

Tesco organisational change

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



Introduction

This assignment is based on the concept of Organization change and it will discuss around various concept of change within an organization. It is based on the selection of an organization that has undergone through a change and in which people has adopted or resist the strategies of change.

Aims and Objectives

This assignment will be comprise of the below mentioned objectives that will actually analyze all the changes that an organization has actually faced.

- To identify the processes and model of change and what are the strategies that might help in encourages people to positively respond to that change
- To identify the main drivers that has actually triggered the need for change in the organization.
- To analyze the organizational change with the help of EFQM model.
- To evaluate how people will react to that change and will survive within that change.
- To identify the ways that can help in dealing with the resistance towards that change.
- To evaluate the strategic change initiatives and what recommendation can be made in order to gather good data and avoid biasness.

What is change?

According to Potter, Mark (2011) change is an activity that takes out the organization or a person out of their comfortable zone.

It is sometimes positive and sometimes negative and takes time for the adjustments. According to Chhabra et al (2007) states that Organizational change is the change that comes in the overall working environment of an organization and sometimes cause discomfort to the people initially.

Organizational change: According to Potter, Mark (2011) Organizational change is a state that an organization undergoes from one state to another. This change can be in the policy, strategy, technology and culture of an organization.

This change can be sudden or preplanned and requires wise strategies towards the management of people working in an organization.

Tesco Change Management

According to the Tesco website it is the Britain's foremost retail company which is dealing with 37, 000 stores all over the world and have employed over 440, 000 people.

Tesco is dealing with 30 countries outside the United Kingdom. Tesco is actually working on the concept of change and all the employees are striving hard to respond to those changes. The name Tesco has first appeared on a shop in Edgware in 1929 and since that time this company has developed and grown up with so many new innovations and opportunities for the business and for the people as well. By the early 1990s Tesco has faced so many strong competitors and for staying at the competitive edge they need to have new strategies according to the new situations so here concept of change occurs.

Sir Terry Leah was very wise in making decisions. He was the Chief executive in 1997 so he decided to find out where they are actually lacking so that they can easily work on those areas. So he found the root cause on which they need to work. He came up with the statement that we are good in buying and selling but we have actually forgotten the needs of our customers so he decided to pay much more attention to their customers. So he started this activity with the simple question asked by the customers what are we doing wrong?

After this question they actually started investing in those areas that matters to customers e. g. the loyalty scheme such as club cards, Tesco.com, our internet home shopping service. He further illustrates his concept with giving ease to the customers and giving them a reason to come back to Tesco again and again.

Tesco Mission Statement: " Creating values for customers, to earn their life time loyalty".

Values behind Tesco business:

- No one tries harder for customers.
- Treat people how we like to be treated.

Objectives of the Company

The main objective of the company is to better understand their customers than any organization. Tesco not only considers their customers much more important but they are also very much conscious in terms of the innovation of their products and services. Their concept behind best customer service

and introducing best products are to attract their shareholders and gain the growth in sales, profits and returns. Tesco actually work around these three objectives. * To gain growth in sales, profits and returns. * To satisfy the needs of the customers by providing them best services and products. To satisfy its shareholders. Organizational change in Tesco: There is a marketing statement mentioned in ivy thesis . type pad. com that success breeds failures so it shows that nothing else is constant in business and in order to stay at the competitive edge business should respond to the changing demands of the world. Tesco has focused on these demands so that they can stay competitive and can respond to their competitors. The following difference can show their attention towards the demands of the world. Tesco in Past: According to Finch, Julia (2010).

Tesco in the past was just like a typical traditional food retailer company that only focused on the substantial assets of the business like products, place and money. They had not paid any attention towards the intangible assets of business like customers satisfaction, services providing ease to the customers. This has actually given hard times to Tesco in the past and very soon this thing was realized by Tesco that the older methods will not work for the business as the concept of Globalization was spreading very fast so Tesco started responding to the changes required.

Tesco in Present

Tesco in present has moved its attention towards more innovative and intangible things. This was the first step of Tesco towards innovation and working beyond its limits as in 1995 they introduced club cards which are now offering air miles and club card points in 5000 different venues in the <https://assignbuster.com/tesco-organisational-change/>

UK. Rowley (2005) states that the club cards has given good opportunities for customer interactions and engaging large number of corporate partners in delivering and earning rewards. These club cards are actually building up a strong relationship among customers and Tesco.

Another innovative step of Tesco is the use of internet for their customer's i. e. Tesco. com. It has actually strengthened the communication between consumers and Tesco as people can inquire through Tesco website regarding grocery, music books and so on. According to Tesco. com (2005) customers can enter their complaints on the same website where the problem list are already present and customer's needs to fill in the right area. These complain can be related to quality of food, out of date products and so on.

For making the life easier for the customers Tesco has given more in store facilities, long opening hours, shorter queues trained staff. Topic 1 Drivers for Change: In order to find out the competitive position of an organization firstly I company need to check what factors are actually triggering for change. So what that reason lots of information is required which can tell the position of the company where it is standing at the present and where it will be in the future so making these predictions more clearer Porters 5 forces model can be used that will tell each and every aspect of that organization.

Porters 5 Forces

Porter 5 forces helps in analyzing the external environment of an organization and provide beforehand preparations so that company can gets ready for any kind of pitfalls that may arise in business. It covers the following steps.

- Rivalry
- Substitutes
- Buyers
- Suppliers
- Barriers to entry.

Rivalry

Rivalry is the central force that involves other forces as well. Tesco has many rivals in the market so for making its position stronger and giving tough competition to its rivals Tesco always keep its position up-to-date and respond to the changing demands of the world.

So the launch of club cards and other internet websites are the steps taken to stay at the competitive edge and be a strong contender for its rivals.

Substitutes

Rivalry actually makes the profits zero as it is a threat. As the market has many supermarkets so they can be the substitutes for Tesco so in order to avoid missing their customers they need to provide them with extraordinary customer service. So Tesco has made that possible by giving Club cards and showing that the customers are at the heart of Tesco has actually won the loyalty of their customers.

Tesco has substitute like Sainsbury which has got the similar products and has decreased the prices of products in both companies.

Buyers

Power of buyer is another cause of decrease in the prices as if the cost of floor is more in Tesco buyer can easily switch over to Sainsbury. But Tesco is fortunate in this case as there are not lot big markets that makes the markets more discipline and stops them of pricing war.

Supplier

Tesco has an advantage over the suppliers as they quote the price to the suppliers and suppliers have to admit that as Tesco has a strong position and they can quote on their own.

If suppliers do not fulfill the demand they will have no one to sell their goods so Tesco takes a good advantage over their suppliers.

Barriers to entry

Tesco, Asda and Sainsbury are the barriers to entry for the new supermarkets. As they have an advantage over the suppliers in the economy of scale as they can buy large volume of goods on less prices whereas the new entrants needs to buy small quantities very expensive.

Process for Change**Unfreeze**

Tesco has used the concept of unfreezing by telling their employees and realizing them the needs of their customers. They gave them the image that Tesco needs to stay at the competitive edge and for that they need the loyalty of their customers. For getting that loyalty they need to pay full attention towards the satisfaction of their customers. So they have to done

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some sort of technological, social and cultural changes that will increase their publicity among their customers. So they ensure the readiness of their employees towards the change in their working schedules.

Change

Tesco has started the club cards in 1995 by giving full training to their employees that they always need to ask the customers “ have you got a club card” this was the way of giving promotion to the club cards. Employees were also provided with the information that this strategy of launching club cards will give competitive edge to Tesco and the company can stay more in touch with the loyal customers so they just need to scan and offer the club cards to their customers who will definitely give rise to the profits.

For making the employees ready for the extra work load Tesco has given them the information that they will also get 10% discount with their staff privilege card on their purchasing from the store which makes the employees happy that at least they are also getting benefits out of it.

Employees were also informed of the Tesco. com and that the customers will do shopping online so they need to be more efficient and with the same thing they were given proper training that how to deal with online shopping and it will give rise to the business and the business will give them promotions and bonuses for their hard work.

Refreeze

The launch of Club cards and Tesco. com has actually given rise to the Tesco sale as it makes easier for the customers that even while sitting at home

they can shop whatever they want to have. It has actually increased the customers for Tesco as the slogan of Tesco says “ Every little helps” so they are actually working on that as they have kept an eye on even the little needs of their customers. According to Harvey, Oliver (2007). , The UK has stated that Tesco is the most developed online grocery market in the world with more than 1. million people shopping online. (Daily Record, 2004)

Organizational change for context: According to Pagano, Margareta (1987) cultural web analysis was given by Gerry Johnson and Kevan Scholes in 1992. It can help in make observing and then making some changes in an organizations culture. It helps in exposing cultural hypothesis and practices and aligns the work with organizations elements and the strategies used within an organization. As mentioned above different changes in Tesco which has given a positive rise to the business.

Here in this cultural web analysis the change of introducing club cards has increased the work loads of people so what initiatives should be made in order to support the already occurred change. There are six elements which can help in making those changes stronger. Stories: Whenever a change occurs in any organization it comes with lots of previous stories like it will increase workloads without any benefits. It will give different type of job specifications so in order to avoid all these stories the employees will have in advance trainings and incentives so that they can welcome the change positively and should be ready for new challenges.

Rituals and routines

The daily routine will show the change in behavior so the reward system and the bonuses should beforehand introduced so that people can work more energetically without showing any kind of negative attitude towards the increase in work. Symbols: Before implementing a new change there should have a lot of publicity as in Tesco they advertise the club cards and even the employees have got the uniform with Tesco club cards. Organizational structure:

As in the case of Tesco the employees were well defined of their goals and the consequences that they will have after achieving those goals and objectives so the objectives will be clearly defined in order to support the implemented change.

Control system

It is usually measure by the top management team and before implementing any sort of change all the strategies and policies are prepared beforehand. It is regarding the financial system and reward system so Tesco has also given the opportunity to its employees as 10% discount on their cards which can further enhance their performance and strengthen the implemented change.

Power Structure

As the name indicates Power structure which is hold by the executives and other seniors so the steps taken like discounts for employees, Trainings regarding club cards and internet has strengthen the change so far.

Creativity and Improvement Creativity

Creativity is the thinking up of new ideas. It is actually the dreaming up of new ideas. Whereas according to Lorna Martin (2006), Innovation is doing new things so it is the practical term for creativity. Source: [www. google. co. uk](http://www.google.co.uk) According to Walker, Gaelle (2006). EFQM is the most widely used model with over 30, 000 businesses to increase performance and increase their bottom line. It takes a holistic view of an organization and gives a diagnostic tool for the specific area of an organization which will provide strength and enhance that area with innovation and creativity. This model is divided into two parts the first one is enabler and second one are the results that can be earned through the employees efforts, the policies and strategies implemented, and the stakeholders or shareholders involved and the resources within that organization.

So in the case of Tesco their strength is their team, their products. While talking about their employees they can engage their employees in more trainings and give them chances to think out of the box as the Human capital is the main asset of any company so Tesco needs to invest more on their employees and give them chances to learn more and work accordingly. So as they have got an Intranet within their organization that is the actual chance for their employee's promotions and gives them more chances to enhance their performance by learning more and then implement their knowledge in their organization.

Well Tesco has already taken a step towards innovation and creativity as they have implemented Tesco. com so in this way thousands of minds are included in Tesco and Tesco can take suggestions from the people around.

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By their club cards they are not only providing good saving to the customers but they are also doing surveys by checking in which area which product is selling more so in this way they are increasing the productivity of that product. So Tesco. Com is a step towards innovation.

Surviving change

Surviving change is actually the concept regarding those changes that an organization has implemented.

It checks whether those changes are well accepted by the organization and employees. Do those changes have given a positive rise to the business.

According to Buckley, Neil (1995). , there are some steps that manage and deal with change appropriately which are as follows.

- Acceptance for the change should be there by training and awareness.
- Readiness for change to be happens at workplace.
- Should have enough strategies to tackle that change.
- Adapt to that change.
- Feel free to go with the change.
- Enjoy the change.
- Always try to be ready for the change.

So change is actually surviving in Tesco as they have also used the before hang readiness for the change to occur and now getting desired results as a part of business profits. Transition curve: According to Savill, Richard (2001).

Transition curve is a three stages of transition that involve ending, neutral zone and beginning which helps in assessing people that what difficulties they might face during the implementation of change. Ending: This seems to

be the ending of the confidence of the employees when they deny the acceptance to change.

They might think that their workplace or their work will be different so this is the ending of their hard works and acceptance to work loads. Neutral zone: This state will be the confusion state as the staff will be in between the current and the desired state. They will be uncertain about the present and the future. This can have the negative impact on the activities. Beginning: The beginning state is that state in which the employees are ready for the change and work accordingly with a positive set of mind. As in Tesco case employees are ready for the work. Conclusion and Recommendations:

Change is a positive activity and it always brings about something healthy to an individual or an organization. So in the case of Tesco change was the ultimate desire of the modern time and has actually give Tesco a strong position. Club cards and Tesco. com Com are the positive changes for Tesco and has increased its sales. Staff is also very efficient in implementing and working on the change so it has given positive rise to the business.

Recommendations

Although the change has been successfully implemented in company but there is still need to eradicate the perception and attitude of being one or monopolist views. The development opportunities should be offered to the front line staff for further improving the customer service.

- Variety of methods should be used to training the staff and through providing them different platforms the company can fetch the creative ideas from their staff

- There must be online and offline (virtual; over the web) feedback or comment section where the customers can record their feedbacks regarding the products services and their performance or further improvements.
- Teamwork culture, support from the management and empowerment are the necessary mediums to motivate the workforce and maintain their motivation for better productivity.
- An efficient performance appraisal system is required to be implemented for judging the performance of both contract based and permanent employees and similarly compensation should be based on this fair appraisal of employees.
- Further communication should be improved through extensively advertising the products to the target market and internal communication should have to be improved through making the flow of information on right time.

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