Change Management

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Driving Factors for change

Babcock group faced a stiff competition in the railway industry during that time (Buono & Jamieson, 2010). They were new competitors that entered into the industry who were fully committed towards achieving the and well equipped in performing their task. The Babcock group were mainly the core bidders for the maintenance of the railway system in the United Kingdom (Johnson, 2013). However, the company lost its positions because of accidents experienced during that time to Network rail. Babcock also faced stiff competition from other rail work companies, which participated through bidding process in order to get the contract (Buono & Jamieson, 2010). Furthermore, Babcock was not serious in performing their work, which forced Network Rail to consider shortlisting the Babcock from its biding list. As result of this move, Babcock considered to make changes within its business operations and management structure. During this period, competition and increased as more companies participated in the bidding process (Johnson, 2013).

Innovation is another aspect that caused Babcock group to consider change within the organization (Capella University, 2006). Innovation in the railway industry in the United Kingdom was an ideal concept in administering change and improving business process (Capella University, 2006). Babcock faced a number of system management issues within its operations that hindered its performance in the industry. The company required major changes on the type of equipment’s used within its operations in order to achieve efficiency and effectiveness within its operations. In 2008, Babcock started taking on larger projects in which it did not have the technological equipment has and processes to manage the projects (Johnson, 2013).

There were also failure to understand the type of resources required for the management of projects and the management lacked the necessary skills to anticipate the profitability of a project (Cummings & Worley, 2014). The accounting system in place was poor as it failed to anticipate the profitability of a project thereby resulting into a loss. Babcock also introduced a new information systems that the management was struggling to cope up. As a result the manager were unable to integrate a number of change initiatives that was introduced a long with the introduction of other change initiatives, which were a major failure (Johnson, 2013).

The company also failed to hire the appropriate chief executives who could lead the company out of the weak financial position the company (Capella University, 2008). The financial performance of the company was deteriorating forcing the group’s Chief executive officer to threat to sell the company. The deteriorating performance of the company was threatening the existence of the firm and was failing to meet group expectation. This required a major change, which was widely considered by the group management team (Johnson, 2013).

Babcock had also faced the challenge of bad publicity in the market (Capella University, 2008). As the company is known for not being committed to the business and the company was being shortlisted for biddings, where the company was privileged. Because of bad publicity, employees were unable to work within the organization and the company was losing skilled workers. In addition, the company was unable to conduct a proper recruitment and training exercise. As a result, the company faced huge cost in bringing in new staff agency to meet demand and the agency staff lacked the same training as the previous employees of the company. This means Babcock was delivering poor services at a high cost (Johnson, 2013). This caused Babcock Company to consider change as the main solution to improving performance of the group. Babcock was also losing a major client for the support of its operations in the railway industry. Network Rail, a major client for Babcock was having a bad relationship with the group because of failed safety procedure on the part of Babcock group. Network Rail believed that Babcock was not taking its responsibility seriously and threatened to shortlist the company from the bidders list. This prompted Babcock to take initiative to improve their business process and focus on consumer satisfaction to avoid being short-list within the bidders list.

Models of change and fit for the future initiative

Based on the kotter’s change model (Kotter, 1996), the fit for future initiative began by engaging with company’s stakeholders such as the customers, senior management, key member so the staff, people in the work force and regulators. This first step in this initiative is in accordance with the kotter’s change model, which suggest that the first step in ensuring successfully change process is to first in-form the key stakeholders of the company in order to create awareness (Dunphy, et al., 2003). This step will motivate the stakeholders in participating in the change process without resistance. At this point, the stakeholders and the management are able to agree on list of issues to agree through a discussion with both the board and the stakeholders.

Furthermore, through the fit for the future initiative, the stakeholders and the board agreed to cut down cost, which is a vital component in reducing overhead and increasing profitability. At this point, the company was set to reduce 25% of its employees in order to reduce the overhead cost to the firm (Johnson, 2013). This step is consisted with the kotter’s suggested change model where there must a powerful coalition for change (Frank Voehl, 2016). The board and stakeholders were able to come to terms with the requirement. According to kotter’s model of change concept, in order to achieve change there must be a coalition or team that strongly supports that change. This is evident in the fit for the future initiative when there is an agreement between the stakeholders and the board.

According to kotter’s change model concept, there must a vision for change in an organization in order to achieve an effective change (Frank Voehl, 2016). The vision for change must in connection with that of the people working within an organization (John Williams, 2007). The fit for the future initiative started by convincing the stakeholders and the management on reason for change by highlighting the major gaps in the company within the industry. The stakeholders and the board could see the various aspect that required change and influenced the company’s decision to make the appropriate change. At this point, the stakeholders and the board of Babcock were able to grasp the idea for change and hoe beneficial it will be for them and the company in general (Johnson, 2013).

The fourth step in the fit for the future initiative undertook in the management of the model, was to begin removing the obstacle that created a barrier to change (Kotter, 1996). The company had too many employees who increased the cost for the company. At this point, the stakeholders and the management came to an agreement in order to cut down work force by 25% (Johnson, 2013). This step is consistent with lewin’s change model concept, which implies that once the organization is prepared for the change (Poole & Ven, 2004), the company can initiate the change process. Babcock group focused their first task in their initiative program by cutting down employees to reduce overhead and maximize profits. Cutting down cost was an appropriate process because the company was making profit but a huge chunk of its profit were located towards overhead recovery. This means that the business could not get its way out of trouble. This resulted into the cutting down of employees as the fewer employees left were to be reorganized in order to meet the demand. During the change process, the company started by reorganizing the board by reducing the size of the board by half. The change process was also accompanying reducing layers of management by half.

At this point, Babcock group reorganized the entire management team by introducing new roles. The priorities were set to every individual and assessment on their understanding of the available opportunities and risk they are likely to face within their new line of work. The objective of this process to ensure that the Babcock group and the employees shared the same goals and objectives in life and at work. Therefore, those whose views were not relevant to the company mission and objectives were out. This change model technique was to ensure that the company had employees who had the interest of the company at hear (Senior & Swailes, 2006)t.

According to kotter’s change model concept, this process is essential in eliminating barriers to change (Taylor & Morison, 1999). Therefore, the population and the future of the business was at risk. Based on Kotter’s change model concept in relation to this change process, in order to achieve a successful change, putting in place the structure for change and continuously checking for possible barriers can help achieve (Terry L. Amburgey, 1990 ). This is to empower the people the organization needs to execute their vision and can help the change process move forward. Therefore, according to the change model for the fit the future initiative, the Babcock focused on assigning new roles to those they thought were best to push forward their company’s vision and change process.

In order to create motivation for the change process to take place and to push away critics, the fit the future initiative focused on improving relationship with the union leaders by helping in streamlining the workforce within their union. This is because ether union also needed change within their scope of operations, which encouraged the 25% cutting down of employees. Through this process, the company had managed to reduce future risk because of strikes and other union activities that might threaten the performance of the employees. Therefore, when it got to reducing the industrial workforce, the union supported the change initiative. This concept lies on kotter’s change model concept of creating short-term wins, which suggest that creating short term wins such as cutting down workforce for the union and the company as well motivates the critics for the change to dependent on the change process (Ven & Poole, 1995).

The fit the future initiative also used the concept of kotter’s change model to create short-term goals such as cutting down cost (Kotter, 1996). This gave the company’s stakeholders and the board a test of victory because of the slight change made in the organization. The stakeholders and the board are able to build confidence on the change process become more compliant rather than resistant. The company also focused restructuring the entire organization to ensure that the organization met short-term objectives, which encourage the management team, and other participants in the organization to embrace the change offered.

The next process the fit the future initiative focused was to build on the change by ensuring the training of the new task force and providing clear background check of their responsibilities within the society (Senior & Swailes, 2006). At this point, the management focused on ensuring that the current workforce are determined to ensure that the change take place. The Babcock group achieves these by training the team to communicate effectively with the consumer positively and open communication environment to build relationships within the company. In addition, the company also focused on making improvements with the available achievement made. At this point, the fit the future initiative for Babcock group is consistent with kotter’s change model, which encourages the need for improvements by assessing successes and considering improvement aspects (Taylor & Morison, 1999).

Range of tensions between stakeholders

Based on the case study, the stakeholders in Babcock differed in how to improve customer relationship with the business. At this point, the management was to improve relationship with the customer, but they differed on the method to apply in order to achieve a positive relationship. Some of the Babcock management believed that promising Network Rail, the biggest client for Babcock group, the best service delivery process was to improve the relationship. However, some other critics suggest that under-promising and over delivering quality service to the client will improve the relationship.

On another occasion, the stakeholders differed on ways to price the project in order to improve business operations. Some people still used historic data to identify labor costs and other used current data in order to bid for projects. The rates to be also a major issue in identifying the most appropriate cost accounting method to utilize in determining the price for the project. Furthermore, there was a wide review of the appropriate business model to utilize during the change process. The stakeholders were unable to reach an agreement on the most appropriate model to adapt during the change process, which led to great tensions.

Recommendations

In business, the key to successfully achieving goals and objectives of an organization is to meet to consumer needs through customer satisfaction. Therefore, by promising the consumer to deliver a service may require commitment from the part of Babcock. In order to avoid tension amongst the stakeholders in the company, the company needs to focus on developing strategies that focus on consumer satisfaction rather than business boosts (Ven & Poole, 1995). Therefore, by under-promising the consumer gives Babcock group an opportunity to improve their business processes and over-deliver on time. Network Rail is able to trust the commitment of Babcock and offer more bidding options for the company in the future. Therefore, underpricing and over delivering improves business relationships with the client and improves Babcock’s performance in the market (Ven & Poole, 2005).

Babcock can also base their accounting system based on current records in order to forecast properly the financial performance of a project. Since the staff are under skilled, the group can train their employees to meet the company’s standards and acquire the best skills in estimating cost based on current data or information. Babcock can utilize its training exercise to create a specific organizational culture that focus on improving relationships with consumers through meeting consumers’ expectations and properly forecasting project cost based on current information (Weick & Quinn, 1999). in addition, must ensure that the change they adopt must be ethically appropriate and the management should avoid bias in considering their interest more that of the industry. This will further encourage resistance to change rather than become participative in the change process.

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