feedback, development, recognition and succession as a way of motivating employees to achieve their full potential.

Key Responsibility Areas

Key Responsibility Areas essentially describe the outputs of the job and are used to ensure that the performance is assessed according to the agreed results. You will need to set an action plan for areas that require improvement.

Career Aspirations

The question to ask is: "Where do you see yourself within the Company in the next two to five years?"

Training and Development Needs

Here you have to consider what support or assistance you need to grow in your current job or for the job you aspire to.

PERFORMANCE DEVELOPMENT DISCUSSION

Prepare the following areas prior to the performance development discussion:- Key Responsibility Areas Action Plan Career Aspirations & Overall Job Competency Training & Development Needs

Tick the relevant block

KEY RESPONSIBILITY AREAS	YES	NO
1 Operating the P.O.S. and Cash Handling		
1.1 All POS Procedures are followed 100% correctly?		
1.2 Over/Short on POS.		
1.3 Shows understanding of the following reports:		
a) Daily Enclosure Summary		
b) Sales Person's Analysis		
c) The Merchandise Turnover Analysis		
d) The Collection Efficiency Report		
e) Jewellery Reports		

2 Product Knowledge

- 2.1 Advises Customers on wash and care requirements of merchandise.
- 2.2 Advise Customers on appropriate cosmetic and Jewellery Merchandise if required.

3 Selling and Customer Service

- 3.1 Greets customer, assesses customers needs, encourages multiple sales and closes the sale according to customer service standards.

3.2 There is evidence of ongoing Customer Service - at all times.

3.3 Cosmetic and Boutique Services are offered to customers at all times.

Follows the correct telephone procedure.

4 Promotes Credit

4.1 Encourages customers to open a Foschini Personal Account when customers pays by cash, credit card or cheque.

4.2 Assists customers with the completion of the accounts application form and explains the benefits.

5 Handling of Merchandise & Housekeeping

5.1 Unpacks merchandise according to company procedure.

5.2 Houses new stock as soon as it is unpacked.

5.3 Fills up rails/shelves with merchandise from stock room on a continuous basis.

5.4 Ensures that entire department is clean and tidy.

5.5 Ensures all Jewellery and Cosmetic merchandise is kept clean at all times

6 Merchandising

6.1 Ensures that Store layout creates a professional image in terms of:

- a) Store entrance and aisles
- b) Department positioning.
- c) Rail heights and wall fixturing.

6.2 Arranges merchandise according to lifestyles and stories.

AREA OF APPRAISAL		YES	NO
-------------------	--	-----	----

6.3 Assists in promotions.

6.4 Utilises visual displays to promote merchandise.

- 6.5 Identifies merchandise that needs to be marked down.
- 7 Promoting Turnover
 - 7.1 Achieves own daily, weekly and monthly targets.
- 8 Security
 - 8.1 Is aware of and adheres to all security rules and regulations at all times.
 - 8.2 Participates in regular stock counts and stock takes.
 - 8.3 Competes and actions the cap file according to company procedure
 - 8.4 Reports any suspicious action or any member of staff breaking security rules.

OVERALL RATING YES NO

ACTION PLAN

PERSONAL OBJECTIVES

OBJECTIVE 1

ACTION STEPS & TARGET DATES

Review 1 :

Review 2 :

OBJECTIVE 2

ACTION STEPS & TARGET DATES

Review 1 :

Review 2 :

CAREER ASPIRATIONS

OVERALL JOB COMPETENCY

Comments: (Review 2)

TRAINING AND DEVELOPMENT NEEDS ARISING OUT OF THIS APPRAISAL

LIST TRAINING & DEVELOPMENT NEEDS IDENTIFIED TARGET DATE NEEDS
ACHIEVED YES / NO (If "no" state why)

Comments: (Review 2)

FIRST PERFORMANCE DEVELOPMENT DISCUSSION

A. COMMENTS BY SALES ASSOCIATE:

Name : _____ Signature : _____ Date : _____

B COMMENTS BY STORE MANAGER:

This Performance Development Discussion has been fully discussed with me and I have read its contents:

Name : _____ Signature : _____ Date : _____

FIRST REVIEW

A. COMMENTS BY SALES ASSOCIATE:

Name : _____ Signature : _____ Date : _____

B. COMMENTS BY STORE MANAGER:

This Performance Development Discussion has been fully discussed with me and I have read its contents:

Name : _____ Signature : _____ Date : _____

SECOND REVIEW (FINAL)

A. COMMENTS BY SALES ASSOCIATE:

Name : _____ Signature : _____ Date : _____

B. COMMENTS BY STORE MANAGER:

Name : _____ Signature : _____ Date : _____

C. COMMENTS BY AREA MANAGER:

Name : _____ Signature : _____ Date : _____

Table 4.3 : Performance Appraisal [old format]

3. Changing the organizational climate: this is about changing the way people relate to each other in the organization and the management style. There has been profound improvement noted on this, as individuals were now free to question senior management and the status quo. There was open communication between management and staff. Senior management now encouraged input from lower level employees.

At this stage in the process the strategy was communicated through all levels in the organization via the projects initiated by the change makers. Supporting structures and systems in terms of the performance management system was designed and implemented. The change agents created the environment in stores whereby they were exposed to the need for change. Early coins were designed into the process whereby people were given recognition as being a future leader in the company.

There was also constant communication at all levels were employees were kept informed of what was going on in the company.

[B] Designing the transition: levels and mechanisms

The communication during the change process was constant and at all levels. The change makers went to all stores and ensured that there was no distention of

messages and that everybody had a clear understanding of the message being relayed.

The communication channels utilized were many in the form of workshops, seminars, meetings, manuals and information parks, newsletters, electronic mail, etc.

[C] Human Resource Management Systems

Recruitment and selection: whereas previously behavioural interview was conducted to recruit people into the organization. Emphasis was now in terms of outputs and delivery whereby individuals were recruited for having the right attitude and what they could deliver on.

Appraisal : A new appraisal was designed and implemented as discussed previously – see new performance appraisal for sales associate – figure 4.16.

❖ Reward

Although this aspect of the levers and mechanisms was looked at, not much was done about it.

❖ Development

In-house training sessions were now aimed at achieving certain objectives. Training interventions were now geared at equipping individuals with skills that have a direct impact on ensuring the execution of the company strategy.

[D] Managing the transition: monitoring and resourcing

Outcomes achieved are not always as intended. Change is about managing individual expectations and interpretations, not just structures and systems.

The change makers were given autonomy to run the change process as they saw fit.

It was entirely up to them to lead the change process relying on their knowledge gained at the academies.

Exclusively the change agents carried out looking for resources, initiating the change projects and monitoring the progress.

It is clearly evident that the change agents took their new roles very seriously and initiated projects to address specific weaknesses in the company.

4.3 Summary

A relevant indicator that can be utilized in ascertaining the success rate of the change initiatives introduced can be seen in the Year End Profit Announcement that was released by Foschini at the end of their financial year for year on 29 May 2002.

Achievements of the Academy

Noted achievements of the academy can be seen through the recent turnover figures achieved by the company.

The Foschini year-end profit announcement – see table 4.4 portrays outstanding financial standing.

Subject: SENS - Foschini Limited Year End Profit Announcement

FOS
Foschini Limited Year End Profit Announcement
Foschini Limited
Registration number 1937/009504/06

Share codes: FOS-FOSP
ISIN codes: ZAE000031019 - ZAE000031027
Consolidated audited results of the Foschini Group for the years ended 31 March

HIGHLIGHTS

Turnover up by 10,4%
Trading income up by 74,6%
Headline earnings per share up by 75,4% to 87,9 cents

Total dividend declared per share increased by 72,2%

Sustained strong balance sheet

CONSOLIDATED INCOME STATEMENT

	2002	2001	Change
	Rm	Rm	%
Turnover	3 289,9	2 980,5	10,4
Trading income	333,3	190,9	74,6
Dividends received	15,2	11,8	
Operating income	348,5	202,7	
Finance charges	62,6	43,2	
Net operating income	285,9	159,5	
Goodwill written off *	3,1	3,1	
Income before taxation	282,8	156,4	
Taxation	74,6	40,4	
Income after taxation	208,2	116,0	79,5
Minority interest	8,3	-	
Retained earnings	199,9	116,0	72,3
Adjustment *	3,1	3,1	
Headline earnings	203,0	119,1	70,4
Earnings per ordinary			
share (cents)	86,6	48,8	77,5
Goodwill written off per			
ordinary share(cents)	1,3	1,3	
Headline earnings per			
ordinary share (cents)	87,9	50,1	75,4
Dividend per share (cents)	31,0	18,0	72,2
Dividend cover (times)	2,7	2,7	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	2002	2001
	Rm	Rm
Equity at the beginning of the year	1 775,1	1 755,7
Changes in accounting policies	-	(64,6)
Restated equity at the beginning of the year	1 775,1	1 691,1
Earnings for the		

period	199,9	116,0
Capitalisation awards	-	(8,3)
Distributions declared	-	8,1
Dividends paid	(48,0)	(31,8)
Shares purchased by subsidiary	(96,9)	-
Equity at the end of the year	1 830,1	1 775,1

CONSOLIDATED BALANCE SHEET

	2002	2001
	Rm	Rm
Assets		
Non-current assets		
Fixed assets	271,8	289,6
Goodwill	12,4	15,5
Preference share investment	150,0	150,0
Loans	92,8	100,3
Loan debtors	388,0	262,5
Participation in export partnerships	260,4	289,8
	1 175,4	1 107,7
Current assets		
Inventory	595,1	554,3
Accounts receivable	1 288,8	1 201,7
Cash	26,8	25,3
	1 910,7	1 781,3
Total assets	3 086,1	2 889,0
Equity and liabilities		
Capital and reserves		
	1 830,1	1 775,1
Minority interest		
	8,6	-
Non-current liabilities		
Interest bearing debt		
- operations	43,8	124,9
- loan debtors funding	388,0	262,5
Deferred taxation	193,4	211,9
	625,2	599,3
Current liabilities		
Interest bearing debt		
Accounts payable	57,8	55,5
Taxation	507,6	391,3
	56,8	67,8
	622,2	514,6
Total equity and liabilities	3 086,1	2 889,0
SUPPLEMENTARY INFORMATION		
Net ordinary shares in issue		
(millions)	226,3	240,5
Weighted average ordinary shares in issue (millions)	231,0	237,9
Tangible net asset value		
per ordinary share (cents)	803,2	731,5

Capital expenditure	112,5	128,3
Depreciation	126,8	131,9
Lease expenses	312,1	267,9

NOTES

1. Dividends and the related STC charges are now accounted for in the period

when the dividend is declared. The statement of changes in equity and relevant comparative figures have been restated accordingly.

2. The cost of post retirement medical aid benefits is now accounted for in the year in which the employees rendered the service. Comparative figures have been restated to reflect the change as if the new policy had been applied retrospectively. The provision at the year-end amounted to R57

million.

3. Depreciation is now provided on owner-occupied properties. Comparative figures have been restated to reflect the change as if the new policy had been applied retrospectively.

4. Included in share capital are 14,2 million shares which were repurchased by a subsidiary of the company. These have been eliminated on consolidation.

CONSOLIDATED CASH FLOW STATEMENT

	2002	2001
	Rm	Rm
Cash flows from operating activities		
Cash generated by		
operations	473,2	333,7
Increase in working capital	(11,6)	(59,6)
Cash generated by operating activities	461,6	274,1
Decrease (increase) in loans	7,5	(0,6)
Finance charges	(62,6)	(43,2)
Taxation	(104,1)	(132,4)
Dividend	(48,0)	(31,8)
Net cash inflows from operating activities	254,4	66,1
Cash flows from investing activities		
Purchase of fixed assets	(112,5)	(128,3)
Proceeds of sale of fixed assets	5,9	5,4
Decrease in participation in export partnerships	29,4	37,6
Investment in RCS Personal Finance	(125,5)	(204,5)
Share buy-back by subsidiary	(96,9)	-

Acquisition of subsidiary	-	(80,4)
Net cash outflows from investing activities	(299,6)	(370,2)
Net decrease in cash and cash equivalents during the year	(45,2)	(304,1)
Net borrowings, cash and cash equivalents at the beginning of the year	(267,6)	36,5
Net borrowings, cash and cash equivalents at the end of the year	(312,8)	(267,6)

The financial statements have been prepared on a basis consistent with prior periods, in accordance with South African Statements of Generally Accepted Accounting Practice.

COMMENT

RESULTS

After the company's disappointing performance last year, we are pleased to report that the recovery which was experienced in the 1st half of the year, continued into the 2nd half. For the year as a whole, sales increased to

R3,29 billion - a 10,4% improvement on the prior year. Improved gross margins and a tight control on costs resulted in trading income increasing by 74,6% to R333,3 million from R190,9 million last year. Headline earnings per share increased by 75,4% from 50,1 cents to 87,9 cents.

The group has maintained its policy of covering its dividend 2,7 times and a final dividend of 15,5 cents per share has been declared. Accordingly, the dividend for the full year amounts to 31,0 cents per share, an increase of 72,2% on the previous year's dividend of 18,0 cents per share.

The group's balance sheet remains as strong as ever with a gearing ratio of 17,1%. Cash generated by operations for the year amounted to R461,6 million, a substantial improvement on the prior year, and which was almost sufficient to cover all of the group's investing activities during the year, including

the share buy back of R97 million.

TRADING DIVISIONS

Notwithstanding the challenging market conditions, the group as a whole has traded above budget for the year and all trading divisions have performed to

expectations. Turnover and turnover growths in the various divisions were as follows:

	No. of stores	Sales Rm	% Change
Foschini Stores	344	1 398,9	3,4
Markhams	205	604,4	11,2
exact!	165	300,5	17,2
Sports Division	152	410,2	24,9
Jewellery Division	312	528,0	7,4

@home 8 46,4 -

The restructuring of the Foschini division is progressing positively, with improvement season by season. Whilst turnover growth for the full year was 3,4%, sales in the last quarter of the year grew by 8,5%, and this improved

performance has continued into the first 8 weeks of the new financial year. Since the year-end, a further 26 Foschini stores have been converted to the Fashion Express value chain, which now totals 103 stores countrywide, and which completes that part of the Foschini division restructure.

This division now comprises of the following stores - Foschini: 199, Fashion Express: 103 and Donna Claire: 42.

Markhams with its much improved merchandise assortment continues to trade above budget whilst growing its market share. At the year-end this division

comprised 172 Markhams and 33 RJL stores.

Exact!'s performance remains encouraging, confirming an acceptance of this new brand by both existing and new customers. This division's relocation strategy into shopping centres continues whilst at the same time closing its

smaller unsuitably located stores. Turnover increased by 17,2%, notwithstanding the fact that the number of stores was reduced during the year from 187 to 165.

With Totalsports now fully integrated, the Sports division continues to improve, and maintains its position as the leading speciality sports apparel.

Service levels were up both internally and externally, there was improved communication between the various departments within the company, ensuring customer's needs were met timeously.

The strategy of the company was driven through the business. There was a good foundation created through good governance – code of ethics.

Candidates potential was identified were there was now a pool of candidates for promotional opportunities.

Through the academy their emerged in-house change terms that were fully trained project teams that could handle any task that the company expected.

❖ **The Foschini Culture**

The employees of the company were now committed to generating an environment of continuous improvement through the design, implementation and execution of projects and ideas to ensure that the company was world class.

In summing up it can be ascertained that it is most important to develop a change approach that is suitable to the organization's specific context. IT is also vital that the change agents have specific skills to deal with the management of change. If they were equipped with the necessary skills, it is relatively easy for them to initiate the change process and carry the process through.

They are also more able to cope with the different emotions expressed by the individuals of the organization. There are many formulaic approaches to change available on the market however if one was serious about change they need to design a change process that addresses the unique concerns of the company.

❖ Transformation Implementation Strategy

The steps taken by the change agents to effectively carry out the change process took the following format :

- ◆ The change makers first created the environment at stores where employees were asked to analyze the position of the company compared to our competitors. Our change makers had already been trained on this process themselves so they were able to facilitate the process at stores.
- ◆ The store staff was asked to identify the type of change required in the company.
- ◆ The desired future state was explored and employees were asked to analyse what the desired future state should be. The vision of the company.
- ◆ The change context was explored –ie. Competencies of staff, required standards of performance to be clarified to world class. The behaviours expected of loyal employees.
- ◆ The critical change features were identified in terms of living the values, emphasis on output and delivery.
- ◆ The capability of the organization was looked in terms of human and financial resources
- ◆ HRM systems and structures realigned in keeping with the new culture of the organization
- ◆ The change makers were given autonomy to run with the change process. They were given 'power' to shape the future of the business

- ◆ The change makers evaluated the outcomes achieved through the process and ensured that staff were delivering and behaving as expected

After careful analysis of the case study against the model drawn up in the literature review it is clearly evident that the Foschini Retail Academy executed a strategy aligned to the model transformation process. Hence the huge success rate of the FRA

Chapter 5 Recommendations

5.1 Introduction

The Foschini organization had been through an extensive transformation process aimed at affecting the cultural behaviour of the way things were done. There was a need to change from the old to the new by means of the people. It was believed that the people had the only competitive edge within the business that had not been explored. The changes were to effect each and everyone as the new revitalized, re-envisioned employees could link to the vision and add value.

The intention was to maximize every employee's contribution from every segment of the employee population and by so doing make employees feel more valued in their jobs by recognition of their added value. Performance of people still had not shown any significant signs of recovery or growth after the process had phased out. The Foschini entity had been through the OD intervention and there were clear developmental issues that required attention.

5.2 The nature of organizational change

Well is it just a simple 'switch on' to achieve performance from business. The question to achieving performance improvements was traditionally answered by either :

- ❖ Technological update of machines
- ❖ Redesigning of work processes
- ❖ Work force to work harder

These approaches have in many ways been explored and overused. Competitiveness had increased to levels that demand innovative approaches to work productivity. For many years human capital has simply been a mechanism through which work was performed. Management of human capital provided to some degree

levels of support and understanding of individuals. Individual personality traits, motivational concepts, job fit analysis, leadership styles, self actualization and ability are among the most common factors addressed by leadership on a day to day basis.

Just how to expound performance from an individual within the work environment has always met with high degrees of frustration by leadership. Placed in hierarchical structures, chain of command and a command type of management style, workers are faced with little option but to do just what was required for the task. Commitment, confidence, self-actualization, ambition to name a few have generally been low scoring attributes. The question is what can be done to explore this human capital and achieve significant successes.

Underlying much of this individual behaviour attributes and traits are the belief system of humans. The Gravesian theory [by Dr Clare Graves] provided insight into the outlook and belief systems that exist in organizations today. It is not merely running productivity improvement programs but rather a clear understanding of such outlooks or belief systems of people, that is required. These values set the collective tone of organizations. Individually ways of thinking, perceptions and views of the world set the mind. These views are reflected in all facets of life including work, on issues such as economic, social, political and philosophical theories. Attitudes to humanity, community, ethnicity, social relationships are also strongly formed through the belief systems.

Simply put it is not just a case of applying a model such as Hersey and Blanchard situational leadership or the Fiedler Contingency model. However one cannot discount their models, as they are foundations for leadership and assessing improved performance. Values have being shown to be relatively stable and enduring [Rokeach and Bull-Rokeach, 1989].

Koopman [1993, 43] recognizes that values may arise from the economic realities of income groups as well as, if not instead of cultural groups. Dorfling et al [1988] seems to show such differences that may be acted out by managers in the workplace.

5.3 The development of a specific context change

It is important to identify specific areas of concern in the company before embarking on the introduction of new change initiatives in an organization. Some of the issues that need to be looked at are:

5.3.1. Approach

Competencies really form the backbone of strategy articulation [Hope and Hope, 1997]. With the intention to transform to more interdependent teams and business units competencies need to be identified and developed [Javidan 1998, 69]. Although difficult to define, competencies exist in practice more than in explanation. The difficulties experienced at Foschini can in some way be linked to just such lack of competencies. Integration of people with their work is the key to making competencies work because it is the value people bring to their job through discretion, judgement and insight.

In other words it requires that everyone think strategically. Steps to effect the development of such competencies are suggested :

- ❖ Ensure detailed information of jobs
- ❖ Analyse to ensure alignment of the content of the jobs content to that of the strategic intent
- ❖ Align jobs to ensure competencies are included in job description records
- ❖ Do role clarification with employees

The benefit and usefulness of competencies expected are :

- ❖ Empower individuals and teams to become the competitive edge within the strategic intent. This assists in dealing with changes.
- ❖ Provide a framework for complexities of managing employees within organization.

These tools of competency will really describe what it takes for people to do their job well. Coupled with this motivation levels of employees can be expected to rise as employee involvement improves as suggested by the model of McHenry [1997,28]

Employee Performance

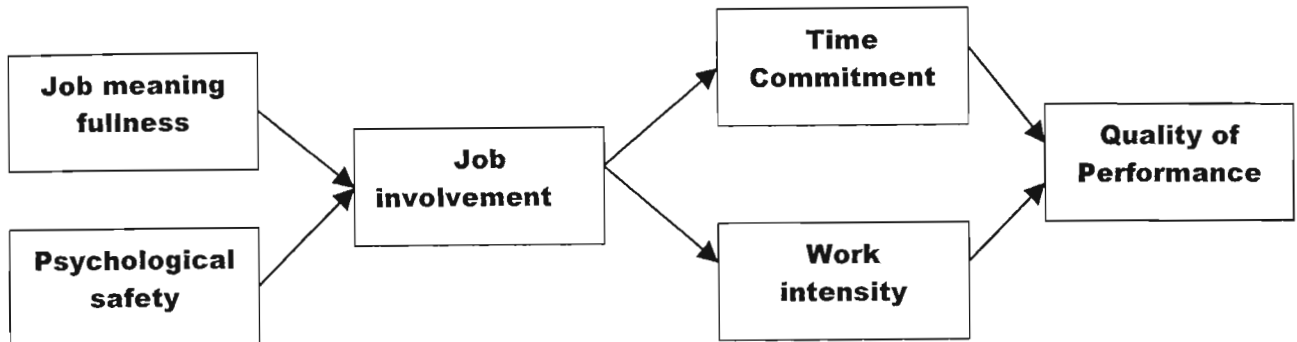


Figure 5.1 : Employee Performance

High job involvement once achieved by the individual results in higher time commitment and work intensity. This produces a 'meaningful climate' under which good performance is established and this moves to satisfy the theories of Maslow in that 'needs' are a fundamental foundation from which performance evolves through to self actualization.

5.3.2 Performance Management

Organizations using performance management need to ensure basic integrity and measurements are maintained. Uses of these tools are improved by :

- ❖ Ensuring a link to the strategic goals of the organization. [Balanced Scorecard]
- ❖ Functioning as a communication tool between people
- ❖ Reinforcing organizational changes
- ❖ Being part of a human resource system [written into the job descriptions]
- ❖ Providing developmental information to the process. Learning organization.

Therefore the use of such systems can and do need continual reinforcement for success to be seen in the organization. Task and behaviours are the day to day things that truly determine success or failure within an organization. Often tasks are self-directed and if individuals choose to spend their time on effective activities the organization will succeed. This is where the 'walk the talk' by leaders is so critical. This needs to be a daily and entrenched behaviour, filtered down the organization thereby setting the 'do things right' observation to the team. A model of employee behaviour as proposed [Fig 7.2] by Atkinson et al, provides a dimension to understanding the difficulty of linking activities or individual objectives to the objective of business in general. A first level secondary objective followed by a second level secondary objective expands the concept of employee behaviour.

This encourages a strategic link to be made that in turn energizes performance of the primary objective. The concept of a creative tension [Senge, 1990] is considered appropriate here as it provides the gap between the reality and the desired future and by so doing provides the energy to move reality more reliably towards the vision. Therefore the relevance of the objectives is crucial to ensuring alignment and value adding to the organization. The effect of ensuring that objectives used by Foschini are relevant needs some attention. The objectives tended to vagueness and lacked the input of commitment.

Linking primary and secondary objectives to performance

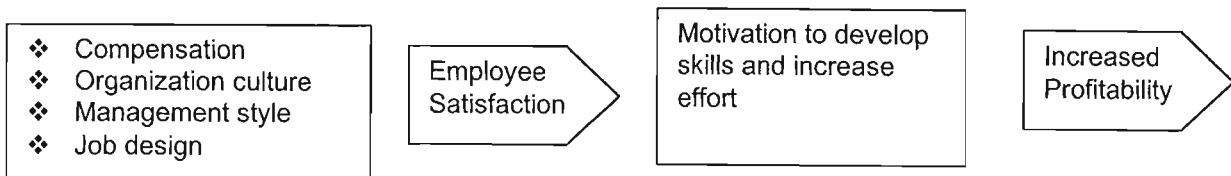


Figure 5.2 : Linkage to Performances

Atkinson et al : A stakeholder Approach to Strategic Performance Measurement, [1997, 28]

By ensuring short-term objectives, it also helps in the motivation aspects of employees as quick successes can be experienced. Strong links to the vision can and should be the outcome driven by a performance management system using 360-degree feedback.

5.4 Managerial and Personal Skills required by change agents

It is very important that the change- champions are equipped with the necessary skills to effectively handle the challenges that the role of the change-champion demands. Some of the most important skills that are required are discussed below:

5.4.1. Leadership

Leadership behaviour, although not the only performance creator, is considered here as appropriate to change management. Leadership by its very position had influence and power. As stated by Tannenbaum and Massarik [1968, 413] "The essence of leadership is interpersonal influence, involving the influences in an attempt to affect behaviour of others'. A strong yet succinct statement that provides one with a sense of leverage in an organization. Just what leaders do and don't do is critical to the learning of the employees.

Clearly it does not end here, as appropriate management styles have to be used to implement the desired influence and net results in the people. Leadership styles from autocratic on the one end of the scale to democratic on the other end set levels of freedom of choice within organizations. Human capital in today's organization has seen marked changes from the past when people counted on job security for life and remained faithful to their firms. Today however the lean times have seen those same people be retrenched, reassigned to different positions or retrained just to keep the job. With time the changes noted are the more un-blinkered attitude taken by people in that aspirations for personnel improvement have resulted in a more knowledgeable employee base. Clearly this poses another challenge for leadership in the drive for high performance outcomes. Leader commitment to such improvements fuels the changes in performance accordingly.

Daniel Goleman [1998] in his research in 'What makes a leader' found although the intelligent quotient is a threshold entrance capability, but that emotional intelligence has shown to be the sine qua non of leadership, but that emotional intelligence as identified by Goleman includes self awareness, self regulation, motivation, empathy and social skills. Within the context of democracy, leadership's ability to successfully provide stimulus to others to perform is paramount and thus leadership needs to learn human interactive skills to achieve the collective purpose. This requires a fundamental change in leadership style one which focuses on their thinking and feeling as much as on the doing.

5.4.2 Empowerment

To allow the empowerment syndrome experience at Foschini to be improved into meaningful participation in the workplace it is not inappropriate to mention that research had shown this aspect to be difficult. Available empirical studies provide clear evidence that empowerment schemes generate tensions and encounter difficulties that regularly result in failure [Cunningham et al, 1996, Argyris, 1998]. It is not uncommon that during the restructuring managers 'act out' their roles as coaches and go through the motions of empowerment while defending their won space and interests [Anthony, 1990].

Empirical studies provide clear evidence that empowerment schemes generate tensions and encounter difficulties, which regularly result in failure. [Cunningham et al, 1996, Argyris, 1998]. Caution is therefore appropriate in that there does not appear to be a 'how to do' set of steps, its more a case of dealing with empowerment in a unique fashion. Beirne's [1999] research reinforces this in that empowerment is not straightforward but in fact problematical. The approach to empowerment is therefore a skill and by its very demand on participation raises tension, as employees are usually adept at seeing the trappings of participation management to a lack of substitutive detail. All is not lost as work by Kirkman and Rosen [1999] have provided research on team empowerment and the difficulties associated. The four dimensions of potency, meaningfulness, anatomy and impact enable serious consideration in the understanding of empowerment.

Work Team Empowerment

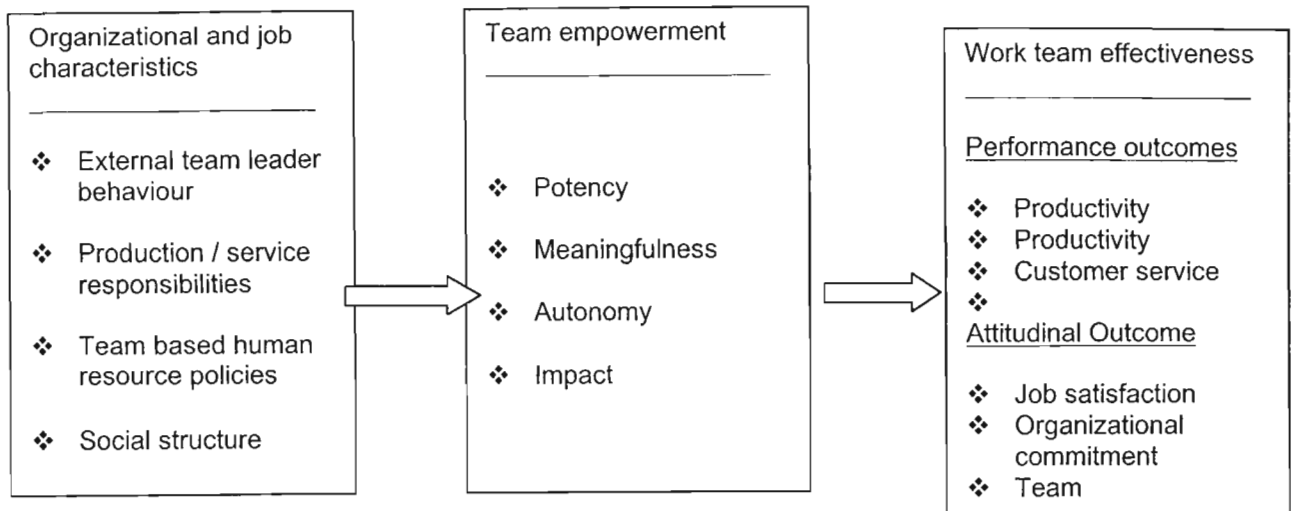


Figure 5.3 : Work Team Empowerment

Kirkman and Rosen : Beyond Self Management, [1999,63]

Recommendations by Kirkman and Rosen [1999] are the organizational and job characteristics should be engaged in the both the contextual arena and at multiple levels of the organization as these activities raise the levels of empowerment within teams. This should be considered in the Foschini case.

As empowerment requires commitment, the development of trust relationships will require demonstrable action of substantive nature to gain support. Enabling commitment [Argyris, 1998] self-discipline and self governing teams will require a through understanding of the work setting. Some of the practices encouraging commitment, enriching and encouraging empowerment leadership will be to ensure some practices which :

- ❖ Create faster communication
- ❖ Building of cohesive work teams
- ❖ Provide jobs that challenge employees and self actualize
- ❖ Hiring of people with similar values

The very roots of trust are again demanded. A survey of 3500 managers revealed that 60% indicated that senior managers were the restraining force [Havenga, 1999]. Openness, competence, reliability and equity help to focus management to these principles and values that are so important. Lawrence [1954, 42] offers some suggestions to managers improving the receptiveness of new ideas, speeding up the process and maintaining momentum. Managers can and do influence attitudes to change. Summarized they are :

- ❖ Managers with wise timing can often encourage the staff's interest in a different project that is starting
- ❖ Coaching as well as leading by example develops a healthier respect for contributions by the operating people
- ❖ Managers need to understand that they can gain stimulation by sharing with the operating people the creative pleasures.
- ❖ Managers through better understanding of human beings can gain immeasurably and find this as equally challenging and rewarding as new ideas.

All in all a strong leaning towards the aspect usually poorly considered and neglected by many a manager. Management is not just about task setting and goal achievement. There is clearly strong evidence of the need for the leadership component in the observation of Kotter [1996]. The role of leadership in the initiating, transformation and sustaining of transformation is crucial in attempting to achieve the results of improvement. Leadership is action, not a position. Leadership is doing it. It is defined by what we do and not by the role we are in. This points one to the fact that too many leaders are bosses, technocrats, managers, commanders and the like as opposed to being the one who shows the way forward. To influence the behaviour to opinion of others is to lead such as seen with transformational leadership styles which help in building followers self confidence, self efficacy and

self esteem which then shows a positive influence on followers levels of identification, motivation and goal achievement [Jung and Avolio, 1999].

As usually understood, values include the motives and ideals that govern our personal life as well as societal issues.

Problems in relation to crime, welfare, education, programs for human rights and equity and criteria for cost cutting are well known [Wattenburg, 1995]. The values, which shape such matters, are facts of political life. The sources of such values are found in religion, tradition and family life and are usually simply accepted as given but often in abstract terms, ambiguous in application. Therefore leadership needs to influence the Foschini Retail process with leaning gained in managing the empowerment syndrome. Probably one of the most challenging tasks to put under the belt.

5.5 Context – Specific change implementation

It is crucial in the implementation of any change management process that cultural issues of the organization are taken into consideration. Some issues of concern could be illustrated as follows:

5.5.1. High Performance Culture

The Foschini Retail Organization could see benefits in achieving the cultural transformation and improved performance. With a focus modeled from Juechters et al [1998] on high performance cultures, essential conditions for ensuring a foundation to improving performance are commented against with reference to Foschini.

Activities of High Performing Cultures

Activities for a high performing culture	Comments on process
Relevant focus	Strategic intent provided the focus and real business issues for the group. Foschini refined the focus through its people involvement and a Foschini vision developed within the change process
Driven from the top but fuelled throughout	Senior management needs to maintain momentum. This will ensure that employees understand and invest into it themselves. The need for some quick wins is desirable at this stage. Leadership and empowerment have been discussed as one integral part to this process.
Leader commitment	Performance is either reinforced or undermined. As cultural change is intense and complex as had been experienced. IT takes courage and commitment to achieving high performance potential of employees. Here leader commitment is required to forge ahead.
Comprehensive involvement	Engaging of employees at all levels was well done throughout the process. Support for this has to be demonstrated by top management.
External coaching	The process of change was conducted through assistance of consultants, however the full understanding of the people appeared to be omitted.

Table 5.1 : Activities of high culture

Kotter and Hesketh [1992] in their study to the link of 'culture' of an organization and performance have concluded that organizations that anticipate and adapt to

environmental change will be associated with superior performance over longer periods of time. A key feature of this is that organizational learning is closely linked to the social processes within the organization.

Following on the strategic intent it is recommended that an organizational fitness survey should have been performed to establish the developmental requirements. The need for this is motivated off the base of there being a gap between the business strategy and the company's current people strategy. This analysis would enable an alignment of the human resources to the business objectives [Pitt and Horton, 1995]. The analysis would have ensured that the many dynamic dimensions of cultures, behaviours and organizational climate be understood prior to the change initiative.

This would have enabled a gap analysis to be determined which might have been addressed by training or other means. It is really a question of do we know what we are dealing with and what is the climate before planning the content and method of change. Do we have the skills to enable the program to succeed? In this case it is seen to be a shortfall on skills both by leadership and employees with teamwork and empowerment forming the nucleus of the concerns. This does not in any way suggest that setting the scent of urgency must be held back when embarking on a change initiative. It is simply allowing some insight to the many dynamics of an organization which may require attention for the way forward, namely the people. The model further proposes that once established, core competencies requiring attention can be attended to following on the transformation process as in the Foschini case.

Organizational Assessment Model

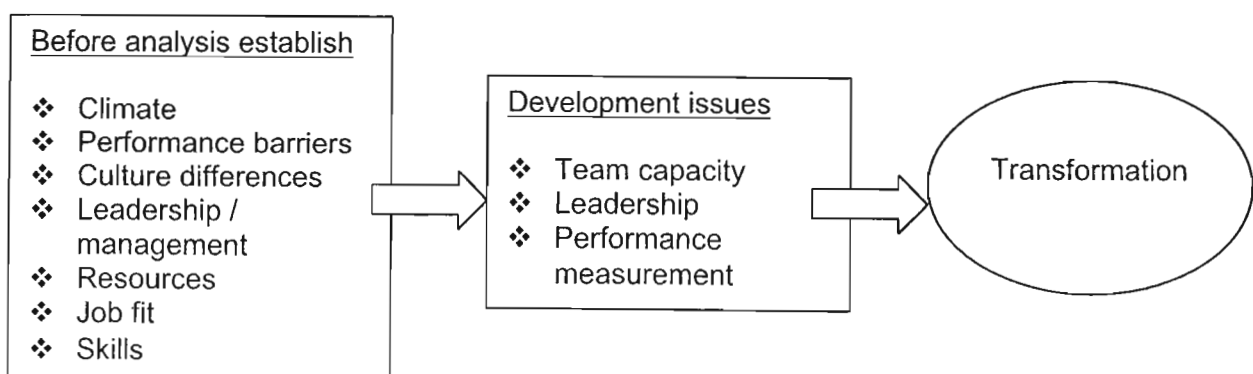


Figure 5.4 : Organization assessment model

Pre-development concepts focussed on the desired transformed cultural result are probably able to ensure a framework on which to built competencies post the transformation.

5.5.2 Cultural Values

Cultural diversity, ethnic, and values of the groups provide a minefield of chance. Mbigi [2000] on social capital and its impact on strategic interventions highlights some deeper understanding of the values of African culture Transformation by means of the African spirit hierarchy models provides what he believes, a spiritual dimension to the somewhat more intellectual journey, hereby acceptance is possible through the use of ceremonies and symbols. Symbolic representations have been know to provide stimulus to meaning. Although a strong case has been put forward cultural values in the work place do, according to Hofstede [1984a] change over time, but that culture is crystallized in the institutions and is therefore difficult to change.

Work by Lessem and Hofstede is still strongly debated against the backdrop of African management in relation to the currently perceived colonial styled [Thomas & Schonken, 1998]. However further work has established that organizational culture can have a strong effect on the values of employees, regardless of national or ethnic culture [Thomas & Schonken, 1998].

In the light of this one would not expect that cultural differences were significant to the transformation process and are therefore excluded in further analysis of the Foschini case.

5.6 Summary

Foschini had due to poor past performance undergone a rapid transformation process initiated from the groups stated strategic intent. Developments taking place

at about the same time were the downsizing and management turnovers. The process focussed on the socio-technical and open system concept, which had provided a strong message to employees of what was anticipated for performance to improve.

A move to democratic and empowered teams was a core theme to the process with the benefits and the applicability to the changing environment reinforced throughout the workshops. Trust provided much of the concern to the process with negativity being echoed from the ranks. Leadership faced with empowered teams and some insight as to the new democratic work environment found a drop off in performance to even lower levels. Morale was at an all time low, however this was not entirely unexpected. Confusion had set in as to the 'correct way' of managing. The issue of really what was meant by empowerment and role clarification had set up a country could atmosphere [Blake and Mouton – Managerial grid]. Considering literacy levels ranging from literate to illiterate clarity request could not be considered unreasonable. Aspects from the training, communication and planning of tasks surfaced regularly in the workshop.

The recommendations stated have focussed on aspects which point to the need for a human resources strategy which will address job fit, succession plans, training, skill levels, competencies and role clarifications. This emanates from the fact that had such issues been fully understood, gap analysis would have highlighted the immediate needs to ensure a higher probability for success and not the developmental shortcomings experienced. Longnecker et al [1998] provides research on the key performance drivers of top companies surveyed. High performing companies supported activities to name a few such as :

- ❖ Data sharing with employees
- ❖ Employee problem solving teams
- ❖ Feedback on job and customers
- ❖ Employee empowerment and job design
- ❖ Managerial development
- ❖ Continuous training
- ❖ Work teams

These practices provide support to the argument that work performance can be improved if focussed and meaningful involvement is encouraged. One is able to conclude that the transformation process did not yield results as expected primarily due to the system inputs not being fully versed and capable to benefit from the process and apply the techniques in the workplace. Work performance even during transformation would not be expected to fall to the extent it did had organizational analysis been completed. Therefore one may say with confidence that sustainability in a changing environment is possible if supported by leadership, appropriate behaviours and reward systems. As Camillus [1997] points out performance is enhanced by manipulating both strategy and structure, as the belief is these are variable and the need to be flexible to change as demands do is very important. Where organizational relationships are focused on building trust and sharing values, employees start creating communities. It is a case of everyone embracing a new mindset and new ways of connecting with each other in addition to the new technological skills. In the end it is the braiding of the practical and psychological skills that will create the leverage of competitive advantage for the organization.

Further recommendations could be illustrated as follows :

Recommendations that could be put forward to ensure that the success rate received so far is maintained could be seen as follows :

The Foschini Retails Academy should be integrated into the company as a centre of excellence.

A follow up session or emphasis should be place on developing the next stage of the process after the candidates have graduated. Initiatives should be introduced to ensure that the momentum reached by the candidates during the run of the academies is maintained and carried through indefinitely.

A distance learning program could be introduced for the top change makers whereby they were year marked as future leaders of the company and groomed for greater tasks within the organization.

The competencies gained through the Foschini Retail Academy should be pre-requisites for career progression.

The change makers or champions of change should be utilized as experts in the field for ensuring continuous improvement in the company by executing projects on :

- ◆ Turnover
- ◆ Quality
- ◆ Service
- ◆ Quality of working life

It would also be of great benefit to the organization to develop in-house facilitators whereby costs could be reduced drastically and it would also be possible to get more employees to attend the academies. Having in-house programs would also create the environment where there are always change makers going through the academy during which time, they are coming up with great ideas, acts of creativity in taking the business forward.

If the company had to consider the recommendations put forward, the company would hugely benefit by allowing the highly talented individuals of the company to lead the business to greater heights.

5.7 Opportunities for further studies

The study conducted is a longitudinal study, which forms a baseline for future evaluations during the rollout of the change management strategy over the forthcoming years. It is recommended that future evaluations take on this format in order to make a sound comparison. Only four factors were considered in the effective

change management strategy, further research should be conducted on other factors, which will help management, and employees understand the change management process.

- ❖ An analysis of other intentions taken currently should be analyzed and compared
- ❖ A further study should be conducted after a year and then 5 years to assess sustainability of process.

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