

Strategic change management case essay

[Business](#), [Company](#)



Vodafone Group PLC

Introduction

Strategic change management is one of the most challenging innovations of global business management nowadays. It gives the management a very unfamiliar challenge. In major changes of businesses, especially multinational ones, management attempts to come up with the most strategic and tactical approaches. (Grieves, 2010, p. 112) A key factor for success is the keen understanding of the human side of change management. This involves the alignment of the organizational culture, values, human resource, and attitudes/behaviors for the intended outcomes. (Chin & Benne, 2000, p. 44)

This paper will exemplify the value of strategic change management vis a vis people management based on a real case of a leading telecoms provider – Vodafone Group Plc. This U. K. telecoms provider has been expanding worldwide. As it applies major structural transformation to meet its operational and customer related objectives, Vodafone faces crucial challenges in its human resource structure. Specifically, Vodafone is finding sales employees unnecessary in certain areas of its business operations. Hence, the author chose this case to highlight the direct relationship between people and change and how successfully strategic change can be carried out.

Overview of Vodafone Group Plc

Vodafone is a world leader in mobile telecommunication services. It is located in London, England. It has a major market presence in Europe, Africa, Asia Pacific, the Middle East, and the United States through its subsidiaries, joint ventures, related undertakings, and investments. (Vodafone Website, 2012)

It has a market value of 171.2 billion (as of 2009) (Vodafone Website, 2012).

Vodafone currently operates in 31 countries and has prospective partnerships in line with another 40 countries worldwide. Vodafone also owns about 45% of Verizon wireless, the largest wireless telecommunications network in the US.

The company's major strengths are:

Strong performance in major revenue growth areas;

Excellent drive to increase market penetration in Europe, from 11.6% in 2010 to 18.7% in 2011;

£14.2 billion expected gains from the China Mobile, SoftBank and SFR disposal agreement; £6.8 billion commitment to share buyback programs;

Outstanding commercial relationship with Verizon to address the global enterprise market, focus on procurement savings and create technology standardisation;

Large customer base of 341 million (individual and private customers);

Employs about 79,000 people globally.

Vodafone aims to be one of the leading telecoms brand in the world. To attain this, it is penetrating more international markets through dual

branding practice with the 30 other global companies in which Vodafone Group Plc has interests. (The Times 10 Online, 2010) Its business strategy is to expand its geographic markets, obtain new customers, maintain the present ones, and increase usage through technological innovations. (2010, p. 1) It initially intends to increase its market dominance in the European and the Indian markets. It also plans to increase its US market share and strengthen its sales and marketing strategies in this large market base. Vodafone also aims to provide greater customer services and lower costs and prices to prevent market substitution from other new telecom brands. With the introduction of VoIP, Vodafone also aims to offer more low cost call packages to attract more customers.

According to its company website, Vodafone set out a new strategy in November 2010. This strategy is fueled by its focus on four key areas of growth prospects: 1. data services – mainly composed of mobile and internet related services which global customers demand; 2. emerging markets – specifically Africa and India where Vodafone intends to strategically place itself; 3. enterprise and total communications – company accounts are also a major part of the company's business as employees utilize a converged mobile and fixed communications devices; 4. new services – automated machines, mobile commerce services and operated billings, etc. (Vodafone Website, 2012) A top down approach is used to affect these goals and its accompanying changes.

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The Vodafone Case: Single Point of Contact

Vodafone's strategic objectives and actions are magnified through its customers. As mobile technologies evolve, more and more mobile users use their mobile phones not only to call and send messages but also to connect to the Internet, watch entertainment, play music, take pictures among others. As such, Vodafone Group Plc focuses on enhancing value for its global customers in order to maintain its large customer base and expanded market shares. It also extends itself heavily in emerging markets such as Africa and India as the European markets are already saturated and the net acquisition costs of attracting customers has also become higher. Direct and indirect marketing costs and other customer related costs have also become higher. (Change Management Business Report, 2010, p. 1)

The key to its improved and enhanced customer services is its close and meaningful customer engagement. Vodafone shapes and scales its customers' communications through several services ranging from procurement to total mobility outsourcing and partially managed services. This approach is characterized by a specific convergence between fixed and mobile communications. (2012, p 1)

latest billing and spend information (Vodafone's Spend Manager solutions);
alerts, notices and important updates to its services;
link to the Vodafone Global Enterprise contacts (local, regional and global).

The main feature of this enhanced customer service is that the Vodafone customer gets to have one point of contact regardless of his geographic location. This centralized contact takes care of everything, from global and regional relationships, general customer satisfaction, overall account

strategy, and target deliveries. A Global Account Manager works closely with the customers to identify the most appropriate approach. This manager takes into account where the customers' need are coming from and he supplies the appropriate service/s from there. Vodafone also has National Account Managers to give customers country-specific expertise and support. National Account Managers are responsible for local corporate goals, links, strategies, and targets or deliveries.

Analysis and Discussion

At a glance, this strategic management change seem timely and very appropriate, considering the global competition in telecoms services.

However, the major impact of these changes will be on the human resources.

The single point of contact will enable the Global Account Manager to handle all negotiations for the involved countries. No National Account Manager In Country Contact will be needed even for local negotiations. This new system is also reinforced by the great feedback from customers with a centralized decision making approach, since this is the most efficient for them.

In terms of corporate strategy, this move seems sound and logical given that all the other digital and telecom providers are jumping into the same single handed customer approach. In consumer data, mobile device applications are allowing businesses to know where the customers are often accessing their applications and the single point of contact can influence their better business operations. For instance, Google's accurate geo-location data aid in prioritizing its clients' requests by paralleling its application delivery systems with guided demographic-based corporate goals. (Google Website, 2012)

More and more global companies are now extensively pursuing the value

which can be derived from demographics, specifically those which are based on location. (MacVittie, 2010) If the multi-national company can integrate all these information through one point of contact system, then, more focused customer service can be a major advantage for them.

According to Sturdy & Grey (2003, p. 654), there are several characteristics to major structural transformation. This includes its 1.) scale (the changes across the organization), 2.) magnitude (the critical alterations of the status quo), 3.) duration (the period of the change implementation), and 4.) strategic importance. These authors believe that ultimately, these changes must redound to the level of the individual employee of the organization.

Vodafone illustrates how the holistic framework in viewing the change will open up operational strategies and build more confidence in the succeeding changes. By enabling itself with technological powers, it has improved customer contact and has optimized costs. Ultimately, these will all bring about changes and gains that will redound to the efficient allocation of resources and more benefits towards its employees and stakeholders.

(Vodafone's strategic MI investment - QPC MIG Case Study, 2012, p. 1)

The new single contact system has also opened up a totally different dialogue between planning and operations managers on what is actually going on between their personnel and their customers. The developments in the customer management will ultimately contributes to greater efficiency and better customer service, which will also lead to more satisfied customers and more profits.

With regards to the role of management communication amidst these changes, it can be said that satisfaction with management communication is

strongly linked to the positive responses of the survivors who are satisfied with the organizational change. (Burnes, 2004, p. 982) While this cannot be clearly determined, it is safe to assume that the smooth implementation of the structural changes attest to the good communications of changes by the Vodafone management. The lack of protest and negative feedback among the Vodafone employees can also be related to the smooth transition of this strategic change.

In another perspective, the reduction in the National Account Managers also led to the additional employees serving as agents for its single point of contact system. To support their user community, Singlepoint, the system behind Vodafone's single contact system, employs over 1400 agents who handles 25, 000 calls daily. (Vodafone's strategic MI investment - QPC MIG Case Study, 2012, p. 1) This busy call center commits to providing customer service excellence which is crucial to Vodafone's position in the highly competitive mobile phone global market.

This might have been achieved successfully because the Vodafone management utilized a top down approach as a strategy. Being a very large organization, this approach proves useful and advantageous. The top level management has the experience, knowledge, and responsibility to make major strategic decisions. They also have the technical abilities to scale down the intended program of action to a very workable and effective solution.

This approach has worked well with multinational companies. For instance, it has worked successfully for HP (Hewlett Packard). Hewlett Packard in the Middle East employed the same strategic change approach when it altered

its marketing orientation. BY intending to be more attuned to its regional consumers (both retail and large enterprise sectors), the company put customer service in its top agenda. (HP Website, 2012)

HP managers believed that the best way to differentiate is by becoming more customer-focused. They applied a top down approach and educated its sales people to be real product experts. They added value by helping customers. Hence, they are very much oriented to their needs and preferences and what else could they add to make their computing worthwhile. The company personnel also worked closely with their large enterprise clients to find ways to simplify their experience with technology. New products and services were also constantly being introduced. (2012, p. 1)

The strategic change is also congruent to Vodafone's vision and mission and overall corporate goals. The general Vodafone strategy remains to increase and continuously enhance its shareholder value. By differentiating itself from the competition as innovative company, it has clearly expressed its objectives and actions to its internal and external customers. It has also officially released its real targets in the light of its single point of contact strategy within its initial meeting in April, 2012. (Vodafone Website, 2012)

This only goes to show how aligned and clear the message of change was for the company and thus, its appropriate and right implementation should be received well by its personnel.

A major support to the strategic change is the strong operations of the company and its effective leadership and management. The top management of Vodafone has executed this while being keen on their brand's

performance, customer intelligence and the general market conditions in its global markets. From the general managers down to their national managers, Vodafone shares a dynamic and efficient market information system. Each of the corporate layer, customer and market needs, operational costs, and feedback are monitored and acted upon. However, there must be a cohesive analysis of the performance measures and how it relates to customer orientation. It appears that while some of the strategies relate well with organizational culture, firm structure, customer focus, human resources, leadership and excellent management, organizational innovations, among others, other management approaches also link other factors in business performance. Thus, the empirical relationship of these factors must be tied up with customer orientation metrics to make it more authoritative and compelling.

Conclusion

Global customers are becoming more and more sophisticated with their demands in mobile consumption. So the challenge is to provide added value services and competitive charges to existing customers and future clients. There is no problem with instituting radical changes in an organization if it meets the ultimate objectives of the organization i. e. to serve customer better. The bottom line is the profitability and the fulfillment of the corporate goals which will be instrumental in moving the company towards greater sustainability and outstanding performance all throughout its operations. In the case of Vodafone, the added value of its centralized customer service was accrued in spite of the reduction of the National Account Manager functions and responsibilities. The critical question goes back to the

company's performance and profitability, which justifies the aforementioned change and underlying strategies.

In the light of the said strategic change, the major challenge which Vodafone has to confront is the rapid organizational changes which requires a more focused and distinctive approach to its human resources. This particularly refers to its training and development of people and key personnels. This applies most especially to their single point of contact – the Global Account Managers. They must be excellently trained because of the following reasons:

1. Training the right people expected to deliver the bottom line for this telecom giant;
2. the special programs which need to be developed in order to make their personnel highly skillful and more competitive as compared with other telecoms personnel and staff.

These central issues need to be addressed with reference to the Vodafone global employees and their organizational culture (their value systems, beliefs and their adherence to certain management styles); organization (the company's dynamic and ever evolving structure, complete with their detailed job functions and reporting lines); personnel (their skill levels, potential and their capacity to handle a team or group in the future); and human resources programs and organization (the department which is focused on the growth of its personnel). Hence, the delivery of several strategies of the company is anchored through training and development. (Wilson, 1992, p. 25)

Another major challenge to its strategic change management is its HR

planning, budgeting and programming activities. The company should have a very comprehensive and extensive HR planning because they employ so many employees around the world. All of these employees look up to its careful and smart HR programs which will ensure their company's further success and profitability.

In this regard, the telecommunications company must align their management and technological changes with proper training and development programs encompassing organizational functions. Since the global company experiences many and simultaneous changes not just in their organization but also within their employees and their customers, they must secure technological leadership and consistent training and development programs to go with it. For instance, every new technological adoptions must be reinforced and supported by the knowledge enhancements of its personnel around the world.

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