



GCE BUSINESS

A level Component 3 Change

CHANGE

"Nothing is constant but change"
Heraclitus, 500BC

Businesses "always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten". **Bill Gates**

Causes of change

Social e.g. demographic change; changes in lifestyle

Economic e.g. the banking crisis and Brexit

Technological e.g. the internet; robotics; mobile technology; Virtual reality (VR) and Augmented Reality (AR)

Actions of competitors

Managing change

Wholesale business transformation to reinvent the organisation (*total imposed package or negotiated total package*)

OR

Small continuous improvements (*imposed piecemeal initiatives or negotiated piecemeal initiatives*)

Or some combination of the above

Total packages

An example of a total package was when the management of WH Smith decided to stop being the country's favourite newsagent and instead to concentrate on high value-added products as well as developing outlets where they had a near monopoly in motorway services and at airports. This package was imposed from above but was to some extent also negotiated with the trade unions.

Piecemeal initiatives

An example of an imposed piecemeal initiative was when British Airways decided to reduce the numbers of their cabin crew on transatlantic flights. The immediate result was industrial action by the trade unions. Eventually a compromise was negotiated and so it became a negotiated piecemeal initiative

Pros and cons of total packages

If they are well-planned and implemented successfully total packages can transform the fortunes of a business for example Apple's decision to make iPhones or Reckitt Benckiser's decision to focus its sales on emerging markets.

However, total packages can be expensive to implement and can meet worker resistance.

Pros and cons of piecemeal initiatives

Piecemeal initiatives are generally cheaper and quicker to implement. For example a car manufacturer may have a rolling programme to replace operatives with robots. However this may lead to resistance from trade unions, so a negotiated settlement becomes necessary.

Also piecemeal initiatives can lead to a lack of focus in a business. For example, a company introducing changes to its IT system may find that there are glitches and it has to hire more IT engineers to solve the problems which in the end cost them more money than they have saved.

Deciding what to change

It is not sufficient to keep on changing things if the business loses sight of its customers and their requirements. For example, a supermarket may introduce a sophisticated EPOS system to tell it about its customers buying habits, however, if the customers are no longer loyal to them because a competitor is offering a better service the new system is of little value.

Implementing change

Human beings are naturally suspicious of change.

In order to keep employees on board with change it is important to improve company culture.

Inability to “unfreeze” old attitudes is likely to result in full or partial failure and at worst protracted industrial action.

Ways to improve company culture

Treat employees as co-workers, let them decide the business's values.

Allow flexible working so that employees are able to achieve a work/life balance
Offer non-monetary rewards.

Create a steering group with a mix of co-workers to discuss how to implement change.

Get co-workers to rate the culture, aim for 9 out of 10.