

# Merger of kingfisher plc business essay



**ASSIGN  
BUSTER**

Kingfisher Plc is one of the major retailers in UK managing over 600 stores and handling over seventy-five thousand employees. At present, the company is the leading provider of women's wear and lingerie in the United Kingdom. In the area of other apparel, these have incurred a considerable amount of growth. The company also provides for food retail. The company sells a wide array of food products from groceries to ready-to-cook meals. Nowadays, there have been a considerable amount of changes in the overall strategy of the company. Nonetheless, it still holds true to the basic principles of the company. Such principles include the offering of the wide selection of high-quality products which are considered chic and classic with the most reasonable prices in the market.

## **Merger of Kingfisher Plc with DIY Supermarket:-**

**To compete with rivals and to respond to the changes in the external environment of the organizations the management of the KINGFISHER LTD and the DIY Supermarket are planning to merge into a single entity. Under the plans, KINGFISHER LTD would be re – branded Kings and DIY Supermarket plc. “ Kings&DIY Supermarket’s” and consist of two operating subsidiaries, Kingfisher Plc and DIY Supermarket’s. Sava Centre Limited will be owned by Kingfisher Ltd., and DIY Supermarket’s Supermarkets Limited will be re – branded Kingfisher Ltd, being owned by DIY Supermarket’s (HIGHSON, 2008)**

**The Combined Group will have 1, 300 stores, although they should be prepared to sell 300 so as to not refer the deal to the Competition Commission. It will be the UK’s second largest retailer (behind Tesco), the UK’s largest clothing retailer, and the second largest supermarket chain, with a market share of over 20%.(HIGHSON, 2008)**

**The report will analyse the merger process and the change management process and as a change manager I will develop the change strategy for the KINGFISHER LTD to manage the changes in the organization as a result of the merger between the both organisations. I will analyse different models of change to implement the changes effectively in the KINGFISHER LTD and also develop the strategy to involve stakeholders in the change process to make change more effective and address the causes of resistant to change and develop the processes which can be implemented to reduce resistant to change being implemented.**

## **Models of change management:**

**There are various models of the change developed by the researchers to develop and implement effective changes in the organization to compete in the external environment of the organization. There are following models of the change which can be used to implement changes in the given case of KINGFISHER LTD. in the current economic environment the organisation is facing strong competition from the rivals. There are the following models which I will be using to implement the change in the KINGFISHER LTD.**

### **THE THREE-STEP MODEL OF CHANGE**

In developing this model, Lewin (1947a: p. 228-9) noted that: A change towards a higher level of group performance is frequently short lived; after a 'short in an arm' group life soon return to the previous level. It indicates that it does not suffice to define the object of planned change in-group performance as the reaching of different levels.

For Lewin's therefore, successful change involves three steps:

**Unfreezing the present level;**

**Moving to the new level;**

**Refreezing the new level;**

Figure: 1. 1 Kurt Lewis model of changeSource: Online (accessed on 11/08/2012).

### **John P Kotter's ' eight steps to successful change':**

American John P Kotter (b 1947) is a Harvard Business School professor and leading thinker and author on organizational change management. Kotter's highly regarded books ' Leading Change' (1995) and the follow-up ' The

Heart Of Change' (2002) describe a helpful model for understanding and managing change. Each stage acknowledges a key principle identified by Kotter relating to people's response and approach to change, in which people see, feel and then change.

**Kotter's eight step change model can be summarised as:**

Increase urgency – inspire people to move, make objectives real and relevant.

Build the guiding team – get the right people in place with the right emotional commitment, and the right mix of skills and levels.

Get the vision right – get the team to establish a simple vision and strategy, focus on emotional and creative aspects necessary to drive service and efficiency.

Communicate for buy-in – Involve as many people as possible, communicate the essentials, simply, and to appeal and respond to people's needs. De-clutter communications – make technology work for you rather than against.

Empower action – Remove obstacles, enable constructive feedback and lots of support from leaders – reward and recognise progress and achievements.

Create short-term wins – Set aims that are easy to achieve – in bite-size chunks. Manageable numbers of initiatives. Finish current stages before starting new ones.

Don't let up – Foster and encourage determination and persistence – on-going change – encourage on-going progress reporting – highlight achieved and future milestones.

Make change stick- Reinforce the value of successful change via recruitment, promotion, and new change leaders. Weave change into culture.

## **Relevance of the selected models of change to the Kingfisher Plc:**

**The above given models are very important for the implementation of the change in the organization as the KINGFISHER LTD and the DIY Supermarket are different organizations and while combining the both organizations will face several problems regarding the implementation of the changes in the organization. Like it or not, the changing economy will necessitate drastic reorganization possibly due to downturns in the economy.**

**Lewin’s model could be used by managers of the Kingfisher Plc to more efficiently implement any organizational changes. For example, suppose that a firm is facing the prospect of downsizing due to a slow market. In the first step, unfreezing, senior management could inform all employees via the company intranet as well as through informal “Townhall” style meetings of the serious economic challenges facing the organization. Input gathered from employees as well as from internal audits would then be made available to all employees. The second step, change, would then be implemented, most likely in the form of reorganization involving the elimination of some positions. In the final step, refreezing, intra-organizational adjustments would be made to accommodate the new organizational work flow. Any employees who have been terminated could be offered post-employment retraining or vocational assistance. Most importantly, senior management of Kingfisher Plc would need to demonstrate to the remaining employees the efficiency and necessity of the new reorganization.**

## **Selection of Model to be used to implement change in KINGFISHER LTD:**

Lewin's three step model of change involves developing a model for the driving change and learning to either manipulate the process or enhance its effect. According to Levin the first step in the process of changing behaviour is to unfreeze the existing situation or status quo. The second stage is to move the target system to a new level of equilibrium. Some assistance to this stage can be assisting stakeholders with seeing the benefit of interrupting the status quo. In addition, the negative effects of remaining the same level can be driven by influential leaders. The third step of Lewin's model is to freeze thought after the change takes place at a new level.

As a change manager of the Kingfisher Plc I can use this model in relation to the changing economy by melding their workforce to expect change and embrace its value. There are few aspects of life that are totally negative and people must be educated to see this. By looking at Lewin's force field analysis I can use this information to help myself and my employees embrace change. As for the aspect of coping with uncertainty, the anxiety a person experiences with the current economy hit people on many levels. The goal is to fragment the anxiety into workable situations for people to deal with.

## **Monitoring tools to monitor change:**

To monitor the effectiveness of the implementation of the change in the organization I will use different monitoring tools. I will develop the small targets and the goals to be achieved to monitor the performance by



analysing the completion of these goals and comparing the actual performance with the targets.

The financial performance will also be analysed to assess the effectiveness of the change process and it will be compared with the previous performance of the organization.

### **Strategic intervention strategies in Kingfisher Plc:**

An intervention is a set of sequenced and planned actions or events and planned actions or events intended to help the organization intended to help the organization increase its effectiveness (Cummings, Christopher G. Worley, 2008) The strategic intervention is the set of the planned steps to be taken by the organization to develop effective strategies for the organization to be more competent and effective in the market. There are different types and levels of the strategic intervention being implemented in the organizations.

There are various types of the interventions which can be implemented on the KINGFISHER LTD to make the organization more effective and competitive in the market. These interventions are as given below,

Human process intervention

Techno structural interventions

Human resource management interventions

Strategic interventions

The human resource process intervention includes the developing processes for the coaching, training and development, team building & process consultation, conflict resolution, intergroup relationships and large group interventions.

The techno interventions include implementation of the technologies in the organization and these also include the downsizing, structural design development, reengineering, employee involvement, and developing effective work design.

There are different steps which can be taken by the Kingfisher Plc for the growth and improvement of the human resources of the organization like setting goals, performance appraisal, rewards system development based on the performance appraisal, career planning and development, managing workforce diversity and employee welfare.

The structural intervention include the following steps

**°Integrated Strategic Change Integrated Strategic Change**

**°Mergers and Acquisitions Mergers and Acquisitions**

**°Alliances and Networks Alliances and Networks**

**°Culture Change Culture Change**

**°Self-designing Organizations Self-designing Organizations**

**°Organization Learning and Knowledge Organization Learning and Knowledge Management**

Which change interventions to use is an important consideration. Change ultimately entails the deployment of a range of levers covering all the organisational subsystems shown in the above change models appropriate for managing change in Kingfisher Plc. Given the interdependency of these subsystems, it is difficult to change one part in isolation.

Transformational change initiatives in particular, which require a change in the shared assumptions and beliefs of an organisation, are more likely to fail if those leading change focus on changing just structures and systems, paying little attention to softer levers and mechanisms such as symbols, rituals and routines. The strategic intervention can be used to identify which change levers to use.

Interventions need to be designed to remove the barriers to change in the existing state of the organization, and to create the new structures, systems, routines, rituals, symbols, and stories to effectively implement change in the organization. Communication, education, training and personal development initiatives will also be required to help individuals undertake the changes

required of them. The greater the extent of change, the more such initiatives will be required.

Realignments may still require a change in the nature of the work that people do and the outcomes they achieve, such as levels of productivity and sales or customer response of the Kingfisher Plc.

## **THE TRIGGERS TO ORGANIZATIONAL CHANGE**

Mainly organizations have learned to make minor, day-by-day changes to adjust to unplanned or anticipated events and it is changes of some magnitudes, particularly where they are undertaken quickly, that tend to be the most problematic. These are also called as the factors leading to the change implementation in the organization. These factors determine the need for change. These can be internal and external triggers or factors of change management to implement the change. There are following factors affecting the strategy of the Kingfisher Plc leading to the change management in the organization.

## **EXTERNAL TRIGGERS TO CHANGE**

It is important to stress that environment is not just ‘ everything out there’. to distinguished between those parts that are usually considered more important by organizations and those that are not, the terms ‘ task environment’ and ‘ wide environment ‘ are borrowed from a classic study by Dill (1958). Wide environment is one step removed from the organization, whereas task environment is that Part of the total environmental that is most relevant to organization in terms of achieving its goals or objectives.

Because its impact is experienced as direct and pressing, this is where firms

tend to concentrate most of their attention (Dill 1958). There are different types of the factors which affected the Kingfisher Plc and leads the organization towards implementation of the change in the origination, like the macro-economic factors such as political, legal, environmental and social factors and the competitive environmental factors as described by Porter's five forces, competitors, threat from substitute, supplier or customers and the competition environment of the Kingfisher Plc.

## **INTERNAL TRIGGERS FOR CHANGE**

Change to process factor often occurs because of the impact of triggers in the task environment. Some however can arise internally and act as spur for change in their own right. Example of those can require internal change are innovations that improve the way that something is manufactured, or allow a service to be delivered at a low cost, or the development of new products that enable the firm to diversity. There are following internal factors which are deriving the Kingfisher Plc for implementing change in the organization,

Profitability

Development of new products or processes

Job redesign

These all above determined Internal and external factors causes the Kingfisher Plc to implement change in the organization to achieve the goals and objectives of the firm in the long run.

**Resource implication:**

There are different resources which are required by the Kingfisher Plc to develop and implement effective change strategy in the organization. These factors include the Human resources like the workforce and the managers required to effectively manage the changed structure and business processes of the Kingfisher Plc. This also includes the hiring, training and development, rewarding, motivating and retaining the human resources of the organization. Other resources required to effectively implement change are physical resources e. g. equipment, vehicles, buildings; financial resources e. g. costs of training, redundancy costs, relocation costs; new building, refurbishment of existing buildings. The Kingfisher Plc has to consider the effectiveness and availability of these all above given factors to effectively and efficiently implement change in the organization.

The inability of the management to effectively manage the resource implication while managing change can lead the organisation towards the failure instead of success. Because the resources play a vital role in the development of the organization for example without the effective human resources the organization will not be able to carry on the organizational functions or the quality of these actions will be very poor leading to the failure of the process. Similarly the financial resources are also very important for implementation of the change in the organisation because the finance is the soul of the organisation and organization can survive without profitability but it cannot survive without effective finances.

**Systems and strategies to involve stakeholders:**

The Kingfisher Plc must develop appropriate systems and the strategies to involve the shareholders of the organization in the process of implementation of change in the organization. These systems have different processes through which the management can effectively involve the stakeholders of the organization in the process of the change to make the implementation more successful.

There are following stakeholders of the Kingfisher Plc who can influence the strategies of the organization and have important effect on the performance of the origination,

Shareholders

Customers

Suppliers

Employees

Community

Government

Competitors

I will analyse the importance and the power of all the stakeholders and these will be prioritised based on their influencing power to affect the change management process of the organization. As a change manager I will use the sic steps model to involve the stakeholders in the change process of the

Kingfisher Plc. These steps include the identification of the stakeholders, prioritising stakeholders, mapping the profile of the stakeholders, develop communication and engagement strategy to involve stakeholders in the process of change, optimising their support by effective leadership skills and the last one is the monitoring change.

### **Change Management Strategy:**

To effectively implement the changes and to make the change management more productive, I have developed the change strategy which consists of different steps or systems to involve the stakeholders effectively in the change process to make the change process quick, efficient and productive.

These steps include,

Preparation of change: the first step is the preparation for the change to be implemented and this will include the analysis of the internal and external forces effecting the change and then using the effective communication to communicate the need for change with the stakeholders of the organization.

Building vision for change: the next step is the development of the vision to motivate the stakeholders of the organization towards the change process. The clear vision can develop the change more effectively and easily because it motivates the involved individuals towards achievement of the stated goals.

Path of change: the change strategy will be developed and all the stakeholders will be involved in the decision making criteria so that they can understand the importance of change and they can play their role as participants in the change process.



## **RESISTANCE TO CHANGE**

Woodrow Wilson “ If you want to make enemies, try to change something”, advised. When seeking to Change an organization, it is strategy or processes, leaders run into Newton’s law that a body at rest tends to stay at rest, advocates for change is greeted with suspicion, anger, resistance, and even sabotage. 4 (www. 1000ventures. com). But, Richard Branson has been exceptionally competent in handling corporate transformation and change (Manfred, 1998). He is able to achieve this because he envisions, empowers and energizes his employees. Secondly, the structure and design of his companies helps him to institute effective control and reward systems.

An organization is able to create an effective environment, both internally and throughout its supply chain, which encourages an opportunistic position to be adapted. On the other hand, despite how friendly an organization is to change it will still face a degree of employee, supplier, distributor, stakeholder and consumer resistance to change it may manage to reduce the frequency and potency of such resistance but it will never eradicate the fear of unknown.

There are different reasons due to which the employees and the customers of the Kingfisher Plc resisted to the change being implemented by the management of the Kingfisher Plc in all the levels of the organization these factors which causes the resistance to change. These factors can be summarised as follows,

Lack of confidence

Lack of trust

<https://assignbuster.com/merger-of-kingfisher-plc-business-essay/>

Lack of the competencies

Fear of loss of something of value

Ineffective communication by the management

Lack of clarity of the change being implemented by the organization

### **Strategies to reduce resistance to change:-**

The Kingfisher Plc must develop effective communication strategies and the processes to implement the change and reduce resistance regarding the change being implemented in the organization. These strategies include the involvement of the different stakeholders in the process of the change management to make them motivated and focused towards the change being implemented.

There are different steps which Kingfisher Plc should take while developing change strategies in the organization,

Development of the effective mission and Vision regarding change

Development of the communication strategies to communicate mission and vision of the organization

Involve all the stakeholders through the six steps defined above

Reducing the concerns of the staff and people by providing them training and effective skills to tackle with the change and making them more competent