Leaders role in being a catalyst for change commerce essay

“ ONLY THING CONSTANT IS CHANGE “ It takes considerable amount of effort and time to set up an organization and get into particular mode of operation. In order to sustain and continuously climb up the ladder of growth, companies need to be lean , flexible and ready to change constantly to implement new processes, introduce or close down particular product lines, incorporate faster technologies, make strategic shifts and decisions thus stimulating creativity, learning , diversity and growth. While the change is inevitable and its need being clearly understood, resistance and adverse affects are also likely to emerge.

We have examples of Leaders like Mahatma Gandhi who initiated and led non-violent movements of “ Salt March” and Civil Disobedience movement which were collective and well coordinated mass acts spread throughout India. It was these acts of mass protest that eventually brought down British rule. Gandhi’s role as a leader and catalyst for change was identified by his ability to get strength of committed followers.

Another classic example of a celebrated and observed leader “ Jack Welch” of a global manufacturing firm often known for technological abilities has used a very human and spiritual process to drive and implement change throughout GE.

On the other hand, there are also examples of badly led changes. In midst of the economic challenges, Barack Obama ran a masterful campaign and won the elections on the basis of strongly proposed changes. Who would have thought that, just two years later, after passing all kinds of ground-breaking legislation that definitely brought “ change” to Washington, Americans would react the way they did on election night happened recently. In any case, there’s clearly a very large gap between “ Obama the campaigner” and “ Obama the leader.” The former promised change in leadership and captured the hearts and minds of Americans, while the latter failed to deliver on that promise.

Therefore, important factors in execution of a successful Change are that it should be properly planned/ focused along with a high degree of commitment Leadership. A Leader for any organization can be identified as a Spark plug who, because of high energy, good communication and motivational skills, and a can-do attitude, helps realizing important objectives. The leader is the catalyst that triggers good team spirit.

A leader through his vision, can plan present keeping future in mind thus maximizing the outputs and minimize the risks. Leaders to act as change agents should:

– Act on & initiate good/new ideas.

– Not wait for permissions or instructions for something to be done.

-Possess large levels of energy

-Should know how to use energy to energize others

-Inspire and motivate others for the involvement in a change and give in their best.

-Value team ideas and often build on them, candidly opening up their thought processes to others.

The Leader or sparkplug's behavior influences others to a higher level of commitment to getting the job done, which can lead to higher productivity and accomplishment by the group. (" When two armies are lined up for battle, the side that wins will be the one that is fully committed to the way of their leaders.")

Initiating a change process, however, does not come naturally for most leaders. They need a stimulus or motivation to think on lines of bringing a change. Stimulus can be a sudden downturn in financial results and a change becomes necessity or may be when a competitor captures market share and threatens the organization. Sometimes key people leave the organization, resulting in a different management and operational practices. Sometimes a new technology is introduced . All of these events in addition to many more cause managers/leaders to consider change, but considering a change program and successfully implementing are two different things.

Meaningful change generally occurs at a pace where executive managers and can effectively lead the change, and the organization can effectively adapt to the changes happening. If the change process is too slow, changes do not take effect or show meaningful results. If the pace is too fast, leaders lose focus, or team members can become overwhelmed. With a process to follow and commitment of the associates to participate, the leader can be an effective catalyst for change, an inspiration for team members to follow. The change process should be carefully planned and executed throughout.

There are essentially six steps of bringing up and successfully leading a change:

1) Examine the change: This is a crucial step for clarifying and examining the change. If there is no improvement/growth in present business structure, change can be called off. Leader needs to carefully collect data and analyze and ensures the change is carefully aligned towards strategic vision and other priorities.

2) Communicate: Effective and carefully articulated communication is always crucial to change. To build commitment and ensure others involvement, communication should be timely, clearly and should cater to individual doubts and requirements. It should include answers to specific questions like:

-Purpose of the change like how it's related to organizational growth or how it takes care of current problem.

-Plan for implantation of the change which should follow a goal/time oriented approach.

-Show them the final outcome/picture of the Change.

-Responsibilities of team members should be clearly indicated in process of change implementation.

3) Anticipate and Analyze: Diagnose possible risk prone areas in implementing the change which includes team members resistance, cultural, social and cost factors. Ensure proper monitoring of timelines and progress

of a change and take corrective actions whenever required. Demonstrate personal commitment and energize others to drive the change smoothly.

4) Build Acceptance: Clear and concise plan to guide the people through transition should be developed and thus get the acceptance. Share with people logical steps take to arrive at a particular decision. Share with them what is going to be the same and what is going to change.

5) Implement the Change: Now the change is into action and is very much operational. Leaders need to train team members on the changed process and ensure optimum results. Training should include information on past practices, benefits of new changes, Do's and don'ts of the process. Also encouraging the team to put in continuous improvements helps.

6) Sustaining the Change: Now the Change is implemented and needs to be anchored /sustained. Monitor the change and improvements to be done wherever necessary. A disciplined approach can be maintained to monitor the change at regular intervals.

LEADER's ROLE in bringing about a change and acting as a catalyst

-Essential to gaining commitment. When the leader is absent, group dynamics change, and rarely for the better. Most of the groups have a tendency to revert back to initial form.

-Important in initiating in any change. Leaders are selfless, their egos are in good shape; they do not fear coming off looking foolish Action oriented, they learn from mistakes, adjust, and try again. Others join in and excel, because they don't have to take the initial responsibility, that much-dreaded first step off the cliff-even if the " drop" is less than a few feet. It is as if they need someone to take the lead, to accept the risk in leading.

-Motivating and inspiring people. Leaders as a a change agent do what common sense urges them to do, neglecting past what tradition maintains and cutting through to the essentials. And, in so doing, they may help lift the lethargy lowering like a dark cloud over those who have lost the pleasures of striving and accomplishing. Thus energizing people through the immense energy and passion will drive them.

To conclude we can say that change occurs through the voluntary and coordinated switch of actions by a large number of individuals. While a leader cannot directly engineer change through coercion, he can facilitate it through helping the populace mount a coordinated challenge to the status-quo. By rallying support for the leader, committed followers form a crucial part of this process. In this context, more able leaders are better able to engender change both by (i) attracting more committed followers, and (ii) by allocating more effort at identifying whether the conditions are ripe for change and then rallying popular support for it through their followers and through effective communication. In fact, the two are interrelated. While individuals are more easily attracted towards a dynamic leader, by giving him strength and flexibility to rally support among the populace, the followers themselves contribute importantly to his dynamism.

Question 2 – Your company (or family) is going to acquire (buy) a new business. Since you are in the MBA program you are tasked with the assessment of the new company. (You may use your current or past organization as the target to acquire). Using the assessment tools we have discussed in this forum, provide your management or family with a complete assessment of the target company. Please include the current and future organizational charts and explain your recommendations for change.

Answer – To acquire a new business is always challenging and exciting as well. While there is a huge opportunity to expand your existing business, there are some risks involved too. There must be some objective to acquire a new company; it could be Political, Economical, Sociological, Technological, Legal or Environmental. A Business analyst need to do some following steps to do the analysis.

Concept Development – The Question is WHY? Why my company/family needs to acquire this business? There could be some significant reasons. For Example: –

To Expand company's economic growth by acquiring new proposed company

To fulfill current shortage of skill of the company into a specific industry, this can be resolved by acquiring this.

Need to acquire this company to increase the market value + assets value &

Need a Brand Name in specific area.

Due to Legal Governmental restrictions. For Example – Company A wants to expand the business into India, But Law of India says that A foreign company needs to tie up with a local company and there should be 51% total value of the company should belong to Local Company.

One needs to be clear of the reason for the expansion. Now, there are certain Steps which need to follow to analyze the company situation and how it can give benefit to existing company.

Risk Assessment – Risk Assessment is an important aspect part of business strategy plan to determine the risk which a company or a organization can face. Risk can be calculated by doing the assessment. Risk assessment is not a process to eliminate the risk but to manage the risk in such a way by which you can handle the situation.

Steps –

Identify the Hazard

Decide who might be harmed and how?

Evaluation of the Risk and decide on precautions

Record the findings & implementations strategy to workout.

Review your assessment & update again.

There is something to remember when you are doing the risk assessment –

Business Analysis & Testing – It's a Discipline to identify business needs and to locate the solutions of business problems. This Analysis helps the business process by doing Organizational Change or implementing new ideas/method to improve the current process. There are number or techniques to do these analysis & some of these techniques includes PESTLE (Political, Economical, Sociological, Technological, Legal, Environmental), MOST (Mission, Objectives, Strategies, Tactics), SWOT (Strength, Weakness, Opportunities, Threats), CATWOE (Customers, Actors, Transformation Process, World View, Owner, Environmental Constraints).

Improvement by doing Business Analysis (BPI) – A Typical BPI Process works in 6 Steps

Selection of Process Teams & Leaders

Process Analysis training

Process Analysis Interviews

Process Documentation

Review Cycle

Problem Analysis

Goal of the analysis – The following outcome is desired by this Business analysis Process

Reduce Waste

Create Solutions

Efficient completion of projects on time

Improve Efficiency

Proper Documentation of the right requirements

Market Share / Financial Reasons – Benefits of Mergers and Acquisitions are diverse. Mergers can generate cost efficiency through scale economies, can enhance the revenue through gain in market share and can even generate easy tax gains.

The principal benefits can be listed as increase in value generation, increase in efficiency of cost & increase in market share.

Benefits of Mergers and Acquisitions are the main reasons for which organizations enter into these kinds of deals. Mergers may generate tax gains, can increase revenue and can reduce the cost of capital. The main financial benefits of Mergers are the following:

Greater Value Generation – Mergers often lead to an increased value generation for the company. It is expected that the shareholders values of a firm after mergers would be greater than the sum of the investor values of the parent companies. Mergers generally succeed in generating cost effectiveness through the execution of economies of scale.

Tax Gains – Merger & Acquisition also leads to tax gains and can even lead to a revenue enhancement through market share gain. Companies go for Mergers and Acquisition from the idea that, the joint company will be able to generate more value than the separate firms. When a company buys out another, it expects that the newly generated shareholder value will be higher than the value of the sum of the shares of the two separate companies.

Facing Tough Times – can prove to be really beneficial to those organizations when they are going through the tough times. If the company which is suffering from many critical problems in the market and may not be able to overcome the problems, it can go for a merger deal. If a company, which has a good market presence, buys out the slightly weak firm, then a more competitive and cost efficient company can be easily generated and this is the common case. Here, the target company gets the benefit as it gets out of the hard situation and after being acquired by the Big firm, the joint company ventures accumulates larger market share. This is because of these benefits that the small and less powerful firms agree to be acquired by the large firms.

Gaining Cost Efficiency – When two companies comes together by an acquisition, the joint company benefits in terms of cost effectiveness. A merger is able to create economies of good scale which in turn generates cost effectiveness. As the two firms form a new and maybe much bigger company, the production, marketing and all the operations are done on a much larger scale and when the output production increases there are high chances that the cost of production per unit of output is reduced.

An increase in cost efficiency is exaggerated through the method of mergers. This is because mergers lead to economies of scale. This is well in turn promotes cost efficiency. As the parent firms amalgamate to form a bigger new firm the scale of operations of the new firm increases. Definetly when production is higher the cost is much lower.

An increase in market share – is one of the plausible benefits of mergers. In case a financially good company acquires a fairly distressed one, the resultant company can experience a substantial increase in market share. The new firm is not always but usually more cost-efficient and competitive as compared to its financially weak parent organization.

This is something which companies use to take some cost advantage over their competitors by acquiring such companies and offer their shares or deal in them. The acquisition of a major competitor is a reasonable way to gain market capital. So it is a good point to note during analysis for a new company.

Survey in the market – Social & People acceptance is a important aspect for a new business. Before acquiring a company they would know how this deal will effect to normal people & media. How the Market will react after this news? And so on. In order to know this a Business survey is very much required during analysis stage.

Expertise of the New Company & how it can be beneficial to the existing company – Core Business and the expertise of the new proposed company is something which definitely could be one of the reasons of takeover. By Taking over its easy to get new contact, groups etc. A Company can follow this path via internal expansion and gain success during a long period of time, or do it at once via acquiring a company. Local market expertise is specially valuable in some internal situations where a Buyer (existing company) has minimum knowledge of local customs, language and other barriers. Such Reasons makes a takeover important and it could be one of the very important point for the takeover.

Market Growth – In Slow growth markets no matter a buyer push how hard, its just cannot grow revenues because there are minimum sales to be made and another company maybe already very strong in the market. For that kind of company is required to target which is growing much faster than a new company in that field.

Products – The Target Company may have some excellent products or something which a competitor wants to acquire and those products can fill a hole in its product line. When a company does not have much time to develop a product and other company is already very strong in that product, this important reason can be the only reason for takeover too. And, acquired products have chances of fewer bugs than the products created in house.

Vertical Integration – in military terms, a company may want to “ secure its supply lines” by acquiring some selected special suppliers. This is somewhat important if there is considerable demand for key supplies and a supplier has control over a huge proportion of them. This is important when other suppliers are located in politically volatile areas and leaving few reliable suppliers. In addition to this kind of so called “ backward integration,” a company can engage in “ forward integration” by acquiring a distributor or customer too. This takeover most commonly occurs with those distributors, if they have unusually excellent relationships with the ultimate set of customers. A company can also use its ownership of a distributor from a defensive perspective so that competitors have to shift their sales to other distributors.

Regulatory Environment – There are some suffocating regulatory environment in some areas such as is imposed on utilities, airlines and some governmental contractors. If a target operator/company has less regulations due to its operation in such area the buyer (Interested company) tends to incline more to the target company.

Organizational Structure, Market presence of the company, Commercialization and other major reasons are common for the takeover on another company. So This Part should be clear for the Buyer (Existing company) that why they are interested into a new company.

Example 1 – I am taking an example of a Major Indian construction company “ Punj Lloyd” who acquired 2 companies in recent years before this company had major image and name in Indian market. Punj Lloyd took over “

Sembawang ” of Singapore & “ Simon Carves” of United Kingdom and many companies in India. These takeovers helps Punj Lloyd to expand its presence in more countries and internationally. It was the Strategy of the company when it started in later 90’s their strategy was to become one of the major construction companies in the world and by now they are already in Fortune 500 List of companies. Their Strategy worked and they increased their growth in south east asia and also on the European market. So Conclusion is that Punj Lloyd got more business in those markets.

Example 2 – Suppose I am being asked to analyze on a courier company takeover. The target company has its reach in the US and globally as well. The organizational chart below (chart 1) is for the existing company and another chart (chart 2) is after the takeover.

Conclusion – There are important aspects and reasons to acquire a company or a organizations such as PESTLE (Political, Economical, Sociological, Technological, Legal, Environmental), MOST (Mission, Objectives, Strategies, Tactics), SWOT (Strength, Weakness, Opportunities, Threats), CATWOE (Customers, Actors, Transformation Process, World View, Owner, Environmental Constraints).

CHART 1

CHART 2 – ABC Group of Companies