DIT035 - Assignment 1, Reflect theories to a real-world example

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Team

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1. Reflect theories to a real-world example

We have chosen to talk about Netflix, the online streaming platform, as they have dealt with many changes in their lifespan that apply to the concepts we mention in this assignment.The following are some examples of how Kurt Lewin's Three Stages of Change Management applies to Netflix:

Unfreeze

In its early stages, Netflix started doing business by selling DVDs and rental by mail. Only two years after its foundation, Netflix's founders' good understanding of the industry trajectory and how incumbents can take care of it, led them to a position capable of reacting to any necessary change that would have to be done (Gupta, 2020).

Video streaming came to reality when Google acquired YouTube in 2006 for a value of 1.65 billion dollars (Lamare, 2018). That sent ripples in the industry and suddenly many others starting to focus on the streaming business. This was the early signal to the founders of Netflix indicating the advent of a change in the industry. Thus, Netflixt found itself disrupted entirely with the advent of streaming (McGahan, 2004) and that's why it decided to disrupt itself and in 2007 it launched streaming services for its customers (Netflix, Inc., 2006).

Netflix achieved its success and prosperity knowing the right time and moment to unfreeze from what they were doing in order to adopt new features and capabilities as per not only customers' demands but the emergence of the Internet and the new technologies that threatened their current way of working, just before moving towards digital transformation steps. For example the acquisition of Youtube by Google made video streaming reach a mature stage technologically as well as it created new opportunities for other companies to emerge such as Dailymotion and Amazon video, which signaled to the founders of Netflix the need to unfreeze the current system (Gupta, 2020).This was possible due to having a flat organizational structure that provided ample freedom for employees (Kobiruzzaman, 2021).

Technological change and globalization are the primary external forces that compelled Netflix to give the green light to leave behind what they were doing and give freedom to change for a greater future to come. Making the decision to not be an ordinary company but one which has the ability to perform remarkably well when it comes to pave the way for change lets Netflix outperform all of its competitors. As soon as Netflix questions about the validity of the status quo, they destabilize (unfroze) the equilibrium before their old methodologies can be discarded (unlearnt) and new approaches successfully adopted.

Change

Unfreezing opens the doors to learn about the opportunities that could arise due to public pressures and organizational needs, and more importantly the "change phase" tries to accommodate these new changes into the organization's working climate. The forces that Netflix was exposed to were both at a global and an organizational scale. Globally people started endorsing the new technology and depending more on online services for work and

entertainment which led Netflix to abandon its in-store services in 2007 (Kobiruzzaman, 2021).

Since change is an iterative approach in itself which requires research and action, Netflix's true success began when the features they provided were based on understanding audience demand and delivering customizable services (Kobiruzzaman, 2021). While this increased the number of subscriptions, it created more change opportunities for Netflix which saw a need to respond to the public's increased trust in online services, so it moved to the more secure HTTPS encryption in 2011 (Kobiruzzaman, 2021). On an internal level the organization endorsed a decentralized structure for a more dynamic interaction between employees which led to more speedy decision making strategies (Kobiruzzaman, 2021).

Freeze

Netflix has managed to establish itself as the reference company when it comes to video streaming. It has secured this position not only because of the movies and series it offers, but also how it has been able to be in a permanent state of change and constantly applying new technologies and features.

And this capability to change is useless without refreezing and ensuring that the changes and new behaviors become permanent. Netflix was able to refreeze their non centralized organizational structure which avoids top-down decisions, and by that giving the maximum freedom to its employees (Kobiruzzaman, 2021). Although there were obstacles along the way and the road was not easy, thanks to the commitment of the entire company in favor of change and applying the Lewin refreeze theory, Netflix has become a reference in organizational change management.

Action Research

We may also apply the concepts from action research to Netflix. Action research involves understanding the current situation, what dangers there are and figuring out how to proceed, with the intention of bettering an organization or group. It is clear that Netflix utilized such concepts continuously to become the global success it is today from the examples already mentioned so far. One such example is when Hastings, one of Netflix's founders, noticed that the market for home entertainment was not customer friendly as customers could incur high late fees for late returns. So they decided to try out a strategy by sending out DVDs by mail.

Only by critically assessing the current market needs and trends could they become more profitable, and also by gambling that more households would have a DVD player which was uncertain at that time. Of course we know that this particular strategy did not last, but given the situation and knowledge at that time, this was a good choice. This pattern was seen again in 2013 when they started to develop their own programs, based on their analysis of customer data. By using this data to predict if a program could be successful, they could already begin plans for the future of those programs, recognising what users want to see. This is possible with the data collection from their users, as users may rate Netflix's shows, collect metrics on what people watch, and how and when they do so. With the massive

amounts of customer data they have today, Netflix can continue to make well researched decisions to improve customers' experience.

2. Peer Review

Group 4 - Johan Axell, Alexander Andreasson, Christofer Jidarv, Yuhan Li

We found it to be a bit unclear how the theory is related to the organizational changes mentioned in the first part of the text. We found that unfreezing is more about the state of the situation within the organization and what influences and prepares the organization for change. In this segment the focus seems to be a bit more focused on the external environments impacting the organization which then identifies a need for change.

A good mention in our mind in relation to the theory however is the flat organizational structure as it shows a state which allows the company to unfreeze and adapt to the new change.

As far as we understand, using theory and concept interchangeably is something that quite commonly is done. However there are some key differences, but in the case of 'Action research' we found it to be more somewhat of a methodology, rather than a theory in itself. We also interpreted that Unfreeze, Change and freeze constitutes a theory when they are all combined. This in turn equates the total number of theories to being only one. We would however like to mention that this could be a misinterpretation on our part.

In the text there was not a single reference to Burnes (2004). You need to reference in the text to make it clear that what you state is taken from the research that Burnes have done. Or else the reader will think that it is your own theories or thoughts. In the final sentence for the unfreeze segment you make a claim that relates to a theory it might be good to make a reference and clarify when specifically this occurs within the organizational change.

Furthermore we feel that the assignment dictates that you are to use the theories as the base and apply these on the case you have chosen. We feel that you have in turn done it the other way around, this leads to a lot of information about Netflix and their transformation rather than how the theories apply to the transitions.

Aside from the aspects mentioned above, we think that the overall report was very well written. The thorough walkthrough of the case described made it easy to understand the points that were made and if the paper allowed for more pages, this wouldn't have had somewhat of a negative impact on the content regarding the theories applied.

3. References

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