

## Unit 4 - Transforming a Business

### Learning Outcome 2 – Implementing Change

#### Chapter 13, 14, 15, 16 & 17

##### Key knowledge

##### Chapter 13

- the importance of leadership in change management
- management strategies to respond to key performance indicators, including staff training, staff motivation, change in management styles or management skills, increased investment in technology, improving quality in production, cost cutting, initiating lean production techniques and redeployment of resources (natural, labour and capital)
- low-risk strategies to overcome employee resistance, including communication, empowerment, support and incentives
- high-risk strategies to overcome employee resistance, including manipulation and threat

##### Chapter 14

- management strategies to seek new business opportunities both domestically and globally

##### Chapter 15

- an overview of the principles of the Learning Organisation (Senge)
- key principles of the Three Step Change Model (Lewin)

##### Chapter 16

- the effect of change on stakeholders, including managers, employees, customers, suppliers and the general community
- corporate social responsibility considerations when implementing change

##### Chapter 17

- the importance of reviewing key performance indicators to evaluate the effectiveness of business transformation.

## Chapter 13

##### Key Knowledge:

- the importance of leadership in change management
- management strategies to respond to key performance indicators, including staff training, staff motivation, change in management styles or management skills, increased investment in technology, improving quality in production, cost cutting, initiating lean production techniques and redeployment of resources (natural, labour and capital)
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**Key Knowledge:**

- **the importance of leadership in change management**

<b><u>Leadership Attributes</u></b>	<b><u>Explanation</u></b>
<u>Diagnosing</u>	being able to understand the situation as it is now and knowing what could be expected in the future.

Q what may happen if managers do not have the skills / attributes to successfully implement change.

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Q what things to Managers need to manage and do during the period of change.

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**READ**

Activity 13.1 Part 1

Read the quotes and REFLECT on what they mean and how you may apply them

**CASE STUDY 13.1**

Very good example of a lack of leadership = lack of result.

- 1 Describe the role of leadership in the change management process.
- 2 Summarise four key points of the article.
- 3 What has been the perceived role of the senior leaders at Woolworths in the change management process?
- 4 How has this impacted on the future of the business?

**Key Knowledge:**

- management strategies to respond to key performance indicators, including staff training, staff motivation, change in management styles or management skills, increased investment in technology, improving quality in production, cost cutting, initiating lean production techniques and redeployment of resources (natural, labour and capital)

\*Q Explain why businesses need to monitor and evaluate KPIs and performance

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**Complete the table below using the Management Strategies to respond to KPI's**

Strategy	Key Performance Indicators
Staff Training	- - -
Staff Motivation	- - -
Change in Management Styles or Skills	- - -
Increase investment in Technology	- - -
Improving Quality of Production	- - -
Cost Cutting	- - -
Initiating Production Techniques	- - -
Redeployment of Resources (natural, labour and Capital)	- - -

## **Staff training and development**

Q How would staff training and development help to improve Business efficiency or KPIs

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### **Activity 13.2**

1 Distinguish between training and development.

2 Explain why a business should focus on training employees.

3 Ask members of your class or your teacher to find out what type of training they have completed

## **Staff motivation,**

Q What is the potential outcomes of increasing staff motivation for a business

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Q List 3 ways to increase staff motivation

1
2
3

## **Change in management styles or management skills,**

Q What is the potential outcomes of a change in Management Style for a business and why?

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**Case Study 13.3 – Google and Leadership – (Very good example)**

- 1 Outline why Google has established the style it has.
  
- 2 Discuss what other businesses can learn from Google.
  
- 3 Describe how the management style used can influence the performance of a business.

**Increased investment in technology,**

Q list the 5 potential benefits in increasing the investment in technology for a business as a strategy to improve KPIs

1
2
3
4
5

**Improving quality in production,**

Q list the 3 potential strategies to improve quality in production for a business as a strategy to improve KPIs (thinking back to operations unit)

1
2
3

## Cost cutting,

### **Case Study 13.6 Aurizon & Cost Cutting**

- 1 Justify why a business would need to cut costs as a management strategy.
  
- 2 Describe three ways a business could cut costs.
  
- 3 Explain why share prices at Aurizon have dropped since the cost cutting started.

## Initiating lean production techniques

Q List and explain 2 techniques that could be used as Lean Production Techniques (thinking back to operations units Waste minimisation)

1

2

## Redeployment of resources (natural, labour and capital)

Q What are some of the benefits for a business in redeploying staff

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**Key Knowledge:**

- low-risk strategies to overcome employee resistance, including communication, empowerment, support and incentives
- high-risk strategies to overcome employee resistance, including manipulation and threat

<b><u>Low</u> Risk Strategies</b>	Definition
	Strategy 1
	Strategy 2
	Strategy 3
	Best used to...

<b><u>High</u> Risk Strategies</b>	Definition
	Strategy 1
	Strategy 2
	Strategy 3
	Best used when ...





# Chapter 15

## Key Knowledge

- an overview of the principles of the Learning Organisation (Senge)
- key principles of the Three Step Change Model (Lewin)

### **Key Knowledge:**

An overview of the principles of the Learning Organisation (Senge)

### Leading the learning organisation

Q what does Senge say leaders of learning organisations must be and do?

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### **Activity 15.1**

Discuss how the Learning Organisation principles could be used in a business to ensure it is successful during a period of change.

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#### 4. PRINCIPLE'S OF SENGE - LEARNING ORGANISATION

Peter Senge defined a Learning Organisation as follows:

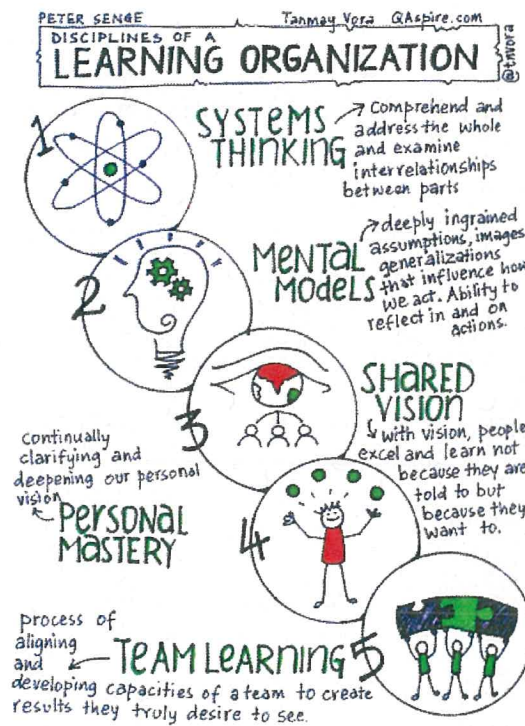
*'Organisations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together.'*

Systems Thinking

Mental Models

Personal Mastery

Shared Vision



Team Learning

ADVANTAGES OF SENGE'S THEORY

DISADVANTAGES OF SENGE'S THEORY

**Key Knowledge:**

- key principles of the Three Step Change Model (Lewin)

Q Explain Lewin's "Force Field Analysis"

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**Case Study 15.1**

1 Explain how Lewin's Three Step Change Model can be used by a business implementing change.

2 Describe how the hospital used Lewin's model to ensure that the changes were embedded.

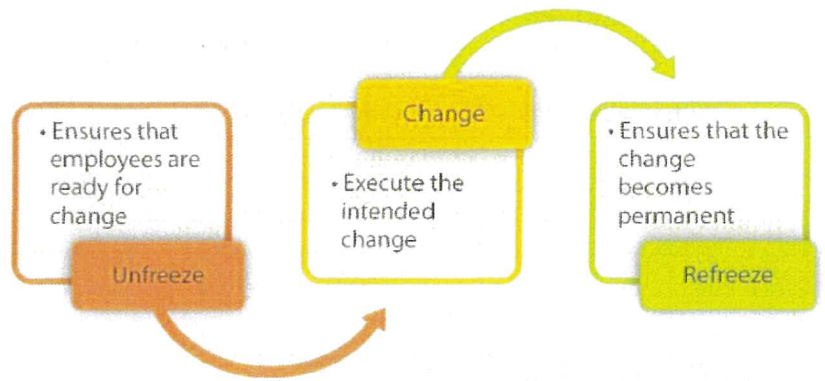
3 Explain why it is important for a business to identify the issue/s that need to be addressed before starting the process.



## 6. KEY PRINCIPLES OF THE THREE STEP CHANGE MODEL (LEWIN)

Kurt Lewin developed a change model involving three steps: unfreezing, changing and refreezing.

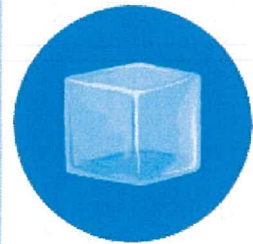
For Lewin, the process of change entails creating the perception that a change is needed, then moving toward the new, desired level of behaviour and finally, solidifying that new behaviour as the norm.



Unfreeze



Change



Refreeze

# Chapter 16

## Key Knowledge

- the effect of change on stakeholders, including managers, employees, customers, suppliers and the general community
- corporate social responsibility considerations when implementing change

## Key Knowledge

- the effect of change on stakeholders, including managers, employees, customers, suppliers and the general community corporate social responsibility

### **Activity 16.1**

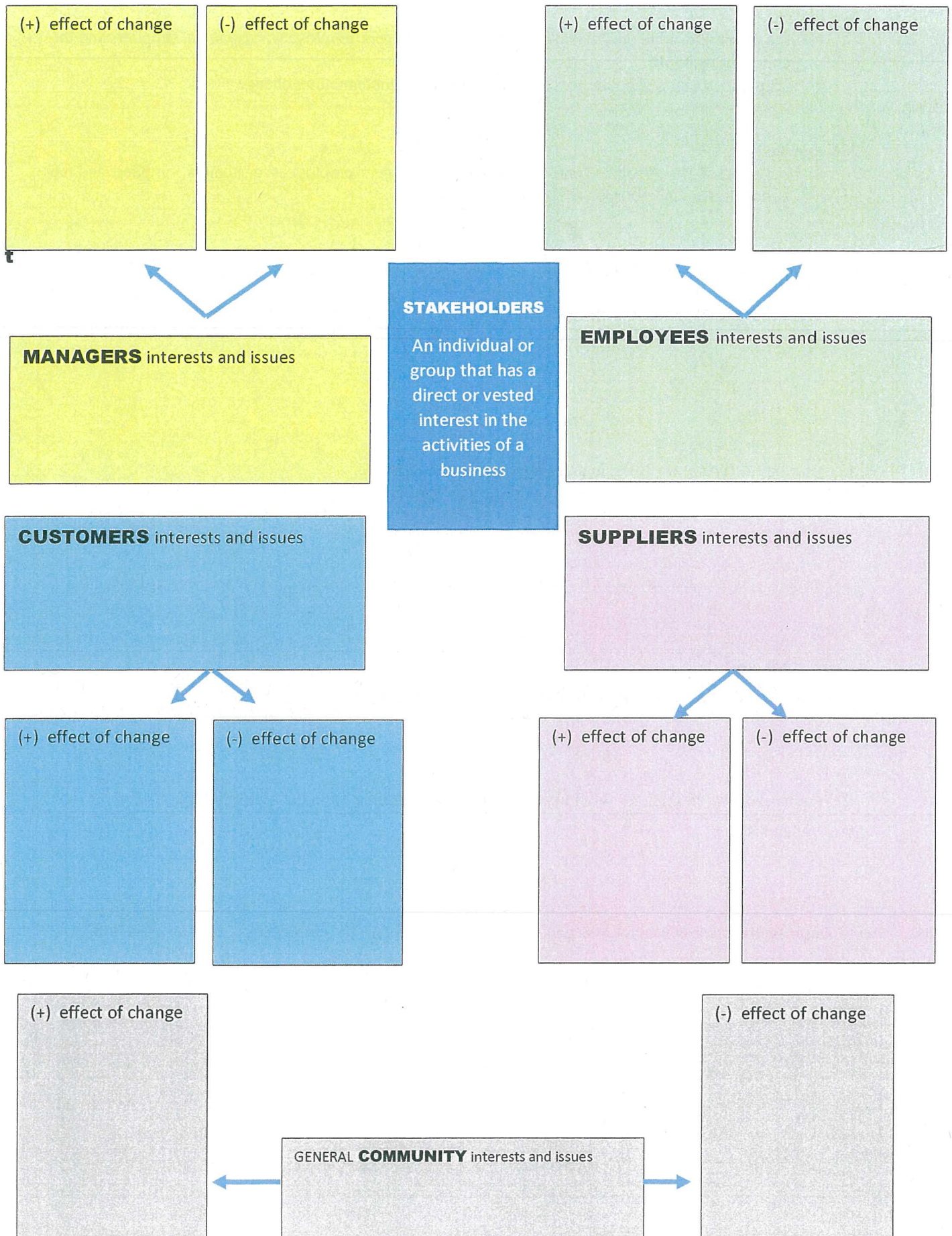
- 1 Predict the possible impact of the new procedures on the managers in the sales department.
  
  
  
  
  
  
  
  
  
  
- 2 Describe the type of skills the managers would need to develop.

### **Case Study 16.1**

- 1 Outline the changes being made to Woolworths' supermarkets.
  
  
  
  
  
  
  
  
  
  
- 2 Summarise how the changes will impact on the butchers employed in the supermarkets in some Australian states.
  
  
  
  
  
  
  
  
  
  
- 3 Describe the process Woolworths could put in place to support the employees in the new structure.



## 7. EFFECT OF CHANGE ON **STAKEHOLDERS**





5 A new marketing manager has been appointed.

6 A new enterprise bargaining agreement has been signed.

7 An established and well-known product has been changed.

8 A small business has decided to offer student scholarships.

9 Shareholders were told of the business relocating to the Asia-Pacific area at a meeting.



**Key Knowledge**

- corporate social responsibility considerations when implementing change

Q Define

- Corporate Social Responsibility

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- Ethics

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Q What are some strategies businesses are adopting to transform commitment to Corporate responsibility

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Q What is GOOD corporate citizenship?

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## 8. CORPORATE SOCIAL RESPONSIBILITY IN CHANGE MANAGEMENT

**Definition:** Corporate Social Responsibility (CSR) takes into account an approach that is both ethical and socially responsible. It expresses concern for how its practices affect the environment and society's health and welfare, ethical concern for its workforce and their families, but does not include what is legally required by regulators.

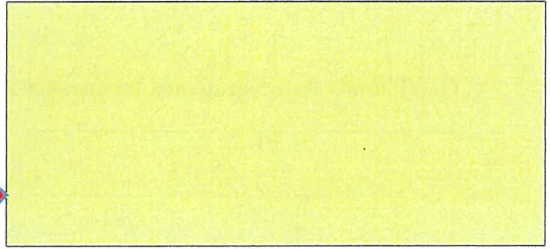
EVALUATE THE BENEFITS WHEN IMPLEMENTING CSR:

Positive (+)	Negative (-)
<ul style="list-style-type: none"> <li>- Impact on sustainable future</li> <li>- Benefits society health &amp; welfare</li> <li>- Society more forgiving in future public relations issues</li> <li>- Employer of choice</li> <li>- Additional marketing opportunity</li> <li>- Better business reputation – can translate into improve sales for new customers, brand loyalty for existing customers</li> </ul>	<ul style="list-style-type: none"> <li>- Financial cost</li> <li>- Diverted time away from core business</li> </ul>

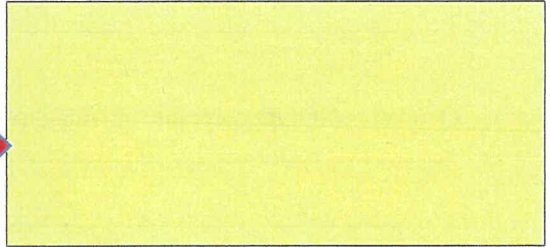
- EXAMPLES of CSR behaviour: ENVIRONMENT**
- Recycling paper use
  - Using renewable energy
  - Ensuring the supply chain is also behaving in an CSR approach
  - Waste management
  - Reducing a business's carbon footprint

- EXAMPLES of CSR behaviour: WORKFORCE**
- Providing a flexible work atmosphere for its employees,
  - Lessening noise pollution from a factory
  - Allowing employees to volunteer their time for other non-profit organisations
  - Employing local workers

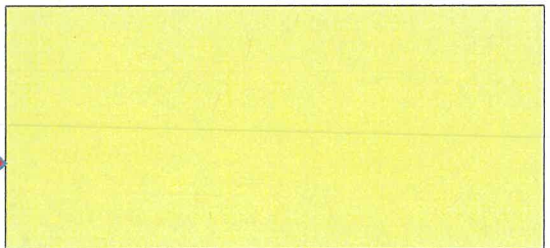
- EXAMPLES of CSR behaviour: SOCIETY'S HEALTH AND WELFARE**
- Giving non-profit organisations a portion of a business' proceeds
  - Supporting community education through philanthropic donations of money or equipment,
  - Using only fair trade ingredients
  - Making donations of time or money to charities
  - Ensuring the supply chain is also behaving in an CSR approach
  - Sponsoring local events



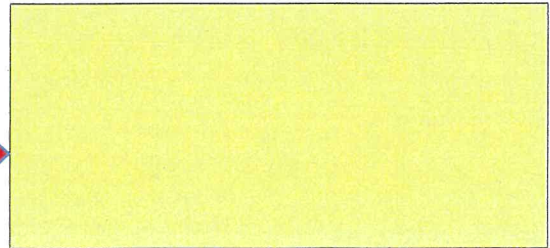
**Employees want / demand their company to be socially responsible**



**Consumers expect better business practices (and will pay for it)**



**It creates competitive advantage and makes business more sustainable in the long-term**



**It is vital to be moral**



# Chapter 17

Key Knowledge:

- the importance of reviewing key performance indicators to evaluate the effectiveness of business transformation.

Q Explain the importance of evaluation in the change management process

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Q What must a business consider when reviewing the performance or transformation?

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Q List and explain the 4 areas of a business that should be reviewed as a result of transformation – Provide reasons why it is important to review these areas

1 \_\_\_\_\_

Explanation \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2 \_\_\_\_\_

Explanation \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3 \_\_\_\_\_

Explanation \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4 \_\_\_\_\_

Explanation \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**9. Reviewing KPI**



After any business transformation it is important to know whether or not the strategies implemented have been successful.

By reviewing our initial KPI's we can:

1. Analyse the size and extent of any transformation
2. We can identify the areas we had the most success in and the ones which require additional effort or time to be achieved, or we can
3. Consider an alternative management strategy if we didn't achieve the results we were looking for



KPI definition:



THE IMPORTANCE OF REVIEWING KPI:

Lined writing area for notes on the importance of reviewing KPI.

EXAMPLE OF KPI	EXAMPLE OF REMEDY
Falling sales	
Costs are rising and revenue is falling	

**Activity 17.1**

1 Explain why it is important for a business to evaluate and review any changes that are made.

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2 Using the information and the KPIs in the table explain the impact of the changes on the employees at Unique Marketing Agency.

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3 Recommend two strategies the agency could implement that might improve the situation.

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**Case Study 17.2**

1 Outline some of the KPIs described in the two extracts.

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2 Describe why Blackmores is so successful.

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3 Explain why Blackmores would look towards South-East Asia and enter agreements with other businesses.

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4 Look at the ASX website and the share price of Blackmores this week. What trends can you find when examining the data? Is the company still as successful? Provide reasons for your answer.

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**Activity 17.2**

**Question 2**

a Using the information in the table above, comment on the business's performance over the past four years. The report should be written for Mia and Mel, who are not accountants.

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b Mia and Mel would like to open up three other stores in nearby suburbs. Based on the information above, outline your recommendations.

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**Case Study 17.4**

1 Identify three stakeholders who would be affected by the changes over the past three years.

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2 Explain why some stakeholders find transformation of a business difficult.

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3 Using the information in the table, summarise four trends for Bluesteel Corporation.

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4 Evaluate the overall performance of Bluesteel Corporation.

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5 Propose three strategies the business could implement to respond to the KPIs outlined in the case study and state why these strategies should be implemented.

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