

### **Management of change**

Organisations change over time in a variety of ways. There are a number of ways in which they might change:

**1. From small companies to larger companies** - for example, they may grow from being sole trader enterprises to partnerships and then to companies. There are two types of companies: Private companies have access to less capital because their shares are not traded on the Stock Exchange. Public companies like Cadbury Schweppes and Vodafone are substantially larger because they can raise much larger amounts of capital on the Stock Exchange.

**2. By a growth process** - they can either grow organically by ploughing back profits and owners capital into the business. Alternatively they can borrow external finance, or grow by taking over and merging with other companies.

Other ways in which organisations change are by:

- \* Altering their culture, i.e. changing the typical patterns and behaviours within the organisation e.g. moving from a top-down organisation to a more democratic form.
- \* Becoming more customer or marketing focused as opposed to production oriented. Most organisations today are developing this customer focus.
- \* Altering the scope of their activities e.g. by taking on new activities or by operating in new geographical areas. For example, most large companies today have become global enterprises and they have often reduced the number of brands and products they offer in order to concentrate on powerbrands in global markets.

### **SLEPT analysis**

Organisations typically change in response to the external environment, as well as through the development of competitive strengths within the organisation. External environmental factors include:

- \* **Social factors** - e.g. changes in demography and consumer buying patterns.
- \* **Legal factors** - legal pressures that force organisations to change to comply with laws, e.g. by responding to environmental legislation.
- \* **Economic factors** - relate to booms and slumps in general economic activity, changes in interest rates, inflation rates etc.
- \* **Political factors** relate to wider political changes - for example, a government taking a particular line on privatisation/the role of the state in society.
- \* **Technological factors** relate to new developments in technology - e.g. the development of new web based selling methods by companies.

On top of the above **SLEPT** factors a major influence on the organisation is what the competition is doing.

A **SLEPT** analysis is an analysis of key changes in an organisation's environment. It is sometimes referred to as scanning the environment.

The management of change is a key aspect of the way in which an organisation responds to change in an appropriate way. The emphasis should be on managing the change rather than reacting to change.

Kurt Lewin identifies three stages involved in managing change.

After identifying the direction of change and how it is to be achieved, you must:

1. Unfreeze the existing way of doing things in the organisation.

2. Change the organisation in the desired direction, and
3. Refreeze the new ways of doing things in the organisation, so that the organisation is now operating in the desired way.

The process of unfreezing, changing and refreezing operates at three levels.

1. It involves changing people and their behaviours.
2. It involves changing organisational structures.
3. It involves changing processes within the organisation.

Good communication is an important part of the process of changing the organisation. This involves communicating the direction of change, the objectives, how the change will be carried out and who will be involved.