

Change Management

Lecture 10

MGM111
Principle of Management

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Lec. 10

The main points:

Definition of Change Management

What Causes Organizational Change?

Types of Change

A Manager's Role In Organizational Change

Resistance to Change

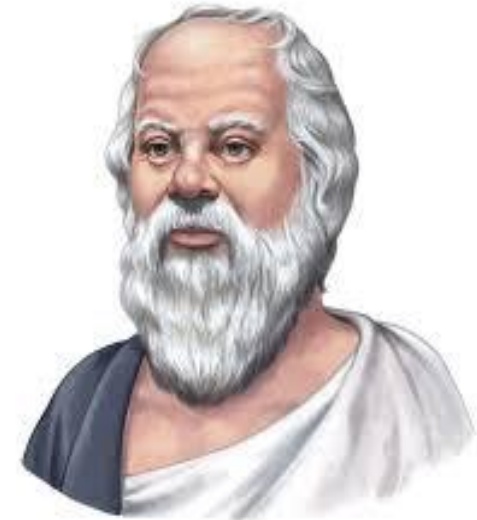
12 Change Management Best Practices



The Secret of Change

**The Secret of change is to focus all
your energy, not on fighting the
old, but on building the new.**

Socrates



What is Change



Definition of Change

- A transition.
- The process of going from one steady state to another
- Change occurs when the balance of our capabilities against our challenges is disrupted.



Change is inevitable. When a business is static, a steady decline happens across all areas. To stay competitive, your company needs to be constantly changing. It involves continuous employee training, digital transformation, process improvement, and performance monitoring



71%

of organizations with a change management strategy completed the project on time.

81%

of organizations with a change management strategy completed the project under budget.

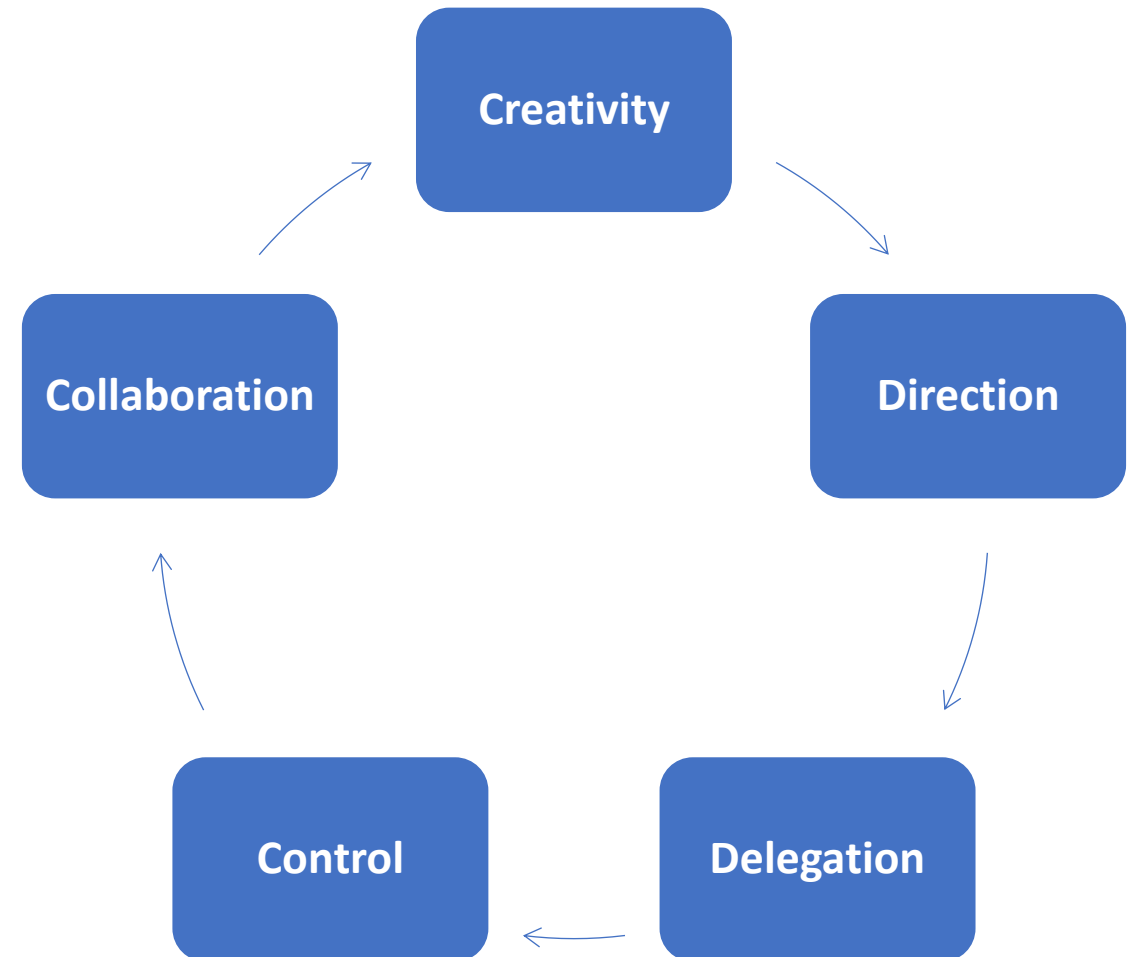


**Managers must predict and diagnose
the need for change**

Diagnosing the Need for Change

An organizational development theory developed by Larry E. Greiner is helpful in change management.

Greiner's model shows an organization as it evolves through the five stages of growth, and the end of each of these stages is marked by a crisis that calls for a change. The five stages of growth are as follows:



Change Management

Change management is organizational or management discipline focused on:

Increasing the organization's ability to adapt

Adopt new ways of going about business activities



Definition of Change Management

the actions in which a company or business alters a major component of its organization, such as its culture, the underlying technologies or infrastructure it uses to operate, or its internal processes.

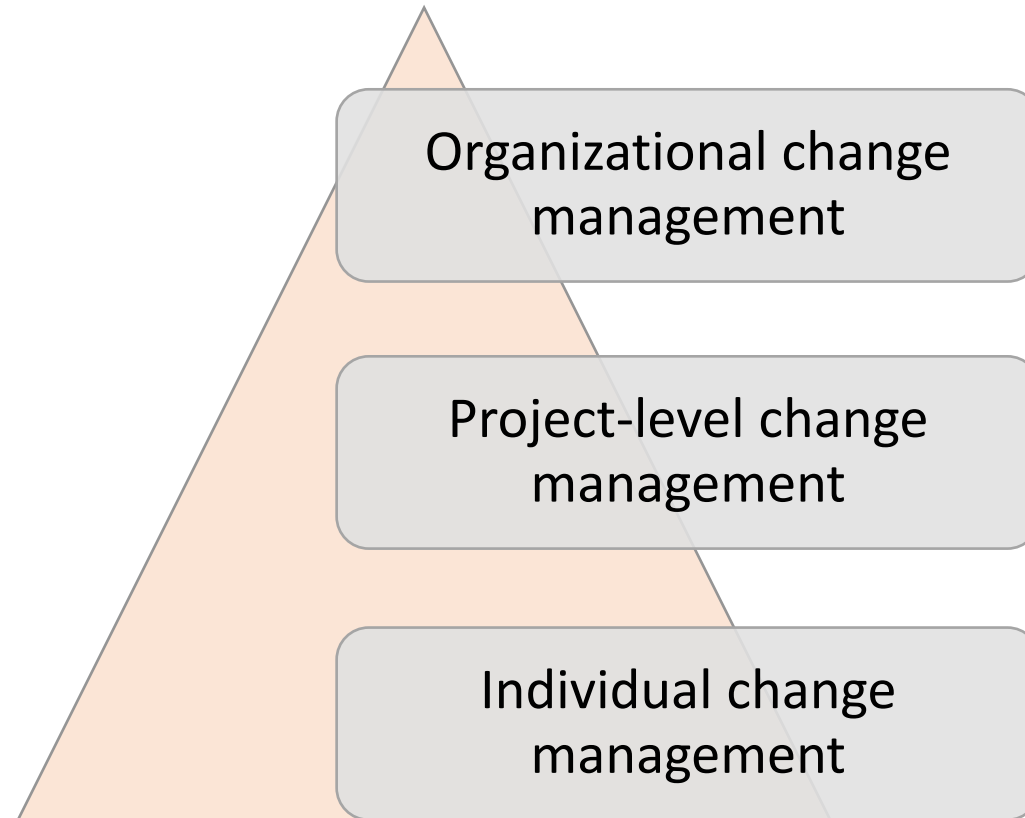


Definition of Change Management

Change management is the process, tools and techniques to manage the people side of change to achieve the required business outcome.

Change management incorporates the organizational tools that can be utilized to help individuals make successful personal transitions resulting in the adoption and realization of change.

Change Management can be split into three levels:





Why is change management important?

Manage change as smoothly as possible

Change management provides a structured approach to managing the complexities of change. As a result, it reduces disruptions to your workflow and helps you enact change as efficiently as possible.

Why is change management important?

Get people on board

A big deal in effective change management is winning the hearts and minds of your people. Real change can't happen without that, but it's human nature to resist change. People need to go from "I hear you, but I don't like it" to embracing the change as enthusiastically as you do. With a change management process, you're better positioned to convince team members that your change is a good idea and get them 100% behind you.

Why is change management important?

Mitigate risks

Change inherently carries risk. There can be disruptions to your work, a decrease in productivity, or negative impacts on employee morale. Change management identifies and assesses these risks, allowing you to develop strategies to mitigate and address them effectively.

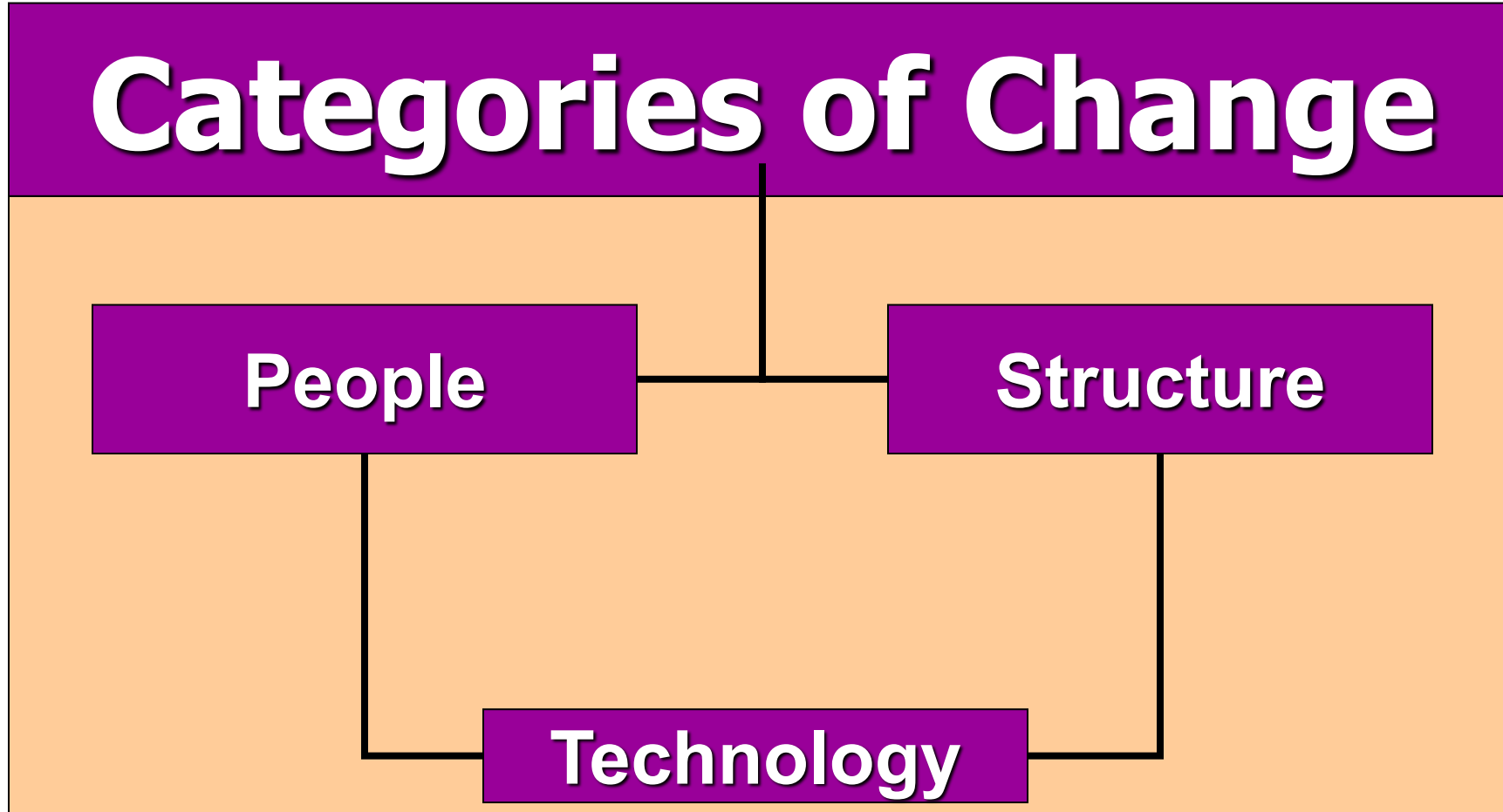
Categories of change

Categories of Change

People

Structure

Technology



Categories of change

Techniques for Managing Change

Structure
Authority

Coordination

Centralization

Technology
Processes

Methods

Equipment

People
Attitudes

Expectations

Behavior

Categories of change

Structure

Work specialization, departmentalization, chain of command, span of control, centralization, formalization, job redesign, or actual structural design.

Technology

Work processes, methods, and equipment.

People

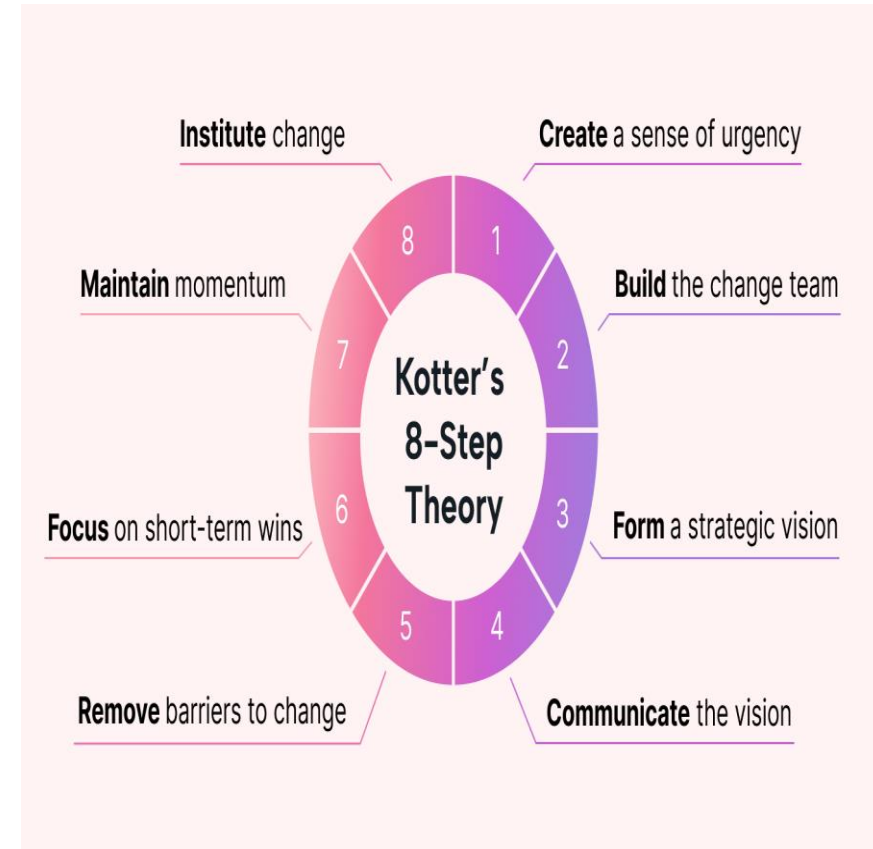
Attitudes, expectations, perceptions, and behavior.

the common change management models?

Kotter's 8-Step Theory

is a framework developed by Dr. John Kotter of Harvard Business School, a leadership and change management expert.

It focuses on the importance of engaging employees and stakeholders throughout the organizational change management process.

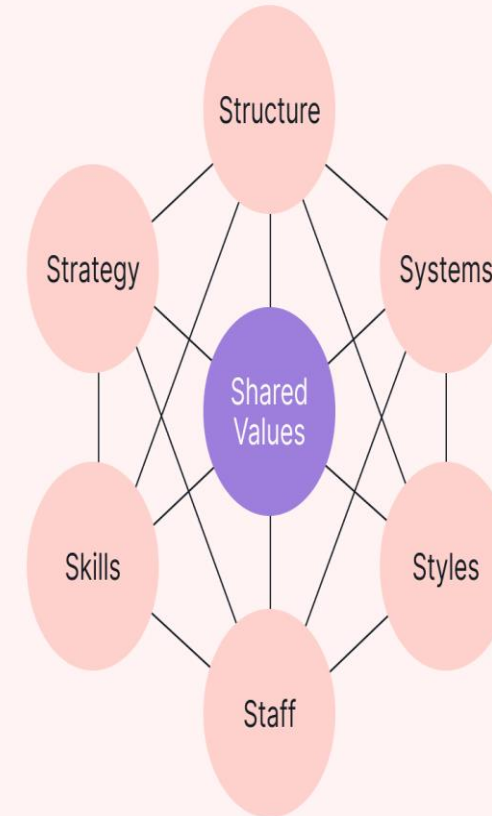


the common change management models?

McKinsey's 7-S Model

McKinsey's 7-S Model is used to assess how different parts of a business interact and influence each other.

Analyzing these elements helps you figure out what change needs to happen and how to implement it effectively.

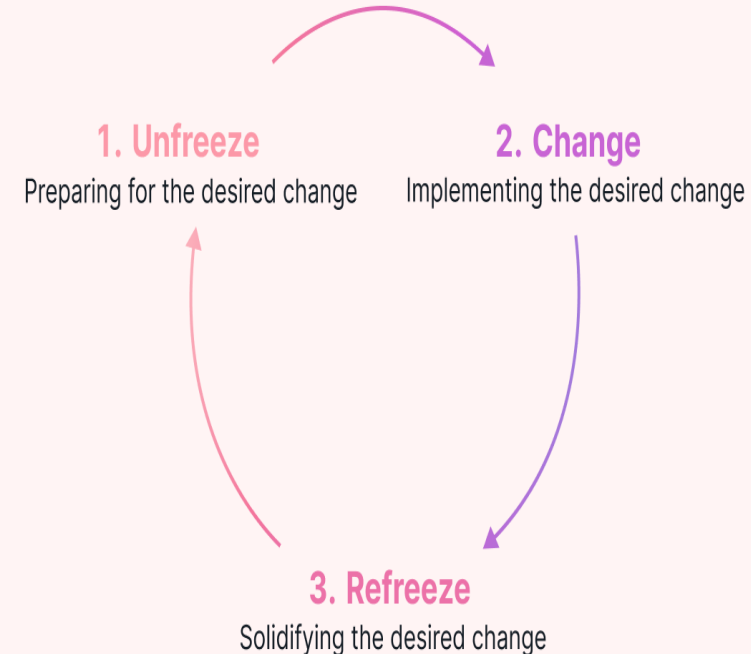


the common change management models?

Lewin's 3-Stage Model of Change

Lewin's 3-Stage Model of Change is a framework that focuses on the importance of “unfreezing” the existing state of your business before introducing change. According to Lewin, this helps reduce resistance and increase acceptance.

Lewin's 3-Stage Model of Change



the common change management models?

Lewin's 3-Stage Model of Change

Lewin explained organizational change using the analogy of changing the shape of a block of ice



Creating a sense a change is needed



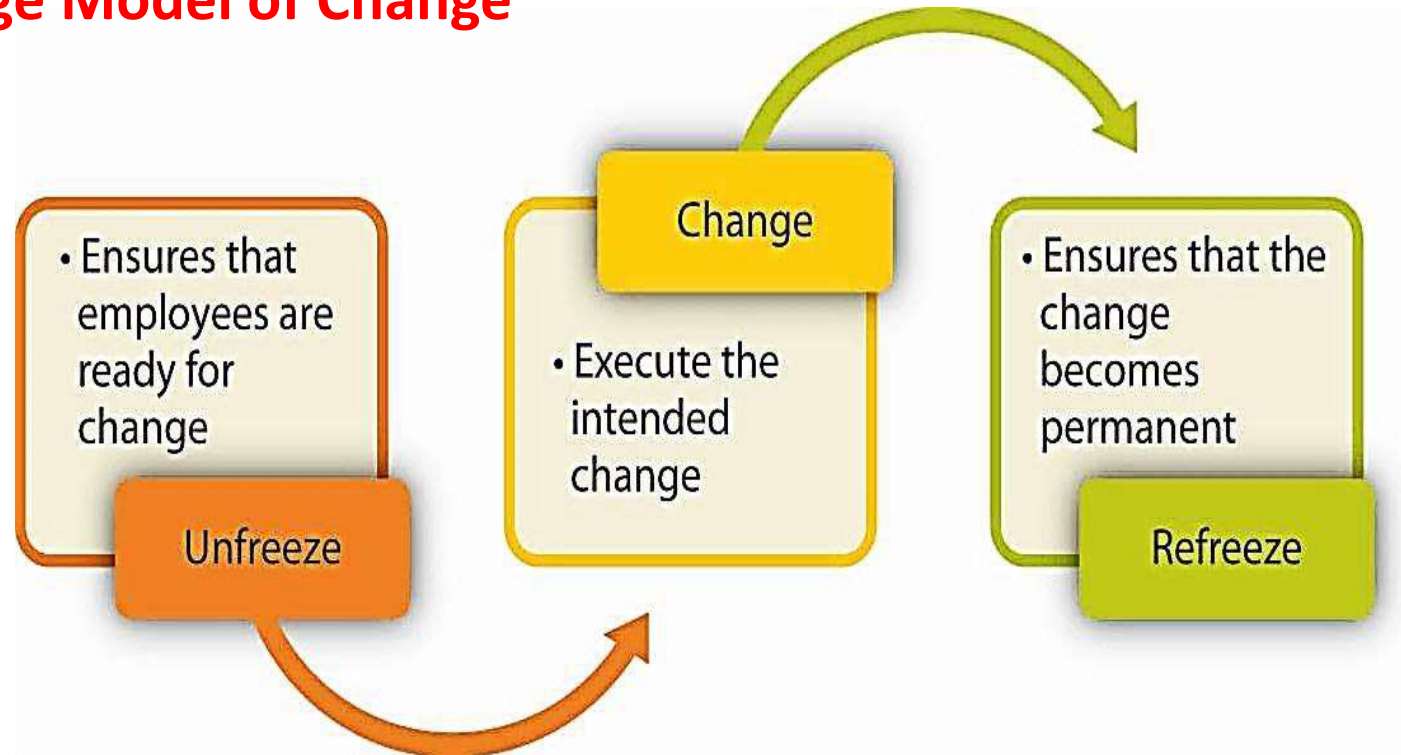
Moving towards a new and desired behavior



Setting this behavior as the new normal

the common change management models?

Lewin's 3-Stage Model of Change

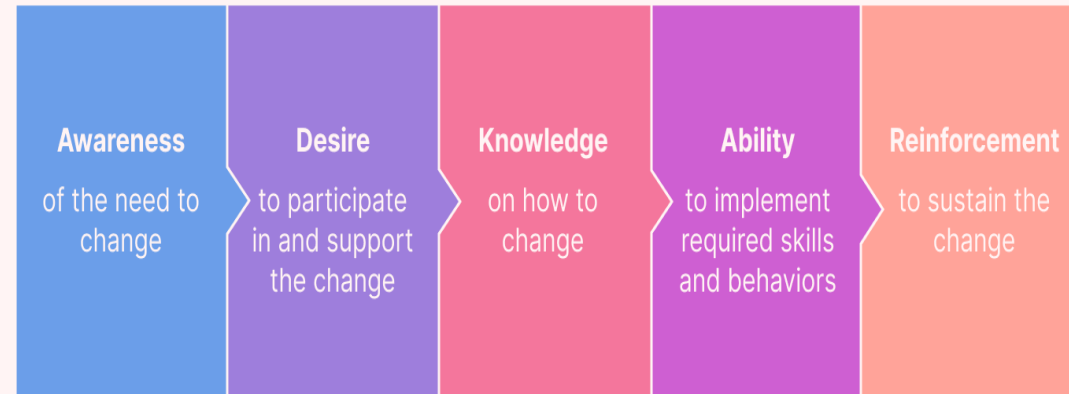


the common change management models?

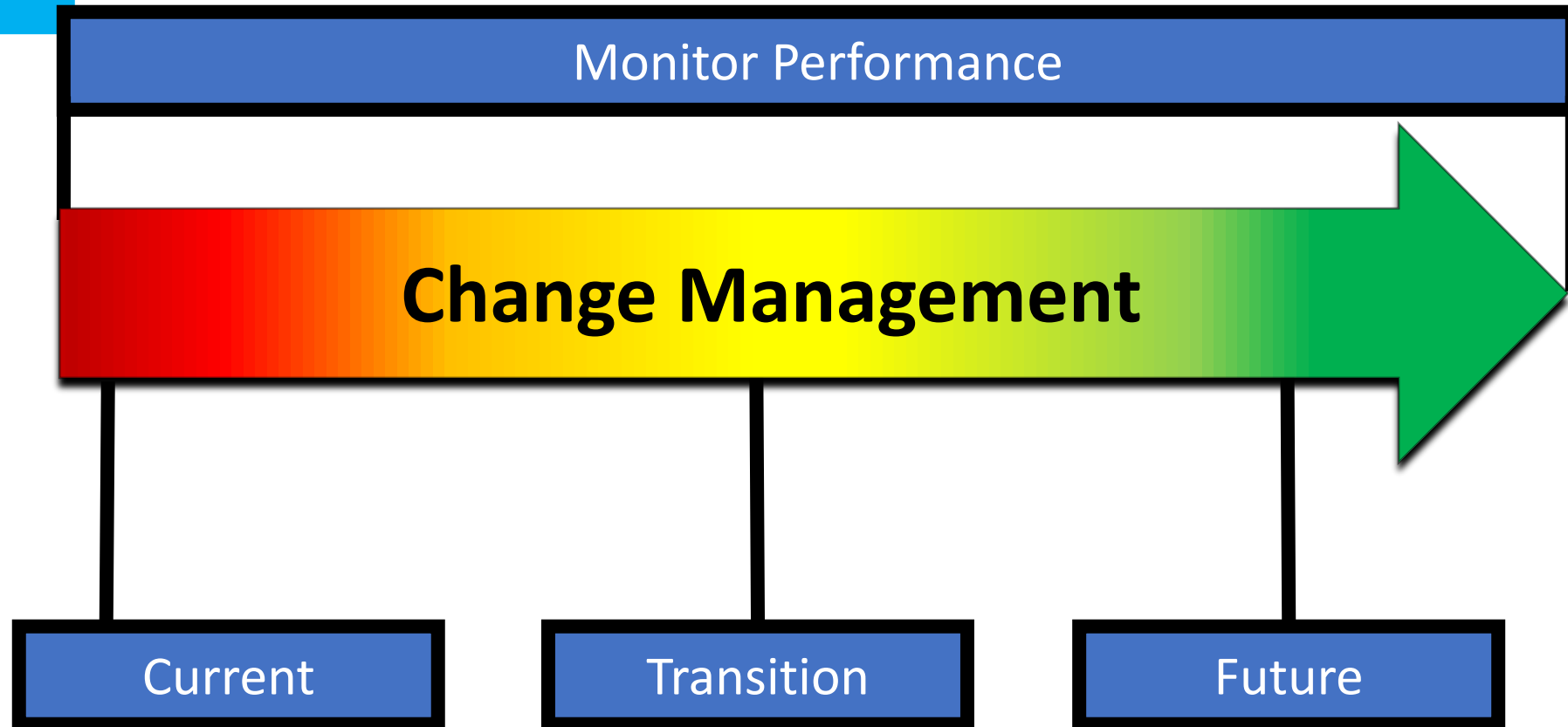
ADKAR Change Management Model

tracks the stages of employee performance to measure how they feel about the change.

ADKAR Change Management Model



Change Management Process

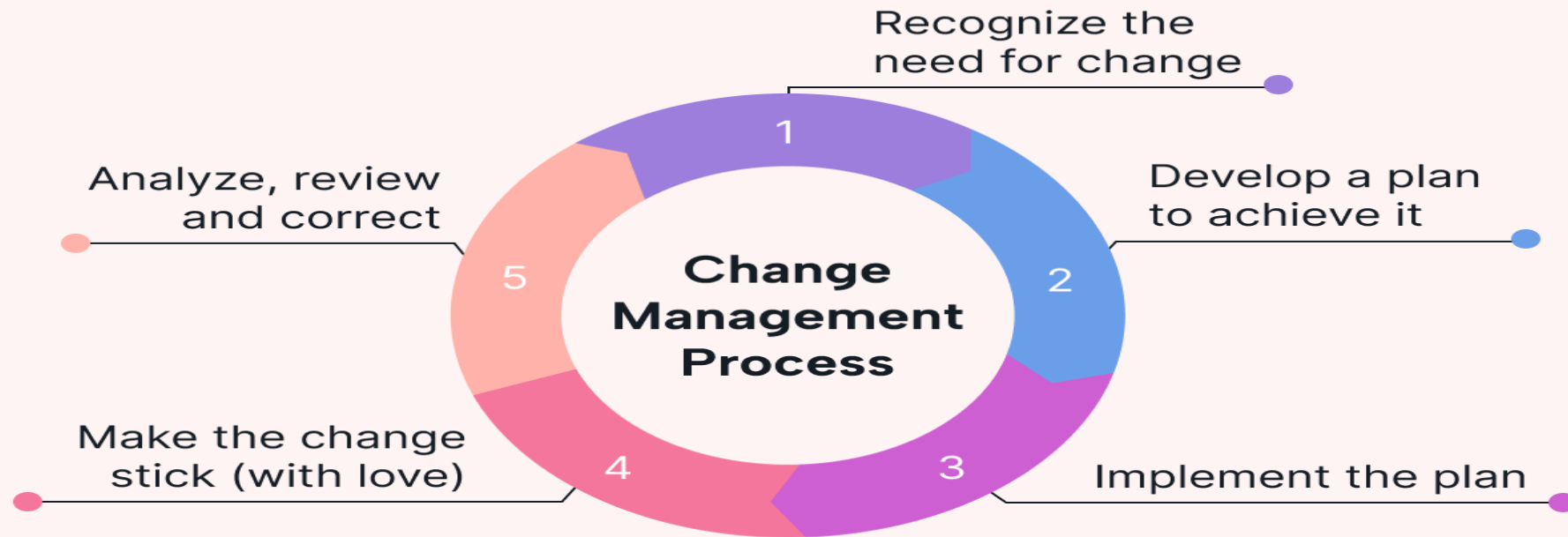


Change Management Process

Change Management using the 7 step Problem Solving Process

1. Problem
2. Gather Facts and Make Assumptions
3. Define End States and Establish Criteria
4. Develop Possible Solutions
5. Analyze and Compare Possible Solutions
6. Select and Implement Solution
7. Analyze Solution for Effectiveness

Change Management Process



Top tips for creating a successful change management process



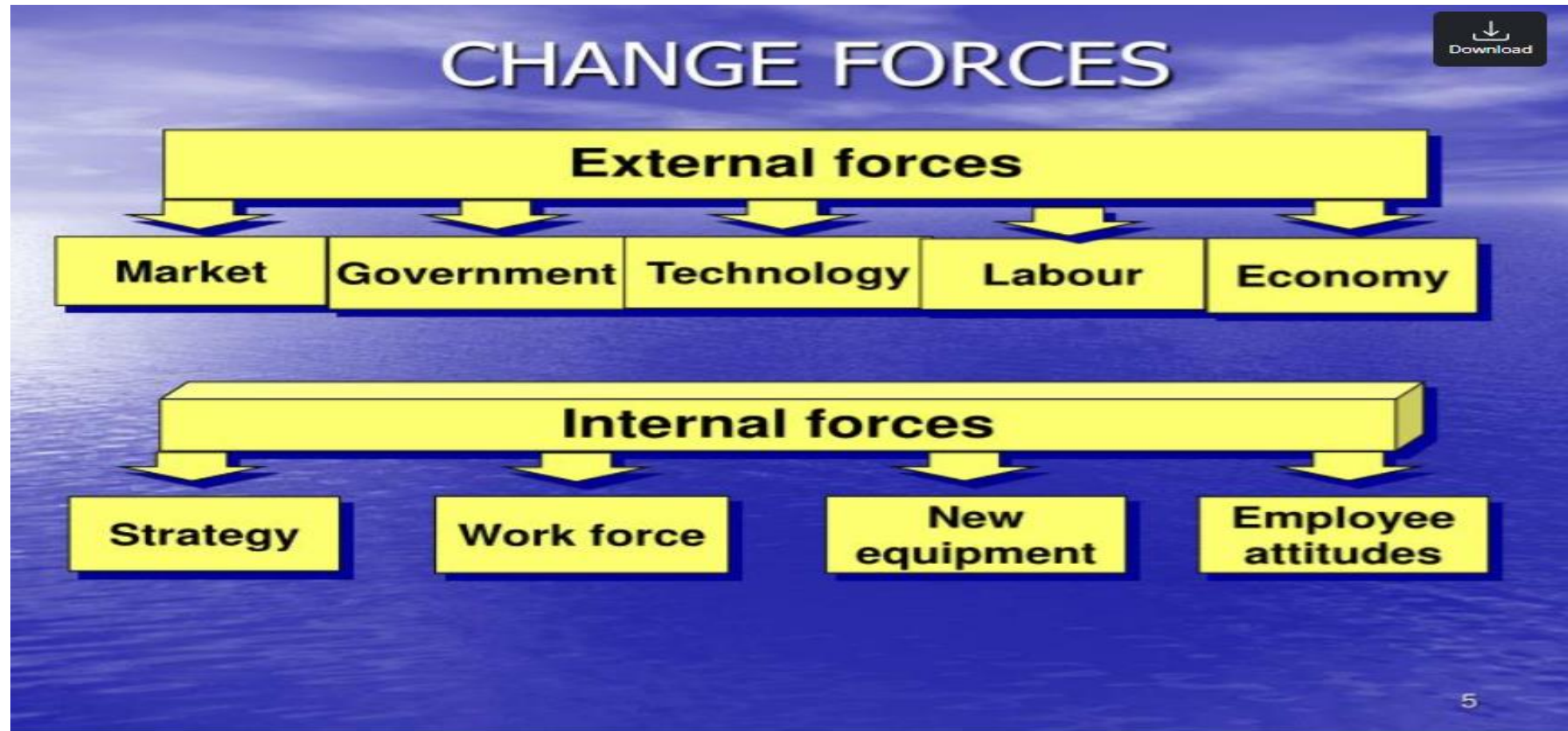


Why Organizations change

Organizational change can be triggered by internal or external factors and is guided by the need to foster growth and success.

It encompasses diverse areas such as restructuring, cultural evolution, process optimization, technological advancements, strategic realignment, and people-centric initiatives.

Source of change



Other Source of Change

External

Changing nature of markets

Economic & Finance

Geographic

Social

Legal

Political

Technological

environmental

Internal

Accelerating new technology

New system and procedures

New business culture

**New leadership at the company or
within its departments**

**Shifts in the organizational team
structure**

The adoption of new business models

Equipment/resources

Implement E-Commerce

External Drivers for Change

PESTLE Analysis

- **P**olitical
- **E**conomic
- **S**ocial
- **T**echnological
- **L**egal
- **E**nvironmental

3 most common types of organizational change include



3 most common types of organizational change include

Developmental change

Any organizational change that improves and optimizes on previously established processes, strategies and procedures.

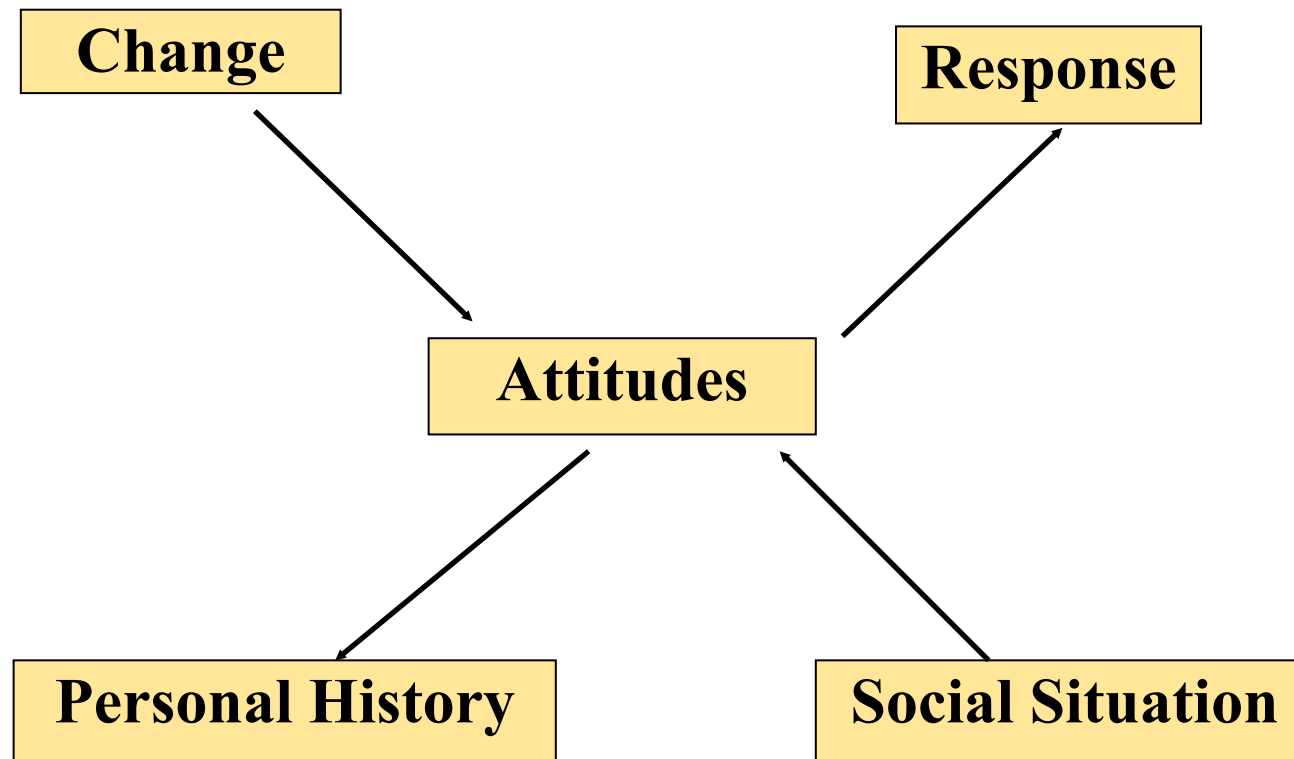
Transitional change

Change that moves an organization away from its current state to a new state in order to solve a problem, such as mergers and acquisitions and automation.

Transformational change

Change that radically and fundamentally alters the culture, core values and operations.

Why People Resist Changes ?



Why People Resist Changes ?

Maurer 3 Levels of Resistance To Change

I don't get it

I don't understand the purpose of the change or how to change



I don't like it

Emotional reaction to change



I don't like you

Lack of trust and confidence





A MANAGER'S ROLE IN ORGANIZATIONAL CHANGE

Within an organization, every employee has a different role in assisting with change. While many staff members may complete heavily detailed work, senior-level executives with longer tenure might have different goals. Even within management, leaders and managers perform different tasks.

A MANAGER'S ROLE IN ORGANIZATIONAL CHANGE

To achieve this, managers must have a wide array of skills, such as:

- The ability to communicate clearly and effectively—this includes actively listening to their team and colleagues
- A highly developed level of emotional intelligence
- Strong organizational skills
- An eye for detail
- Problem-solving and decision-making skills
- Delegating.

Techniques for Reducing Resistance

**Education and
Communication**

Participation

Negotiation

**Facilitation
and Support**

**Manipulation
and Cooptation**

Coercion

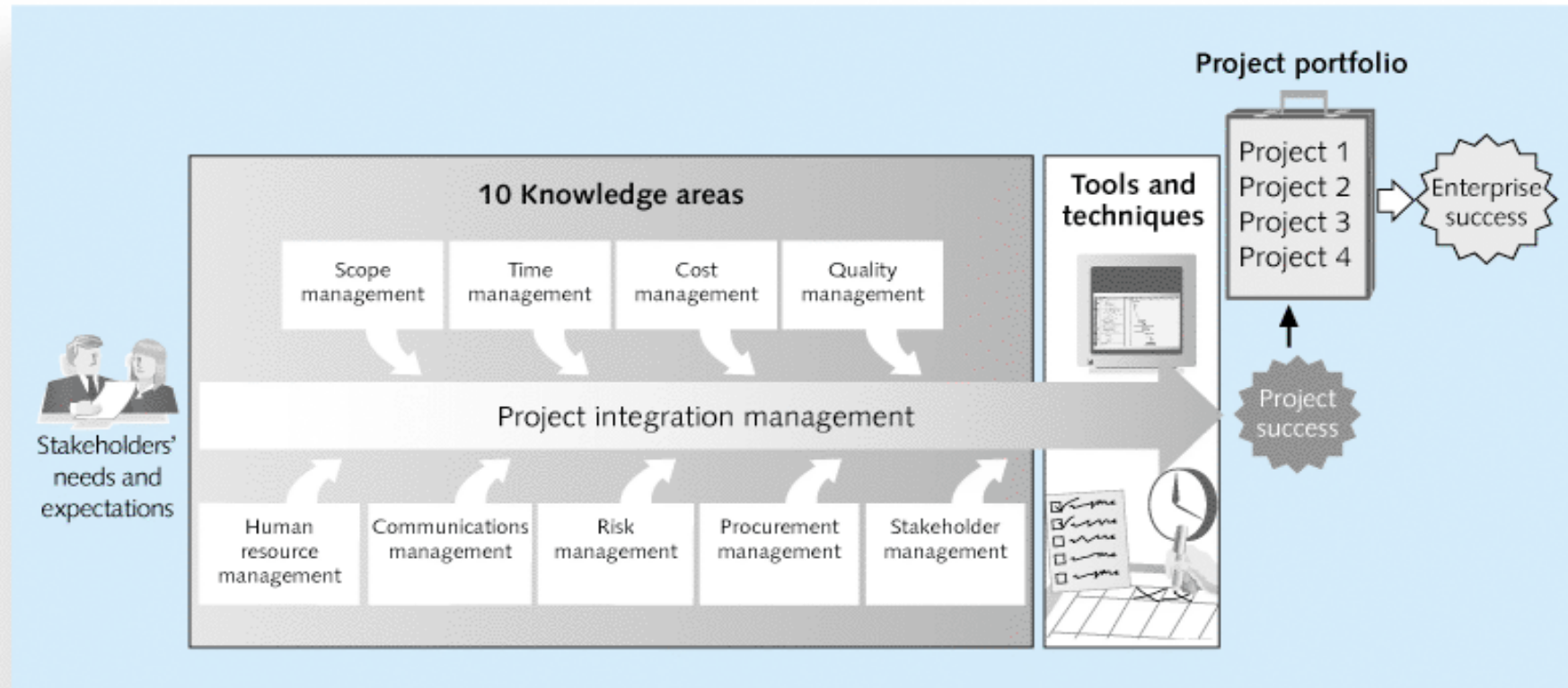
12 Change Management Best Practices

There are some rules and best practices every organization should follow:

- 1. Define clear goals**
- 2. Be honest and transparent**
- 3. Train and reassure your teams**
- 4. Encourage conversations and communicate regularly**
- 5. Listen to your employees**

12 Change Management Best Practices

- 6. Bring your good leaders**
- 7. Choose the right communication tool**
- 8. Empower your employees**
- 9. Encourage knowledge sharing**
- 10. Document and make information easily accessible**
- 11. Recognize and reward**
- 12. Make it social**



Case Study:

Digital Transformation at Al-Shams Retail Group

Background

Al-Shams Retail Group is one of the largest family-owned retail companies in the Middle East, operating 45 stores across three countries. For over 25 years, the company relied on traditional sales processes, manual inventory systems, and face-to-face customer service. Despite its strong brand, the company began to face increasing competition from e-commerce platforms and digitally advanced retail chains.

By 2021, Al-Shams began experiencing:

- Declining sales
- Slow operational processes
- High inventory inaccuracies
- Customer complaints about long waiting times
- Difficulty reacting to market changes
- Senior leaders realized the organization needed **major change** to stay competitive.

Trigger for Change

The company faced **external** and **internal** drivers:

External Factors

- Growth of e-commerce competitors
- Changing customer buying behavior
- Technological advancements in retail analytics
- Pressure to modernize the customer experience

Internal Factors

- Inefficiencies due to old systems
- High operational costs
- A new CEO who believed in digital transformation

These factors disrupted the company's balance of capabilities and challenges.

Type of Change Implemented

Al-Shams implemented **transitional** and **transformational** change:

Transitional Change

- Moving from manual inventory to a cloud-based ERP system
- Introducing an online shopping platform

Transformational Change

- Redesigning the organizational culture to embrace innovation
- Shifting from hierarchy to collaborative decision-making
- Retraining employees to adopt digital tools

This aligns with the lecture's definition of changes involving **technology, people, and structure.**

The Change Management Model Used

The CEO chose **Kotter's 8-Step Change Model** because it emphasizes employee involvement—a key topic in the lecture.

Implementation Using Kotter's Steps

- 1.Create Urgency:** Sales decline data was shared openly to show the need for change.
- 2.Form a Powerful Coalition:** A cross-functional team of managers was formed (IT, HR, operations).
- 3.Create a Vision for Change:** “Al-Shams 2.0” — a faster, digital, customer-centric company.
- 4.Communicate the Vision:** Weekly town halls and updates through internal communication channels.
- 5.Empower Employees:** All staff received digital skills training, and old approval barriers were removed.
- 6.Generate Short-Term Wins:** Online sales increased by 18% in the first three months.
- 7.Build on Change:** After early wins, the company introduced automated warehousing technology.
- 8.Anchor Changes in Culture:** Innovation and continuous improvement were added to performance evaluations.

Resistance to Change

Employees showed resistance due to:

- Fear of new technologies
- Concern that automation might eliminate jobs
- Lack of confidence in their digital skills
- Discomfort with breaking old routines

According to the lecture, these relate to **attitudes, personal history, and social situations**.

Techniques Used to Reduce Resistance

The company applied several methods from the lecture:

- **Education and Communication:** Clear explanations of “why” the change is necessary.
- **Participation:** Employees helped test and customize the new digital tools.
- **Facilitation and Support:** Extra training sessions and psychological support during transition.
- **Incentives:** High-performing teams were rewarded publicly.

A Manager's Role

Managers played a critical role by:

- Communicating daily updates to staff
- Encouraging open discussions
- Monitoring training progress
- Solving problems during ERP implementation
- Delegating responsibilities in project teams

These actions reflect the managerial responsibilities listed in the lecture (communication, emotional intelligence, problem-solving, delegation).

Outcomes of the Change

After one year:

Positive Outcomes

- Online revenue increased by 40%
- Customer satisfaction improved significantly
- Inventory accuracy reached 98%
- Employee productivity increased
- Faster decision-making across departments

Remaining Challenges

- Some senior employees still preferred old methods
- The organization needed ongoing training
- Cultural change required continuous reinforcement

Conclusion

The case of Al-Shams Retail Group demonstrates how organizations must adapt to external and internal pressures, using structured change management strategies to ensure success. Through effective leadership, communication, and structured models like **Kotter's 8 Steps**, the company successfully navigated a digital transformation



Thank You