

# Analysis of management of change at royal mail 2002-2005 essay sample

[Business](#), [Employment](#)



The oxford dictionary defines change simply as “ make or become different”. In essence change is the movement from one situation to another, whether deemed positive or not.

The way in which this change is managed and implemented especially in the work place has become more important in recent times where change is needed at almost a constant rate because of the pace of the world around us. Change management is defined as,

“ The practice of administering changes with the help of tested methods and techniques in order to avoid new errors and minimize the impact of changes.”

Microsoft Security Glossary, 2005

In 2002 the Royal Mail organisation was hemorrhaging losses of over £1 million a day (approx \$500 million a year). These harrowing losses as well as other negative factors such as poor culture, industrial relations, etc, within the Royal Mail had been exposed since its privatisation.

Because of these losses and other negative factors the Royal Mail highlighted and decided upon a culture change programme, which they needed to invest in. So, in 2002 the Royal Mail launched their biggest programme of investment into change within the organization for 50 years.

Allan Leighton (Royal Mail's Chairman) called upon his people and organisation development director, Tony McCarthy to “ make this a great place to work, to make changes to the culture to boost moral and sort out

the HR department". The HR department was highlighted because of its large number of employees and admin processes which was potentially deemed unnecessary.

The change was needed because the organisation could no longer rely on subsidies by the government through the tax payers to cover their losses as they were no longer a nationalised business but a private one which had to fund itself and was expected to produce a profit for its shareholder.

The huge losses needed to be addressed before 2006 because at the start of that year the consumer Mail market would no longer be a monopoly and any organisation, in theory, would be able to place a post box on the street and handle letters/parcels for distribution. This meant the organisation could potentially no longer rely upon a continuous flow of business.

When Royal Mail started the program the first thing they did was to appoint someone to oversee the operations. Instead of using someone from within, the organisation brought in Tony McCarthy. By bringing in someone i. e. an external source, ensured that, as long as he was given the freedom, a new business driven perspective was brought in. If the Royal Mail installed someone from within who had been with the organisation during its years as a nationalised organisation then they would have different perceptions and might not fully understand the new needs of the Royal Mail.

The way in which McCarthy managed his changes are similar to aspects that Kotter & Schlesinger (1979) outlined as their strategies to manage change and the resistance of change. These were;

- Education and Communication;
- Participation and Involvement;
- Facilitation and Support;
- Negotiation and Agreement;
- Manipulation and Co-optation; and
- Explicit and Implicit coercion.

McCarthy's focus leans towards the positive approaches education, communication, participation, involvement, facilitation and support over the more direct and negative aspect.

McCarthy used education and communication as a way to ensure there was not a lack of information concerning the changes that were being made. The use of seminars to explain the new operations and practices to the HR staff helped McCarthy express to the employee the logic and reasoning behind the changes. Making clear exactly what was happening and changing ensures that unfounded rumours are not spread the increases the level of resistance.

Addressing the way in which people were educated in the changes is one aspect highlighted by the emergent school of thought into change management.

Pettigew et al (1992) and Wilson (2003) of the learning aspect of the emergent school highlighted how an increased willingness to change can be brought about by educating the employees of the situation and bringing the crises to the employees, they realize there is no other option. Using the seminars to educate of the job cuts and the bad press in the media, meant that the HR employees became more committed to the changes as they knew the risk to them of not supporting the changes.

Clarke (1994) and Nadler (1993) also suggested that using education like seminars to express the benefits towards the employees in terms self development encourage commitment as well as a sense of shared ownership. If Royal Mail was to succeed in applying the jobs cuts they needed to ensure that they developed upon this sense of ownership and made the employees proud to work for them.

Through the use of seminars, introduction of new employee development programs as well the removal of temp. staff (McCarthy noted how 'belitling it is to a long-serving postal worker if we say that any temp...can do their job.") the organization was able to show its commitment to the employees and McCarthy was also able to encourage employee commitment further.

The notion of addressing commitment is a aspect of the Organization Development school of thought. Many theorists including Mullins (1985) have observed how "The extent of their (the employee) commitment will have a major influence on the level of work performance". O'Really (1991) identifies

how employee commitment can build through stages, where higher commitment meant ensured increased work performances.

Before McCarthy's action, most employees at the Royal Mail including the HR ones were 'compliance' workers (work to obtain someone, normally a wage). However by 2005 the HR department for example, was operating as a community with lower employee levels but sustained operation levels (i. e. increased performance) aided by increase the employee commitment through showing an investment via the seminars.

The Royal Mail continues to hold presentation, dinner and award ceremonies to try and encourage employees to further adapt a to the 'identification' level of commitment, where the employee are proud to be associated to the firm. The success of these dinner and ceremonies indicated that the employees are showing more of willingness to be associated with the firm.

These aspects of the Royal Mail also shows there awareness to employee needs on a higher level, as suggested by Maslow (1943) in his paper A Theory of Human Motivation concerning esteem needs (4th level)

Martin, P and Nicholls, J (1987) three pillar model of committed (diagram below) shows how ensuring a sense of belonging through the seminars and bringing a sense of excitement of the job through the dinners and reward schemes introduced. went a long way to ensuring commitment.

Matrin, P & Nicolls, J (1987) Three Pillar Model of Commitment

The introduction of two-way communication session as well as the 'Talk-About' programs between management and employees where employees can inform management of potential problem and suggest solution, has also helped continue in developing the sense of ownership idea amongst the employees.

Pugh (1993) of the emergent school also highlighted that in order to generate a change culture, those employees involved in the changes should be able to aid in the diagnosis and development of solutions. This opportunity for participation (2-Way conversation/talk-about programs) was another aspect of Kotter & Schelsinger's (1979) model. They argue that involving them in this way will ensure they are more likely to 'buy-into' the changes.

This shift in management thinking to start considering the employees opinions is supported by the emergent school and helps lead onto its effect on commitment and culture.

" By encouraging a collective pooling of knowledge and information in this way, a better understanding of the pressures and the possibilities of change can be achieved, which should improve the quality on the strategic decisions"

Boody and Buchana (1992)

Shifting the manager's so that they became facilitators (another aspect from the Kotter & Schelinder (1979) model) and aware of there change conscious

workers as well as committing to long term staff so that the Royal Mail managers gained they're support, helped increase the effectiveness of any further changes. This was the ' central argument' of Dawson (1994) from the power/politics aspect of the emergent school.

The notion of facilitation and support was also implemented by the changes to the HR employee. Moving them into a pure HR role so facilitating to their needs for more time for there roles as opposed the carrying out management tasks meant that they were no longer " got the blame for everything" (McCarthy). This addressed conflict, another aspect of a organisation development based change program.

The general understanding to address the culture of an organisation when implementing positive change is highlighted by both the emergent school and the OD school.

Kotter (1996) from the emergent schools perception suggested, that in order for change to be successful, the change needs to be attached to the organisations culture. Many emergent theorists also commented that the culture needs to be one that's appropriate for change. Through the Royal Mail changing to show commitment and trust in its staff helped ensure that the changes that were needed whether they included job cuts, for example, were accepted by the employee because the culture had changed to one were their was trust between the staff and the organisation.



The OD perspective would argue that Royal Mail shifted itself from a Power Culture (centrally run by autocratic managers) to a Role Culture that designated processes to specialist i. e. the HR specialist.

The facts from the outcome of the culture shift/organisational commitment at Royal Mail show that there has been success whichever model you hold it against. Before the shift there was poor relation between the employee/unions and the firm, which led to strikes, however within 18 month of the program being implemented when similar union action was called of, members voted again a strike. McCarthy himself highlighted that the Royal Mail was trying to build trust between the staff and the firm, " we are trying to fundamentally shift the relationship with out people so that they trust us".

The main objective now for the Royal Mail has to be in ensuring that they sustain the changes they have made while continue to develop further changes. Many other former nationalised organisations such as Rail-Track and British Gas have suffered in not addressing problems highlighted by the privatisation. The Royal Mail, by acknowledging and starting to address there problems are already ahead of these firm but must not allow themselves the slip into new problem experienced by private firms.

Royal Mail were, as Nadler/Tusham (1986) model suggests, Re-Creational in their action as they only made the changes after the problem became apparent (reactive). If they are to continue a market dominance now the market has opened they must look to be more proactive or as Nadler/Tushman (1986) put it, Re-Orientation. They need to become more

active at anticipation potential changes in the environment so implement changes before they occur. This can be only be achieved through investment in the likes of McCarthy to allow them to have the freedom to anticipate & make changes before it's apparent that it's needed i. e. huge loss in sales.

Many theorist including Dawson (1992) and Kanter (1992) have expressed how standing still in the modern world will only send you backwards. Change needs to be constant process which keeps evolving (such as Senior's (2002) model of change). This is especially important in the fast changing environment of the modern world and the open market that the postal service has opened into from 2006. The key to this is that Royal Mail doesn't remove the change agent now that they have had some success.

They need to address what is next for McCarthy. When he was bought in to the organisation he benefited by not having previous experiences with the Royal Mail to cloud his ideas and aloud him to see the real problems from a new angle. But with being with the Royal Mail for 3 years, which while having its advantages in that he has experience of the firm and would have observed over the years other areas that could be improved, there is a chance that he, himself has become to enclosed in the organisation to fully implement further big changes.

One option is to move McCarthy to a support/sustaining role. Royal Mail could then bring someone in from the outside to try and access where further changes may be needed. This worked before with McCarthy so there is no reason it couldn't work again.

Moving McCarthy to a sustaining role would ensure that those changes implemented continue to have an effect. Some of the changes, especially those that adjust the culture will need to be sustained in order for new changes to be accepted. Also by ensuring investment is used to sustain the changes will show the employees that the changes were not a quick-fix but based on long-term goals, this way the employees won't return to old ways and instead, stay committed. In the mid 1990's the cooperative group embarked upon a culture change program, however the stores have continued to see a decline in sales and came bottom in the Which! 2006 Customer Service survey. When questioned, many of the employees blamed lack of support and poor investment in follow-up for a reason for their demotivation and unwillingness to adopt further changes,

Armstrong (1996) highlighted the need for a well-motivated, committed, skilled and flexible workforce in order to ensure an excellent culture so it is utmost important that Royal Mail continue to invest and sustain support in ensuring the employees needs are considered.

Royal Mail needs to ensure that they continue to work around Kotter et al's positive strategies (education, facilitation, cooperation, participation) and not fall back into using more negative strategies (Manipulation and Coercion). In doing this Royal Main can hope to maintain the integrative culture that they have formed. Integrative cultures as outlined by Kanter (1983) are cultures that can sustain effectiveness through ensuring challenging the normalities such as the actions of McCarthy.

The management must continue to be educated in order to be more employee and change conscious. Through using Kanter's et al's positive strategies when implementing the education to the managers will help ensure that the managers themselves can become change agents who are more facilitating of the employees and share characteristic such as those outlined by Yuki (1998) (Clear vision, explanation, confidence, opportunity provider, empowering others).

The culture shift that has taken place, above all needs to be maintained. Keeping a positive, more employee conscious culture will ensure changes and challenges are not met with continue resistance when they are needed, which will speed up the process.

Peters/Waterman (1982), through carrying out a large scale survey, highlighted upon 8 key characteristics (Bias for action, customer focus, entrepreneurship, productivity through people, value orientated CEO's, Sticking to their business, Centralised while being decentralised), that excellent organisations share which made up the culture-excellence model. The finding of Peters/Waterman may be considered irrelevant today, however in 1996

Their work was largely based on McKinsey Model (see below) which Peters/Waterman had developed in 1980 to outline effective organisation practices.

McKinsey 7-S Model (1980), Peterr/Water/Phillips

Whichever model you look towards, it obvious that the Royal Mail have addressed many of the McKiney Model areas (Staff, system, skills, strategy, culture) as well as moving towards the aspects of their culture-excellence model, for example concerning decentralization and productivity through people. They now need to expand throughout the organization and other departments (not just the HR Department) to ensure they can achieve a shared vision throughout, which involves all of these aspects.

The Sunday times in 2006 listed to best companies to work for in term of employee satisfaction. Many of these firms such as Tower House and ISIS all had high levels of employees who are proud to be associated and feel fully involved in their organization. This is what Royal Mail need to strive towards this throughout the organization. This can only be achieved if the organization looks towards attaining the culture through Peter/Waterman's aspects.

As benchmarks, Royal Mail will benefit from looking at firms such and UPS and FedEx which both compete in a highly competitive US postal service yet both maintain success in sales. They have both achieved this, in part by recognising the power of employee commitment and bringing the employees into their overall mission statements.

FedEx have been able to sustain success in an open Mail market through the acknowledgement of their employees, using phrases such " We value our people and promote diversity in our workplace and in our thinking" and "

Compete collectively by standing as one brand worldwide and speaking with one voice" in their mission statement.

UPS commitment to employees has been recognised in many " notable publications including America's Best Part-Time Job (Your Money magazine), America's Best Companies for Minorities (FORTUNE magazine) and Best Company Benefits (MONEY magazine.)" (About UPS, [www.ups.com](http://www.ups.com)), again showing their commitment to employee to benefit the firm performance in the market.

In conclusion, With around 200, 000 employees handling 82 million items of Mail a day the culture change was never going to be quick to implement or easy. However, through a 3 years programme the Royal Mail was able to renew itself and as of 2005, the repercussions of their investment was visible with the organisation announcing profits of £537 million (2004-2005) as well as improving their delivery rate, decreasing absenteeism (down 1. 4% in 2004-2005 from 2003-2005) and improved industrial relations (Unofficial strike days lost fell from 86, 000 in 2004 to 7, 000 in 2004).

As the appraisal has shown the Royal Mail, by addressing the HR department and staff morale using more positive techniques of involvement, communication, facilitation, etc has helped when there has needed to be cuts. In the HR department 1400 jobs had gone which saved the Royal Mail £50 million, but the required jobs were still being completed because of the removal of repetition and unnecessary tasks as well as addressing employee commitment.

While Royal Mail has seen success in the changes they have implemented so far, they cannot rest because not only have they got the problems of their own financial situation to address but also the effect of competition now that the market has opened.

Failure to continue commitment in investing in their employees as well as supporting the changes they have already will lead to a return to the situation they had found themselves in, in 2002.

The examples of UPS and FedEx show that with the right level of commitment to the employees, multiple organizations can succeed in this type of market. Royal Mail are already ahead of their competition because they are already established and they cannot let this advantage slip by taking for granted this position i. e. investing externally and must strive to improve through their employee. The large number of employees means that their effect on the organization is great so must be considered.

The suggestion made to ensure the sustaining of the success of the initial changes, built from a number of well established models, show how that as long as the Royal Mail are committed to the employees and their development, then the employees will be committed in the organization.

The likes of Rail-Track show that without proper long-term addressing of issues highlighted through privatization, these forms of organizations will collapse.

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