Organizational analysis case study example

Business, Company

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Introduction

This case deals with the situation of the change management and adaptation in the international organization, International Trading Limited, (ITL) that operates on two continents with complex managerial structure. The organization is facing a number of challenges in implementation of the new purchasing system. While the system is ready for launch and it was communicated to the employees, there is significant delay in this project due to structural and cultural issues. This analysis is based on the following observations:

- Management is working in silo thinking and there is no buy-in from the management in regards to the system.

- Cultural differences and time zone issue places a lot of pressure on the implementation team as group communication and face-to-face meetings

are avoided.

- Implementation of the system will require training, which has to be done in a group with final users. Currently this possibility is not available.

- Implementation of the system is scheduled for December, the busiest time for the company. This creates resistance from the staff due to other priorities.

This document is the consulting paper that aims to analyze the causes of current challenges and suggest possible solutions and way forward for the company, in view of the system implementation.

The case provides evidence that organizational culture employs various personalities and lack of buy-in from the individuals on management level is the result of poor communication and integration. With this organizational analysis will become an integral part of this document.

Change

Diversity and multicultural environment add complexity to the organizational structure. Communication channels are not transparent and flow of information does not seem to be constant due to time zone differences across management level of organization and poor priority and key objectives alignment across the organization. This explains the resistance to change that top organizational level faces from senior management. The issue is not lack of involvement of the management and their preference towards the old system, but internal conflict that arises due to wrong timeliness of proposed change and lack of face-to-face interaction.

It is possible to conclude that each manager still opens the room for communication as all of them are available in a virtual space, which allows

spontaneous contact on regular basis. The challenge is to organize a meeting of the management together to be able to explain the benefits of the change and present tentative project implementation timeline.

Culture

Human Resource Management (HRM) department is responsible for alignment, building and maintaining organizational culture. It is evident that ITL is experience structural difficulties and there is no clear organizational culture in place. This can be evidenced from the different management profiles and lack of integration between organizational functions. In a multicultural organization it is critical to introduce a joint component that would determine the way people work and interact with each other. This " rules" are especially important, where there is lack of synergies on a personal side. The role of organizational culture is to bring this element and guide employees on all the levels from within the core of this culture (Parker, 2000).

Risk

Project management is one of the most complex tasks within a given organization. The case evidences lack of experience and preparation for project management. Based on the fact that for the implementation of the system ITL has chosen to employ external consultant, the organization lacks required skills and knowledge in-house. With that in mind there are several risks, associated with the implementation of the system:

- Lack of in-house competence may complicate the system integration on a later stage of project implementation and evaluation. There is no

ambassador within the company that will support and resolve the challenges of new program. It is at the same time evident that any project, related to IT solutions will go through the adaptation phase and this phase should be smooth and fast.

- Timeliness of the project is incorrect as it was decided to introduce the system during the peak season, whereas the attention of the stakeholders is directed to other objectives. This may result in incomplete implementation and high rejection level of the system among its final users.

- Lack of buy-in and interest in the system can result in lack of motivation among the management to pass the required tactical procedures down the organizational hierarchy. That said, quality and effectiveness of the system may be undermined by human errors and delays.

Environment

Environment is determined by the external forces that influence the operations of the company on a daily as well as strategic level. The assumption from the case is that the organization operates in open economy with large number of competitors. The requirement for a new purchase system probably talks in favor of a large product range that the company operates and needs to manage.

External environment always to a great extend determines the way company deals with its strategic goals and how successful the achievement of these objectives is. In view of the current challenge ITL is influenced by the market pressure due to a high demand and, thus, busy management schedule. Along with market challenges, project can be delayed by the environmental condition that limit the mobility of the consult and make it impossible to

organize face-to-face meeting and training with the stakeholders that will become final users of the Purchase system.

There are several types of organizational structure that should be considered in view of this analysis. First is the functional structure that allows different operating structure within the organization based on the preferences on country or departmental level. Second is divisional structure that involves separation by geographical area or product and generally met in large organizations that operate in various geographical locations. Finally, matrix structure that brings to the picture a mix of the previous two types of organization. This structure is often used in organizations of a large scale with great scope of products.

It is assumed that ITL is the organization with divisional structure, where 20 managers would become stakeholders of the new system on 2 continents. There is no evidence of the centralized control management that would set the priorities and direct these manager´s efforts.

Leadership in ITL

Organizational leadership in ITL is the weakest link in the scope of the project implementation. The reality is that all the managers seem to be a part of the transitional management system, which by itself is a great asset to the company. The downside of this leadership is that freedom given to the managers in terms of decision-making and lack of centralization of power, negatively influence the decision-making process (Bass and Olivio, 1994, pp. 12-14).

The scenario described in the case is the situation, where transitional leadership is not the effective mechanism to make the project move forward

as for such large scale company initiatives, centralized decision-making is the key. It is critical to assign the centralized control over the top level projects within the company to be able to set the objectives and prioritize the initiatives.

Change Management

The change curve, presented in this document (Appendix) reflects the stages through which each and every individual go through at some point in time. Looking at the situation it is possible to describe the following change process within ITL (Orridge, 2012, pp. 4-6):

- The organization went through the shock stage as the news about the new system and the plans for its implementation was communicated to the stakeholders previously

- Denial is the current stage of the company and its individual stakeholders that prefer to ignore the existence of the problem, rather than face it. It is difficult to say in this particular situation that denial stage negatively affects the performance as the project was not given a green light and it is not possible to evaluate potential improvement that the system would bring.

- Anger is the stage that probably will be avoided by the organization, should the consultant imply open channels of communication and clear information flow within the company. It is seen, however, that some of the stakeholder (isolated) are passing through this stage, whereas they are not willing to know about the system as they simply prefer to work with the previous solution.

The objective of the consultant in this case is bring the project to the implementation stage with high level of acceptance and target integration

stage of the change management for efficiency and effectiveness of the company.

Way Forward

Current organizational environment and culture negatively influence the potential of the project. It is important that the company prepares itself for the change and this should be done not only in terms of stakeholder training of the system application, but also through a complex exercise that has to change the mentality of the management.

First of all, it is important to shift the schedule of implementation for the next year, where management will have more time to dedicate to the project. There is no need for the constant face-to-face meeting for the project to succeed. What is important is to organize regular virtual conferences to be able to share the ideas and concerns about the new system among other users. This will contribute towards the development of organizational culture.

Secondly, it is critical that there is a centrally responsible manager within the organization that will have the implementation of Purchase system as one of his core Key Performance Indicators (KPIs). This will facilitate the decision-making process and will drive buy-in from the managers.

Finally, robust training for regular users and " super user" of the system should be developed to secure the efficiency of Purchase system implementation on the adaptation change. Failure to train employees and technically advanced users will result in rejection of the project.

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Appendix – Change Curve