

Managing change a case study of corus strip products uk



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Using suitable and significant models, theories and concepts, this report examines how the company Corus implemented a current change initiative at its sub-division (Corus Strip Products UK) in a reaction to the obvious threat of increased competition from ‘ new entrants’ in the steel industry. By considering the case study, this assignment uses the ‘ Gradualist Paradigm’ of change to discuss how barriers to change at CSP UK were overcome and how the measurement of outcomes of change influenced organisational transformation. This will be employed to confirm and critique any suggestion made to its executive relating to the sustainability of the business.

INTRODUCTION

Corus Strip Products UK (CSP UK) is a leading producer of strip steel valuable in various manufacturing and construction sectors. It aims to be a “ leader in steel industry, by providing better products, higher quality services, and better value for money than its rivals”. It needs constant development of entire working environment and culture in order to meet its ambition for growth. In 2010, it published a case study (The Times 100 Business Case Study: Corus) that explains how barriers to change were overcome in its sub-division.

CSP UK initiated ‘ the Journey’ program in 2005. The company sought to tackle an extensive variety of issues but was specific in its tasks and framework which centred on the values and beliefs of its people.

Fundamentally, this needed a combined effort from stakeholders (employees, contractors, suppliers and other associates) uniting on a set of guiding principles (8) that will define the core of the business namely -

honesty, professionalism, integrity, respect, improvement, excellence, fairness and transparency.

The objective of this assignment is to form the concepts of the methods of change and learning of key stakeholders in the case study, using appropriate and relevant models. The results will be used to justify and critique recommendations to the management for future initiatives to sustain development at Corus.

MAIN CONTENT

Drivers (reasons) for change

Due to the dynamic and disordered nature of steel markets, change was unavoidable at CSP UK in order to retain its competitive advantages.

Inefficiencies within the business at CSP UK led to delays and wastage in production. Exports of products from the UK were more expensive compared to other countries, reducing its competitive advantage. CSP UK had a dedicated workforce but there was a lack of motivation by work situations and signs of poor health and safety culture.

External drivers for change centred upon increased competition from 'new entrants' in the steel industry especially from Eastern Europe and Far East. This had a negative effect on demand leading to higher costs of its products, reducing its attractiveness to potential customers. Also, advances in technology resulted in customers wanting better products, leading Corus to focus on innovation. CSP UK had a poor public opinion regarding environmental issues and this contributed to changes within the firm informing its business strategy, policies and procedures of the future.

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Types of change

In order to understand change processes at CSP UK over time, it is vital to look at how the organisation understood the change cycle (Tushman, 1970) and how environmental factors affected its strategic vision. Since the 1970s, there has been a gradual decline of old products with the emergence of new products needed to increase future prospects. The Journey program showed both 'incremental' and 'transformational' changes over its period of implementation. It built on high skill set of its 'stakeholders' and focused on how to improve work systems adaptable to the demands of new markets. Its framework for 'cultural transformation' was at an organisational level, focusing on developing 'new and dynamic' set of values that is different from earlier times (Burnes 2009, in Hayes).

Previous drives for change from the Corus case report, showed signs of 'programmatic or planned change' occurring. Looking at Total Quality Management (TQMs) initiative as well as prior programs, there was a focus on work reprogramming which included rationalizing of costs leading to a downsized labour force (~ 13% of total costs). However, CSP UK is an organisation of highly skilled and dedicated people and for future prosperity, there has to be a greater focus on how systemic (e. g. job enhancement, people empowerment and team building) and organisation development (including training, education and indoctrination of cultural values) can effect growth and improvement of business.

Barriers to Change

The 1970s were characterised by job reductions, redundancies, and a shortage of apprenticeships leading to doubt in workforce regarding new
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initiatives (refraining forces). Furthermore, certain members of staff at CSP UK gradually became unconcerned to business initiatives as they and the business had survived earlier testing times. The fear of the unfamiliar led to anxiety about existing teams and positions; hence the management at CSP UK sought to clarify the collective interest of all.

Corus is a reputable firm in a conventional industry showing rigidity in certain aspects of its business. It had difficulty in modifying certain business practices to take advantage of advances in technology. This is damaging to its growth prospect and weakens its drive for innovation that adds value to its products and services. Additionally, the personnel at CSP UK showed signs of ageing, which demonstrated a 'slow pace to change'. The pace of change has to be right, not too slow but not too fast as this can lead to a misalignment with the environment (Johnson & Scholes 1991 in Hayes 2007). Transfer of skills amongst staff was limited and affected the ability of the firm to attract the brightest, youngest individuals available, important for future development.

Company policy of rewarding 'long service' rather than 'distinguished service' reinforced the company's lack of dynamism, and its need to adapt business models to reward productivity and not longevity. CSP UK must focus on incentives that recognise suitable professional behaviours both natural and acquired.

Methods of Overcoming Barriers

CSP UK understood the importance of involving all stakeholders and effectively communicating the process of change. It defined its present

performance standard ('As Is') and future goals ('To Be'), stressing the importance of managing transitional periods and sustaining and revising its outlook. 'High impact techniques' were used to demonstrate the state of the business highlighting where improvements could be made. In one instance, 150 senior managers were invited to Millennium Stadium Cardiff only to be met with shoddy service like servings of cold tea and the use of a broken slide projector. In addition, videos of poor standards were shown to managers, as well as the consultations with local school children which highlighted poor public opinion regarding the vision and practices of the business (e. g. environmental issues). Alarming, there was no dissent from the invitees, demonstrating a difference between industry standards and expectations of employees, representing a huge barrier to reforming the firm.

To tackle this, stakeholders at Corus had to be made aware of their 'right to challenge'. Individual ownership of change was fit into the work setting and personal responsibility for change was encouraged. To this day, over 5000 employees have signed up to the beliefs and principles of the firm.

Approaches to Managing and Leading the Change Process – The Gradualist Paradigm

The gradualist paradigm of change states that, "basic change occurs through a process of continuous adjustment as change is emergent, i. e., there is no deliberate organisation for change (Weick & Quinn, 1999)".

Therefore, for successful implementation of change, management and communication of change is vital. Leaders at CSP UK focused on its future prospects, its vision for change and how its culture identity can build

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emotional links within its workforce; while its management team focused on the present and set out a combined (economical & organisational development) strategy for company transformation (Beer 2001 in Hayes 2009, chapter 14).

Nahavandi, 2000 (in Burnes) & Kotter, 1990 (in Hayes) stressed the importance of ‘change managers’ developing suitable capacity and logistic to implement change. Managers at CSP UK set out clear targets (top-down directives), established steps to be taken and allocated resources as needed, with the aim of improving economic value of its products. Credit must be given to its managerial style which showed flexibility between transformational (innovative and adaptive culture) and transactional models – recognising and rewarding success. A note must be made of the inter-changing roles of leaders and managers at CSP UK which were not mutually exclusive, but where sometimes combined in times of change for greater efficiency (Bolden, 2004 in Hayes).

Organisational development strategies at CSP UK focused on enhancing the abilities of its ‘stakeholders’ by involving and supporting individuals in their roles. It passed on its organisational vision clearly and focused on creating an enabling environment that increases productivity. It promoted a ‘culture of involvement’ and ‘shared purpose’, focusing on the individual as champions of change. To achieve this, it used a range of communication channels including written and verbal interactions such as newsletters, workshops, intranet messages, heart-to-heart conversations, etc.

The management team at CSP UK expected certain hindrances like the lack of trust in managers and resistance to change (restraining forces) and was well equipped to meet these challenges. Change in itself can be a violent process, especially in terms of restructuring, recruitment and redundancy, so mediating and actively listening to the fears and desires of its stakeholders is crucial. Beer (2001, in Hayes) stresses the importance of upward communication and underlines the need for information distribution and individuals “ buying-into” the need for reform. At the moment, there is collective support from individuals, teams and departments to improve its culture. In effect, ‘ the Journey’ sought out to manage a psychological contract based on core values that shape outcomes relating to job output.

Measuring the Outcomes of Change

‘ The Journey’ program contributed hugely to the viability of business at Corus Strip Product, UK. Its production volume has increased by 4. 5% to a run-rate of 5 million tonnes. Absenteeism is at an all time low and there has also been an improvement of goods and service to its customers. There are stricter targets for Health and Safety; with safety teams tasked with maintaining an accident-free environment. These have all contributed to the establishment of a robust business especially in the backdrop of harsh economic realities in 2008 and 2009. Crucial business forecast for 2009/2010 predicts cost reduction of approximately £250 million.

In order for an effective transitional period at CSP UK, it developed integrated feedback mechanisms that made the review process easy, and its adaptability to meet new deadlines. Midway indicators were set to integrate the workforce into achieving stated objectives. There has also been a <https://assignbuster.com/managing-change-a-case-study-of-corus-strip-products-uk/>

massive number of “ quick wins”, which has contributed to a greater yield and continues to improve the cost-effectiveness of the business.

RECOMMENDATIONS

This report has raised the issue of an organisational-wide business process re-engineering (BPR) at Corus as reinforced by gains showed at its sub-division (CSP UK) from implemented reforms. The plant is on target to attain a 20% reduction in cost of production of steel. Using CSP UK as a model, organisational structures can be redesigned world-wide that are more flexible and less hierarchical to accomplish faster and more adaptable responses to changing markets. For sustainable growth, Antonacopoulou & Gabriel (2001); Argyris (1991) argued for the need for new learning to occur during the ‘ change process’ to allow for a gradual transformation of Corus from an ‘ organisation learning’ (OL) to being a ‘ learning organisation’ (LO).

To be ahead of rivals in the sector, Corus has to continually invest in new systems especially apprenticeships to renew its workforce and to create a forward-thinking environment. Strebel’s cycle of competitive behaviour (in Hayes 2007) illustrates the importance of Corus having the adequate structures that it uses to predict technological, political (e. g. new laws) and economic changes in the steel industry. In the 1970s competition was fierce with rivals reacting to add value to their products to maintain market relevance. This led to an oversupply of products (breaking point) with insufficient demand and a consequent downturn leading to job losses.

CSP UK acted rightly to formulate efficiency strategies resulting in Total Quantity Management initiative (TQMs) to improve competitiveness and

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productivity. Total labour cost is low (~13% of total cost) in contrast to energy and raw materials, e. g. assembly line cost at 40-50% of total cost, indicating excesses to expenditure here. Therefore, there is an opportunity to thoroughly review work efficiency (especially energy and raw materials) and reassign sufficient resources to improve innovation, staff management – training, development, shared values and time and apprenticeship (transfer of learning). This comprehensive approach to organisational development is reflected in the thinking of the management. “ we cannot solve our problems by spending; we cannot solve our problems by cutting back. The only way to meet our challenges is to change how we go about things.” (quote from Managing Director of CSP UK).

The poor perception amongst the public on how CSP UK handles environmental issues has to be addressed without delay. Records show that carbon dioxide emissions have fallen by 10% and its standards now exceeds government criteria for carbon emissions. A public relations initiative using a variety of channels (including internet, bill boards, television and radio, telephone messaging, etc) is needed to show the significant improvement in the company’s impact on the community. There is some evidence of failure in previous programs even though the firm supported the concept of modernization. Due to the ‘ punctuated nature of change’, measures have to both be incremental and transformational in nature to be effective.

The Journey program gave a clear picture of the need for coordinated organisational changes within its structure, learning and culture (Burnes, B. 2009). Evidence of this is found in the way it worked in partnership to re-define its eight (8) core value that now steers everything CSP UK does and <https://assignbuster.com/managing-change-a-case-study-of-corus-strip-products-uk/>

what its culture stands for. Corus Strip Products UK achieved this by winning the support of all employees as champions of change and supported a culture of frank engagement, avoiding the 'us and them mentality'. This in turn challenged barriers of change and delivered a workable strategy that built a sustainable business for future generations. This culture must constantly be revived, reviewed and guarded carefully for future growth and development at Corus.

CONCLUSIONS

Due to the case-based evaluation of this report, there are limitations to the assumptions that can be made. However, it was evident that there was the need for organisational change to retain sustainability at Corus Strip Products UK. The Journey – helped CSP UK 'weather the storm' despite the economic downturn, with the company now benefiting from the gains of the program. This has enabled the business to construct a 'feasible business model' that focuses on organisational transformation and establishes its growth and profitability margins; to maintain its ability to attract investment and capital from governments, big businesses, and individuals.