

Chapter 10 – Managing Change

Main causes of Change:

1. Changing technology:

- New products and services that are increasingly sophisticated
- New/faster methods of production E.g. CAD and robotics
- New/faster methods of marketing and selling and communication

2. Changing law and regulations:

- Society is more complex as citizens are more educated and demanding. This has led to new EU and Irish laws (E.g. consumer rights, employment law and fair competition etc)

3. Changing customers:

- Fashion and tastes change due to media
- Quality, rising education levels increase quality consciousness
- Fewer loyal customers
- Ethical and green issues are more important to customers

4. Changing competition:

- Constantly updating/introducing products
- Introducing new, cheaper business methods (e.g. online banking)
- Growing in size to avail of economies of scale.

5. Changing employees and labour market:

- Higher levels of educations and skills
- More diverse workforce
- Employees want more interesting, well paid jobs, more flexible conditions and organisations with high ethical standards.

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How do employees feel about change?

- Fear of losing their job
- Fear of losing power
- Fear of failure
- Laziness - don't want the hassle

How can a business successfully manage change?

Change management → process of anticipating change and adapting the business to a constantly changing business environment (moving from a controller to a facilitator).

Strategies for Managing Change

1. Leading by example
2. Communicating with Employees
3. Training Employees
4. Participating in Change

Employee Empowerment → providing staff with a clear goal, deadlines and sufficient resources and freedom to decide how to achieve them (boosting self-esteem/actualisation).

Requires:

- Facilitator attitude
- Investing in staff training
- Proper management control
- Rewards
- Teamwork

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1. Benefits of Empowerment →

- ✓ Business harnesses more skills and initiative
- ✓ Increased creativity and intrapreneurship
- ✓ Increased job satisfaction and morale, therefore lower absenteeism and labour turnover
- ✓ Frees up managers time – prioritise
- ✓ Provides a better service for the consumers

2. Possible problems of Empowerment →

- X Errors by staff with inadequate training/supervision
- X Demotivated staff, unprepared for more responsibility
- X Unhappy middle managers who feel their power has been taken away.
- X Confusion between empowerment and authority

Teamwork → occurs when a group of people are working cooperatively towards a common goal.

Characteristics of a successful team:

- Purpose: working together for success.
- Resources: sufficient to ensure positive outcomes
- Leadership: good communications, motivation, planning, organising and controlling.
- Shared input into decision making: all must be allowed to voice an opinion and have ownership of decisions.

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Being a successful team:

- Forming: teams meet, get to know each other, discuss the job.
- Storming: conflict can occur, personalities emerge, who is team leader?
- Norming: establishing ground rules, roles, responsibilities, behaviour, work methods, members start to trust each other.
- Performing: working towards team goals, focusing on getting the job done
(Teamwork can be promoted through Matrix organisation structure)

Benefits of Teamwork for the business:

- ✓ Improves communications thus reducing industrial relations issues and improves congeniality.
- ✓ Faster, better decisions – synergy is achieved. Different expertise input on the decisions.
- ✓ Employee morale, motivation and satisfaction increase – less absenteeism and employee turnover rate. Social needs are met.
- ✓ Better quality products – more customer satisfaction. Don't want to let the team down.

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Total Quality Management (TQM) → an approach to management that aims to maximise quality by getting all staff involved in continuously looking for ways to improve the quality of a firm's products and services. There must be 100% perfect products, produced 100% of the time. All staff must be committed.

The main principles are:

1. Focus on the consumer - conduct market research and give them what they want.
2. Empower employees
3. Teamwork - work with stakeholders, especially suppliers for excellent raw materials
4. Continuous improvement - everyone must strive for the same success

How can a TQM approach be implemented?

- Recruit quality focused staff
- Adopt a facilitator management style
- Empower and motivate employees
- Facilitate teamwork (e.g. quality circles)
- Adopt a strict quality control
- Have a quality assurance system (ISO or Q mark)

Benefits of TQM

- a. Better quality products (repeat customers)
- b. Higher prices can be charged
- c. Reduced costs
- d. Meets legal obligations

Problems of TQM → implementation can be slow and increase stress and pressure.

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Impact of New Technology on Management:

1. **Communications** →

- Decision making is faster (use of databases and spreadsheets)
- Communication is quicker using phones, emails etc.

2. **Marketing** →

- Market research: internet means more information, easier to form surveys and access to large amounts of secondary info.
- Online: advertising and sales to global audience at low cost.
 - ❖ *E-commerce*: business to customers using internet to sell
 - ❖ *E-business*: business to business, all types of financial transactions and business

3. **Production and Stock Control** →

- **Electronic Data Interchange (EDI)**: minimum paperwork and human inconvenience, less costs too
- Computer Aided Design (CAD): speeds up production design
- Computer Aided Manufacturing (CAM): computers automate part of the work on an assembly line, reducing labour costs and improves quality control.
- **Computer Integrated Manufacturing (CIM)**: uses IT to control the entire production process (from design, assembly, quality control etc). Reduces labour costs but needs careful management control.
- Reduced costs: and increased efficiency due to less staff and time to build and design.

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4. Human Resources →

- Redundancy: huge problem and employees need to keep skills up to date
- E-working: people working from home but linked to office using ICT reduces financial and time costs as well as office administration.
- Training: computer software is a low-cost and effective way of training staff.
- Payroll management: faster, cheaper and more accurate (pays automatically into bank accounts through PayPal).
- training, redeployment and redundancies (must be carefully dealt with to avoid industrial relations issues) can result in new jobs too e.g. web design

5. Costs and Financial Management →

- Expensive to buy and maintain, plus training
- Speed and accuracy of A/Cs improves
- Reduced costs with communication, transport, advertising and marketing.

Impact of Technology on Business Costs

Increased costs: Investment in technology, Training costs

Reduced costs: Better quality goods, Reduced admin costs (teleworking), Travel (videoconferencing)

Impact of Technology on Business Opportunities

1. Design - can use CAD instead of drawing by hand. Saves time and money.
2. International Trade - sell to new markets, cheaper advertising, increases e-commerce

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3. Marketing - databases to store information about consumers. Easier to target them with offers.
4. New products - new apps, creates new careers

Impact of Technology on Personnel

1. Teleworking - can work from home. Reduces costs and stress
2. Redundancies - machines and computers can do the jobs
3. Change nature of jobs - makes a job easier