

**IMPLEMENTATION OF ORGANIZATIONAL CHANGE: A CASE  
STUDY OF RE-ORGANIZING IN A COMPANY IN THAILAND**



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## **IMPLEMENTATION OF ORGANIZATIONAL CHANGE: A CASE STUDY OF RE-ORGANIZING IN A COMPANY IN THAILAND**

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### **ABSTRACT**

In a globalized world, organizations cannot ignore the importance of change. Re-organization (Investopedia, 2003) means a change in the structure or ownership of the company through a merger or consolidation, acquisition, transfer, recapitalization or change identity. This study focuses on department re-organization with an analysis of the change process by using John Kotter's 8-step Change Model and William Bridges' Managing Transitions. By using this case study, it will bring an in-depth understating of the change process implementation, which enhanced the quality of work and performance within the Procurement group.

This study will use a qualitative research method to answer the research questions. The data collection will be conducted by face-to-face interviews with positions that affect to the change. Finding in this research shows the important of management team in change implementation. They provided support to the change which brings the success to this re-organization.

**KEY WORDS:** Change Management/ Organizational Change/ Re-organization/  
Kotter's 8-Step of Change Process/ Change and Transition

30 pages

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## **CHAPTER I**

### **INTRODUCTION**

In a globalized world, organizations cannot ignore the importance of change. Without change, organizations will likely lose their competitive advantage and fall behind others in the market. Change Management (Change Management Coach, 2015) helps organizations plan and manage the change process. More importantly, it prepares organizations so that they are aware of the impacts from the change and reduce the possibility of unsuccessful change.

One of the most common organizational change is re-organization. Although not a new topic in today's business environment, organizational structure defines the reporting line and roles and responsibilities of the individual position within a functional or department. Re-organization (Investopedia, 2003) means a change in the structure or ownership of the company through a merger or consolidation, acquisition, transfer, recapitalization or change identity. Change in ownership is an obligation while implementing re-organization, but change in structure without ownership change is not an obligation to management. Top management sees opportunities to improve processes that lead to better productivity and efficiency for the organization.

#### **1.1 Company Background**

This study will focus on one of the largest Oil and Gas companies in Thailand. They operate in several locations in the Gulf of Thailand and a main supplier of natural gas, which is a major source of energy for electricity generation.

The organization change implemented in this company is under the Procurement group within the Supply Chain Department. The role of the Supply Chain Department is to contribute to the organizational efficiency and effectiveness. This group includes Aviation, Geomatics, Marine Logistics, Material Management and

Procurement. The Procurement group is responsible for purchasing of goods and services to support the whole business. The major challenge of the Procurement group is to satisfy the customer's needs by ensuring all works are delivered efficiently, on-time, at the right quality, and at a competitive cost.

In the challenging business environment, Management foresees inefficient processes of the Procurement group. The Procurement Specialist, who is responsible for variety of tasks that requires different skills and experience, often faces high workload and produces insufficient results. This caused departments within the organization and other parties to complain about the results. The Management team aims to re-structure the roles and responsibilities of the Procurement Specialist and create new position to create and delegate the new scope of work. With this change, re-structuring the organization by changing the reporting line within the group is required.

## **1.2 Research Questions**

- How did the company implement re-organization?
- What were challenges in this re-organization?

## **1.3 Research Objectives**

- To understand the importance of change management and how it effects the organization.
- To understand Kotter's 8-Step change model and Bridge's Transition of change and know how to use it effectively.
- To understand the most effective ways to implement the change within the organization.



#### **1.4 Research Scope and Framework**

This study focuses on department re-organization with an analysis of the change process by using John Kotter's 8-step Change Model and William Bridges' Managing Transitions. By using this case study, it will bring an in-depth understating of the change process implementation, which enhanced the quality of work and performance within the Procurement group.



## **CHAPTER II**

### **LITERATURE REVIEW**

The current business world is changing very fast. New technology, new methods of doing work, and new market trends are emerging to replace old practices. To be competitive in the industry, companies need to implement change and adapt it to be suitable within their organization. The concept of change management plays an important role to implement the change. Change Management provides a competitive advantage and allows organizations to quickly and effectively implement change to meet market needs. It emphasizes on the people side and targets leadership within all levels of an organization. When change is done well, people feel engaged in the process and work collectively toward a common objective to create benefits and deliver results (Prosci, 2015).

Gersick (1991) defines change as “A network of fundamental interdependent “choices” of basic configuration into which a system’s unit are organized, and the activities that maintain both this configuration and the system’s resource exchange within the environment. Deep structure in human system is largely implicit”. The change can transform the organization from one state to another. The timing of the change occurs as the organizational change takes place as the company makes the transition from its current state to some desired future state (US Legal, 2010).

Organizations are aware of successful change implementation because it can give the company competitive advantages in terms of lower cost with better profits and increase efficiency and effectiveness. John Kotter (International and International, 2015) describes two fundamental reasons behind the change:

- To Increase revenue/profit or decrease costs
- To become more effective or more efficient

These two fundamental reasons are the key drivers, which influences the management level to realize the importance of change. Gary Hamel (Harvard Business

Review, 2000) mentions in his article, “Wake up IBM”, that IBM held the top spot on Fortune’s List of most admired corporation in the mid-1980s. By end of 1994, the company has racked up \$ 15 billion in cumulative losses over three years. This was the wakeup call for IBM to look at the world market and the company itself. IBM decided to transform their business model from a computer producer to a service provider. This strategy was contrary to IBM’s traditional way of doing business. After the change occurred by the end of 1998, IBM had \$82 billion in revenues with the new business scope. The transformation of an organization is not only helping the company to compete, but also helping the organization survive in world with rapid change.

## 2.1 Organization using Kotter’s 8-Step of Change Process

Burke (2004) comments that in order to achieve any value-based change effort, it requires effective leadership and business structure including overall strategy, mission plan, and model. When a change model is used in conjunction with the business structure, it has a better chance of success. This is a part of the Eight-step change model from Kotter (1995) where the organization needs “To work together as a team united in the vision” in order to achieve success.



**Figure 2.1 Kotter’s 8-Step of Change Process for Leading Change (International and International, 2015)**

In change management, Kotter (2007) states, “Leaders who successfully transform businesses do eight things right (and they do them in the right order)”. Kotter (Harvard Business School Press, 1996) began by listing common mistakes managers make when trying to initiate change. He points out that “the biggest mistake people make when trying to change organization is to plunge ahead without establishing a high enough sense of urgency in fellow managers and employees.” The eight-step change model used to transform organizations is as follows: (Kotter, 1996; Smith, 2005)

**Step 1:** Establish a sense of urgency about the need to achieve change. People will not change if they do not see the need to do so.

Kotter (1995) states that the leader must find ways to communicate this information “broadly and dramatically”. He claims that the first step is essential as the start of any organizational change requires aggressive cooperation of many individuals. A study by Gist (Gist, Schworer & Rosen, 1989) supports the statement that a message generated by more than one source, particularly if external to the organization, is given a greater chance of believability and confirmation.

**Step 2:** Create a guiding coalition. Assemble a group of people with power, energy, and influence within the organization to lead the change.

Kotter mentions that a guiding coalition should be made up of people with the following characteristics:

- Position of power: Enough key players on board so that those left out cannot block progress.
- Expertise: All relevant points of view should be represented so that informed and intelligent decisions can be made.
- Credibility: The group should be seen and respected by those in the firm so that the group’s pronouncement will be taken seriously by other employees.
- Leadership: The group should have enough proven leaders to be able to derive the change process.

Change initiatives supported by the leader have a greater likelihood of gaining support from work-group members, which will make them easier to implement. (Self, Armenakis & Schraeder, 2007)

**Step 3:** Develop a vision and strategy. Create a vision of what the change is about and tell people why the change is needed as well as how it will be achieved.

Managers who understand the change effort are more likely to be excited about the change and less likely to think that the change effort would fail. (Washington & Hacker, 2005)

**Step 4:** Communicate the change vision. Tell people at every possible opportunity why, what, and how the change will improve the organization.

A Study conducted by Nelissen and Van Selm determined that employees who are satisfied with the management communication saw more personal opportunities and had a positive state of mind on the organizational change, leading to more support for Kotter's fourth step. (Melissen & Van Selm, 2008)

**Step 5:** Empower broad-based action. Involve people in the change effort, get people to think about the changes and how to achieve them rather than thinking about why they do not like the change.

**Step 6:** Generate short term wins. Seeing the changes happening and working while recognizing the work being done by people towards achieving the change is critical to motivate all stakeholders.

A study (Pinheiro, 2010) concluded that organizational change cannot occur without a paradigm shift in the culture of the organization with the empowerment of workers at the function-frontline level.

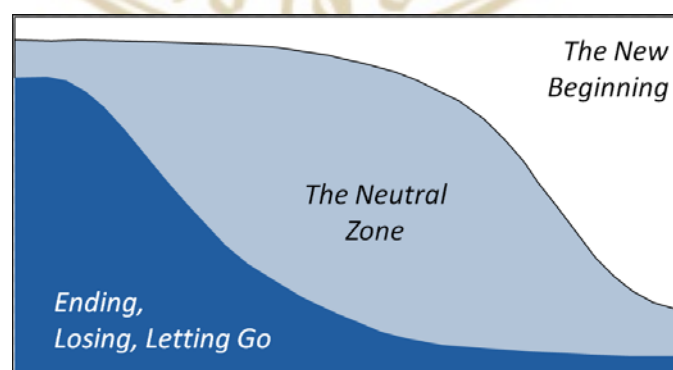
**Step 7:** Consolidate gains and produce more change. Create momentum for change by building on successes and invigorate people through the changes by developing them as change agents.



**Step 8:** Anchor new approaches in the corporate culture. This is critical to long term success and institutionalizing the change. Failure to do so may mean that changes achieved through hard work and effort will slip away with people's tendency to revert to the old and comfortable way of doing things.

Kotter's 8-Step Change Model is one of the most well-known methods that organizations use in implementing change. Cameron and Green (Cameron & Green, 2004) have elaborated on the 8-step model emphasized that the manager may not need to follow through all steps. The model required peak energy at the beginning steps, but the need for manager action was not necessary after step 5. In their experience, the change process is challenging, exciting, and difficult all the way through. Mento (Mento, Jones & Dirndorfer, 2002) mentioned that Kotter's model is aimed at the strategic level of the change management process. It calls to attention the key phases in the change process. Two key lessons learned from the model are that the change process goes through a series of phases, each lasting a considerable amount of time, and that a critical mistake in any of the phases can have devastating impact on the change process.

## 2.2 Organization using William Bridges' Managing Transition Concept



**Figure 2.2** the three phases of transition



To elaborate more on managing change, William Bridges (Bridges, 1991) has described developed a model to deal with how people transition with change. He states that “it isn’t the changes that do you in, it is the transitions”. He differentiates Change and Transition as Change is situational: the move to a new site, the retirement of the founder, the reorganization of the new team, the revision to the pension plan while Transition, on the other hand, is psychological. It is three-phase process that people go through as they internalize and come to terms with the detail of the new situation that the change brings about. The three phases are as follows: (Bridges & Mitchell, 2000)

- The Ending phase: Saying goodbye to the way things were, a particular job, associates, a location, even a manager or supervisor can all be changed when realignment happens in an organization
- The Neutral Zone: New environment, new responsibilities, the rules have changed, there are different people to work with the report to, this can all be settling as one explores and experiments in this new setting.
- The New beginning: This period requires the final adjustment to new ways of doing many different tasks or even similar tasks but in handling them in a new manner.

Cameron and Green (Cameron & Green, 2004) said that the managing transition model is useful when faced with inevitable change. The ending and new beginning are real tangible in this type of situation. The model encourages everyone involved to get sense of where they are in the process of transition.

## **CHAPTER III**

### **RESEARCH METHODOGY**

This study will use a qualitative research method to answer the research questions. The data collection will be conducted by face-to-face interviews with four different positions, which affect to the change.

As Merriam (2002) cites Patton (1985), “Qualitative Research is an effort to understand situation in their uniqueness as part of particular context and the interaction there. This understanding is an end of itself, so that it is not attempting to predict what happen the future necessarily, but to understand the nature of that setting- what it means for participants to be the setting, what their world look like in that particular setting”. Qualitative research allows the respondents to express their answer openly and honestly. With open ended questions, they can provide excessive information in their ideas, opinions, and feelings when discussing a specific issue.

In addition, Sharan B. Merriam (Merriam, 2002) interprets the characteristics of qualitative research is the primary instrument for data collection and data analysis. Since understanding is the goal of research, the human instrument, which is able to immediately be responsive and adaptive, would seem to be the ideal means of collecting and analyzing data. In this study, face-to-face interviews help to clearly understand both verbal and nonverbal responses that will immediately allow the researcher to check the accuracy of the interpretation.

### **3.1 Sample Selection**

A list of open-ended questions is developed for the interview, which aims to gain information and collect data about user’s experiences during the change process and their attitudes toward the change.

In the Procurement group, the employees include:

- Operational Procurement Manager - 1 position

- Purchasing Manager - 1 position
- Team Lead Buyer - 2 positions
- Procurement Specialists - 12 positions

### 3.2 Interview Questions

The list of questions is separated into different groups based on the interviewees' roles and responsibilities as well as the different levels of the organization. Below are questions divided into main groups including:

**1. Operational Procurement Manager:** This person takes care of procurement and material management within the supply chain department. She is a change agent initiating the organizational change.

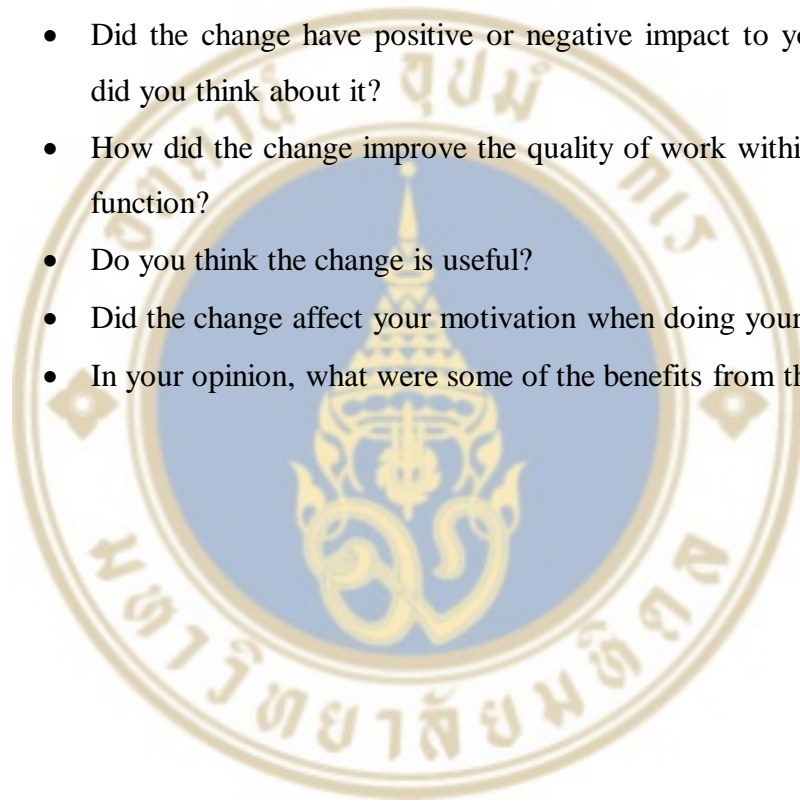
- What was the purpose and objectives of the change?
- How ready was the group and organization for the change to be implemented?
- How effective were they in implementing the change?

**2. Purchasing Manager and Procurement Team Leads:** Purchasing Manager is a manager in the procurement function who ensures the effectiveness of purchasing process. She is a change leader for this organizational change. Procurement Team Lead is a direct supervisor involved in daily operations. They are members of the change team. Face-to-face interviews were conducted with a Purchasing Manager and two Team Lead Buyers with the following questions:

- What was your role and responsibility in this change?
- What was the new organization structure and how it was designed?
- What was the implementation plan? Was the department ready for the change? Was the change plan effective in properly aligning the time, cost and objective of the project?
- How did the changes affect the organization? What were the positive and negative aspects?
- What are some of the obstacles of the change?
- What can be improved after re-structuring the organization?

**3. Procurement Specialist:** Procurement Specialist is a person involved in daily operations including sourcing, negotiations, contract preparation, supplier management, and engages all users. Twelve Procurement Specialists were selected from the different teams for the face-to-face interview with the following questions:

- Did you understand the purpose of the change?
- Were the objectives of the change clearly communicated to everyone?
- How did the change affect your work?
- How did the re-organization improve your work?
- Did the change have positive or negative impact to your work? What did you think about it?
- How did the change improve the quality of work within the purchasing function?
- Do you think the change is useful?
- Did the change affect your motivation when doing your job?
- In your opinion, what were some of the benefits from the change?



## CHAPTER IV

### RESEARCH FINDINGS

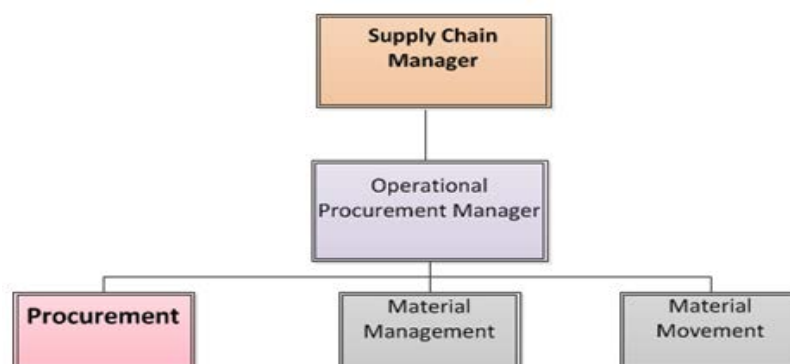
In this paper, a case study will be used to analyze the collected information from the face-to-face interviews. The re-organization in this department was not implemented by applying Kotter's framework. However, the change and implementation process was analyzed by applying Kotter's 8-Step Change model.

#### 4.1 Kotter's 8-Step Change Model

The details of the activities during the change are as follows:

##### 1. Establishing a sense of urgency

In the Supply Chain Department, there are three main functions that include Marine Operation, Logistics and Operational Procurement. These three main areas are managed by the Supply Chain Manager, who holds the highest position in the department. In this study, the area of re-organization was under Operational Procurement. By the end of 2014, the Operational Procurement Manager position was replaced by new person. This role was responsible for purchasing, material management and material movement. This position was under the supervision of the Supply Chain Manager as shown in the organization chart below:



**Figure 4.1 Operational Procurement Manager's Scope**



The first direction that the Supply Chain Manager gave to the new Operational Procurement Manager was to improve the procurement function in both efficiency and effectiveness. The Supply Chain Manager created sense of urgency by stating the following:

“I think work allocation of the procurement team should be improved. Can you study existing work allocation of this team and do what needs to be done in order to improve the overall work in the team.”

Under Operational Procurement scope of work, there were many areas that needed improvement such as material management and material movement, but this was the first message that the Supply Chain Manager gave to the Operational Procurement Manager.

The Supply Chain Manager saw the importance of this change as he rose this concern before other issues. After this conversation, the Operational Procurement Manager got a clear direction from top management that led her to focus in the right area in order to make the proper changes. She immediately analyzed the current procurement work process to find opportunities to improvement. She asked the Purchasing Manager to assist in the analysis since he the process from his many years of experience with the team.

From the analysis, the main issues that the management team wanted to solve include the following:

- Work load and allocation between sub-groups
- The scope of work and activity of buyers is too broad
- No subject matter experts in specific scope of work





**Figure 4.2 Procurement Organization Chart**

After the Operational Procurement Manager and Purchasing Manager finished the analysis, they informed the Supply Chain Manager the various issues and proposed solutions. The objectives and scope of change was supported by the Supply Chain Manager. The Operational Procurement Manager did a good job in getting management support by focusing on the objective and scope of change as directed by the Supply Chain Manager.

## **2. Build a guiding coalition**

The Operational Procurement Manager discussed with the Purchasing Manager the area of improvements and issues within the Procurement function, which led to restructuring. The Operational Procurement Manager assigned the Purchasing Manager to lead this change. Luckily, the Purchasing Manager has experience in the Procurement function through managing many projects. She was in this position for four years and held a very senior position within the team. She also knew the nature of individual team members. The Purchasing Manager created a change team, which included:

1. Purchasing Manager - 1 person
2. Team Lead Buyer - 4 persons
3. Business Analyst - 1 person

The Purchasing Manager called the team leads for a meeting and informed the members about the change. During this stage, the Operational Procurement Manager began the next step, which was data analysis for each team to measure work allocation. The Business Analyst, who already supported the Procurement function, was assigned to do these tasks. Team Leads coordinated with Business Analyst to validate data. The role and responsibility was discussed among Team Leads and the Purchasing Manager. Change team members included different level of employees, skills and experiences, which created a good combination of cross-functional expertise.

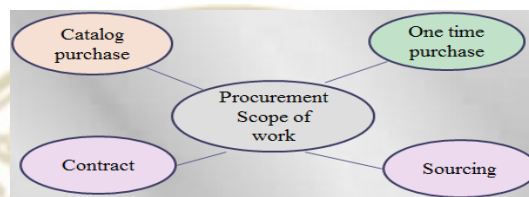
## **3. Forming a strategic vision**

The change vision is to promote a world class organization in order to deliver value for the operating company. After the working team was established, the team developed a new purchasing organization. This new organization was developed and agreed upon by the management team including work allocation and employee selection.

## **4. Communicate the vision**

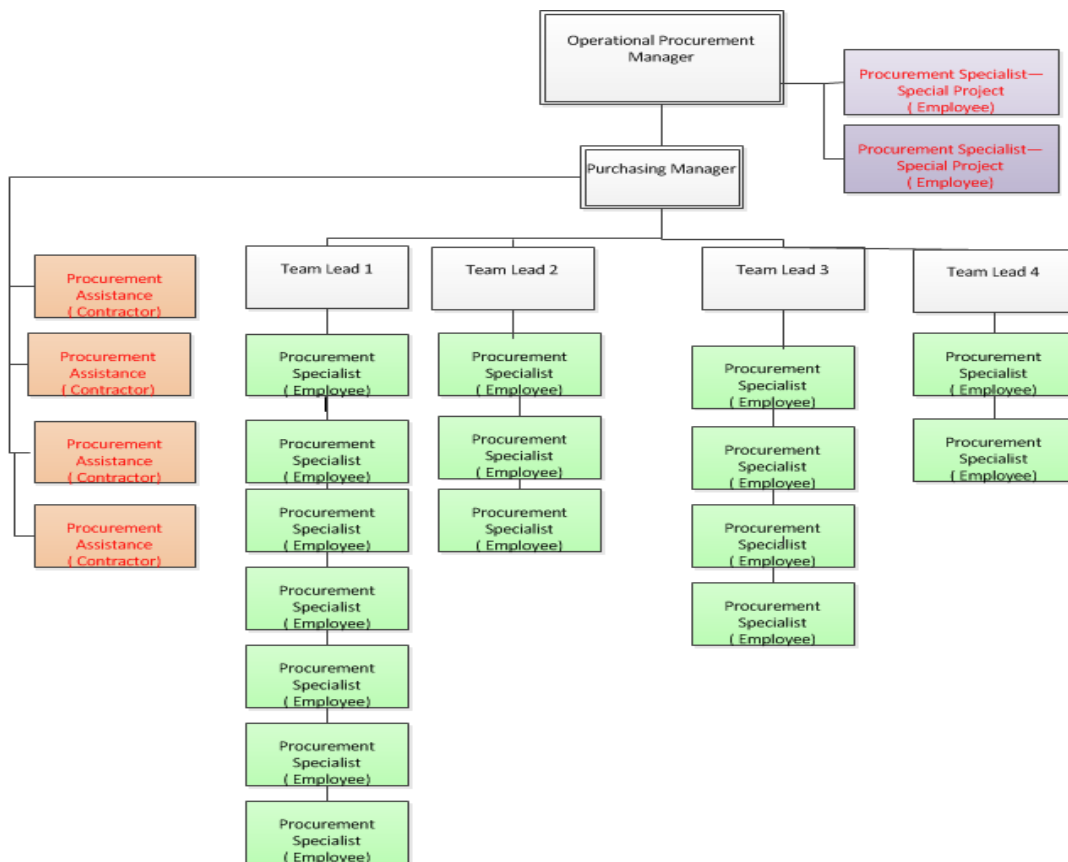
After data analysis and discussion among the change team, they decided to break the existing Procurement Specialist role into three different positions with separate tasks. The scope of the new positions were separated by the following:

- Procurement Specialist: This position is responsible for one time purchases.
- Procurement Assistance: This position is responsible for catalog purchases.
- Procurement Specialist – Special Projects: This position is responsible for procurement sourcing and contract negotiation. Special projects will also be added to this role.



**Figure 4.3 Procurement Scope of Work**

When the new organization structure and implementation plan were agreed upon by the change team, they communicated the plan to individual employees. By conducting one-on-one meetings with each employee, the purchasing manager explained the new department structure and individual responsibilities.



**Figure 4.4 New Procurement Organization Chart**

**Communication to Procurement Assistance (contractor)**

The Purchasing manager and Team Lead held one-on-one meetings with individual Procurement Assistance contractors to inform them about the organization change in terms of roles and responsibilities. Assigned tasks were less complicated with smaller scope of work. However, the reason why management implemented this change was not communicated directly to all of the Procurement Assistance contractors. Since the contractors did not know why the change was implemented, they did not see the value of the change. More importantly, they thought this change limited their capabilities. It could have been a different situation if the change team informed why re-organization is needed and the value of the changes. The change team must inform all stakeholders of the issues and the upcoming changes that impacts their position. With clear communication, employees will be aware of the change and understand the reason for the change once they realize the value of this re-organization.

One of Team Lead Buyers mentioned that, “we have separated the task of Procurement Specialist in order to allocate proper workload. Previously, this group was responsible for all tasks. As we decide to reduce the scope of work, Procurement Assistance was over qualified to work at this job”. This means that company has been over paying the group of employees for the type of work required. Employees with over qualified skills is likely less happy with their work, which can lead them to leave the company.

### **Communication to Procurement Specialist - Special Projects**

The Purchasing Manager conducted one-on-one meetings with individual the Procurement Specialist – Special Projects. They were informed about being selected employees for this new role and responsibility. The new role included becoming the subject master experts for contracting processes, which was part of procurement tasks and special projects as well as project improvements.

Based on the interview, the Procurement Specialist – Special projects said, “This change has improved the overall contracting process and I like working in special projects, which was a new task for me”. However, he knows more information and has more time to do the task. These changes improved individual capability because the employees have fewer tasks to do in one position. They can improve their expertise to improve productivity and efficiency.

### **Communication to the entire Procurement team**

After one-on-one meetings with the employees impacted by the change, the Operational Procurement Manager and the change team conducted kick-off meetings to communicate the change to everyone within the Procurement function. The meeting introduced the new organization structure and new scope of work;

- Procurement Specialist: Located in the same team and responsible for one time and catalog purchases.

- Procurement Specialist - Special Projects: Now supervised by the Operational Procurement Manager and responsible for contract negotiation, sourcing in all procurement function, and special projects.



- Procurement Assistance: Now supervised by Purchasing Manager and only responsible for catalog purchases.

The new organization structure was effective immediately after the kick-off meeting with all procurement members. After new organization was announced, some of the employees continued doing the same task because they did not know how to start the new task while others were still confused about what they should and should not. This was a result of ineffective communication.

In the first month after implementation, monthly key performance indicators, which monitored performance of the Procurement team showed worse performance compared to the previous year. This was another consequence of unclear roles and responsibilities after the change. Re-organization aims to improve efficiency and effectiveness, but the result of the change did not meet the initial goal.

#### **5. Empower others to act on the vision**

After the new organization structure was implemented, all procurement employees changed their roles immediately. Many people were uncertain about cutting responsibilities especially the Procurement Assistance positions. The role of Procurement Assistance was less complicated compared to their previous job, which aimed to create high productivity of overall procurement function. However, employees under Procurement Assistance positions were more capable than the assigned tasks.

The team leads called for a meeting the next day to ensure there was mutual understanding throughout the team. As there were changes in roles and responsibilities, existing job functions had to be transferred from Procurement Specialist to Procurement Assistance and to Procurement Specialist - Special Projects. The team lead requested all team members to list contracts and sourcing events that needed to be delivered to the Procurement Specialist – Special Projects. This task was transferred to the new position because existing employees lacked knowledge of this area. To complete one contract and sourcing, it would take at least 3 months. Transferring the role to this new position suddenly improved the quality of work. With one-time and catalog purchasing tasks, the Procurement Specialist and Procurement Assistance have to complete their tasks on hand. One-time purchases take around 10 to 15 days while Catalog purchases takes around 3 days.



One thing that the change team had to keep in mind was limitations of Procurement Assistance's scope of work. Since the company employs both permanent employees and contractors, the scope of work must be less complicated compared to positions with only permanent employees.

#### **6. Generate short-term wins**

For short term wins, the change team expected improvement in efficiency that could be measured by key performance indicators. However, the target was not expected to change in the first few months. They expected to retain the same results from the key performance indicators, but in different perspectives such as order cycle time, on time deliver and agreement purchase. The Purchasing Manager said, "we should give them time to adapt to the new roles and responsibilities. The change will reflect in better quality of work and work life balance".

#### **7. Make more change**

The change started in February 2015 when the Supply Chain Manger raised his concern to the Operational Procurement Manager. The re-organization was implemented in April 2015. Two weeks after implementation, the Purchasing Manager measured the work load and performance of the Procurement Specialist and Procurement Assistance by looking at the number of transactions and cycle time to complete each transaction. The result showed that the Procurement Specialist employees handled less numbers of transactions, but much higher cycle time per order. On the other hand, the Procurement Specialist contractors handled higher number of transactions, but less cycle time per order. From this analysis, the Purchasing Manager called the team leads to meet and review the analysis report. After discussing with the team, they decided to add more scope of work to the Procurement Assistance position. Non complicated one-time purchases were added to the Procurement Assistance position to better balance the work allocation.

Three months after implementation, the Procurement Specialist - Special Projects consulted with the Purchasing Manager to get a better understanding of their role and responsibilities when compared to the Procurement Specialist. They developed a chart that lists out all activities and the responsible position to each one. In the Procurement function monthly meeting, this topic was included and the chart

was introduced with an open question and answer session to all members. Roles and responsibilities were better identified with clear understanding on all positions.

### **8. Make change stick**

Although the new organization structure was implemented, the Procurement function still had areas to improve to follow the dynamic changing environment. The change may come from internally within the organization to improve day-to-day work or externally to comply with government laws and regulations. The Purchasing Manager reviewed the performance of the Procurement function on a daily basis. If overall performances drop, they will conduct a root cause analysis to understand the real reason behind the issue. A compliance check list has been done to make sure that all activities are done by the right people. They also maintain and update the business process and procedure document for the Procurement function to make sure that all actions are compliant.

## **4.2 Bridges' Managing Transitions Concept**

To elaborate more in how the change team managed employees through re-organization, this case study will analyze the organizational change by using Bridge's Managing Transition concept.

### **Stage 1: The Ending phase.**

Re-organization was effective immediately after it was communicated to all Procurement employees. In the ending phase, the change team did not manage the people well. The change team did not prepare time for employees to let the old way go and transition to the new roles and responsibilities. One of the Procurement Specialists mention, "I had no details about the change so I continued to do what I normally do. If they want me to change something, the Team Lead will tell me". As a result, some employees continued doing the same work after the new organization structure was implemented.

In regards to work transition, Team Lead Buyers were the main point of contact to transfer work from one position to another position. Pending tasks were managed well without conflict, which had a positive effect in the work transition.

**Stage 2: The Neutral Zone.**

After the re-organization was implemented for months, key performance indicators that were report on a monthly basis showed the lowest results in the department's history. The Operational Procurement Manager and Purchasing Manager agreed to set up a procurement workshop to for all team members. This workshop required input from all Procurement Specialists to contribute their ideas and share best practices from sample cases. The change team also joined the workshop, which was a great opportunity to listen to common problems and help to solve issues. After this workshop, many issues were raised to the team.

In conclusion, the key issue of bad performance was how work transitioned during the long holiday. This caused longer time to complete the work, which affected the monthly performance of the team. In the implementation plan, the change team was not aware of the timing that it will affect to the performance of the team. This issue has been acknowledged by the change team and management level.

In addition, the Team Lead and Procurement Specialists – Special Project created an “Easy Chart”. This chart contains key activities of all Procurement Specialists and the responsible person. This helped reduce conflict between the team because of unclear roles and responsibilities after the implemented the change. This chart was reviewed by the Purchasing Manager and communicated to the entire Purchasing function during the monthly meeting.

**Stage 3: The New beginning.**

The management team delegated to the team lead to document business processes and procedures for guiding all Procurement Specialists. This was a good initiative to manage proper work processes and align understanding between all members. In addition, Key Performance Indicators were setup to maintain a standard of excellence. This expectation was communicated to all Procurement Specialists and their performance will be evaluated based on the individual results towards the key performance indicators.

## **CHAPTER V**

### **CONCLUSION AND RECOMMENDATIONS**

Based on this case study that went through an organizational change, the management team and the change team did not apply any change concepts or framework. As a result, there were errors in the change process that can be key learnings when analyzing this case with Kotter's 8-Step Model of change process and Bridges' Managing Transition.

#### **Error 1: Lack of a clear objective and why the change was necessary.**

In this organizational change, the management team and change team created a sense of urgency. They were aware of the importance of the change and tried to communicate to their group so there was mutual understanding. As a result, this change was implemented without any objection from higher levels in organization. This is supported by Self, Armenakis & Schraeder (2007) that talked about the success of change with a support by the leader. However, not everyone got the message. From the interview sessions, all Procurement Specialists and Procurement Assistances felt that there were no changes in their work. There was no improvement when it came to their work efficiency and effectiveness in daily operations. They just did it to follow the guidance from their supervisor and management team, but they did not realize and important of the change.

#### **Recommendation:**

Kotter (1995) mentions that leader must find ways to communicate information broadly and dramatically while the change team should develop a communication message and send it to the impact users. The change cannot be called a successful change if the team members does not feel like they are part of the change. This is supported by a study conducted by Nelissen & Van (2008) that employees who are satisfied with communication of the change have a positive state of mind on the



organizational change. In order to get that assertive state of mind, the change team must deliver clear communication about why and how important the change is to all impact users and make them understand the change in all perspectives.

To manage a better communication, the change team has to understand the nature of employees. They have to analyze their employees by using Adopter types and apply different messaging and motivation techniques to each type of adopters.

### **Error 2: Unclear scope of work**

After implementing the new organizational structure, one main issue is unclear roles and responsibilities. This was an argument between each team and the Procurement Specialist – Special Projects. All of contracting work we no longer performed by the Procurement Specialist. They did not do anything related to the contracting process. However, a contract cannot be created without information from one time and catalog purchases, which came from the Procurement Specialist's daily operation.

### **Recommendation:**

Clear roles and responsibilities should be provided by the change team and it must be ready before the change implementation. This made a doubtful situation among the team. If the change team provides this information at the beginning of the implementation, it will make a smoother process with less conflict between the teams. Moreover, they should set up regular meetings in order to share and update information between the teams. This will improve communication within the Procurement function.

### **Error 3: Human resource**

Before the change implementation, Management and change team were aware of insufficient human resources with the Procurement Specialist – Special Projects position. To handle all the work, it required three employees to fulfill the workload. Although there were only two employees in this position, the change team moved forward with the change. The change was implemented in beginning of 2015,



but Management mentioned that they could fill additional position at the beginning of 2016.

**Recommendation:**

Re-organization was implemented immediately after communication to all members in the function. The Procurement Specialist –Special Project was a new position. The management and change team should inform this issue during the kick-off meeting. This sets the expectations with Procurement when they are working together. If they acknowledge workload, they will provide information earlier and give more time to complete the contract. This can prevent conflict within the Procurement function. In addition, the change team should provide information about a career path and growth after the change is implemented because on the new positions and scope of work.

**Error 4: No post-mortem session after implementation**

After implementation, the change team did not conduct a post-mortem session to review the progress. The performance was measured by KPIs on a monthly basis and it reached the target every month. However, good performance according to certain measures does not mean there are no problems behind the change.

**Recommendation:**

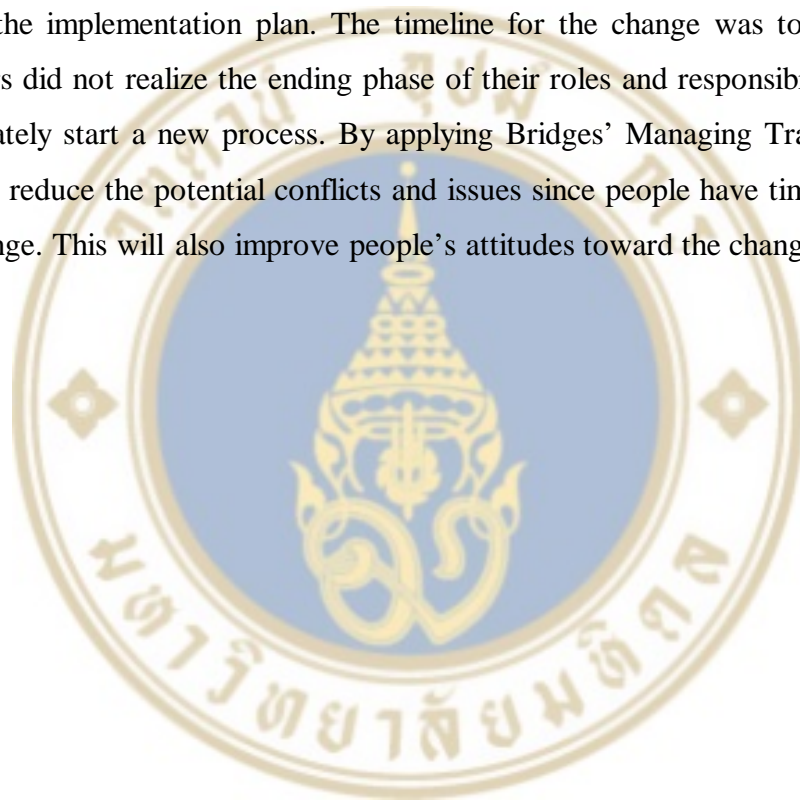
Sometimes changes are implemented, but the old way of doing things continues the same way. This means that despite the organizational change, the work culture has not changed. According to one study by Pinheiro, (2010) he concluded that organizational change could not occur without a paradigm shift in the culture of the organization. The management and project team should evaluate the change by asking the employees opinion or create a survey to get insights from all members in the Procurement function. This will help develop the right strategy for organizational development.

**Error 5: The management team did not manage the transition of organizational change.**

In this change implementation, the change team communicated to all members on the same day. The change was effective immediately after the kick-off meeting. From this action, it shows that the change team did not apply any theory or framework to manage transition of change or adjust their messaging to how the employees were affected.

**Recommendation:**

The change team should apply Bridges' Managing Transition framework during the implementation plan. The timeline for the change was too fast and team members did not realize the ending phase of their roles and responsibilities and had to immediately start a new process. By applying Bridges' Managing Transition concept, this will reduce the potential conflicts and issues since people have time to prepare for the change. This will also improve people's attitudes toward the change.



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