Question 2.

Remploy is the UK's largest employer of people with disabilities. It manufactures products as diverse as car headrests, furniture and shower units. It has bucked falling industry trends by achieving a five per cent increase in profits largely by embracing changes in those who make a difference - the workforce.

In the early 2000s the company decided it wanted to increase staff from 12,000 to 25,000 and triple output over a five year period. The personnel director and resource director were asked to work closely to start a major change programme. The idea was that roving internal consultants focus on Remploy sites that had more work than they could cope with. They investigate the 'weakest link' in the production process, then move on to find the next 'weakest link'.

The crux of the change programme was to make sure that every person had a say in how the day to day processes were to be run. This meant that even simple ideas could be shared. For example, one employee suggested sticking coloured tape on the machinists' tables during sewing to improve accuracy and to speed up the process. Staff also wanted to remove a huge overhanging machine so that they could see each other and help to communicate when a constraint in the flow of work had built up.

Assessment is now based on the end product, so that staff have a feeling of ownership and team spirit. Staff morale improved greatly as changes were made with all the factory involved and not just management. The business argues that there were short term benefits but also a long term change in culture. One of the machinists at the company said 'Change is frightening but, because we all have a say, we feel more confident in making those changes'.

Source: adapted from *People Management.*

(a) Identify the approach to managing change at Remploy using examples from the article.

(b) Examine the benefits to (i) employees and (ii) the business of such an approach.

KEY TERMS

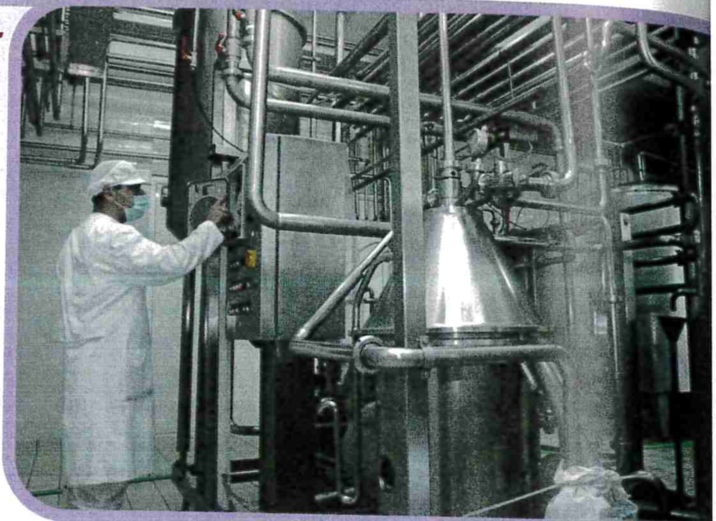
Project champion – an individual who believes in the objectives of a project, seeks support for it from management and other stakeholders and helps to remove barriers which prevent the project from succeeding.

Project group – a number of individual members of an organisation who have been given responsibility for a one-off task, such as preparing a report or implementing an IT software change.

KNOWLEDGE

1. State five factors that may cause change in a business.
2. How might change affect:
   (a) market research
   (b) research and development;
   in a business?
3. Why is it important for businesses to manage change?
4. How might (a) workers and (b) the culture of the organisation prove resistant to change?
5. How might a project champion help the process of change?
6. What is meant by 'developing an organisational culture for change'?
7. Briefly explain four approaches to change.

Case Study: A successful merger



When Lowke's bought Feraday's, many at Feraday's feared the worst. The company had performed poorly over the past few years and there had been persistent rumours that it would be sold off and broken up. Senior management at Lowke's, however, saw Feraday's as an opportunity to revitalise what had once been one of the best companies in the food processing sector.

From the first, all talk of 'takeover', 'asset stripping' and 'downsizing' was banned. Instead, management was encouraged to talk about 'creating a world class company', 'moving forward', 'expanding the business' and 'taking what is best in our partnership'. There was no immediate move to make anyone redundant, despite the obvious overlap of roles, particularly at senior management levels. Instead, it was made clear to everyone that the new company would take shape after a period of 24 months of intense reflection on how best to create a successful business. The board of directors set the company the goal of raising its sales by 5 per cent within those two years and by 25 per cent within five years. Operating profits were to rise by 5 per cent within two years but by 40 per cent within five years. The strategy to achieve these objectives was left to senior management to devise. However, the Board made it clear that it expected the strategy to evolve from consultation at every level of the new company.

Not everyone was prepared to engage meaningfully in the consultation. Some could not see beyond their own life goals and were simply not interested in the future success of the business. It was impossible to shift them from the 'I've worked here for 20 years, so the company owes me my job with no changes' type attitude. But most could see that change was needed and were prepared to think about how best to achieve that change.

Managers and workers from both companies looked at how each was operating. Sometimes it was clear that one company was performing a task or function more efficiently than the other. This then became the catalyst for change as the whole company standardised on best practice. Where there was overlap and cost savings could be achieved through rationalisation, all workers were consulted and interviewed before any decisions about their personal future was taken. Some didn't want to move forward with the company but were very satisfied with early retirement packages. Others were helped to find jobs and even promotion with other employers. Yet others were offered different jobs within the company. It might be in a different location. Or it might be a different job for which they were offered training to fulfill.

Because there was fairly intense contact between workers within the two companies over the 24 months, it soon became apparent to workers at Feraday's that there was no favouritism being given to either business methods or individual workers at Lowke's. This helped build up a climate of trust which made it easier to secure changes at Feraday's.

Lowke's was a large private limited company whose Board of Directors were committed to long-term growth. They were aware that profits could have been higher in the short term if they had wielded an axe to Feraday's very quickly. The solutions that came out of the consultations were not necessarily very different to what senior managers at Lowke's would have come up with anyway. However, the Board of Directors wanted to preserve as much talent as possible within the new company. It also wanted to avoid the demotivation of staff that often took place after a takeover. The Board was equally aware that takeovers by other companies in the industry had led to problems with both suppliers and customers. For example, the needs of customers could easily be lost by an organisation undergoing radical change. Its model of change, it hoped, would create an organisation which would continue to evolve successfully in future years.

(a) Evaluate the costs and benefits to Lowke's of adopting a fairly lengthy, consultative model of change. (40 marks)

(b) Discuss whether the model of change adopted by Lowke's could be implemented by a public limited company. (40 marks)