

NPTEL ONLINE CERTIFICATION COURSES

Course Name: Managing Change in Organizations

Faculty Name: KBL Srivastava

Department: Humanities and Social Sciences

Indian Institute of Technology Kharagpur

Topic: Turnaround strategies

Turnaround Strategy

To convert, change or transform a loss-making company into a profit-making company. It means to make the company profitable again.

The main purpose of implementing a turnaround strategy is to turn the company from a negative point to a positive one. It helps the sick company to stand once again in the [market](#).

It is a complete U-turn of a planned strategic economic transition



Global competition, technological turbulence, high costs of capital may cause turnaround to make business viable

Turnaround Strategy

Corporate turnaround as a series of rescue efforts aimed at arresting the declining trend of business activities of a firm.



Reasons for Decline or Failure

Factors external to the firm:

- Changes in the environment domain
- New dominant technologies
- new business models

Factors internal to the firm:

poor management,
Ignored market indicators,
Poor operating and financial controls,
Over-leverage , cost escalation and increase in sales
and environmental changes

Why Turnaround Strategy?

Declining in Market Share
Falling Gross and Net Margins
Increasing Cost and / or Loss
Falling Revenue and / or Profits
Declining Performance Measures
Changing Structure (Industry, Competition)
Falling ROCE (Return on Capital Employed)

Sources to Identify if Turnaround is needed

Internal Sources

- Defects in Management
- Neglect of key tasks
- Failure to change
- Over expansion
- Poor integration
- Lack of resources

External Sources

- Competitive forces
- Economic Change
- Political Change
- Changes in Demand
- Lifestyle Changes
- Changes in Technology
- Consumer Confidence
- New Products

Types of Turnaround Strategies

Operational

The focus is on finding ways to improve the operation of the business and designed to halt the decline.

Strategic

The focus is on adjusting the strategic focus of the business in terms of its Product/Market profile and halt the decline.

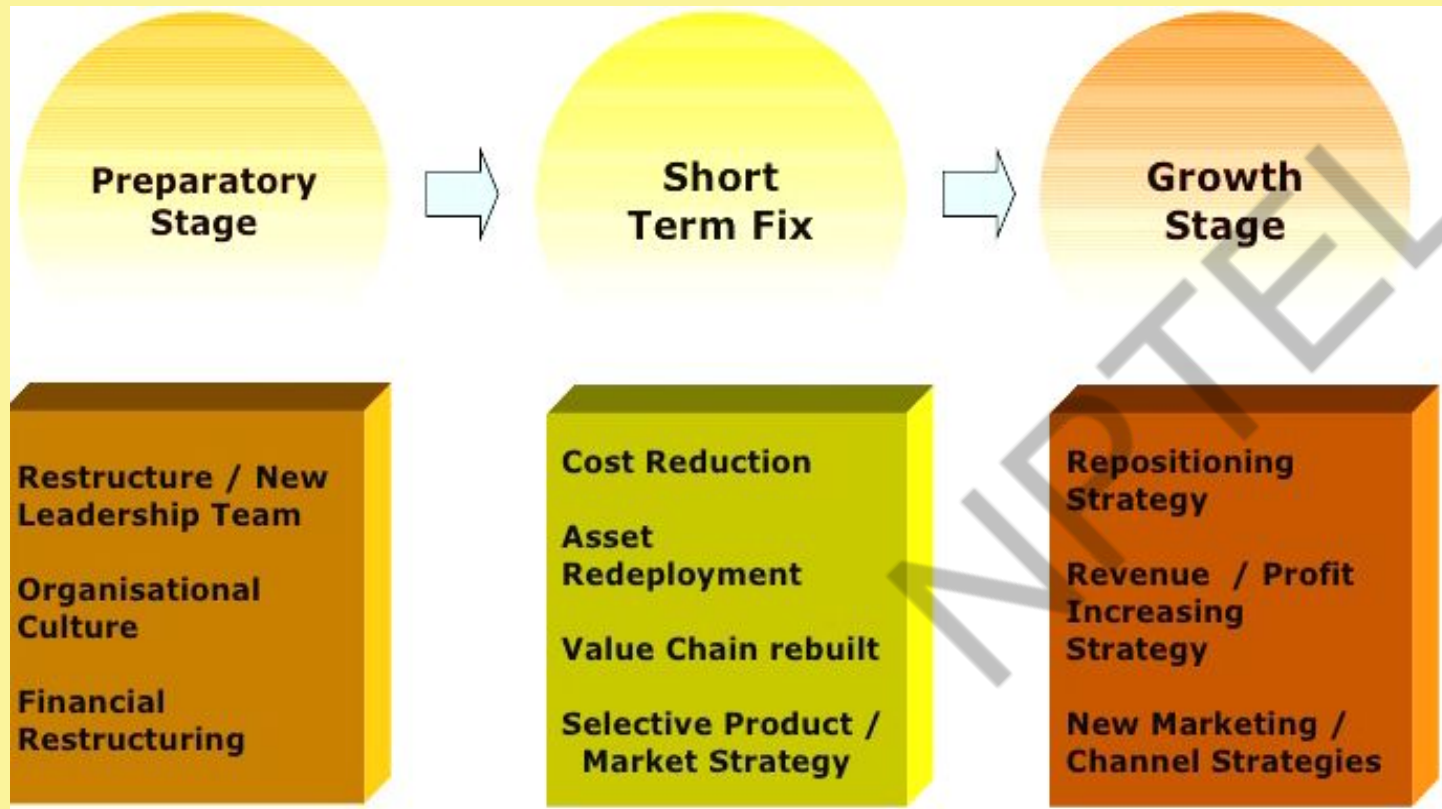
Examples of Turnaround

- Cost Reduction Strategies
- Asset Reduction Strategies
- Revenue Increasing Strategies
- Financial Restructuring Strategies
- Product/Market Redefinition Strategies
- Management & Cultural Change Strategies

Turnaround Stages

- Inaction by management
- Crisis or moment of truth
- Fire fighting by senior management
- Refocusing - the strategic direction of the business
- Sustainable recovery - recapturing of competitive advantage

Sequences of Events in Turnaround



Managing Turnaround Strategies

Joining internal turnaround team with external specialist.

- Consulting with external turnaround specialist.
- Removing the top management and merging with healthy organization.

Turnaround Situation and Response

Turnaround Situation

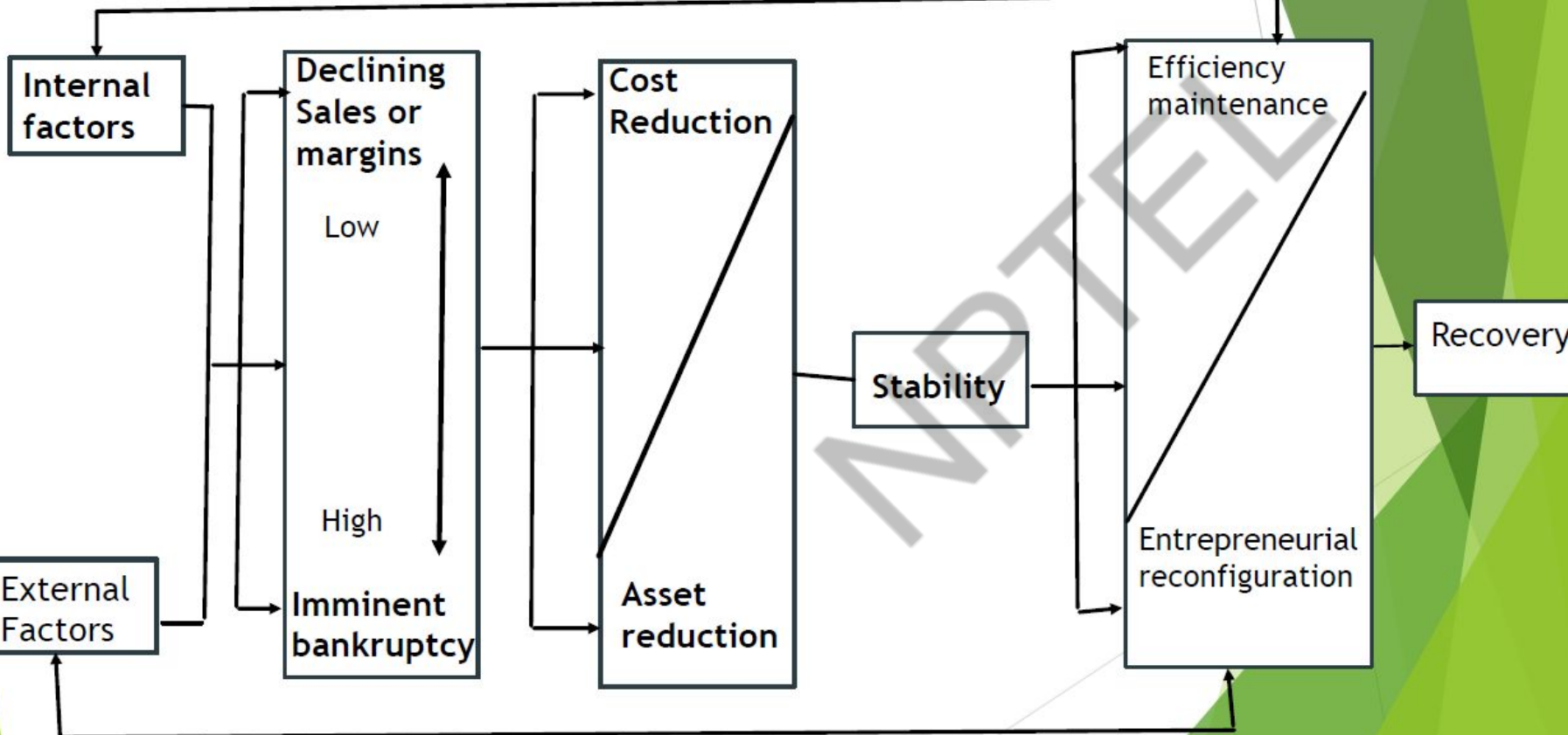
Turnaround response

Cause

Severity

Retrenchment phase

Recovery phase



Ingredients of Turnaround Management

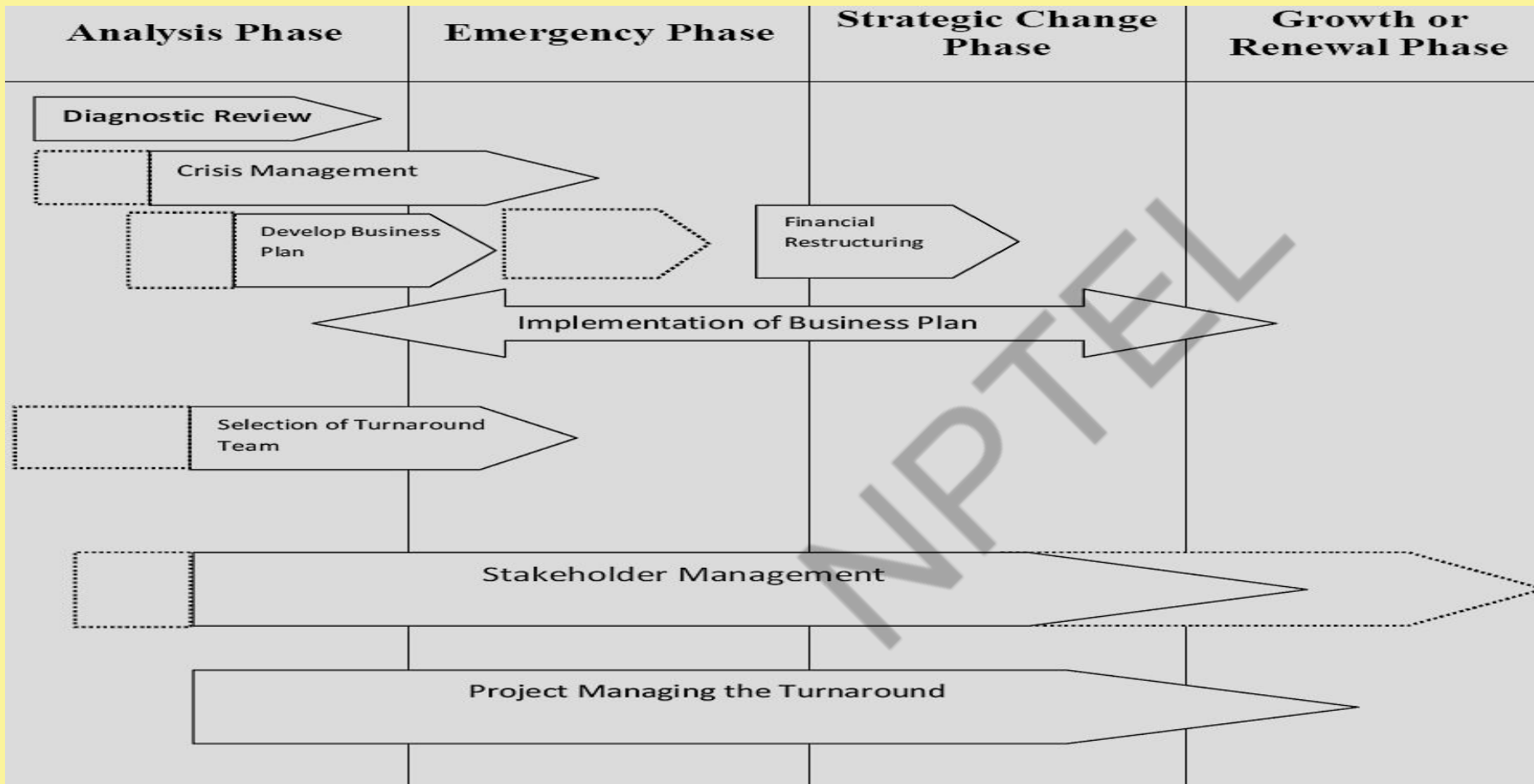
(Khandwala,1991)

- i) A dynamic change agent with a strong sense of mission
- ii) Credibility building through some outstanding performance,
- iii) Mobilization of the rank-and-file by getting them involved in the organisation's goals and activities,
- iv) Quick pay-off projects for some immediate relief,
- v) reprieve from serious external pressures, especially those relating to industrial relations, finance, key inputs, stakeholders, etc.
- vi) Mobilization of external resources and utilization of environmental opportunities,

Ingredients of Turnaround Management (Khandwala,1991)

- (vii) strengthening of mechanisms to influence the environment, such as marketing, and public relations,
- (viii) selective changes in the product mix, concentrating on high pay-off products,
- (ix) selective strengthening of management functions and systems, especially the financial control system,
- (x) Motivating managers through participation, autonomy, challenging tasks, accountability, example setting, etc.
- (xi) Coordination through regular review meetings and face- to-face interaction and
- (xi) Performance control through goal setting and fixing of responsibility, often creating profit and cost centres.

Phasing of Work Streams in Turnaround Process



Changes in the Stages of Turnaround

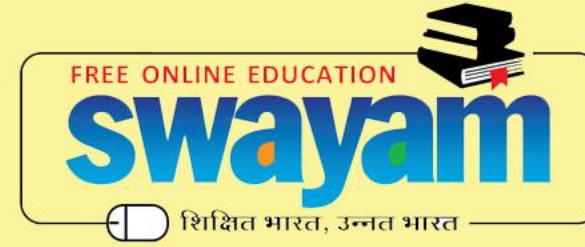
Stage (s)	Description	Actions
1	Management Change Stage	<ol style="list-style-type: none">1. The board of directors or senior management decides a transition in necessary.2. The turnaround agent, either internal or external, is selected and given some degree of authority.
2	Evaluation Stage	<ol style="list-style-type: none">1. The nature and extent of problems are diagnosed.2. The type of turnaround, strategic or operational, is chosen.3. An action plan is prepared.
3	Emergency Stage	<ol style="list-style-type: none">1. Companies on the brink of failing must do whatever is necessary to survive.
4	Stabilization Stage	<ol style="list-style-type: none">1. Immediate problems are resolved.2. Plans are put in place to improve operating and strategic performance.3. Results are evaluated for acceptability.4. When results are insufficient, the liquidation, sale or merger options are explored.
5	Return-to-normal growth Stage	<ol style="list-style-type: none">1. Normal corporate operations

A framework of turnaround stages and strategies

Stages in Turnaround Management	Strategies Prescribed For Turnaround
Arresting sickness	<ul style="list-style-type: none"> • Credibility building by the turnaround agent • Mobilization of the organization • Reprieve from external pressures • Cost cutting / cost controls • Staff reduction, especially in non- productive areas • Quick-Pay-Off projects and actions • Asset reduction • Inventory reduction.
Reorienting	<ul style="list-style-type: none"> • Redefining the business • Changes in corporate identity / image • Rationalization of product-mix to eliminate loss-making ones and to focus on core business. • Shift from production orientation to market orientation. • Tie-ups with reputed companies for marketing. • Focus on quality and customer care • Debt/capital restructuring • Organisational restructuring • Changes in the managerial cadre • Financial incentives for managers / staff • Training / retraining of employees • Information dissemination • Public relations and liaison.

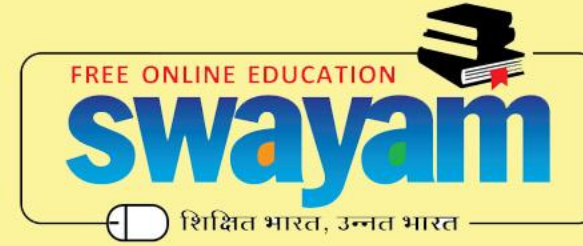
A framework of turnaround stages and strategies

Stages in Turnaround Management	Strategies Prescribed For Turnaround
Institutionalisation and Culture Building	<ul style="list-style-type: none">• Culture building through continued training, seminars, focused programmes, slogans, rituals etc.,• Introduction of new structures, systems and procedures including communication and coordination mechanisms.
Growth and Diversification	<ul style="list-style-type: none">• Introduction of new products• Entry into new markets, especially international markets• Related unrelated diversification• Focusing and strengthening R&D• Mergers and Acquisitions



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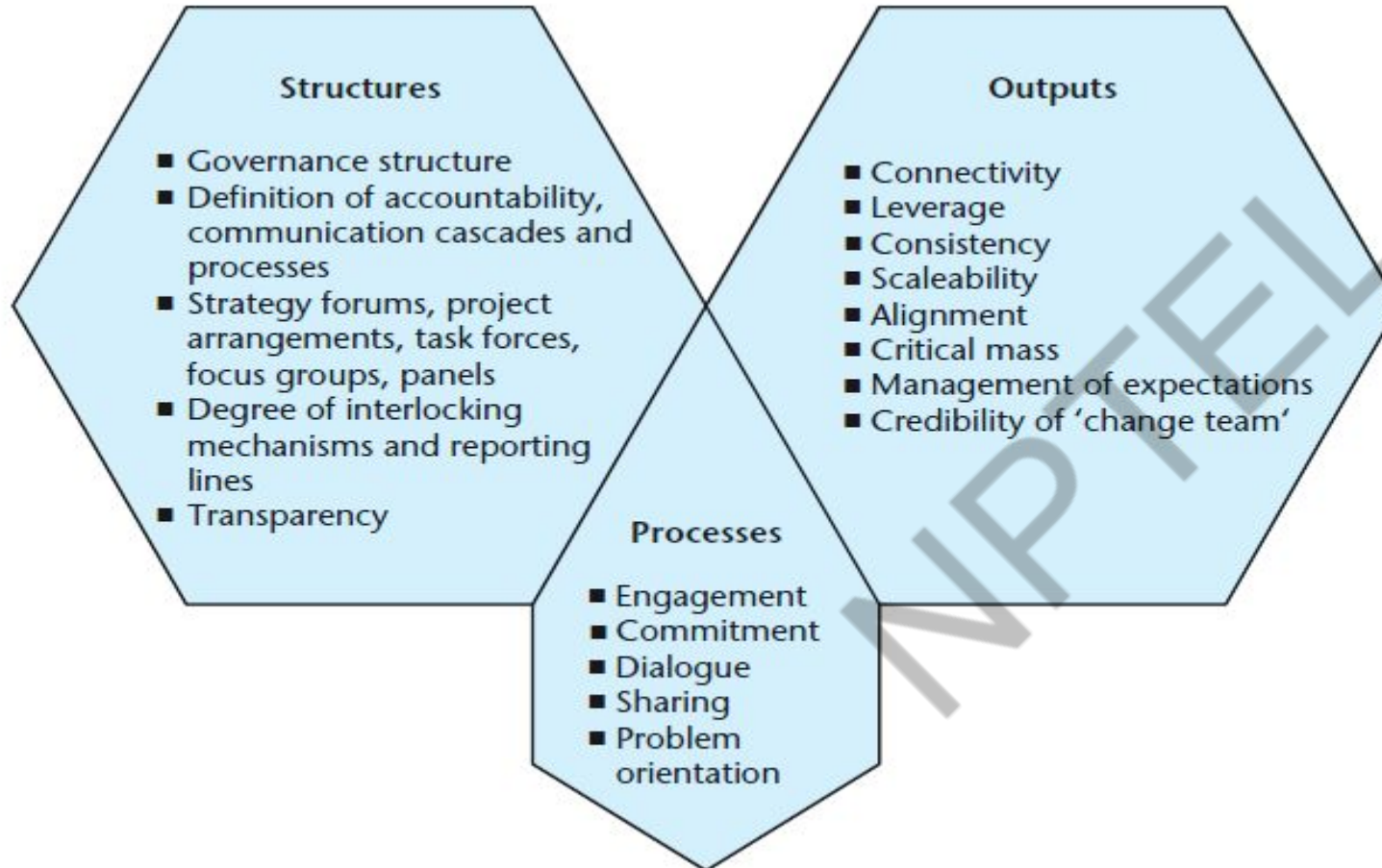
Faculty Name: KBL Srivastava

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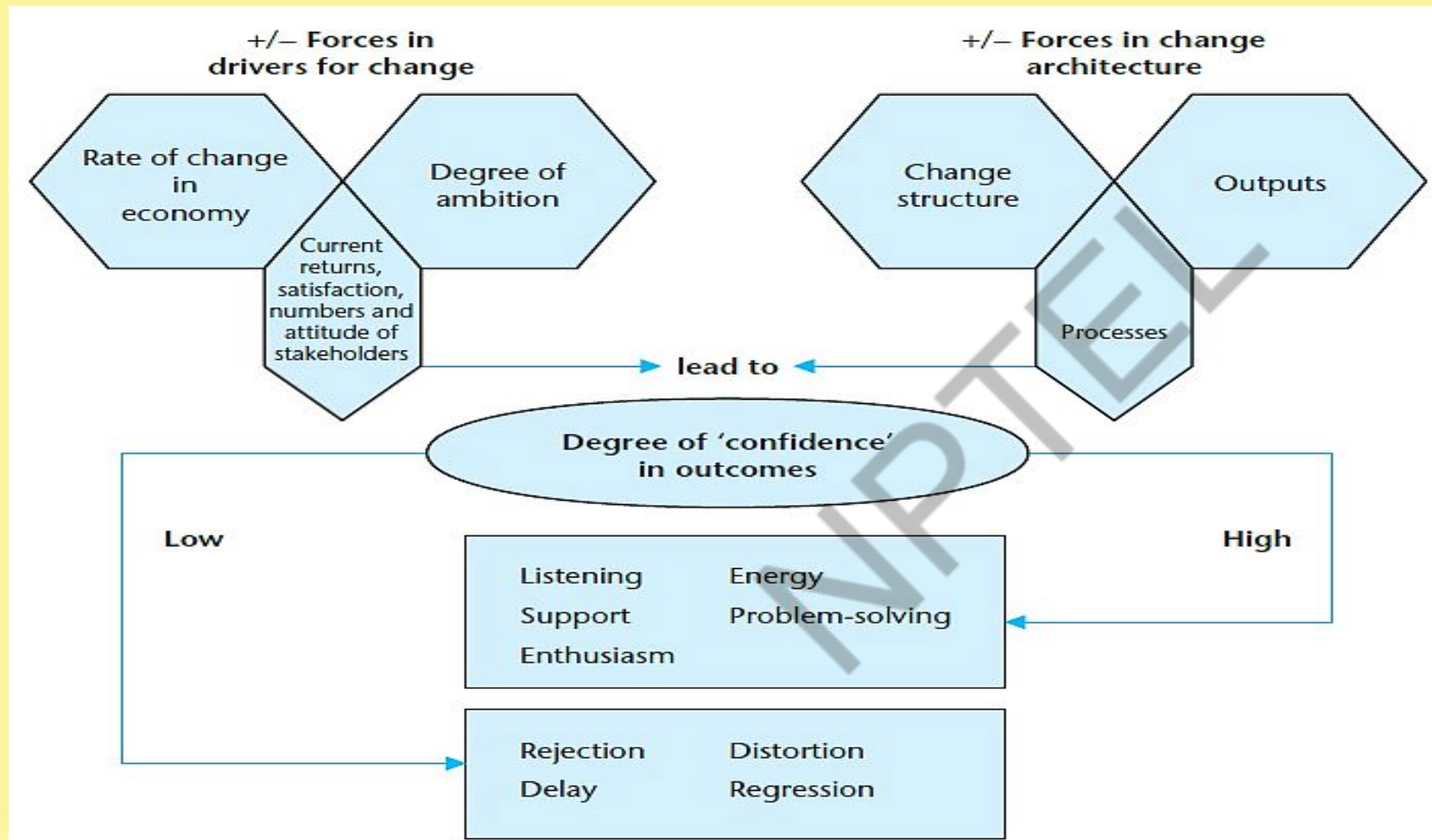
Indian Institute of Technology Kharagpur

**Topic: Strategic Convergence and Learning
from Change**

Change Architecture for Effective Change Management



Blocks of Change Architecture



Convergence Level and Purpose

	<i>Convergence level</i>	<i>Purpose</i>
Level 1	Component/product convergence	Product innovation
Level 2	Functional convergence	Process innovation
Level 3	Organisational convergence	Organisational value chain efficiency
Level 4	Technology convergence	New technology, product innovation
Level 5	Industry convergence	New industries, customer value innovation
Level 6	Bio-artificial systems	Ubiquitous innovation

Source: Sang M. Lee, David L. Olson, Silvana Trimi (2010)

Examples of Convergence Products and Services

<i>Level</i>	<i>Manufacturing</i>	<i>Service</i>
Product convergence	Cell phones (telephone, information access, camera, games) Coffee (soy milk, decaffeinated, diet, frappacinos)	Jazzercise
Functional convergence	Lean manufacturing Enterprise resource planning systems	McDonalds' hamburgers (fast service, consistent quality, entertainment for kids)
Organisational convergence	Steel (movement from mass production to minimills)	Banks (from checking accounts to include savings, mortgages, bill paying, many other services)
Technological convergence	Hybrid cars	Cell phones (communication, music, e-mail, photos, etc.)
Industrial convergence	Starbucks Political ads (from stump speeches and posters to a transformation of the television industry)	e-Bay (transformed want-ads and flea markets to get rid of white elephants to an e-commerce revolution)
Bio/artificial systems convergence	Medical testing (X-rays to MRIs and beyond)	Chinese medicine

Source: Sang M. Lee, David L. Olson, Silvana, Trimi (2010)

Strategic Convergence: A New Model of Change

Any model of change must take account of the reality of multiple and concurrent change.

More ambitious the change the more likely it is to be successful so long as a robust change architecture is in place.

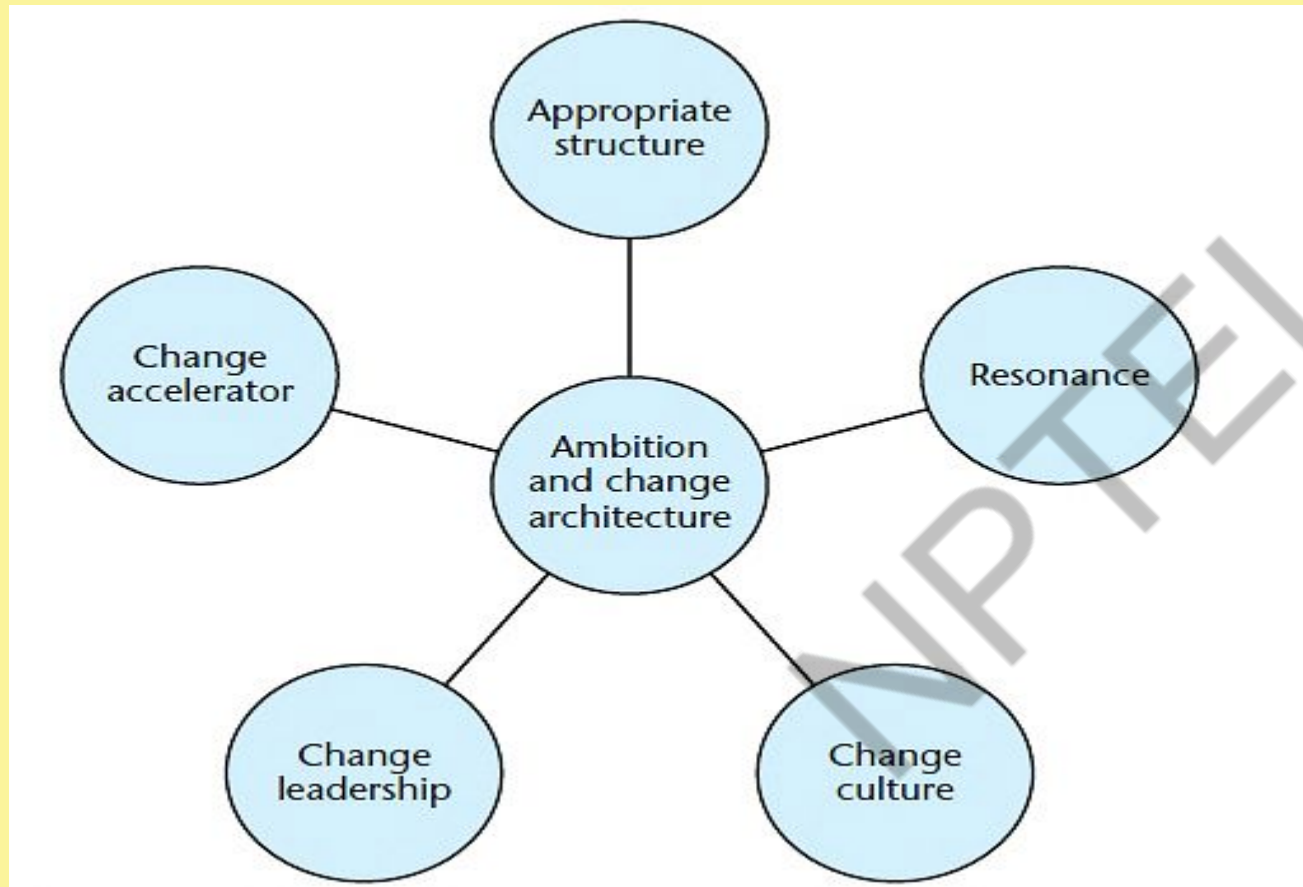
Two immediate qualifications are needed.

First, we assume that change proposals with insufficient ambition fail before they start because they do not meet the challenges faced by the organization.

Second, we accept that it is possible to propose changes which are overly ambitious and which fail in consequence.



Strategic convergence: A new model for organization change



Ambition in Change

Whether a given set of change plans and objectives are achievable given current skills, capabilities and resources?

Or Achievable given the organization's ability to fill gaps in its profile of the aforementioned?

Ambition is also defined relative to what competitor organizations are or seem likely to achieve.

Take a particular category of activity in the organization and then judge ambition in comparison to 'best in class', comparing an organization to its equivalents elsewhere or comparing it to the world's best



Ambition in Change

An ambitious programme of change by the extent to which we can identify the presence of the following characteristics:

Creative destruction: Existing infrastructure, departments, and activities being taken out to enable a significant shift of resources towards new priorities?

Distinctive value: Changes planned judged likely to deliver a clear and distinct growth in the value of the business or in the Organization's activity?

Distinctive operational efficiency: Changes planned judged likely to deliver clear and distinct operational efficiencies?

Integration: Change planning/implementation process depend on the integration of internal and/or external knowledge sources about the organization, its clients, its market space, competitors and so on?

Simultaneous change: Can we observe many changes going on concurrently?



Components of Architecture

- Engagement of the top team.
- A steering process is devised to ensure effective leadership and governance.
- A process exists for integrating 'work streams'.
- Appropriate work streams are defined, tasked, constituted and resourced.
- Any needed infrastructure enablers are in place.
- A human resources transition policy and process is in place.
- Support for implementation planning and activities are provided from within
- operational and other departments.

Ensuring appropriate structure

Whether particular management processes are in place, at how effectively they are deployed as part of 'business as usual' and at how well they are operated in support of change:

Performance management: Have *PM system* like mix of budgets, monthly reporting, KPI's, balanced scorecards, performance appraisals, etc

Governance: Relates to the arrangements in place regarding accountability for change. A robust governance arrangement will define board-level accountability for change and for benefits realization

Risk management: Relates to assessing risk both in terms of change outcomes but also in terms of the risk of disruption associated with implementing change

Unintended consequences: Assess whether the decision process associated with any set of change initiatives has taken a thorough look at all possible consequences of any proposed changes.

Resonance

Resonance (of **an attempt to change someone's mind**) as relating to the affective component of the human mind (Gartner,2004)

An idea, view or perspective resonates to the extent that it feels 'right' to individuals, seems to fit the situation

Convinces people that further consideration is not needed.

Seeking resonance in the following terms:

- Felt need:
- Convergence
- Adaptability
- Willingness to experiment
- Customer primacy

Change Culture

Evidence-based leadership. the extent to which, leaders are prepared to learn from experience, codify that learning and thereby build on it.

Informed choice. The extent to which choice and decision making is based on valid data.

Problem orientation: Activity and effort is constructive and focused on solutions and achievement rather than failure and blame

Transparency: Greater transparency of process

Management of expectations: The extent to which expectations are provided for in terms of the provision of information about impact and of a process in which they are to be engaged to work



Change leadership

Providing support and 'cover' to people seeking to come to terms with the changes, including working out the problems and local solutions in order to reach a sensible outcome at local level.

Credibility: the extent to which the leader has a successful track record of change management experience.

Visibility: the extent to which the leader has been and is still accessible to people.

Learning orientation: the extent to which leaders display an orientation to be open to new ideas and to learning.

Sponsoring early adopters: the extent to which leaders sponsor and support early adopters.

Organizational slack: the extent to which leaders can buy time for problems to be resolved.

Encourage learning through change



Accelerator Effect

View change management as a special case of programme management.

Identify whether or not project and programme management tools and processes are in use.

Understand whether these tools are used to focus on the particular needs of change situations, as follows:

Connectivity: The extent to which change initiatives are connected explicitly to existing organizational processes.

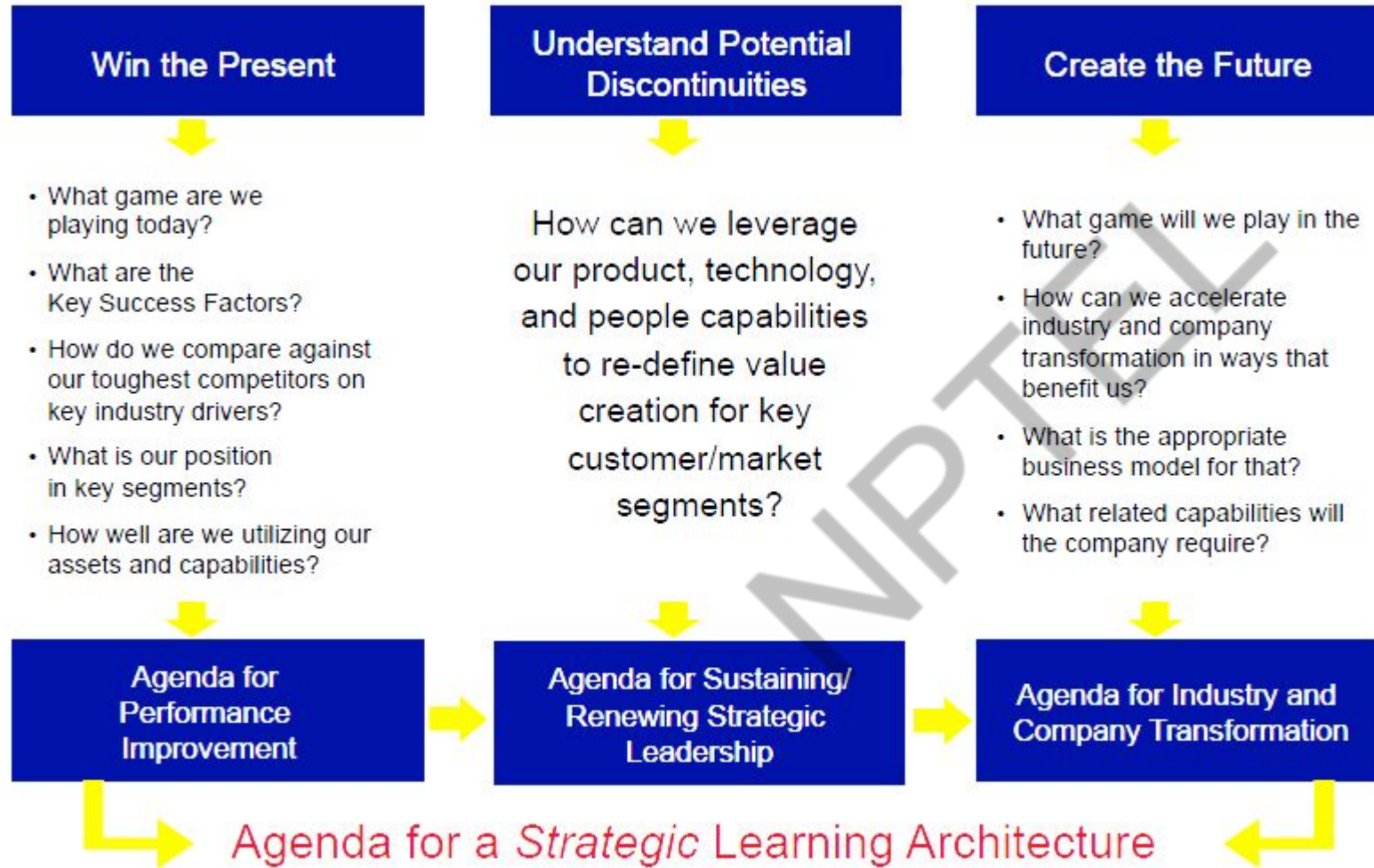
Leverage: The extent to which change initiatives are managed appropriately

Integration: Effective management of initiatives as an overall portfolio with a set of overall objectives.

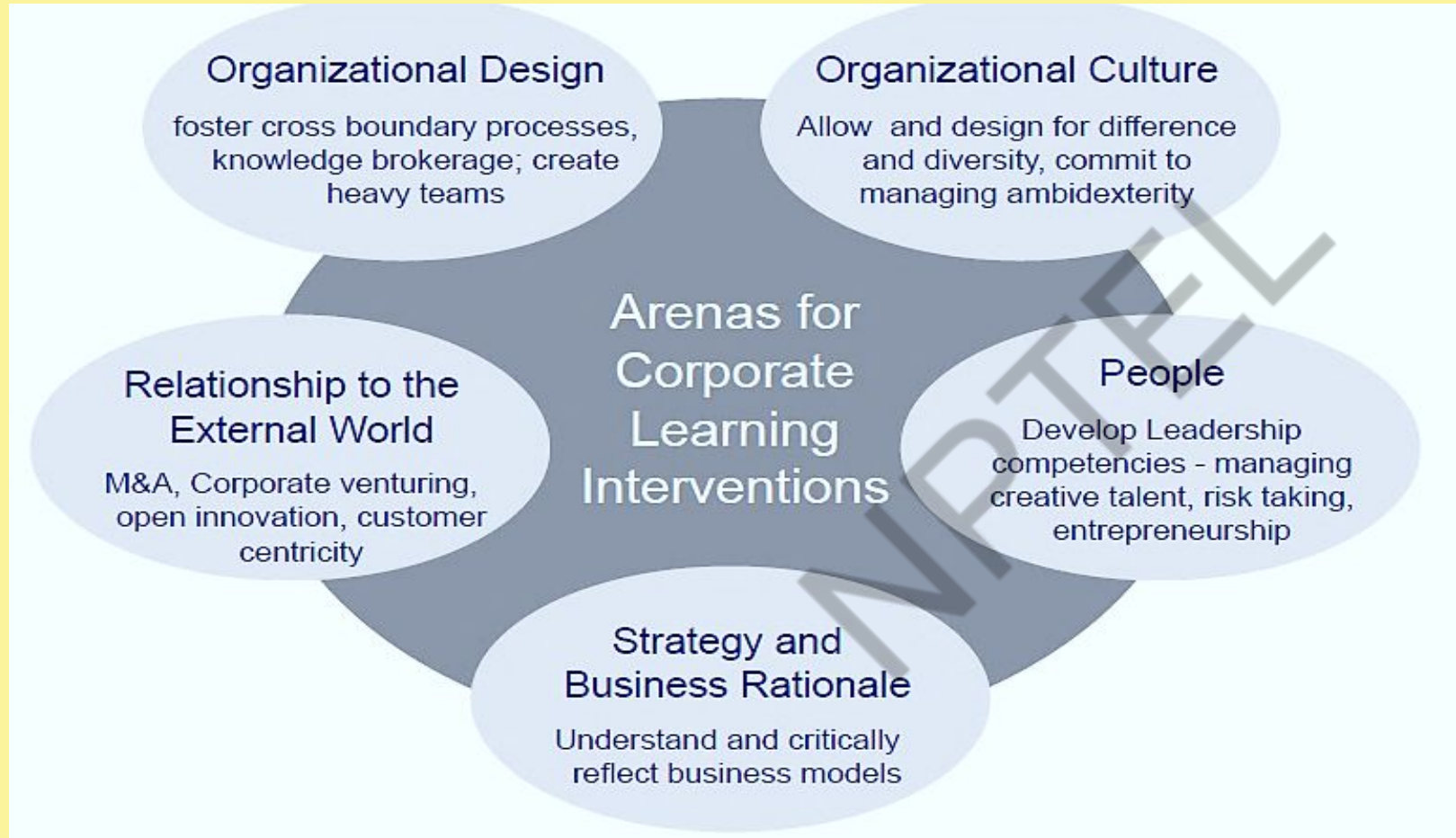
Critical mass: Perception of confidence in outcomes flowing from the degree of coherence in the overall design of the change programme.

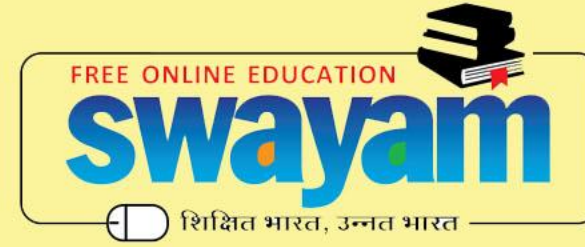


Linking Strategy, Innovation, and Learning



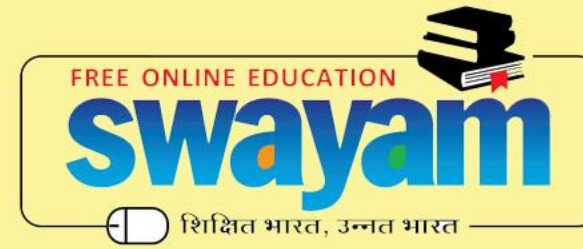
Learning Architecture for Strategic Innovation





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Topic: Change Effectiveness

Change Effectiveness

Examine the Implementation Related Issues

- The quality of the diagnosis of the perceived opportunity or threat, the specification of change goals, and the quality of pre-planning
- The way the change is communicated
- The way stakeholders are managed
- The degree of alignment and coordination when implementing different aspects of the change
- The adoption of management practices that are perceived to be fair
- The avoidance of a heavy-handed approach when managing those who may feel vulnerable
- The provision of socio-emotional support to help organizational members let go of the status quo

Reviewing and keeping the change on track

- Do change managers **communicate a compelling vision** and set realist goals?
- Is **uncertainty managed** in a way that maintains commitment?
- Are **stakeholders being managed** effectively?
- Is there **sufficient coordination** between those involved in implementing the change?
- Do change managers **seek feedback** in order to eliminate impediments to implementation?
- Are **interventions being implemented** as intended?
- Are **interventions producing the desired effect**?

Managing the implementation stage of the change process

Two main approaches:

1. Implementing blueprint change:

Involves rolling out plan, monitoring the effect of interventions and taking corrective action as and when required to ensure that the desired end state is achieved

2. Implementing emergent change:

Change managers need to develop an implementation plan on the basis of broadly defined goals and a general direction for change.

Taking tentative incremental steps and, after each step, reviewing the intervention(s) that constituted that step (did it/they work as planned?).

The general direction of change (does it still hold good or does it need to be revised?).

The cause-and-effect hypothesis

Informs the target for change and choice of intervention

Target for change:

In this case the immediate target for change is to improve employee satisfaction and commitment

Choice of intervention:

Redesign jobs to provide employees with greater autonomy, challenge and sense of achievement, and improve customer focus by encouraging employees to voice their views about opportunities and threats that could affect satisfaction.

Reviewing the effectiveness of the change plan

1. Monitoring whether the selected interventions are being implemented as intended

Implementation may be hindered by factors such as:

Resistance from those immediately affected by the intervention

Lack of political support from other important stakeholders

Lack of time and other resources

2. Monitoring whether the interventions are having the desired effect

we assume there is a significant improvement

(If the interventions had failed to produce this desired change the change manager might have tried an alternative intervention at this point)

Reviewing the effectiveness of the change plan

3. Monitoring whether improvements in employee satisfaction and commitment are having a positive effect on customer satisfaction
satisfaction is improving
4. Monitoring whether improved customer satisfaction is leading to greater customer retention and improved revenue growth.

We assume that (in due course) there is evidence of greater retention and revenue growth.

(No improvement would challenge the validity of the cause-and-effect hypothesis and prompt a revision to the change plan)

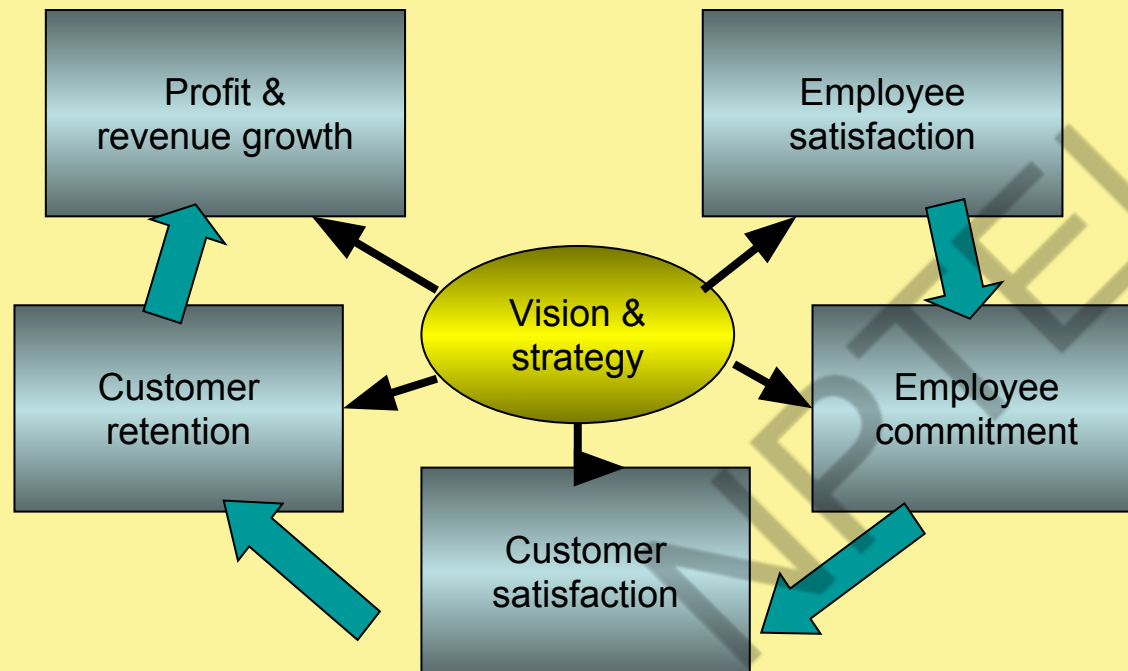
The role of performance measures in the management of change

Performance measures should be related to the outcomes that are important to key stakeholders and to the hypotheses about cause-and-effect relationships embedded in the change plan

The balanced scorecard Approach(Kaplan & Norton, 1996)

Customer Engagement <ul style="list-style-type: none">• Customer satisfaction• Quality of communications• Frequency of meetings and reviews• Timely reporting	Internal Performance <ul style="list-style-type: none">• User satisfaction• Timeliness• Policy compliance of provisioning• Quality of ticketing
Financial Performance <ul style="list-style-type: none">• Headcount• Staff retention• Staff productivity• Budget tracking	Improvement and Growth <ul style="list-style-type: none">• Improvements delivered• Knowledgebase growth• Training programme delivered• Coaching performance

Developing tools to help with monitoring the change plan



Translating the change strategy into a set of operational goals and related measures

Building review into the process of managing change

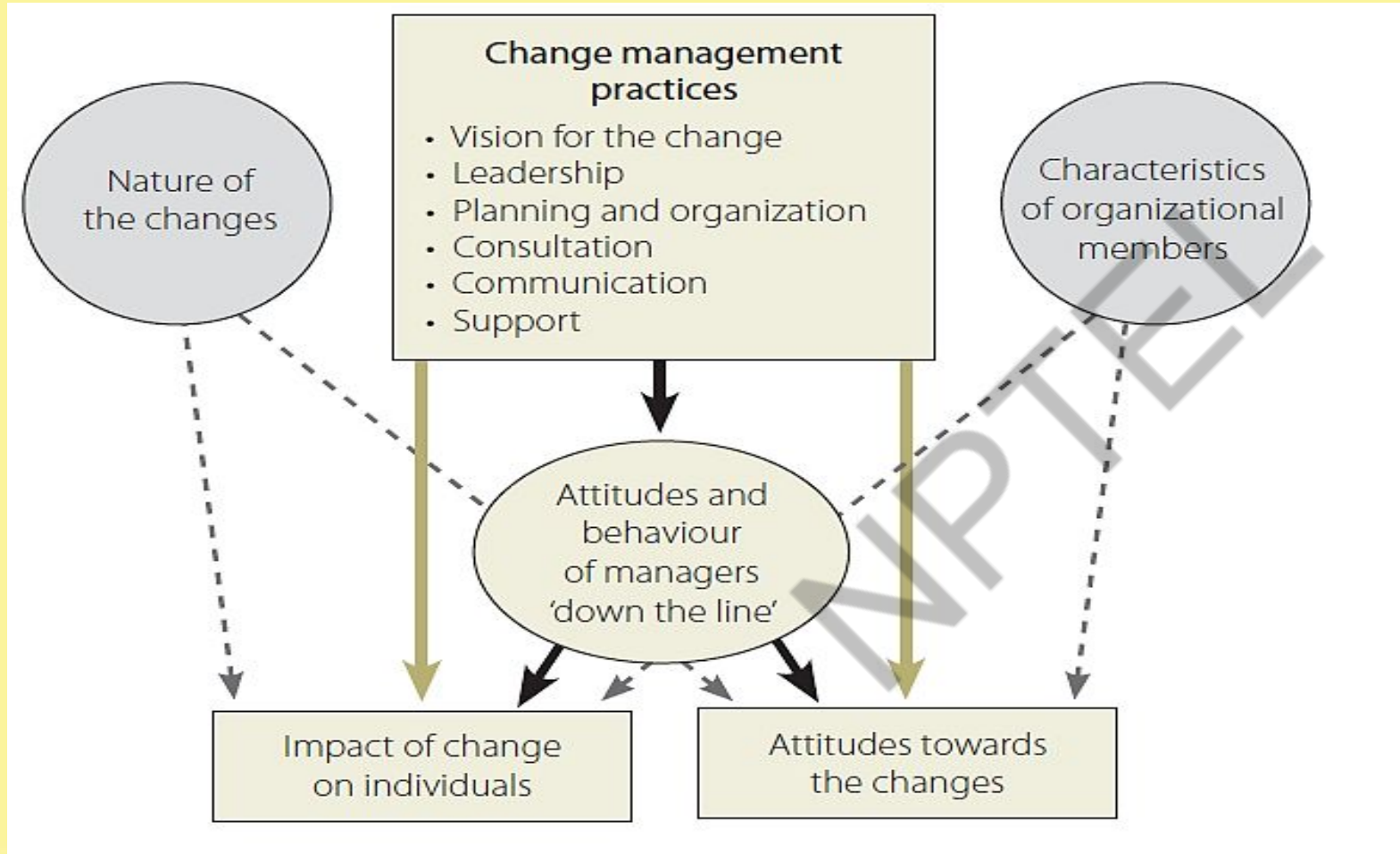
Timeline and milestones



Enable change leadership			
Build sense of purpose and commitment among leaders; provide leadership development	Develop change capability; coach leaders to lead the change and enhance performance	Coach leaders to drive implementation and lead employee engagement	Continue to coach and develop leaders at all levels throughout the organization
Engage and enable people			
Identify all stakeholders and understand their needs and motivation	Engage people and manage expectations; share the vision and communicate the benefits	Manage people engagement and participation; build understanding, skills and commitment	Use new skills and working practices to drive momentum
Embed new behaviours			
Assess readiness for change and cultural alignment	Articulate future desired ways of working and engage people in defining the required change	Release energy for addressing cultural issues and improving readiness to change	Gather staff views on a regular basis and adapt/refresh approach accordingly

high
Progress – low

Review How people respond to the Changes



Checklist 1: Readiness for change

1 In the past, new policies or systems introduced by management have been:	☐ Seen as meeting employee's needs	☐ Not well understood	☐ Greeted with some resistance	☐ Vigorously resisted
2 Employees may be best described as:	☐ Innovative	☐ Independent	☐ Apathetic	☐ Conservative or resistant to change
3 The most recent and widely known change in the organization is viewed as:	☐ A success	☐ Moderately successful	☐ Had no obvious impact	☐ Not successful
4 Expectations of what change will lead to are:	☐ Consistent throughout the organization	☐ Consistent among senior management but not otherwise	☐ Not at all consistent	☐ Unclear
5 What people directly affected by the changes can tell you about the organization's business or strategic plan:	☐ A full description	☐ A description of where it affects their own department or activity	☐ A general idea	☐ Nothing

Checklist 1: Readiness for change

- | | | | | |
|---|---|--|--|--|
| 6 Outcomes of the change have been: | ☐ Special in detail | ☐ Outlined in general terms | ☐ Poorly defined | ☐ Not defined |
| 7 Present work procedures to be affected by the change are seen as needing: | ☐ Major change | ☐ Significant alteration | ☐ Minor improvement | ☐ No change |
| 8 The problems to be dealt with by the changes were first raised by: | ☐ The people directly involved | ☐ First-line management and supervision | ☐ Senior management | ☐ Outside consultants |
| 9 The proposed change is viewed by end-users as: | ☐ Crucial to the organization's future | ☐ Generally beneficial to the organization | ☐ Largely a matter of procedure | ☐ Beneficial only to part of the organization |
| 10 Top management support for the proposed change is: | ☐ Enthusiastic | ☐ Limited | ☐ Minimal | ☐ Unclear |
| 11 Top management have: | ☐ Committed significant resources to the changes | ☐ Expect the change to be implemented from existing resources | ☐ Withheld resources | ☐ Not planned the resources needed |

Checklist 1: Readiness for change

12 The management performance appraisal review and process is:	☐ An important part of management development	☐ A helpful problem-solving process	☐ Routine	☐ An obstacle to improvement
13 The proposed change deals with issues of relevance to the business plant:	☐ Directly	☐ Partly	☐ Only indirectly	☒ Not at all
14 The proposed change:	☐ Makes jobs more rewarding financially and otherwise	☐ Makes jobs easier and more satisfying	☒ Replaces old tasks and skills with new ones	☐ Makes jobs harder
15 The proposed change is technically:	☐ Similar to others already underway	☐ Similar to others undertaken in the recent past	☐ Novel	☐ Technically unclear

Checklist 2: Managing Change

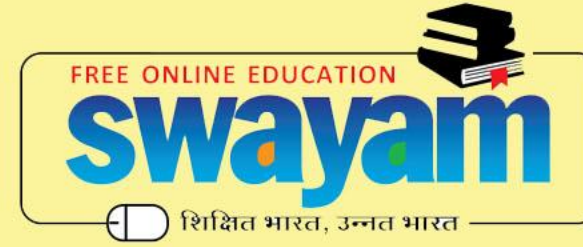
1 The implementation plan provides:	☐ Clear targets	☐ Acceptable targets	☐ Broad objectives	☐ No targets
2 The likelihood of project deadlines being met is:	☐ High	☐ Moderate	☐ Low	☐ Non-existent
3 Day-to-day control of implementation is being managed by:	☐ One specific person	☐ Several people	☐ No specific individual	☐ Not sure
4 Implementation begins in:	☐ One small work area or department	☐ A number of units	☐ A major department or division	☐ Throughout the organization
5 The plan is being introduced:	☐ Almost 'overnight'	☐ Rapidly	☒ Gradually	☐ Very slowly
6 Those involved initially were selected:	☐ Because they were flexible and supportive	☐ Because they were very committed to the organization	☒ Because they most needed change	☐ No reason
7 Training is being carried forward with:	☐ Outside training only	☐ Specially designed session in-house	☐ Technical or user manuals	☐ Not at all

Checklist 2: Managing Change

8 Training is designed to:	☐ Solve problems with the new system	☐ Involve the user's experience	☐ Cater for a wide range of audiences	☐ Take no account of users
9 Training involves:	☐ Only key end-users or those affected	☐ Everyone affected	☐ Does not involve end-users	☐ No training provided
10 Implementation of the change will:	☐ Allow people full control of the tasks they perform	☐ Help people better control the tasks they do	☐ Mean that tasks are controlled by the 'system' or the technology	☐ Control the people performing the tasks
11 Managers discuss changes with users and others:	☐ To develop the plans for change	☐ To get ideas and feedback on implementation	☐ To keep them informed	☐ To control progress
12 Implementation has:	☐ Built-in incentives and rewards	☐ Provision for some recognition of success	☐ No specific incentives	☐ Problems for the people using the system

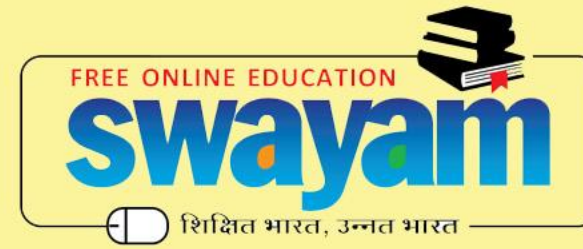
Checklist 2: Managing Change

13 Benefits will occur:	☐ Immediately	☐ Quickly	☐ Within a year of implementation	☐ Over a year following implementation
14 Direct benefits will be:	☐ Clearly apparent to users	☐ Apparent only to managers	☐ Apparently only to top managers	☐ Only indirect benefits
15 Effects will be:	☐ Measurable in quantitative terms	☐ Measurable only as 'ratings'	☐ Largely anecdotal	☐ Not clear
16 During change, people need to put in:	☐ Very considerable effort, skill and extra work	☐ Considerable effort, skill and extra work	☐ Some extra effort, skill and work	☐ No extra effort, skill or work
17 Management provide people with:	☐ Excellent support	☐ Good support	☐ Limited support	☐ No support
18 People experience:	☐ High levels of pressure or stress during change	☐ Considerable pressure or stress during change	☐ Some pressure or stress during change	☐ No pressure or stress



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Faculty Name: KBL Srivastava

Department: Humanities and Social Sciences

Indian Institute of Technology Kharagpur

**Topic: Indian examples of change
management**

Management of Change In Indian Organizations

- Indian Organizations are changing at an unprecedented rate.
- There is a need to understand the speed, degree and permanence of this change and transformation.
- Changing aspirations, technology and globalization are driving deep disruptions among Indian organizations.
- Change management needs to be embedded across the entire company and needs ongoing attention throughout
- If firms can change faster than your competitors, while exceeding stakeholder expectations, then they have a competitive advantage.



Examples of Change Management



Industrial Credit and
Investment Corporation of
India

Background

Year	Change Activity
Mid 1980	Diversified into merchant banking and retailing
1987	Co-Promoted Credit Rating Agency CRISIL
1988	Promoted India's first venture capital company
1990	Diversified into asset financing like
1991	Tied with UTI to set up screen based security markets
1990	Entered into insurance business
1992	Tied with JP Morgan to set up investment banking company

Change Management at ICICI

Leadership Change: KV Kamath took over as CEO in 1996

Initiated new Changes in the Organization

Organizational Restructuring: Dividing the company into

Infrastructure group(IIG)

Oil and gas group

Planning and treasury department

Structured Product group

Focus on Customers: Three new Departments

Major client group (MCG) handling top 100 customers

Growth client group looking after the needs of mid sized firms

Personal finance group

Competency development: Training and seminars , Graduate management training programme

Compensation Structure: Contract based to attract risk takers and tenure based for job security

In 1997, ICICI became the first Indian financial institution to go online

•In September 1999, ICICI Ltd got listed on the New York Stock Exchange, NYSE, the first ever Indian financial institution to go the American Depositary Receipts, ADR route.

The next year, ICICI Bank followed suit.

December 2005, ICICI Bank announced its initial public offer to the Indian market and amassed over Rs 80 billion.

2009, Kamath handed over the reins to Chanda Kochhar



Major Changes in ICICI

Five S implementation to improve work environment and Total quality management

seiri (sorting out)

seiton (systematic arrangement)

seiso (spic-n-span)

seiketsu (standardise) and

shitsuke (self-discipline)

Outcomes..

Best advantage is that Five S could be easily followed by everybody from the "peon to the president.

ICICI company claims to have saved Rs 7.5 crore.

Five S had contributed generously, making up 50 per cent of the savings.

The lower rung employees boast of tracing documents in record time just 30 seconds.

By 2000, it had half a million retail bank account holders. That number skyrocketed in the next few years; and it had 10 million retail bank account holders by 2004.

ICICI Bank claims to be the number one credit card company in the country with 2.5 million cards issued in less than five years.

In December 2000, Bank of Madura merged with ICICI and the integration was successful with proper HR initiatives.



Change management at TATA MOTORS

The fifth largest manufacturer of commercial vehicles in the world.

Tata Motors was predominantly a manufacturer of commercial vehicles. In 2001 they decided on a recovery strategy that had three distinct phases:

A turn around from a 500 crores loss in 2001 (5 years) to a 1509 crores profit in 2006

3 manufacturing facilities located strategically at Jamshedpur, Pune, & Lucknow employing 18000 employees and producing 150 products with 250 variants.



Change Initiatives at TATA motors

Formulated a six year road map . 3 phases of two years each of turnaround.....domestic growth ...and international growth

Revenues have doubled

ROCE have increased Six Times

EVA has Quadrupled

Long term strategy & vision of driving improvements through out the organization.

Recognition of people, suppliers/vendors, dealers as vital links in the transformation process.

Brought in improvements in the management systems & process to establish itself as a “learning” organization.

Measures of leadership effectiveness was established

Fast trackers were identified & encouraged to take more responsibility



Change Strategy at TATA Motors

ORGANISATIONAL CHANGE

- Change in Technology
- Change in Strategy

CHANGE IN WORKFORCE AND CULTURE

- Employees were exposed to outside world
- Young Employees were encouraged



Initiated the employee to think more about the customers rather than their careers



CHANGE IN WORKFORCE AND CULTURE

- Employees were exposed to outside world
- Young Employees were encouraged

Chang Phases at TATA Motors

PHASE 1

To reduce the break even point.
It called for major reductions in variable , fixed and interest costs.
They went in for e-sourcing.
The company adopted CAD and CAM systems.
They launched Customer and Dealer Management program in 2003.

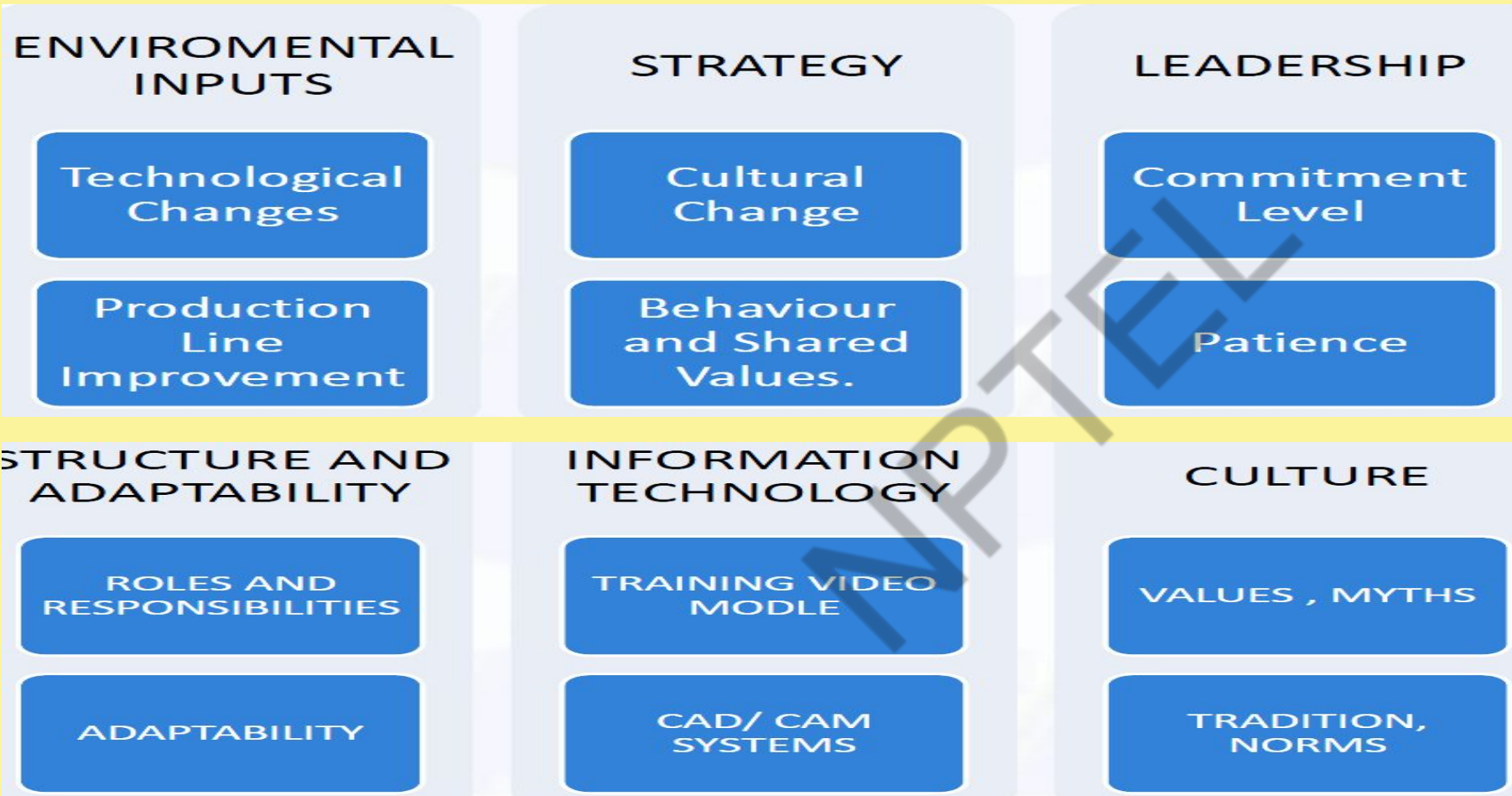
PHASE 2

This phase concentrated on the development of product.
The positioning in the market place was strengthened by:
New sales planning process
Reducing the impact of cyclic business.
Improving liquidity and profitability of dealers.
Re- orienting towards customer satisfaction.
Extending the reach for distribution network.

PHASE 3

International Diversification was a key part of this phase of transformation strategy.
Looked for opportunities for inorganic growth.
They identified 12 countries as priority markets.
In order to facilitate globalization, the previously independent export division was merged into passenger car and commercial vehicle division.

Diagnosis of Change



International Mergers and Acquisitions

In 2004, Tata Motors acquired Daewoo's South Korea-based truck manufacturing unit.

On 27 September 2004, Tata Motors enlisted at the New York Stock Exchange.

In 2005, Tata Motors acquired a 21% controlling stake in the Spanish bus and coach manufacturer Hispano Carrocera.

In 2006, Tata formed a joint venture with the Brazil-based Marcopolo, Tata Marcopolo Bus, to manufacture fully built buses and coaches.

In 2008, Tata Motors acquired the British car maker Jaguar Land Rover, manufacturer of the Jaguar, Land Rover, and Daimler luxury car brands, from Ford Motor Company.

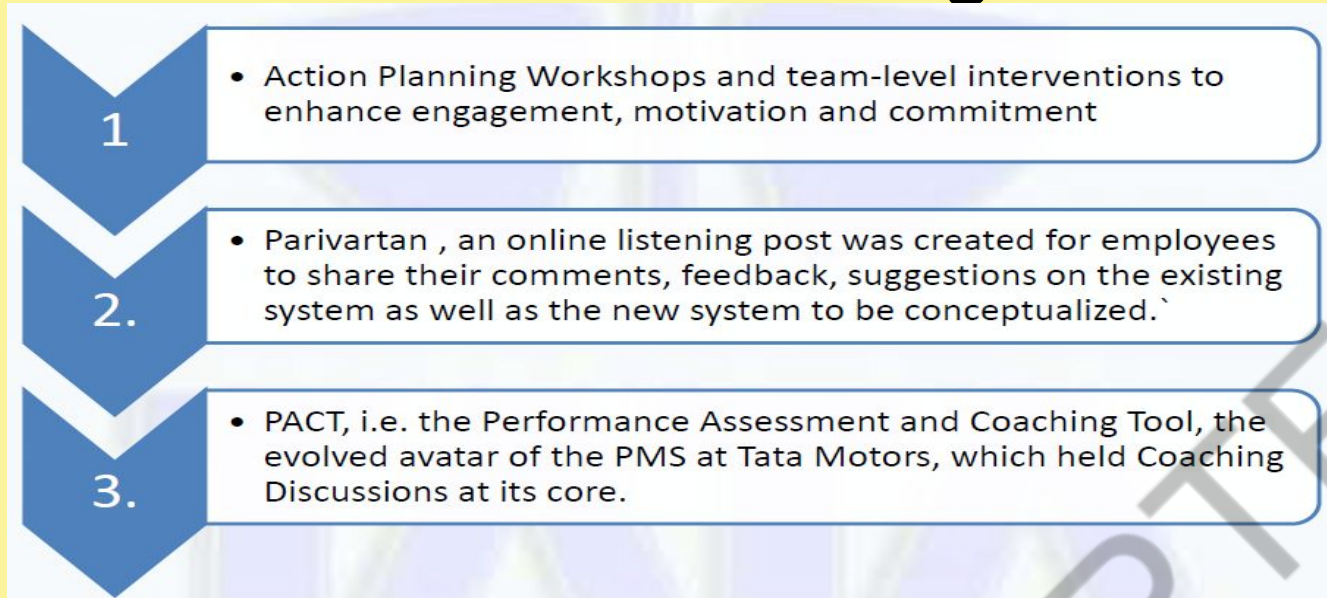
In May 2009, Tata unveiled the Tata World Truck range jointly developed with Tata Daewoo.

In 2009, its Lucknow plant was awarded the "Best of All" Rajiv Gandhi National Quality Award.

In 2014, Tata Motors introduced first Truck Racing championship in India "T1 Prima Truck Racing Championship".



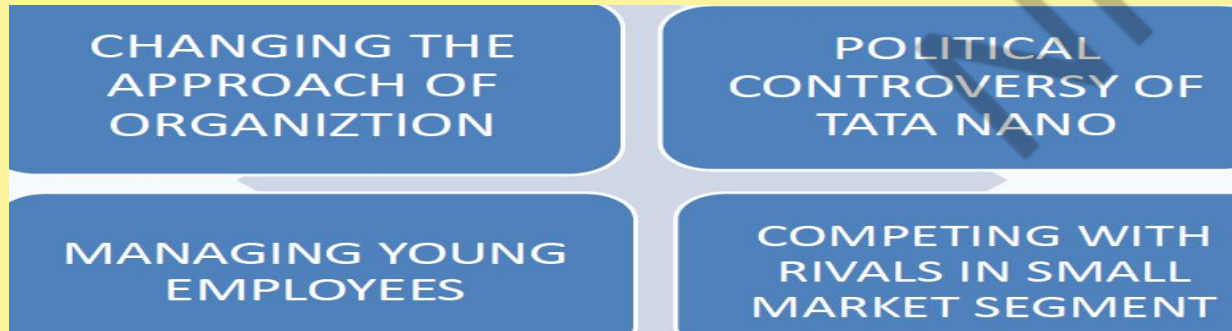
Change Interventions



Change Outcomes

- QUALITY
- DESIGN
- FASTER PRODUCT DEVELOPMENT
- SALES AND AFTER SALES SERVICE

Implementation Challenges



Strategies for Successful Change Management at INFOSYS

Infosys Technologies Ltd. (NASDAQ:INFY) is a global information technology and consulting company. A global leader in “next-generation” IT and consulting,



Challenges for Infosys

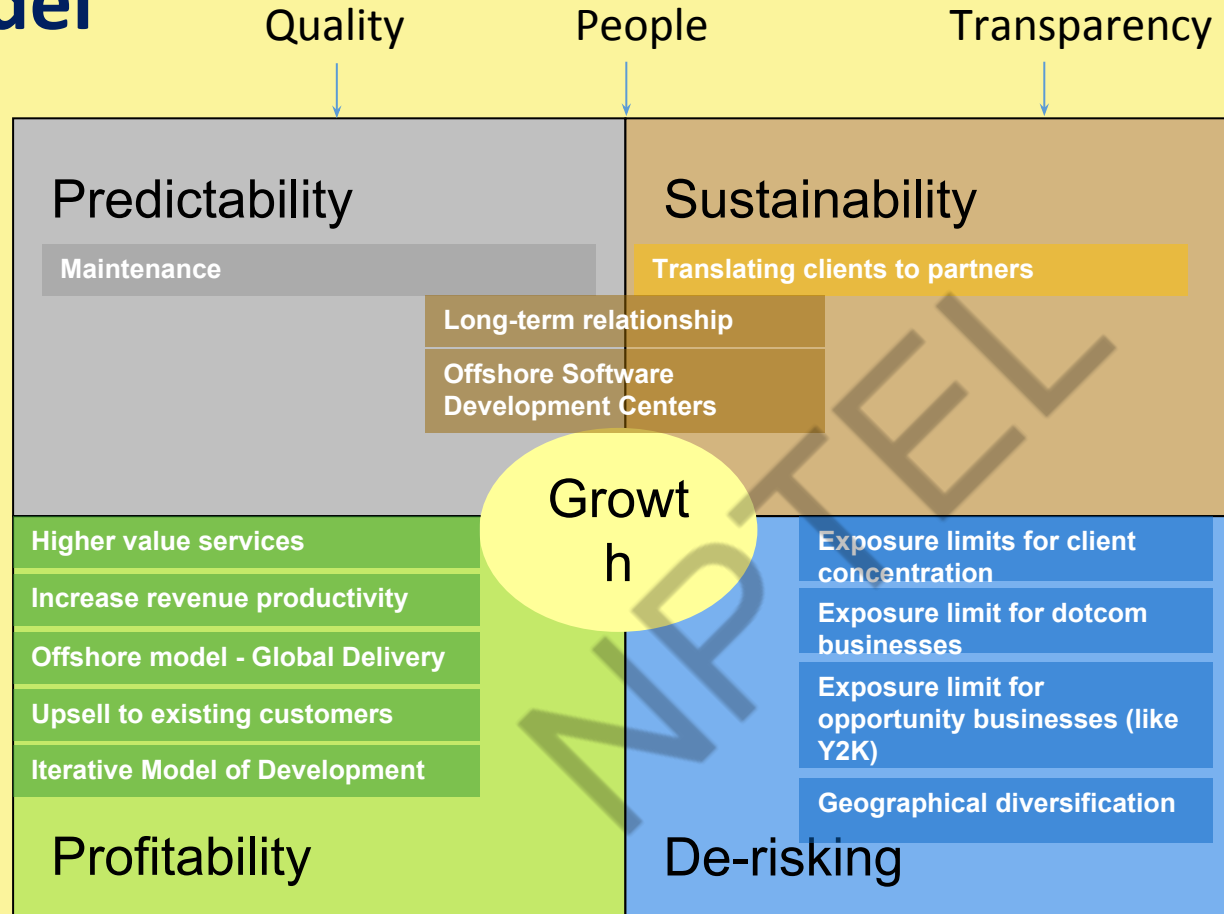
- Reports on slow-down in IT spending by US companies
- Earnings warnings from some of our major customers
- Concerns on dot-com and venture-funded businesses
- Earnings warnings from some of the software companies in US
- Possible softness in labor markets in the US
- Internet consulting companies facing pressure on visibility and billing rates
- There may be supply-demand gap in India resulting in escalation of labor cost
- Falling markets and stock options becoming unattractive resulting in escalation of compensation costs



Investors Concerns at Infosys

- **Business**
 - Effect of slow-down in IT spending in US on Infosys
 - Visibility in business
 - Future revenue growth
- **Per capita revenues**
 - Ability to increase the per-capita revenues on a go-forward basis
 - Impact on the per-capita revenue growth rate due to reduced dot-com / venture-funded businesses
- **Hiring and Utilization**
 - Ability to attract the best and the brightest
 - Lower utilization rates coupled with increased hiring
 - Labor cost escalation due to falling market price of the stock
- **Margins**
 - Ability to maintain or grow the margins on a go-forward basis
- **Exposure to dot-com/venture funded companies**
 - Strategic investments and accounts receivable

PSPD Model

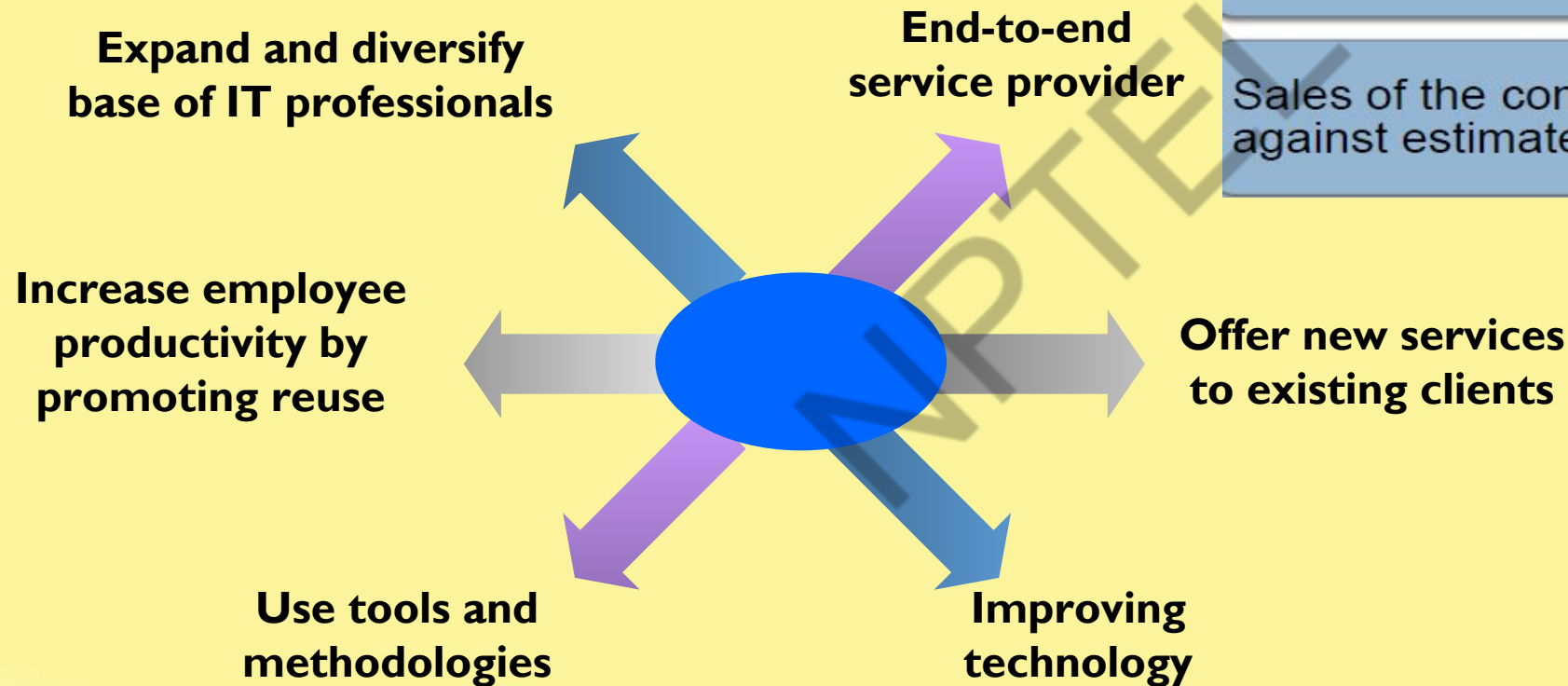


Model of Change management



Effect of Change

Moving-up the Value Chain



Company came back in competition by cutting on margins.

Market share grew up especially in North American region

Sales of the company rose nearly 8% against estimated 5-6% growth.

Change management at Godrej

Need for Change

Indian economy opened to global competition

- Godrej group was in a Quandary
- No exposure to competition or new technology

- Entered into two alliances: P&G and GE

Entire distribution of Godrej transferred to P&G

- 1995-Break-up of the joint venture between Godrej & P&G
- Post breakup Godrej devoid of distribution system
- Rebuilding exercise
- 1995-TQM



Changes at Godrej



Switch from a family-run business to a professionally managed company

- Changed the earlier model of management hierarchy
- Adopted a participative management model
 - team spirit
 - employee improvement programmes

TQM : • 1995-TQM

Awareness programmes for all employees

- Objective
- Driving force
- Maximize quality and minimize costs.
- Total employee involvement, total waste elimination and total quality control

KAIZEN

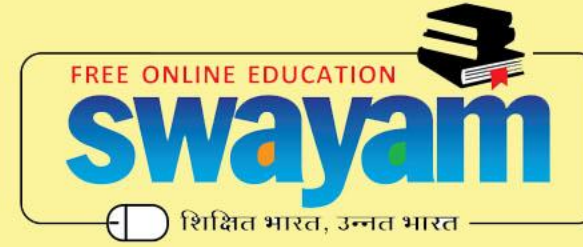
- Japanese technique of continuous improvement
- Increase in employee involvement and morale.
- Significant savings
- Flexible

Economic Value Added (EVA)

- 2001-Introduction • Extensive training program for managerial and officer levels
- Training regarding decision making of investments and trade-offs between the income statement and the balance sheet.

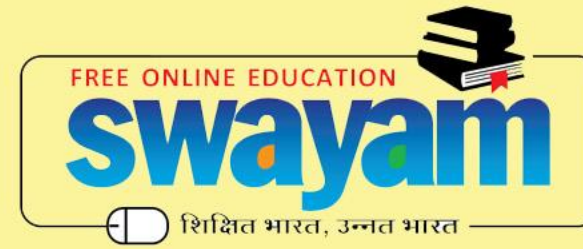
360-Degree Evaluation

- Assessment
- Unbiased feedback to the employee
- Self development



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**Thank
you!**



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Course Name: Managing Change in Organizations

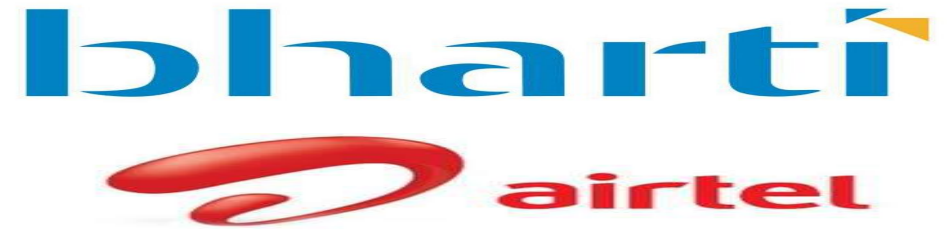
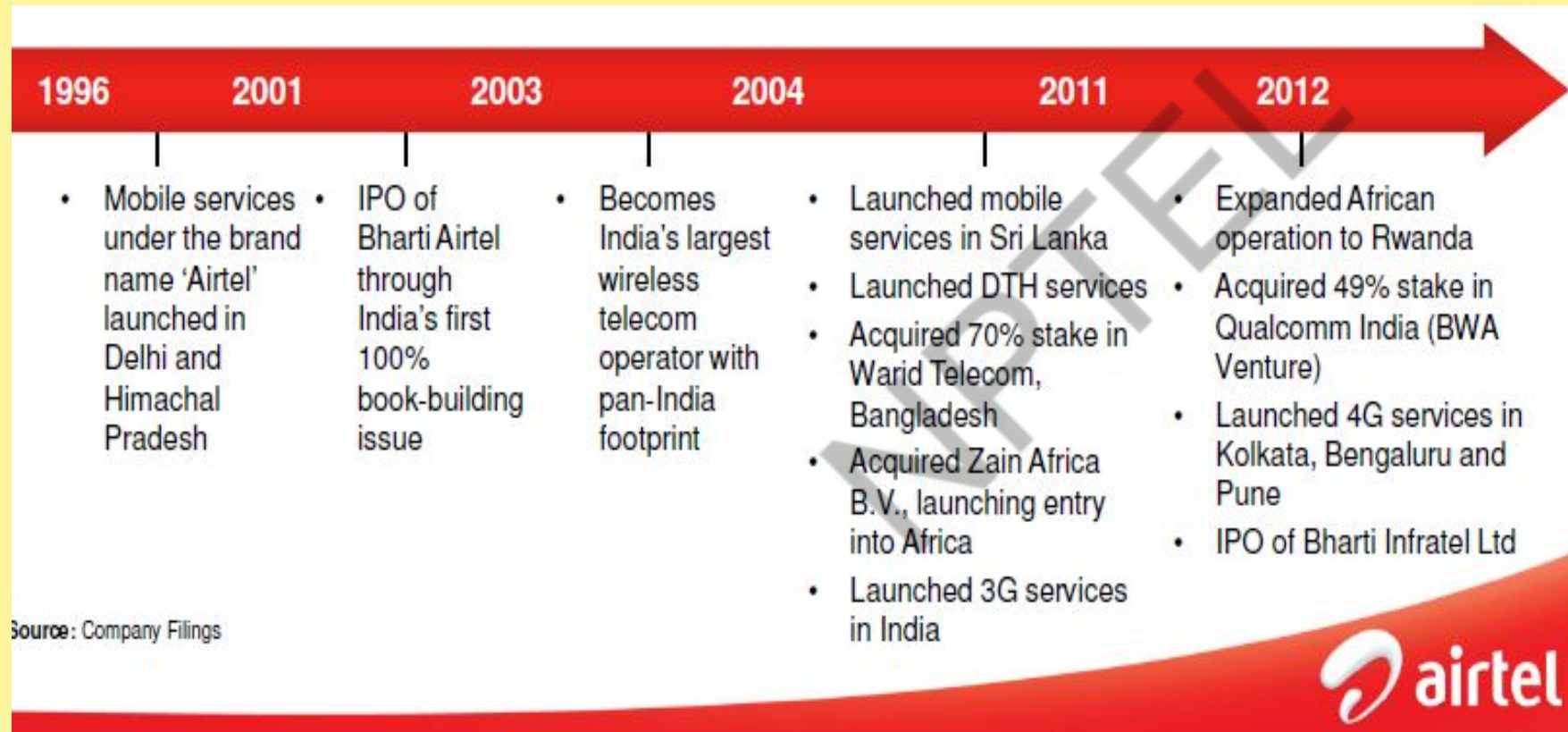
Faculty Name: KBL Srivastava

Department: Humanities and Social Sciences

Indian Institute of Technology Kharagpur

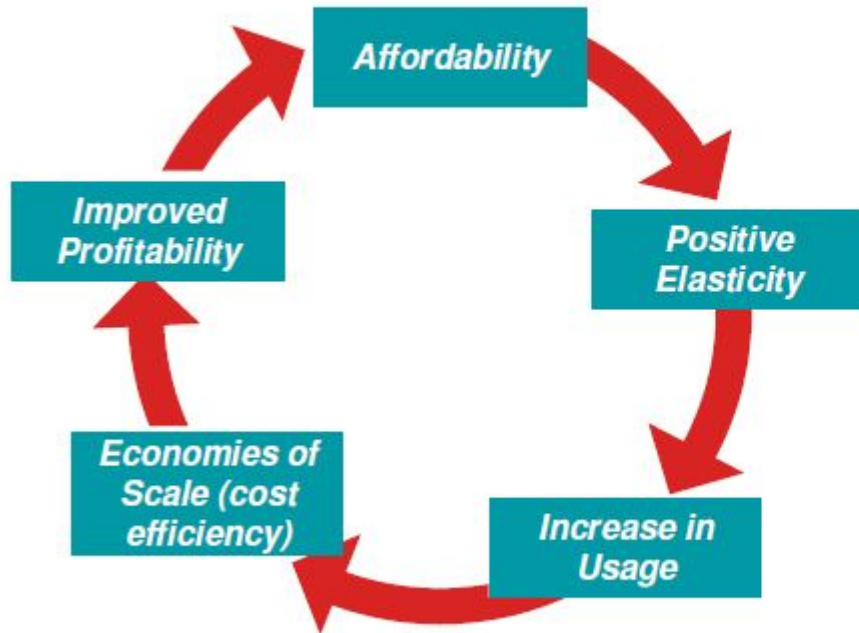
Topic: Indian examples of change management and current trends

Change Management at Bharti Airtel



Business Model of AIRTEL

- Improving affordability to gain positive elasticity is at the heart of our Minutes Factory model



- Focus on producing the lowest cost minute whilst maintaining / growing margins
- Drive affordability
 - more users
 - more usage
- Increased scale of minutes; driving operating leverage

Bharti Airtel successfully used its “Minutes Factory” model to move towards a high usage environment, while building its customer base profitably

Building Strategic partnership



NOKIA
Connecting People



IBM

Nortel, Avaya, Cisco, Wipro,
IBM Daksh, Mphasis,
Hinduja TMT, Aegis BPO
Teleperformance, Firstsource

> 1.4m retail outlets

Indus Towers; Bharti Infratel



- Network management
- Information technology outsourcing
- Call centers / customer service
- Distribution
- Towers / passive infrastructure

Change management at Aditya Birla Group

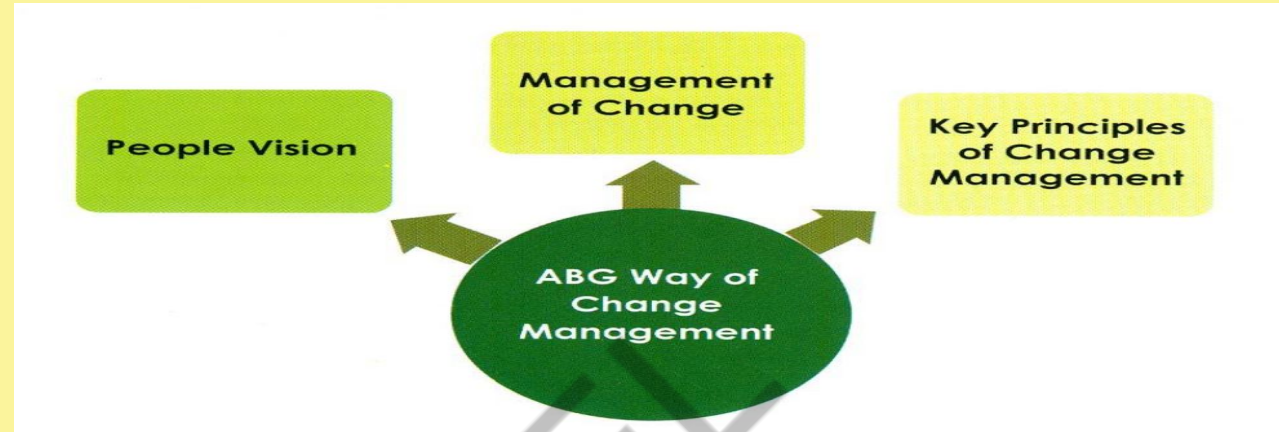
ABG is a multi business Indian Conglomerate, with operations in 36 countries, global business leader in Aluminum, Pulp& Fibre, Carbon black and Cement, ABG's Telecom, Life Insurance, apparel and retail businesses have grown exponentially over the past decade. Its employee strength spans over 130000 , comprised of 42 nationalities and with average age 37 years.



Imperatives for change:

With an intensively competitive, Highly volatile business environment driven by global forces, the ABG has endeavored to understand the implication of change in business environment in order to quickly formulate effective business solutions unique to the context

Managing Change at ABG



Learning & Development:

Opportunities to learn, develop and grow as professionals

Career:

Opportunities to build and fulfill career aspirations



A WORLD OF OPPORTUNITIES

Rewards & Recognition:

Opportunities to get rewarded and recognized for commitment and contribution

Enrich Your Life:

Opportunities to fulfill responsibilities and lead a healthy balanced life.

Managing Change at ABG: 8 Step process

1. Focus on opportunities for the business
2. Understanding internal currents and under currents
3. Asses the change
4. Involve and commit
5. Implement and refine
6. Stay on course and be flexible
7. Communicate and celebrate
8. Institutionalize the core

core principles of change management

Challenge
the Status
Quo

No change
for the sake
of change

Build change
into our way
of working

Be congruent,
authentic and
persistent

Change at a
pace people
can take

Change Management Failure Cases

The Rise and Fall of Kingfisher Airlines

Once, 2nd largest airline, in terms of carrying the number of passengers. The quality and comfortable service attracted many passengers in the initial years. And, then the Kingfisher acquired Air Deccan in 2007

In 2009, more than 900,000 passengers flew with Kingfisher giving it the highest marketing share in India

By the year 2009-10, airlines accumulated the debt of over INR 7,000 cr as the losses continued to pile up. 2010 was the year when it turned into a non-performing asset for banks. **Reasons Include**

Lack of Delegation.

Low-cost airline aviation airline, Air Deccan was treated as a step-child.

Unnecessary Burning of Fuel.



Change Management Failure Cases: Kodak

Built on the culture of innovation and change in 1888, Kodak was a simple box camera, loaded with 100-exposure roll of film.

Had a dominant position in photographic film. Its tagline “Kodak Moments” was used for promoting events

Kodak owned the film market with 90% market share in 1970s. Created the first digital camera in 1975.

Kodak didn't do the marketing of the Digital camera. Whereas, other digital companies like Sony, Nikon, Fujifilm took the full advantage of the situation.

Kodak couldn't get on the nerve of the modern technology and remained in denial for long about digital photography

In January 2012, It went bankrupt because of not making the smart move into the digital world fast enough.

On February 9, 2012, Kodak announced that it will exit the digital image capture business.

Kodak failed due its slowness in transition



Change Management Failure Cases: Nokia

Nokia phone was used in 1991 for making the first GSM call.

In 1992, they launched Nokia 1101, the first GSM handset and became an instant hit.

In 1988, Nokia became the world leader in mobile phones

Nokia's Marketing share grew to 74% in March 2006 from 61.5% in October 2005. In the color phone category, market share jumped to 59.3% from 40.9%.

Nokia used to own a large portion of market of smartphone before the iPhone came out in market in 2007.

Their refusal to change and learn new things lost their survival and this ultimately led to their demise.

Failed to respond to the completely changed smartphones with full touchscreen and application based operating system

Nokia got acquired by Microsoft in 2013.



Business Trends driving Change in Indian firms

- Big-sized companies, venture capitalists, and global consulting firms are driving today's economy
- Mergers and acquisitions at a phenomenal scale as devices to counteract competition
- virtualization of organizations to promote more effective organizational survival
- The increasing incidence of customization in manufacturing as well as services
- Product lifecycles are becoming shorter resulting into constant need for research and innovations;
- Bureaucratic organization structures are being dismantled to expedite decision-making;
- The lines separating different businesses are getting blurred as technology and markets converging leading to new opportunities for growth;
- Talent to deliver high degree of performance under rapidly changing conditions
- Effective people-management and change management strategies



Change Dynamics in Indian Organizations: Steps Taken

- **Appreciation of the factors** that have led to the changed business atmosphere
- **Critically examining the organizational awareness** about the **need to change** and issues involved in this process
- **Recognizing the multiple dimensions of change**
- **Developing systems and processes to promote the desired change**
- Deciding who are likely to play the **role of change agents**
- **Developing a change program** including the interventions to be used
- **Managing and reviewing the change management process** on an ongoing basis

Change Management: Some Observations from Research

Different mechanisms are prescribed which facilitate change management in Indian organizations (Singh & Bhandarker, 1990; Blythe et al., 1997; Srivastava, 2003; Prasad & Sayeed, 2006; Sharma, 2007).

Successful change management requires effective leadership at the top (Irani, 2004; Page & Pearson, 2004) and sensitization of the top-level executives (Bandyopadhyay, 1998; Singh & Bhandarker, 2002).

Institutionalizing and internalizing efforts are essential when attempting to bring about change (Garg & Singh, 2005).

Bhatnagar et al. (2010) examined the developments in the area of organizational change in India and found that trust building and belongingness for the employees, establishing a high-performance orientation



Change Management: Some Observations from Research

Rastogi and Rastogi (2010) narrate the **cultural change** in State Bank of India. It resulted due to the challenges raised by the private sector

Indian railways have also experienced a major re-invention where a remarkable **change in business models, culture and leadership** has occurred (Nilakant & Ramnarayan, 2009)

Nearly 30% of companies in India are ready to adopt change management practices, according to a survey by change management solutions firm



Major organizational Changes at the workplace

Structural changes: elimination of layers of management; reduction in numbers of people, increased teamworking; pressures for individuals to work harder and longer.

Working patterns: increased use of short-term contracts; part-time working (predominantly women), with many people having two or more jobs; working at or from home

Workforce characteristics: decreasing birth rates and increased longevity leading to rise in the average age of people in work; diverse workforce in terms of ethnicity, values and gender.

Workforce skills: increased requirement for workers to learn new skills in line with changing technologies and the competitive environment.

Employment choices: increasing self-employment and working in small organizations



Change Management Success: Some Important tips

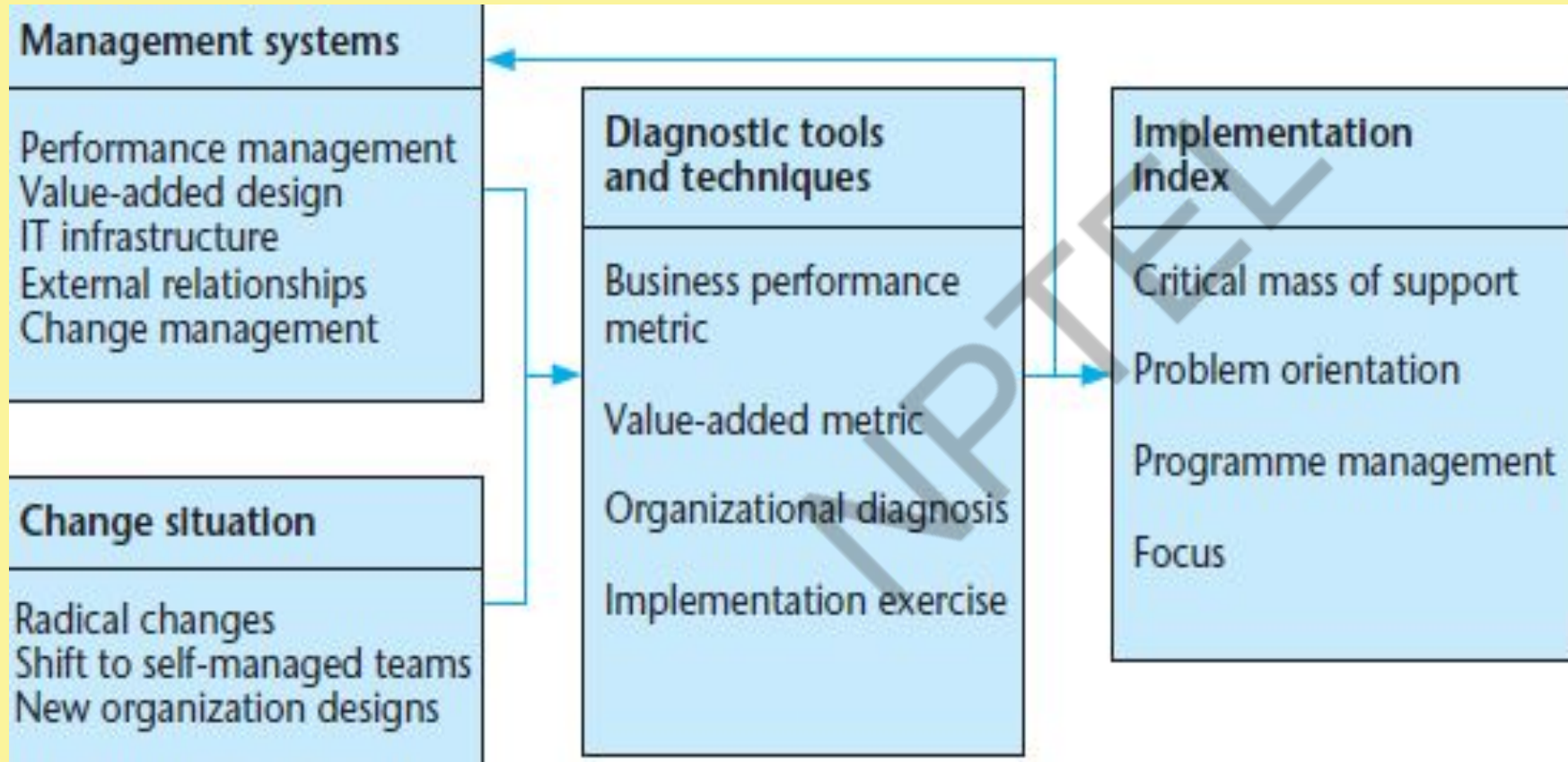
**'Seven key truths'
to improve
the odds
of success**



GRAPHIC BY SANTOSH SHARMA/MINT

Source: BCG

Strategy adopted by Indian Firms for Corporate Transformation



Paths to Change in Future

Considerations for the future

Implications for organizations

Demographic changes

- In western societies, service and product shift to meet the needs of adults 50+. In developing countries, cognizance taken of improving birth survival rates and increased longevity of life.
- Changes in the expectations of women and members of minority groups in the workplace.

Changing lifestyles

- Issues associated with housing, transport, IT and environmental issues.
- Increased expectations of health systems in relieving illness and contributing to longer lives.

Occupational changes

- Moves away from agrarian economies (in developing countries) and manufacturing (in western countries) towards a knowledge economy.

Changing employment policies and practices

- Changing nature of the psychological contract, increased demand for flexible working, social and corporate responsibility.

Operating virtually

- 24-hour 'opening', the influence of working across continents.
- Increasing mobility of employees.

CONCEPTS COVERED

Concepts Covered:

- ☐ Turnaround strategy
- ☐ Change effectiveness
- ☐ Strategic convergence and learning from Change
- ☐ Examples of successful change management practices

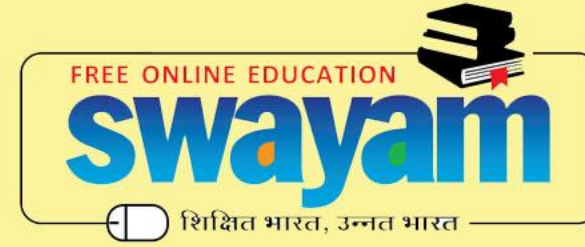


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- ❑ Carnall, C. A. (2007). Managing Change in organizations. Pearson Education, UK. England.
- ❑ Senior, B., & Fleming, J. (2006). Organizational Change. Third Edition. Pearson Education: UK.





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**Thank
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