

Change management

[Business](#), [Management](#)



Implementing a change within an organization can be a very challenging process even for top management. In order for the change to be successful it might need the cooperation of tens even hundreds of managers. The resistance to change can be considerable while the manager is trying to finalize the change the company will continue serving its clients. Sometimes the resistance to change can be so strong that the initiator of the change is obliged to leave the company. In 2000-2001, the CEO of Ford, Jacques Nasser tried to impose some changes that would transform Ford in "One of the best managed companies in the world".

He tried to change the way the company was manufacturing and selling its cars along with how it dealt with its employees. As a CEO he had massive influence over his peers, but then again not enough to win over the resistance to change coming from the managers, employees and dealers. He was forced to leave the company in less than a year. Not all organizational changes are as complex as the one presented above, sometimes it's enough just to mediate the problems that arise between departments, improve the IT equipment and motivate your employees to embrace risk.

Even if we are dealing with a simple or complex change that we are looking to implement, the structure of the process stays the same, and usually the change agent is faced with the following 3 questions: 1. What are the forces that work against me? In other words, what should I take into account when deciding to initiate the change and how I should approach it. For example: Which are the external forces that demand the change? - maybe some new players on the market or a different type of product that threatens our market share and how fast should we react to these elements.

2. What should we change? Should we conduct changes that are strategically planned and its effects to be reflected throughout the entire company or do we need to have a limited affected area? Sometimes the company needs a radical change! In the case of Nissan it meant the modification of the entire firm's strategy (what do we do and how do we react to our competitors) along with technological (changing the technologies used in the production process) & human resources changes (know how, qualifications and other skills). It is true that in many cases the change can be also focused on specific areas. For example maybe a certain department needs to be reorganized or restructured.

3. How should we implement the change? The main focus of the manager is that the change is beneficial and successfully implemented while being perceived as an opportunity. That's why getting over the resistance to change can be done through two methods: Should I force the decision or get the employees involved in it? And if they get involved to what extent? The basic method involves what the psychologist Kurt Lewin named: " Melt, move, freeze again ". This undervalues the importance that the employees should perceive change as a challenge.

Before we conclude how a change should be implemented let us take a look at how managers decide what is there to be changed. Deciding Change The change that will be implemented usually targets one of the main core elements of a company: Strategy, Technology, Structure and The Human Element (Their behavior, culture, qualifications etc). We will conclude a detailed analysis of each one. Rarely in real life we will encounter changes on only one of these areas because they are strongly interconnected.

Changes in Strategy Changing a company's core strategy represents a very complex challenge throughout the entire organization.

For example, faced with a decrease in profits, Aetna Insurance recently quit its strategy of accelerated growth. The company used to focus on increasing the number of clients, now, it is looking at gaining fewer contracts but more profitable. The number of employees dropped from 22 million down to 14. 4. Focusing on the quality of the contracts Aetna managed to increase its profits by a factor of 10 reaching – \$108 million on one of its last trimesters. Even if sometimes the company needs to implement these changes for the purpose of survival, the changes in strategy are one of the riskiest.

This is mainly true when the company is faced with what the researchers call intermittent changes. These imply unforeseen changes that tend to generate crisis, much like when the digital technology took over the old fashioned style. These type of changes have ripple effects throughout the entire company, most often demanding changes in structure, technology and also in personnel training. They usually result out of short-term pressures and unforeseen external changes such as the rapid growth of competitors or innovations in technology (Internet). Managers striving towards this type of changes need to take into account the results of research done in this domain:

1. Changes in Strategy are usually the result of external factors. External challenges or threats, such as decentralization, growth of global competition and technological innovations usually push the company towards these type of changes that are felt through the entire organization.
2. Changes in strategy are mostly demanded in order for the company to survive. While

changing the strategy does not guarantee success, research shows that company that fail to implement them end up not surviving at all. . Changes in strategy implemented in times of crisis are very risky and they affect everybody in the company. Changes in Technology Changes in Technology refer to changes in the way a company is manufacturing/creating and selling its products or services. For example: the manager might wish to modernize the production like through 1. Installing or upgrading the computerized systems, 2. Modification on how a company's employees interact with their physical environment.