Unit 3: Strategic Change Management

Unit code: J/602/2062

QCF Level 7: BTEC Professional

Credit value: 10

Guided learning hours: 30

Unit aim

This unit provides the learner with the understanding and skills to support active engagement in the process of strategic change management.

Unit introduction

Alvin Toffler's famous comment 'There is only one constant today and that is change' was made some decades ago, but now change itself is changing at a fast rate. The phenomenal pace of change in countries such as China and India is impacting on older, established economies in the western world. With such change comes uncertainty and insecurity. Organisations, even those in the public sector where 'steady state' was ever the watchword, can no longer sit back. All organisations are being increasingly challenged by change. Consequently, they need to understand the issues that drive the need for change in their own organisations. This means that organisations need to have a proactive approach to strategic change management.

Strategic change management is most effective when an organisation actively seeks the participation of all relevant stakeholders. A change management strategy will be effective only if it has the support of all stakeholders. If they are to have a sense of ownership, stakeholders need to have the opportunity to contribute to the development of the change strategy.

Strategic change impacts on the human resources structure of the organisation and this often means a restructuring of the workforce or changes in working practices. Almost inevitably, change will generate resistance from some, particularly those who feel that the change will have no positive benefits for them. Other people may resist change simply because they prefer the status quo. Organisations need to ensure that they have strategies in place to manage resistance to change and this should be part of the overall model that they adopt for managing the change. Once in place, progress towards change will need to be monitored.

Learners will develop an understanding of the models of strategic change and the role that stakeholders play in this process. They will then examine the need for change in a selected organisation and plan the implementation of a model for change.

Learning outcomes and assessment criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria determine the standard required to achieve the unit.

On completion of this unit a learner should:

Learning outcomes		Assessment criteria	
1	Understand the background to organisational strategic change	1.1	discuss models of strategic change
		1.2	evaluate the relevance of models of strategic change to organisations in the current economy
		1.3	assess the value of using strategic intervention techniques in organisations
2	Understand issues relating to strategic change in an organisation	2.1	examine the need for strategic change in an organisation
		2.2	assess the factors that are driving the need for strategic change in an organisation
		2.3	assess the resource implications of the organisation not responding to strategic change
3	Be able to lead stakeholders in developing a strategy for change	3.1	develop systems to involve stakeholders in the planning of change
		3.2	develop a change management strategy with stakeholders
		3.3	evaluate the systems used to involve stakeholders in the planning of change
		3.4	create a strategy for managing resistance to change
4	Be able to plan to implement models for ensuring ongoing change	4.1	develop appropriate models for change
		4.2	plan to implement a model for change
		4.3	develop appropriate measures to monitor progress

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Unit content

1 **Understand the background to organisational strategic change**

Models: John P Kotter's eight steps to successful change; Kübler-Ross five stages transition (grief) cycle; Prosci's five building blocks ADKAR (awareness, desire, knowledge, ability, reinformcement) model; McKinsey's 7S (strategy, structure, systems, shared values, skills, style, staff) framework; Kurt Lewin's change management model - unfreeze, transition and refreeze; Burke-Litwin's causal change model; action research; gap analysis

Strategic interventions: teambuilding consensus and conflict, game play, contingency theory, autocratic versus participative style, proactive and reactive, creating synergy; human process interventions; techno-structural interventions; human resources management interventions; organisational and external environment interventions

2 **Understand issues relating to strategic change in an organisation**

Need for change: reasons for change eg changes in markets, economic downturns, changes in global markets, customer expectations, competitive edge, budget pressures, legislation, size, demographics, mergers, acquisitions, change in mission, restructuring operations, new technologies, major collaborations, rightsizing, new programmes such as Total Quality Management (TQM), re-engineering

Factors driving the change: change drivers eg economics, political factors, environmental, financial pressures, new markets, loss of markets, technological advances, transition to a new chief executive, funding cuts, need to be competitive

Resource implication: human resources eg restructuring, interviewing and hiring, redundancies, training; physical resources eg equipment, vehicles, buildings; financial resources eg costs of training, redundancy costs, relocation costs; new building, refurbishment of existing buildings

3 **Be able to lead stakeholders in developing a strategy for change**

Systems to involve stakeholders: stakeholder analysis, systems modelling, systems and sub-systems, input transformation-output modelling, multiple cause diagrams, 'tropics' factors, configuration, divergence and convergence, functional and divisional structures, cultural web, images of organisations, team development, influencing skills, awareness raising, commitment development

Involving stakeholders in the change management strategy: six steps stakeholder circle (identify stakeholders, prioritise stakeholders, map their profiles, develop an engagement strategy, optimise their support, monitor changes); methods of involvement eg dialogue with individuals and groups, meetings, presentations, group facilitation, team building, coaching, delegating, developing and sharing a change plan

Resistance to change: types of resistance eg individual versus collective, passive versus active, direct versus indirect, behavioural versus verbal or attitudinal, minor versus major, resistance to the content of change, resistance to the process of change.

Strategies: eg open communications, education, involvement, forums, listening to stakeholders, feedback, addressing needs, ownership of the change, change champions, communicate the vision, getting the support of all key power players, focus on the positives, delivering training programmes

4 **Be able to plan to implement models for ensuring ongoing change**

Plan to develop appropriate models for change: choice of appropriate model eg John P Kotter's eight steps to successful change; Kübler-Ross five stages transition (grief) cycle; Prosci's five building blocks ADKAR (awareness, desire, knowledge, ability, reinforcement) model; McKinsey's 7S (strategy, structure, systems, shared values, skills, style, staff) framework; Kurt Lewin's change management model - unfreeze, transition and refreeze; Burke-Litwin's causal change model; action research; gap analysis

Plan to implement a model for change: organisational development, Business Process Re-Engineering (BPR), learning organisation, Kaizen, delayering and right-sizing, matrix organisations, network organisations, adhocracy, virtual organisation, push and pull strategies, conflict handling, transformational leadership, empowerment, consultation, contextual planning, contingency planning, adjustments, flexibility

Develop appropriate measures to monitor progress: eg goal-based evaluation, process-based evaluation, outcome-based evaluation, regular reports, meetings, quality circles, progress reviews, milestones, deadlines

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Essential guidance for tutors

Delivery

Learning outcome 2 is a good starting point for this unit and tutors could use the experiences of learners from their own organisations. Learners could be encouraged to discuss and share their experiences of change within their own workplaces. It is likely that all employed learners will have experienced change on some scale in their workplace and they could also draw on topical examples of strategic change in other organisations. For example, the restructuring of cabin crew staff at British Airways or the restructuring of Civil Service departments following the 2010 election. Learners could identify and discuss the factors that are driving the need for change in their own organisations or in topical examples. This approach can be continued with tutors leading a discussion on the resource implications for organisations if they fail to respond to strategic change.

For learning outcome 1, tutors can build on the discussions from learning outcome 2 and introduce the various models of strategic change. Learners could conduct their own research into the models, particularly those that may be appropriate to their selected organisation in the current economic climate. Topical case studies are a useful method of highlighting and examining different strategic intervention techniques. Learners can compare the techniques used in different strategic change management situations.

For learning outcome 3, learners will need to be aware of the range of internal and external stakeholders who are affected by change. Tutor input will be required to introduce and develop an understanding of systems that can be used to involve stakeholders in the planning stages of the change process. Learners may be able to draw on their own experiences of change management strategies that have been employed in their own organisations. Tutor-led discussions are a useful way of identifying strategies. This can give learners the opportunity to develop their understanding of the strategies as they are identified and discussed.

A good way of introducing resistance to change is through a topical case study. For example, the current resistance to change in public sector organisations throughout much of the European Union to the cuts in public spending caused by national budget deficits. Learners could look at these examples and discuss strategies that would be appropriate to manage the resistance to change.

For learning outcome 4, learners will require some tutor input on ways of monitoring progress towards change in organisations. Again, they may be able to draw on their experiences from their own organisations. Tutor support and guidance will be required as learners develop their plans to choose and implement a model for change.

Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and/assessment
Introduction to unit and programme of assignments
Need for strategic change and drivers of change – case studies, group discussions and feedback
Resource implications – tutor-led discussion
Tutor input – models of strategic change
Intervention strategies – tutor-led discussion
Systems to involve stakeholders – tutor input and discussion
Ways of developing a change management strategy with stakeholders – tutor-led discussion
Resistance to change – case studies and tutor-led discussions
Strategies for managing resistance to change – tutor input and discussion
Developing appropriate change models and planning to implement change models – tutor guidance and support
Monitoring progress on the models of change – tutor input and discussion
Assignment – Planning Change in an Organisation   (to cover all assessment criteria)
Review of unit and programme of assignments

Assessment

Learners need to research information from a chosen organisation and develop a report on planning strategic change in that organisation.

For AC1.1, learners need to show that they understand the different approaches to models of change management. They need to discuss a minimum of three established models, highlighting the differences in approach.

For AC1.2, in the introduction to their report learners need to evaluate the relevance of the models of strategic change, using examples from organisations. They need to explain why the models for change are appropriate in their selected examples.

For AC1.3, learners will be expected to assess the value of using strategic intervention techniques that are used in organisations. These need to be applied to the organisation in their report.

For AC 2.1 and 2.2, it is expected that learners will show an understanding of the forces that are impacting on an organisation and driving the need for change. Showing understanding needs to be more than just a list of forces and change drivers. Learners need to demonstrate that they have researched and examined the current position of the organisation and that they are able to assess the factors in the organisation that are driving the need for change.

For AC2.3, learners need to assess the resource implications of the organisation not responding to change. It is expected that learners will assess the relevant financial, human and physical resources. They are not expected to cost the resource implications for the organisation.

For AC3.1, learners need to develop systems to involve stakeholders in the planning of change. The systems need to be appropriate and workable in the selected organisation.

For AC3.2, learners need to show that they understand the different strategies that are available in the process of change management. They need to develop an appropriate strategy for change in the selected organisation and show how they would involve stakeholders in the development of this strategy.

For AC3.3, learners need to make judgements on the effectiveness of the systems used to involve stakeholders in the development of a change strategy. They need to evaluate the process, taking account of anything that worked well and anything that did not work well or could have worked better.

For AC3.4, learners need to show that they recognise that resistance to change can show itself in different ways. If managed badly, resistance can become entrenched and spread throughout the organisation. Learners need to create a strategy for managing resistance to change that is appropriate to their selected organisation. It needs to address the issues and provide a workable approach to overcome the resistance.

For AC4.1, learners need to develop appropriate models for ongoing change in their selected organisation. The models need to reflect the circumstances facing the organisation.

For AC4.2, learners need to show how they would plan to implement the model for change in their selected organisation. Internal and external circumstances impacting on the organisation also need to be considered.

For AC4.3, learners need to develop measures to monitor the progress of the change model once it is launched. The measures will need to be practical, workable and appropriate to the organisational context.

Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the criteria in the assessment grid. This is for guidance only and it is recommended that centres either write their own assignments or adapt Edexcel assignments to meet local needs and resources.

Assessment criteria covered	Assignment title	Scenario	Assessment method
All assessment criteria	Planning Change in an Organisation	Learners select an organisation and develop a model for change, incorporating issues related to strategic change in that organisation. They need to show how they will lead stakeholders in developing a strategy for change and how they plan to implement the chosen model for change. The report needs to start with an introduction to the background of change.	Report

Essential resources

There are no essential resources required for this unit.

Indicative resource materials

Textbooks

Blake I and Bush C – *Project Managing Change: Practical Tools and Techniques to Make Change Happen* (Financial Times/ Prentice Hall, 2008) ISBN 0273720457

Cameron E and Green M – *Making Sense of Change Management* (Kogan Page, 2009) ISBN 0749453109

Carnall C – *Managing Change in Organizations, 5th Edition* (Financial Times/ Prentice Hall, 2007) ISBN 0273704141

Diamond M A and Allcorn, S – *Private Selves in Public Organizations: The Psychodynamics of Organizational Diagnosis and Change* (Palgrave Macmillan, 2009) ISBN 0230613098

Dunphy D, Griffiths A and Benn S – *Organizational Change for Corporate Sustainability* (Routledge, 2007) ISBN 0415393302

Fullan M – *Leading in a Culture of Change* (Jossey-Bass, 2007) ISBN 0787987662

Goncalves M – *Change Management: Concepts and Practice* (American Society of Mechanical Engineers, US, 2007) ISBN 0791802647

Green M – *Change Management Masterclass* (Kogan Page, 2007)
ISBN 0749445076

Helms-Mills J, Dye K and Mills A J – *Understanding Organizational Change* (Routledge, 2008) ISBN 041535577X

Herold D M and Fedor D B – *Change the Way You Lead Change* (Stanford University Press, 2008) ISBN 0804758751

Kehoe D – *Leading and Managing Change* (McGraw-Hill Professional, 2008)
ISBN 0070137889

Leban B – *Managing Organizational Change, 2nd Edition (*John Wiley and Sons, 2007*)* ISBN 0470897163

Lewis S, Passmore P and Cantore S – *Appreciative Inquiry for Change Management* (Kogan Page, 2007) ISBN 0749450711

Nelson S – *Implementing for Results* (ALA Editions, 2009) ISBN 0838935796

Stewart Black, J and Gregersen H B – *It Starts with One: Changing Individuals Changes Organizations* (Wharton School Publishing, 2008) ISBN 0132319845

Journals

Academy of Management Journal (Academy of Management)

British Journal of Management (John Wiley and Sons)

California Management Review (University of California, Berkeley)

European Management Journal (Elsevier)

Harvard Business Review (Harvard Business Publishing)

Journal of General Management (Braybrooke Press Ltd)

Journal of Management Studies (John Wiley and Sons)

Management Today (Haymarket Business Media)

MIT Sloan Management Review (Massachusetts Institute of Technology)

Websites

www.businessballs.com	Change management articles and links
www.changingminds.org	Useful articles on strategic change by leading theorists
www.managementhelp.org	Articles on strategic change and further links
www.themanager.org	The '7s' model of change
www.mindtools.com	Lewin's change management model
www.12manage.com	Articles on the framework for change