

Change management, its factors and effects, in tesco plc



**ASSIGN
BUSTER**

TESCO started its business and opened its first shop in the year 1919 by Mr Jack Cohen. He sold surplus groceries from a stall in the East End of London. The brand TESCO came after 5 years in the year 1924 when he bought a shipment of tea from a Mr. T. E Stockwell and initial letters of the name were combined to name TESCO and in the year 1929 store was op

#ened in Burnt Oak, North London by Mr. Cohen. In 1930 Mr. Cohen built a headquarters and warehouse in north London and in 1932 privatization was done and Tesco became private ltd company and the company was listed in the stock market in the year 1974.

In the year 1950 need of expansion was demanded and as a result numbers of stores were bought by retailer. (70 Williams stores and 200 Harrow stores, followed by 97 Charles Philips stores) and finally in the year 1968 the first superstore was opened in west Sussex. moving further Tesco diversified and jumped to petrol retailing sector in 1974. to overtake the rivals Tesco adopted the change in the strategy and launched the club card in 1995 following which in 1996 Tesco announced 24 hours facility to its customers. Retailer launched tesco. com in 2000 to expand further with which it included various products like electronics, clothes and entered in broadband market etc . as a major announcement Tesco plans to open a stores in USA under the name ' Fresh and Easy'.

Need for a change at Tesco

Tesco has adopted many changes in its business since the time it has started. tesco has been changing its strategies as and when time passes for the following reasons.

(I) To win competitive advantage:

Tesco always wanted to create more value from resources over other companies like Sainsbury which led tesco to come up with new stores in different places.

(ii) Core competences:

Core competences are means the businesses must have something that customers uniquely value if companies wants to earn healthy profits. For instance tesco provides club card facility to its customer to retain the customers.

(iii) Need for capturing Market:

Tesco wanted to capture the whole retail market which encouraged the company to come up with aggressive strategies and occupy the number of places of UK markets.

(iv) To create efficiency, swiftness, and innovation:

For creating efficiency tesco provides a online shopping facility along with that it has made all the stores 24 hours available.

Factors Driving change in the Tesco:

There are two types of factors which force any organization to adopt the change for the betterment of the organization. ' External factors' and ' Internal factors'.

External Factors: conservative spends,

<https://assignbuster.com/change-management-its-factors-and-effects-in-tesco-plc/>

Following are the external factors using PESTEL analysis:

Political Factors:

Tescos performance is very much controlled by political situations of the countries . traditional stores are forced to cut the cost where as big stores often provides job opportunities and government encourages retailers to create job opportunities hence opening new stores is because of the political impact also.

Economical Factors:

Economic factors have direct relation with profits which is one of the most important factor leading changes in an organisation. the high rate of unemployment increases chances of reduced demand for goods so tesco is creating employment with the help new stores.

Social Factors: remove

Customers demands towards mass shopping have led tesco to provide non food items also like clothes, elctronics, mobiles etc providing customers the convenient shopping.

Technological Factors:

Technology is a biggest factor driving all the companies to adopt the change because of new inventions of it. customer base will increase if they are satisfied and they get attracted. To do the same tesco has adopted ' self check out system', ' electronic shelf labelling' etc.

Environmental Factors

Less consumption of resources, less wastage of production and least environmental damage are the issues leading tesco to change accordingly.

Legal factors:

Government policies affect the Tesco organisation for instance licensing, monopoly policy, pricing policy.

Internal Factors:

Expansion of the business:

Expansion of the business brings the opportunities for the product development and companies growth.

Earning Profits:

The major motive for any organisation is to make profit which leads tesco also for the expansion and diversification of the business.

Cut throat Competition:

Tesco has many Competitors like ASDA and Sainsbury. To survive in this cut throat competition is very necessary to come up with new ideas and technology.

Resource Implication of the organisation not responding to change:

There are various resources which can be resistant against the change and cause the failure to the change project. Following are the resources:

People:

The main part of the change is people who are going to execute the change and they can not change overnight. people who are rigid and resistant towards the change . if they don't respond and not agreed to accept the change change procedure will lead to failure.

Money :

one of the other most important resources is Money which has a power to make the change successful by providing all other resources available. for instance with the help of existing money resource tesco is going to open new ' Fresh and Easy' stores in usa without which it was not possible.

Material:

Proper material like all the previous details, audit report, company data and market requirments are very important absence of the same brings the failure of the change for instance in the case of tesco absence of the proper market analysis would have not brought tesco to capture the UK market.

Stakeholders:

Stakeholders are the very important parts of the change. suppliers are the internal stakeholders. The demand of the suppliers for cutting down in prices of food in tesco are major concern for adopting new changes.

Climate: (season)

Climate is a resource which is unexpected which sometimes causes a failure to change adopted by an organisation.

Q: D) Models of change

ADKAR Individual model of change:

In an organisation whenever any change takes place it is not organisation which changes but the individuals of the organisation. ADKAR model helps manager to find out the behaviour of the individual and find out:

People resistance to change,

Help employees to move ahead with the change process

To provide a plan for a personal and professional progress for individuals.

To understand the ADKAR model we will look at the diagram below which says whenever in an organisation change takes place that is two ways one is from the business aspect and from the people side. Change takes place only when both the side change is applied successfully.

Business change:

Business change needs knowing the opportunities

Scope and objectives of the business and project

Knowledge of complete business process

Proper change implementation

People/Employee change:

For the successful change manager should follow 5 key objectives based on ADKAR model.

Awareness: of the need to change

Desire: to participate and support the change

Knowledge: of how to change (and what the change looks like)

Ability: to apply the change

Reinforcement: to retain the change for the time period

Lewin's 3 stage Organisational Model of change

<http://www.lmcuk.com/management-tool/lewins-3-stage-model>

The model speaks about the one organisational change. it says that organisation travel from one stagnant change to another. It has three steps for an organisation to come across (i) Unfreeze (ii) Change and (iii) Refreeze, as mentioned in above picture.

(i) Unfreeze

In this state an organisation has to make employees believe that change is going to be for the betterment. there are people who doesn't want to come out of their comfort zone and easily accept the change hence unfreeze is a stage where managers will have to create motivation to the employees to come out of the stagnant phase and unfreeze them to move towards the new change.

(ii) Change

It is a stage which creates many doubts for the organisation. Employees have knowledge of old system and adopting a new a new change will take

<https://assignbuster.com/change-management-its-factors-and-effects-in-tesco-plc/>

some time to increase their efficiency. At this stage it is very important for the managers to provide motivation to its employees at the same time give proper training and moral support to build a confidence to accept the change.

Refreeze

The motive of this stage is to let people get comfortable to their working environment again to increase efficiency.

Bruce Tuckman's model of Team change:

Mr Bruce Tuckman came up with this model in the year 1965 with 4 stages and last 5th stage ' Adjourning' was added by him later in the year 1970s. According to him as the team builds maturity and ability, the bonding of the team takes place. in this stage a leader directs, guide, participates and deligates finally. at this time team will produce a next capable leader. in this leader gives power to the team and reduces the control. the main aim is to achieve the high performance by changing leadership styles.

Following are the 4 stages and activities of the leader

Stages

Activities

Forming

Direct team and set goals clearly. Discussing goals with team will be the helpful.

Storming

Establishment of structure, building good relationship in team, Giving moral support, being firm and positive. make people understand why conflicts happens by assertiveness.

Norming

Taking responsibility towards objectives, building feeling of togetherness in team.

Performing

Dividing/delegating the task so that can concentrate on other priorities.

Adjourning

If the team come to an end working together celebrating the success.

Relevance of the models in the current economic climate:

Currently looking at the UK economy-2010 the major issue faced by the country is ' Recession' and ' Unemployment' which goes hand in hand.

Looking at these issues lets see the relevance of the following models with these two factors.

Models of change

Relevance with current economic climate

ADKAR Model of individual change

Awareness: government should know the factors driving recession and unemployment.

Desire: desire to come over.

Knowledge: Proper knowledge how to overcome the recession.

Ability:

Ability to apply solutions/change to remove the recession.

Reinforcement: to retain the change or solutions taken to get rid of recession and unemployment.

Lewin's 3 stage Organisational Model of change

In the 2nd step of the model we can find the relevance to current situation.

Change: adopting a change for example government has announced cut backs because of which people that were enjoying the benefits are also now searching for job which is increasing the rate of employment.

Bruce Tuckman's model of Team change

In this we can find a relevance with the stage ' storming' which talks about the activities like establishing structure which means government should set such a rule to avoid recession and unemployment like the economy of the some of the European countries (like Ireland and Romania) are not much developed and people of those economy are migrating here because of which unemployment rate increases.

Value of STRATEGIC INTERVENTIONS techniques in the change process:

What is strategic intervention?

Whenever there is change taking place in an organisation there are resistant towards it. Strategic intervention techniques are made to solve the problem occurring during the change process.

Following are the intervention techniques and their value:

Role Playing:

Role playing is a type of training which involves practical situation. It is a method to prepare a team to perform on their own without the help of their employers.

Value: this technique is valuable because if the proper training is given and employees are able to work on their own then they will face less problem while adopting a change.

Team Building:

It is a technique developing a maturity to work as a group and efficiency. The main reasons for this technique are to set objectives, to check how the work is performed in a group and to see the bonding between team members.

Value: in the change process the one of the important things is team bonding as whenever change takes place in an organisation team has to perform together for the success.

Survey Feedback:

Proper feedback and survey reports are to be given to the employees regarding the change to let them involve in the change process

Value: by getting the feedback organisation can know what employees feel about the change and what difficulties they face to help them which help the change process to success.

Inter-Group Problem-Solving:

Whenever there are conflicts in two different groups, for the settlement joint meetings are held in which members are allowed to present their views and the outcome of the meeting should be the result that holds them together.

Value: all the teams work towards the one goal i. e. change process, if they are having the differences then the goal's vision will be blurred. So this technique helps to improve the bonding which will improve the work efficiency.

Management By Objective Approach:

It encourages employees to involve in decision making process to make sure the system works smoothly.

Value: technique to involve employees will earn the interest of them and will lead to successful change.

Q: g) development of Change management strategy with stakeholders for tesco:

Stakeholders are the group of people who have interest in company business. There are many types of stakeholders like government, employees, customers, suppliers, board memebres, funders, which are part of internal and external stakeholders. According to tesco understanding the needs and demands of the stakeholders is very important. there are various strategies to let stakeholders involve in the change process.

i)Having beneficial discussion with shareholders to make sure that tesco looks after and understands the commitment towards stakeholders.

ii)The preparation of investor relation report every year by the board members is a part of their strategy stating the feedback of the stakeholders , which involves them to towards the change.

iii)They make sure that each and every stakeholder should get the full annual report at the end of the year apart from publishing in news papers.

Systems to Involve stakeholders:

There are many systems available to involve potential stakeholders in the planning of the change.

Stakeholders mapping

Stakeholders matrix

Stakeholders engagement

Stakeholders identification

Stakeholders mapping:

<https://assignbuster.com/change-management-its-factors-and-effects-in-tesco-plc/>

Stakeholders mapping is one the systems to involve stakeholders in the business . in stakeholders mapping has two axis. One speaks about the interest of the each stakeholder and other speaks about the power on stakeholders.

th

the th

Stakeholder Mapping and Communication

There are basically 4 categories in based on their power and interest,

low interest/low power

high interest/low power

low interest/high power

high interest/high power

The company needs very less attention on this group. The stakeholders create no danger because of any interest and power.

This group has a high interest but very less power and they are maintained by keeping them informed about company information.

This group has high power because of which they must be taken care off and kept satisfied because their low interest can cause a trouble.

They must be always satisfied because they have high power and high interest as well.

Stakeholders' matrix:

This is one the common methods used to know about the stakeholder analysis. The object is to give clear understanding of the stakeholder and let the company know what the best way to involve them is. This system is used at early stage to develop the stakeholder plan. this sytem is used for developing a action plan.

Stakeholder identification:

In this company needs to find out its potential stakeholders company needs to do all the documentation regarding their interest, involvement, their power, and strategies taken by the company.

There are three steps

Step i) identify the potential customer and related date to them

Step ii) identify the each stakeholder's power and interest

Step iii) assess the stakeholders' response.

Stakeholder engagement (On TESCO):

Stakeholders are the people who have direct relation with our business and can affected easily, but at the same time they have impact on business as well. This is a reason why organisation needs to involve stakeholders and

know their views. basically it is all about maintaining relationship with the help of regular communication from both the sides. Stakeholder's engagement system has become a commonly used practice in business.

According to tesco stakeholder engegement helps them to know the risk and opportunities.

Following are the methods of doing the same:

Meetings/Discussing issues

Websites

Questionnaires

Events

Being strategic about stakeholder engagement

Tesco believes in solving issues by discussing it with stakeholders. for instance for year 2009-2010 meeting was held in the month of February to discuss the issues concerning about the board plans, control and business development by the chairman.

Websites are made to keep in touch with stakeholders and engage them and to keep them aware of new updates abot the company along with the annual reports. tesco has it site in which they have all the details for stakeholders(www. tesco plc. com) .

Investor relation teams are hired to take care of stakeholders in tesco to be in touch with them on regular basis. because details on websites are limited and shareholders can ask any questions via emails.

For stakeholders tesco keeps events for them to be interactive and to engage them.

Stakeholders' engagement is not process to be built in weeks. Company need to do it right from beginning and that's what tesco has been doing right from beginning.

Q: I) Development and implementation of model of change on tesco:

Whenever company need to progress can adopt a change whether small or big . in organisation usually they know about the change but don't know how to actually apply it. For which there are many models stating how to apply change. Following are the models which tesco can apply to build a self check out machines.

Kotter's 8-Step Change Model

Following are the 8 steps to lead towards the change:

Step i) create urgency:

Talking about urgency of adopting a change will help organisation to move further towards change. Because only showing balance sheet company can not convince others to adopt the change.

How to do?

a) Tesco will have to analyse its potential risks and will have to prove the scenario that in absence of self check machines can cause lot of queue in the shop and will cause delay in time.

b) Tesco will have to show the benefits that customer can take from self check out machines.

Step ii) Form a Powerful association:

Whenever company needs to go through a change it has to supporters for the change having leadership's qualities to convince that change is for good.

What is to be done?

Tesco should identify true leaders in an organisation

Make commitment

Work on team building

Tesco will have to make sure that it has good mixture of people that will help at different levels.

Step iii) Create a Vision for Change

Tesco should have a clear vision about the change and should be able to show others that vision

What to do:

Tesco will have to set the important value change.

Make a short one or two sentence vision statement like tesco has a vision statement that is ' every little helps'

Make a plan to implement that vision.

Step iv): Communicate the Vision

The vision statement is what you do and you have strong competition in the market. so tesco will have to make sure that it communicate in such a manner that will be able survive in that competition.

What to do:

Tesco should keep talking about its vision.

Tesco should clearly deal with peoples' apprehension and worry.

Tesco should Appl all its vision to all aspects of operations – from training to performance reviews.

Step v): Remove Obstacles:

After following the above steps and if change process had taken place then tesco needs to look at the resistant of the change if yes then tesco will have to remove it by doing so change process will move further.

What to do:

Tesco should hire, change leaders to deliver the change.

By looking at the structure of the organisation tesco will have to decide upon

Tesco should encourage people by giving reward to people for supporting change.

At the same time tesco should know people who are resisting the change, and try to convert them into supporters.

Tesco should act quickly against obstacles.

Step vi): Create Short-term Wins

To encourage change tesco should create small competition to motivate employees towards adopting the change. By creating short term goals tesco can earn more supporters for the new change.

What to do:

Tesco should Look for sure-change that can be implemented without help from any strong critics of the change.

Tesco should not expensive targets.

Tesco needs to see properly the potential pros and cons of its achievements.

Give deserving awards to those who achieve targets.

Step vii): Build on the Change:

Tesco should not declare the change too early. real change goes in deep.

What to do

Tesco should analyse after every win, that what went right and what needs improving.

Tesco should learn to the idea of continuous development.

Tesco need to keep changing the the change agents timely to change association

Step viii): Anchor the Changes in Corporate Culture:

Tesco needs to make sure that change should be visible in each and every aspect which will help the change to occupy a strong place in an organisation.

What to do:

Tesco need to talk about the success stories as and when get the chance.

Tesco should embrace the change principles and morals when hiring and training new staff.

Measures to monitor progress of the change process:

<https://assignbuster.com/change-management-its-factors-and-effects-in-tesco-plc/>

There are various ways adopted by the companies to measure the performance and the progress of the change adopted. there is many tools like performance indicator, feedback control system, marketing mix etc to know about the peformance of the company. tesco has not adopted particular method to measure the progress. following are the ways tesco should adopted:

Feedback:

Tesco should take timely and duely feedback by the customers who are using self check out machine. feedback form should clearly be able to specify the questions about the weakness and usefulness of the self check out machine. Feedback form should be easy to understand and must be written in easily understandable language by the customers. the most important point is feedback form should be able to answer the % of customer satisfaction.

Surveys:

Tesco should conduct surveys regarding by the general public asking what do think about self check machine. For people with a proper communication must be hired to be able to ask questions from public.

Website :

Tesco should operate one website having online feedback asking close ended question regarding the perfomance of the machine and improvements to be made.

Performance indicator tool:

Tesco should use the performance indicator tool for the measurement of progress. It will tell the tesco about the improvements made and what are the results of the same. Performance indicators cover the following other indicators :

Quantitative indicators based on numbers achieved.

Practical indicators based on current company's process.

Directional indicators based on data specifying the company's performance whether getting better or not.

Actionable indicators are taken to control which will affect the change.

Financial indicators used in performance measurement.