

# Organizational change essay



When an organization is undergoing change what is the role HR can play?

Organizational changes are driven top down and initiated largely due to strategic business goals the company needs to achieve. The HR function's role is to anchor the change management process and facilitate the transformation across all teams and work dimensions. Each change throws up unique challenges and the details which need to be addressed are diverse in each instance.

As the HR consultants of the organization considered for study in this paper, The HR Practice got an opportunity to design the people strategy for the organization and partner the CEO in transforming the organization over a period of one year. In the process some valuable lessons were learnt on how HR could play an effective role in increasing individual and organizational effectiveness during organization change by implementing progressive HR processes. We would like to share our experience of anchoring this change and also the elements which helped us succeed.

Due to client confidentiality, we have withheld the names and exact dates of the companies involved. Background Our Client, The Sourcing Company was a start up with the vision to establish a sourcing network, supplying food and grains to modern retail stores. The Sourcing Company, within 6 months of establishment, acquired two food retail chains - The Grocery Store with a network of 70 stores and about 15 years history and The Delivery Store, a young 15 store retail chain, well established in a prime market.

The merged entity retained the name, The Grocery Store. Often, mergers tend to not realize the full value of the two entities coming together. This is

not only due to strategic or financial reasons, but also due to people related reasons like key employees departing, culture clash etc. In a survey of 450 senior HR executives from large companies involved in mergers, acquisitions or joint ventures it was found that the top seven obstacles all related, directly or indirectly, to people issues. For instance the number one hurdle viz. the inability of the combined organization to sustain financial performance can be related to a loss of productivity due to uncertainty and confusion in the workplace. HR can play an important role in maximizing the success of a merger by taking ownership of the people aspects.

**Organization Context** The Grocery Store (TGS), a food and grocery chain over a period of time experienced a lot of flux on account of mergers and other developments. It started its operations in the early 1988 in couple of cities of Kerala, retailing mainly FMCG products.

While it was founded as a partnership, the firm was reconstituted into a Private Limited Company soon and subsequently converted into a Public Limited Company under the name TGS Limited. To attract investments and become more competitive it also started transforming itself from a family owned and run company to a professionally run company. In order to expand their presence in India and to tide over a financial problem they were facing, in 2005 TGS acquired The Delivery Store (TDS). When the merger took place, TDS had 15 stores in Tamil Nadu and TGS had about 70 stores spread across Kerala.

The merged entity aspired to become the number one grocery retail chain in the country and had plans to start operations in the other Southern states of India. A third company, our client, The Sourcing Company (TSC) was set up

in 2006 to act as a sourcing company for retail and grocery chains in India like TGS and TDS. It was based out of Cochin. Since the same investors who had invested in TGS had invested in TSC, during the latter's formation, its merchandising and warehousing teams were constituted by transferring employees of TGS and TDS experienced in these specializations.