10 Managing strategic change

1 Changing consumer tastes and fashion, competition, technology and the economy.

2 Incremental change involves introducing many small gradual changes in a business or a project, whereas disruptive change involves radical change, often rethinking or redesigning a business or project.

3 For a change to occur, the driving forces need to be greater than the restraining forces.

4 The six steps are:
(1) Identify the current situation.
(2) Identify the desired situation.
(3) List all the driving forces.
(4) List all the restraining forces.
(5) Evaluate each of the driving forces and the restraining forces, giving each one a value on a scale of 1–10 (1 = very weak, 10 = extremely strong).
(6) If change is viable, develop a strategy to strengthen the key driving forces and weaken the key restraining forces.

5 The value of change lies in the fact that a business which embraces change is likely to be more flexible and more able to take advantage of new opportunities in terms of consumers' changing needs and therefore to progress and grow.

6 Restructuring involves a fundamental internal organisational change that alters the roles and relationships of those involved.

7 Flexible employment contracts, such as part-time, temporary and zero-hours contracts, benefit a business in that they enable greater flexibility and result in the business being more adaptable to change.

8 Mechanistic structures are hierarchical and bureaucratic, with centralised authority and formal procedures and practices. Organic structures are decentralised, are flatter with wider spans of control and therefore are likely to be flexible and adapt easily to change.

9 Effective knowledge management and the resulting decisions result from a solid foundation of data and information management.

10 Parochial self-interest, misunderstanding and lack of trust, different assessments and low tolerance of change.

11 If resisters to change are told and educated about it beforehand, this can help them see the logic of the change.

12 Coercion would be the threat of job losses or transfers if people do not comply with the changes.

13 The organisational culture is a system of shared assumptions, values and beliefs that govern how a business operates.

14 Identity, direction, loyalty and attitude to change.

15 Power culture concentrates power among a small group or on a central figure. There tend to be few rules and little bureaucracy, and decisions can be made quickly.
Role culture is characterised by strong functional or specialised areas coordinated by a narrow band of senior management at the top. Individuals within the business have clear roles and know who they report to.

16 Individualism vs collectivism, power distance, indulgence vs restraint, long term vs short term, masculinity vs feminism and uncertainty avoidance.

17 Reinforces negative stereotypes (potentially discriminatory). Too simplistic to understand the nuances of human identity and, as a result, may lead to poor decisions being made.

18 The leadership style, whether autocratic or laissez-faire, has an impact on culture. So does the nature of the business — whether it is in a fast-moving technological industry or a more traditional industry dependent on economies of scale.

19 Toxic culture, change of leader, change of ownership and changing market conditions.

20 Successful strategy implementation requires a clear understanding of what needs to be achieved by all, as well as an understanding of both internal and external factors influencing the strategy. This ensures a clear focus and hopefully the commitment of all concerned. Commitment should stem from the top and involve everyone.

21 Leaders are involved with the strategy and should not only demonstrate full commitment but also communicate it effectively in order that the workforce are also fully engaged and committed to the strategy.

22 A functional structure distributes decision making and operational authority along functional lines, with specialisation of skills according to the function, e.g. marketing, finance, operations.
A product-based structure is based on the product or a production line, where all functions related to that product are delegated.
A matrix structure is where the structure is based around a major project or task, and specialists from the various functional areas are assigned to the project.

23 Network analysis encourages planning, enabling resources to be ordered as needed and therefore reducing costs and potential cash-flow problems. Should anything go wrong, it can act as a starting point for making amendments.

24 Activities require resources and time and are shown by arrows. Each activity is given a letter to denote the order (written above the arrow) and a duration (written below the arrow).
Nodes are the start or finish of an activity and are represented by circles.

25 Each node is numbered (in the left-hand segment) and also states the 'earliest start time' (EST) and 'latest finish time' (LFT).

26 Float is the spare time that may exist within a project and can be calculated using the following formula:

float = LFT – duration of activity – EST

27 Time can be saved by operating simultaneously — vital in construction because time saving is a competitive weapon. It also reduces the risk of delay (again, vital in construction where penalties can be incurred if a firm misses a deadline) and it can be a useful tool to find a solution if delays or problems occur.

28 Complex activities might be difficult to represent on a network analysis. For example, a complicated engineering task may have hundreds of different processes which may make the network analysis difficult to understand.

Much depends on the accuracy of the figures. For example, a complicated engineering task may receive different time estimates from different providers and so the figures may be unreliable. The type of raw materials that are used may also affect the accuracy of the figures.

29 Problems occur with strategy implementation when workers or management are not fully committed to the strategy, or management fail to effectively communicate the strategy to the workforce. They may also occur due to a lack of resources, both in financial and personnel terms, or it may be that there is a significant change in the external environment that prevents successful implementation.

30 Planned strategy is one that the management intends to implement using a carefully laid plan to achieve the desired position, whereas emergent strategy is an unplanned strategy that develops over time and is based on the belief that change should not be seen as a series of linear events.

31 Strategic drift occurs where a business responds too slowly to changes in its external environment and results in the strategic plan no longer being appropriate. It might occur due to a culture that is resistant to change and moves too slowly, or it might occur due to a lack of monitoring, with any drift going unnoticed.

32 Divorce of ownership and control refers to the separation of the ownership (shareholders) and control (elected board of directors) in a public limited company.

33 Good corporate governance is important in an economy as it provides a barrier to corrupt dealings, enhancing access to capital and the long-term prosperity of both individual organisations and the economy as a whole.

34 Strategic planning provides a road map and gives purposeful direction to a business, and strategic evaluation is the process of determining the effectiveness of a given strategy in achieving the organisational objectives and taking corrective action wherever required.

35 Contingency planning is planning for the unexpected, such as natural disasters or loss of data.

36 Natural disasters, loss of data, pandemic. (Any two of these.)