

FACTFILE: GCE BUSINESS STUDIES

A22 THE COMPETITIVE BUSINESS ENVIRONMENT – MODELLING CHANGE IN A BUSINESS CONTEXT



Modelling Change in a business context

Learning outcomes

Students should be able to:

- Demonstrate and apply knowledge and understanding of modelling change in a business context using Lewin's Force Field Analysis
- Analyse and evaluate the modelling of change in a business context.
– Lewin's Force Field Analysis

In 1940, Kurt Lewin, proposed a decision-making technique 'Force Field Analysis' to provide an analysis of the forces for and against a change, and assist communication of reasoned decisions. This can be applied in a business context – see Fig 1.

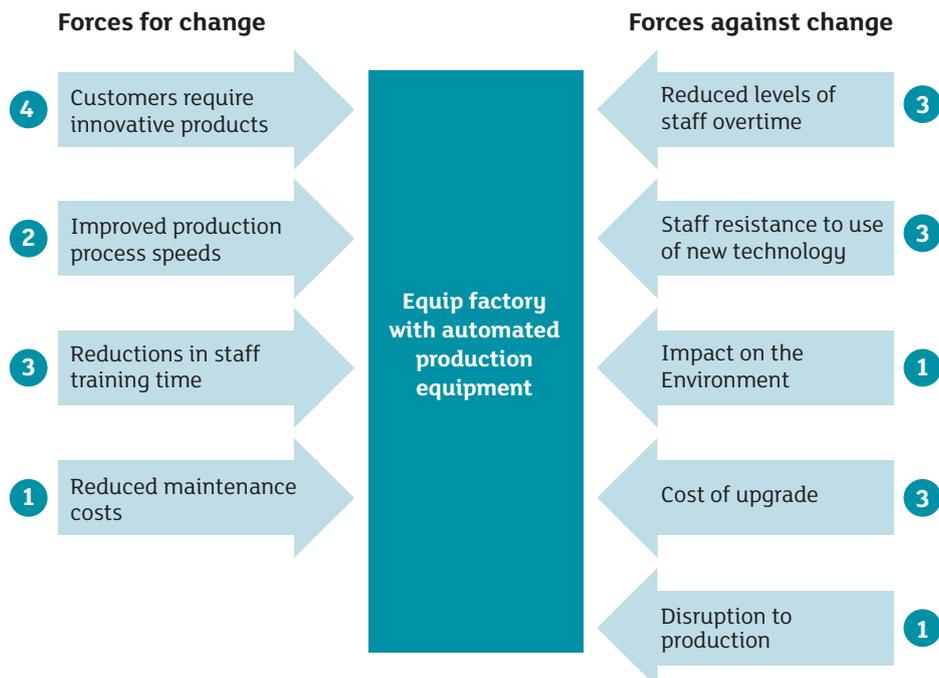


Figure 1: Lewin's Force Field Analysis: Chattz Limited



Explanation of Model

The Force Field Analysis tool may be used to list all the factors (forces) for and against a management decision or proposal to change something, (e.g. a business decision, strategy or objective). Examples of a decision might include:

- equipping the factory with automated production equipment,
- setting up a new office overseas, or
- introducing a new product to the market.

Scoring

Once all the significant factors have been identified, each factor is scored based on the apparent influence on the perceived change expected as a result of the decision taken. The scores for and against the change are then totalled and the highest score computed should support the decision taken.

Use of the Analysis

The management team can then use the scores derived from the Force Field Analysis in order to strengthen the factors (or evidence) in support of the proposed change, and successfully manage the forces (or evidence) against the change. This should ensure that the proposed decision or change is successful relative to the business.



Modelling change to Chantz Limited

Chantz Limited produces and sells mobile phones. The management team plans to equip (modernise) the factory with automated production equipment. The factory is located in Newry, County Down. The management team anticipates that this decision will ensure the growth of business in the long term.

The decision/change is annotated using the central box. The forces (or factors) in support of (for) the change are listed on the left-hand side of the central box, whilst the forces (or factors) against the change are listed on the right-hand side of the central box.

The use of arrows provides a visual representation of the forces for/against the proposed decision/change.

Factors in support of the change might include:

- increased customer demand for innovative products;
- increases in production processes speeds due to greater efficiencies;
- innovations in production processes which yield reductions in staff training time; and
- reduction in equipment maintenance costs.

Examples of factors against the change might include:

- reduced levels of staff overtime and reduced staff morale;
- staff resistance to use of new technology;
- adverse impact of modernisation of factory on the environment;
- increased production costs in the short term and
- disruption to work routines and production activities.

Additional issues worthy of consideration:

- Who supports the proposed change?
- Who is against the change?
- Are there deadlines by which the changes must be made?
- Are the cost estimates accurate?
- Are all risks identified?



Modelling / Scoring

Having annotated all the relevant factors affecting change, it is necessary to assign a score to each factor.

Where a factor strongly impacts the decision (either for or against) it is allocated a score of '5' (strong).

Where a factor does not appear to have an impact on the decision (either for or against) it is allocated a score of '1' (weak).

It is suggested that the higher the score, the greater the size of the arrows as annotated to reflect the significance of each factor analysed.

Total the scores for each set of factors (for and against) separately.

The set of scores which yields the highest value should indicate the correct decision, or change, to manage in order to achieve the objective.

Interpretation

Once the modelling/analysis is complete it can be used to inform decision-making.

In relation to Chattz Limited, two interpretations are possible:

- Decide whether or not to implement the decision/change management strategy.
- Decide how support can be gained in order to implement the proposed decision/change management strategy, garnering strength for the anticipated benefits and weakening the factors against the issue. This will ensure a successful outcome.



Change Management in relation to Chattz Limited

The management team might amend their strategy as follows:

- implement staff training, (e.g. "reduced maintenance cost" +1), in order to reduce resistance to automated equipment ("staff resistance" -1)
- Communicate key information about the proposed decision to all staff and ensure their engagement in the change process (e.g. "staff training") thus ensuring that the management of change will enhance job security ("staff resistance" -1)
- Reinforce the policy that innovation allows the business to compete effectively in a highly competitive environment (e.g. "customers require innovative products" +1)

- Implement monetary methods of motivation (e.g. raise wages "cost") as appropriate in order to achieve the desired outcome (e.g. "Reduce staff overtime" -1)
- Ensure completion of a post-project audit to address outstanding concerns, e.g. environmental impact (e.g. "improve production speeds" +1).

Taking into account the above adjustments to scores on an incremental basis, this modelling approach might amend the overall scores from 11:10 (against the proposed decision/change, to 13:8 (in support of the proposed decision/stage).



Benefits of Lewin's Force Field Analysis

- management can visually represent a decision or change scenario.
- management can identify and analyse (model) the significant factors for and against a decision/ change issue.
- It enables the management team to allocate scores to specific factors enabling them to prioritise each issue.
- Decisions are arrived at after a sound analytical review and weighted in order to calculate the final score.
- It allows the management team to adopt an objective approach to the decision to be taken/ changed or issue to be addressed.



Drawbacks of Lewin's Force Field Analysis

- It's difficult to model non-financial factors, (e.g. health and safety matters) which might be more appropriately discussed with stakeholders.
- Not all factors can be accurately modelled – different stakeholders might place different scores on individual factors, highlighting the significance placed on them as per a stakeholder approach.
- It might be time-consuming and expensive to undertake the analysis/modelling in order to achieve a successful outcome, which may not represent business reality.
- There is no guarantee that the decision itself will be successful or lead to an outcome consistent with business objectives.

? Revision Questions

1 Using a business familiar to you, explain what is meant by the term 'change'.

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2 Using a business familiar to you, explain the term 'resistance to change'.

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3 Imagine that the directors of Chattz Limited are now proposing to open a new factory in New York (USA). Using Lewin's Force Field Analysis, analyse the possible changes which might arise as a result of this decision.

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4 Using a business with which you are familiar, select one key strategic decision that the management team have taken recently (e.g. entry into a new overseas market or investment in new factory machinery), and evaluate the causes and effects of change in that business.

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