Change management assignment flashcard

In parallel, there were persistent rumors that AH Maria, a dairy market leader in the gulf, was landing to put a huge investment to enter the Egyptian market. Consequently, the founder decided that this anticipatory change approach called re-orientation – as per Needle & Dustman (1989) – entailed recruiting a team of senior executives with a solid multi-national background to lead the corporate restructure & uplift the company's image, since companies with well structured leadership teams were highly valued in the stock exchange.

The arrival of the new deputy chairman: When the new deputy chairman entered his office in early 2007, Co.

Ax's employees had mixed feelings. He had outstanding credentials given his 30 ears experience at in different countries, however, it was obvious that he was extremely sharp, pragmatic, impatient & ruthless. He spent his first month entirely in unannounced relentless trade & factory visits as well as customers' focus groups nationwide to gain industry understanding & identify potential issues or opportunities. It was his way of demonstrating his values through his actions.

Two months after he joined, he fired the Sales Director for failing to meet the desired monthly target.

It was a clear message that he had a sense of urgency to achieve a certain mission & that you were either with him or against him. New leadership team: upon assessing the existing capabilities & mapping stakeholders, the new deputy chairman (the change agent) took the driver's seat & quickly hired a Marketing Director from Unlived, two Marketing Managers, a new

Sales Director, an R&D Director & an HER Director to be the core change team that will guide the transition.

Together the newly assembled team developed a shared commitment to outstanding performance. Driving forces vs.

. Restraining forces: As one of the newly appointed Marketing Managers, I was quick to identify both driving and restraining forces to this transition. It was evident that the chairman, his deputy & the newly hired coalition were adamant to elevate the company's image & make a cultural turn-around that matches multinational organizations (while acknowledging that the ultimate goal was to successfully launch the PIP with a high share value).

On the Other hand, co.

X had an enormous number Of Old school family members in various positions that were on the fence towards this change. As Bert Lance once said (1977) " If it main ' t broke, don't fix it", they just couldn't understand the need for change but were playing along only because it was he chairman's wish (just like the 1972 movie – The God Father). Eying off the foundation – The Vision & Core Values: Our starting point was to articulate the company's vision & core values that were never put on paper before.

It took us several meetings to collectively agree on the final vision that will direct the change efforts but when it came to the core values, we decided to engage the rest of the organization through a basic survey that was slightly similar to Vim's Sam palominos 2003 experiment* until we reached the final five core values.

To prove that the new values were more than window dressing, the deputy Harriman called on the HER Director to add a new KIP to performance appraisals called " Demonstrating & living Jacana's core values – the HOW" (with a 30% weight) which caught everybody's attention since it had a direct impact on their bon us.

He also requested that we close any potential gaps between the new core values and the current company practices. The 5-S model of alignment (Modified McKinney Model – which was based on the 7-S model developed by Bob Waterman, Tom Peters, and Julienne Phillips nil 980): It's fair to state that at the time, we were not working with that model n mind but the critical decisions that were taken in various areas can now be easily allocated to the 5-S model. Strategy: The change team refocused the business strategies to realize the aspired vision.

Based on my comprehension to Donald Gull's 2009 article*, Co.

Ax's old strategy was primarily relying on absorption versus deputy chairman's new strategy direction that was mostly advocating agility. The new strategy had innovation at its core. It basically segmented the market into tiers to replace the " one size fits all" previous strategy: High tier segment to be addressed tit premium products (unrivalled technologies, contemporary packaging, superior recipes, new flavors, introducing a zero fat line,..

Etc all at a premium price). Medium tier segment to be addressed with the existing range, packaging recipes and pricing. Low tier segment to be addressed by a new brand called Booker (relatively lower milk quality, packaged in a pouch at a cheaper price). The new strategy also included implementing time pacing* and invading new African markets. Structures: A De-layering initiative was launched to shift to a flatter / more horizontal organization structure to leverage the speed of the decision making process.

Systems: Although systems should be developed last after exploring the other 4 As because they need to be tried for a period of time prior to launching them as systems. In Co. Ax’s case, we developed processes, procedures, technical platforms & information systems to support the operations & ensure that competitive & financial information traveled consistently through different levels from the start. Skills: We knew what distinctive competencies were needed to support our strategy hence worked on two parallel streams: developing the capabilities of existing Taft and hiring new promising teams.

Shared Values: Co. X had quite a complacent laid-back culture at the time driven by the fact that it was a family business with a numerous number of family members in different positions. Despite its vast magnitude, it was bizarre to find out at the beginning that the majority of internal communication was done through phone calls without any emails documentation. The office building was split into small rooms with closed doors (silos). The bigger the room, the higher the position.

Salaries and bonuses for all staff were taken for granted.

The first step taken by the deputy chairman was shifting all non factory employees to a brand nevus building with an open office plan and identical desks for all staff regarding their hierarchy. Reserved parking spaces for senior executives were cancelled (with the exception of the chairman). Rapid change and collaboration were TV'0 important assumptions of the new culture.

Moreover, the team's overall target achievement became a mandatory element to full bonus entitlement (in addition to demonstrating Jacana's core values KIP).

It was the first time performance appraisals were taken seriously at Johanna. To foster open communication, each manager Was granted a budget to have a one on one lunch with each of his subordinates once a month plus take his entire team out for a team building activity once a year. Originally, there was no dress code at Co. X until the HER introduced a formal dress code policy with the exception of Thursdays " Casual Day".

Navigating the 5 As: Looking back, I now feel that the way we navigated across the 5 As was wrong. As expected, we focused more on the hard As (the cold triangle).

And despite an enormous effort was put into the two soft As, still more engagement work loud have been done particularly on the shared values / culture element with the factory workers who felt that the leadership approach was mostly top down with little involvement from their side (especially since they were in a different location). Because the environment was too loose when the deputy chairman arrived, he put relatively more weight on Theory E leadership approach (versus Theory Co's evolutionary style)* which think made sense at the very beginning but then he never released his grip.

Communicating the new vision, strategy & core values: In Co.

Ax's case, the communication & motivation steps were done multitudinously. Upon arriving to the new modern building, each employee found a welcome box on his desk to introduce him to the new Johanna. It included a manual for co. Ax's new brand architecture, and flyers explaining the vision, strategies, corporate values & systems plus a giveaway. This coincided with a huge corporate event to explain the background behind the need for change leading to the vision, values, challenges, new commercial targets,..

. Etc We also launched a 360 degrees TTL campaign that included TV, press, radio, & outdoors that translated " Co. X is one of you". It was shot by real Co. X employees (from different functions) who talked about why they were proud to work for Co.

X. This 25th anniversary campaign resonated extremely well with consumers. It also generated emotional energy for many of the staff in a way that was slightly similar to the Simmons case Motivating staff, acting & consolidating: The corporate event, welcome kit & communication campaign were again considered to be the main motivation factors in the Co.

X change transition along with several departmental sessions. In terms of acting, although the new HER Director established the training infrastructure, Co.

X had a ultra that strongly believed in " on-the job-training", hence each employee was entitled to only one training course per year based on his key area for improvement. And finally in terms of consolidating, a lot of focus was given to publicizing, celebrating individual & team successes whenever we hit a milestone. The final chapter: 2 years after the change transition started, Co.

X issued the PIP successfully with a share price higher than anticipated. This success was accompanied by a solid portfolio, an unprecedented leadership in spontaneous recall & image tracker plus a 15% increase in market share.

Nine months later, the deputy Harriman was asked to resign due to a conflict with the chairman. And while co. X post this deputy chairman didn’t go back to square one as it continues to be the market leader (despite the launch of AH Maria in Egypt), it’s safe to assume that half of the momentum was gone the second day he left.

The current strategies are correct but I believe that they need a re-alignment type of change since some structures, systems, and cultural aspects have gone way out of alignment. Appendix (1) The Arrival of the deputy chairman (Continue): He also agreed with AC Nielsen research agency to conduct consumers blind caste tests & products’ placement surveys for Co.

Ax’s products versus key local & global dairy & juice competitors for benchmarking purposes. He had a strange photographic memory for numbers.

He would request folders of financial documents to be sent to his home to thoroughly study the company’s financial situation in the last five years (balance sheets, income & cash flow statements,..

Etc). Eying off the foundation – The Vision & Core Values (Continue): Slightly similar to Vim's Sam Palominos 2003 experiment*, we distributed printouts of an anonymous basic survey that included a readmes set of core values' hems & requested that they individually select five values that represented what Co. X stood for from their point of view.

At the beginning, only a few filled the survey & we received some comments like " What's the big deal? Just fill it with whatever fancy words that you guys like! " but over time when they felt that the process was serious & that their opinions mattered, they all filled it and we finally reached Co. Ax's first set of five core values. Appendix (2) The 5-S model of alignment (Modified McKinney Model) – Strategy (Continue): The founder & the deputy chairman vividly illustrated two distinct approaches.

The founder's old strategy for Co.

X was relying mainly on absorption (low fixed costs, diversified cash flows, vast size, intangible resources like Co. Ax's brand power due to its heritage, excess staff & was constantly working on building relationships with ministers and key government officials to have a powerful patron). The deputy chairman's strategy direction was very much into agility (introducing new offerings, quick re-allocation of resources from less promising products to more attractive ones, seizing game changing opportunities by entering new markets, tripling exports,.

. Etc) Moreover, he wanted Co.