

UNIVERSITY OF ESWATINI
INSTITUTE OF POST-GRADUATE STUDIES
DEPARTMENT OF BUSINESS ADMINISTRATION
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TITLE OF PAPER: CHANGE MANAGEMENT

PROGRAMME AND SEMESTER: MBA SEMESTER III

COURSE CODE: BUS631

TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS

1. THIS PAPER CONSISTS OF SECTION (A) AND (B)
2. THE CASE STUDY IN SECTION A IS COMPULSORY
3. ANSWER ANY TWO QUESTIONS FROM SECTION B

NOTE: you are reminded that in assessing your work, account will be given of the accuracy of language and the general quality of expression, together with the layout and presentation of your responses.

THIS PAPER MUST NOT BE OPENED UNTIL THE INVIGILATOR HAS GRANTED PERMISSION.

GOOD LUCK!!!

CASE: ORGANISATIONAL CHANGE AND DEVELOPMENT

How do you transform a rigid bureaucratic Organisation into an innovative and entrepreneurial one? Bell Atlantic Corporation has done just that, under the leadership of its chief executive officer and change master, Raymond Smith. In an interview, Smith describes how he changed Bell Atlantic from bureaucracy to an entrepreneur.

Corporation Bell Atlantic is one of the seven "Baby Bells" born out of the 1984 break-up of AT&T's Bell System. Bell Atlantic is chartered to provide local telephone services to six Mid-Atlantic States plus the District of Columbia. Bell Atlantic has expanded to become the most innovative and profitable of all the Baby Bells - bringing a wide array of new products to the market, starting new ventures with other companies throughout the world, and solidifying its strong position in the information technology industry.

What caused Bell Atlantic to change? The telecommunications industry itself is rapidly changing. The explosion of information technologies has blurred any distinction that may have once existed between the telecommunications and information technology industries. Bell Atlantic must keep up with the latest changes in information technology if it is to remain competitive. Bell Atlantic now has competitors. In the pre-1984 days, Bell enjoyed a monopoly on telephone services. Things changed dramatically when the court ordered the breakup of the Bell System. Competition in telecommunications and information technologies is now fierce.

Bell Atlantic remains regulated, too, thereby limiting what Bell Atlantic can earn from local telephone services. If Bell Atlantic wanted to earn anything more than minimal returns on investment, it had to develop additional products and services that would be competitive in the global marketplace.

Bell Atlantic really had no choice but to change - and CEO Raymond Smith knew it. Having worked his way up through various key management positions at the company, Smith was keenly aware of the forces demanding change.

On becoming president and chief operating officer in 1998, and CEO in 1989, Smith set out to drastically change Bell Atlantic. Smith describes traditional Bell Atlantic managers as "maintenance managers, not business managers." They avoided risks, focusing instead on maintaining the status quo. They were highly parochial. They didn't understand or care about anything beyond their own departments. And Smith knew why. Bell Atlantic's old organizational structure rewarded bureaucratic behaviour. It encouraged a mind-set that all is well but precluded any possibility of companywide innovation. Protection of turf, not cooperation, was standard operating procedure at Bell Atlantic.

Prior to Smith's taking over as CEO, attempts were made to change Bell Atlantic. Bell Atlantic's 1 400 managers participated in a series of concept design retreats. Smith, one of the co-leaders of the retreats, started the concept design process by writing a statement of what he believed should be the underlying values of Bell Atlantic. Small groups of managers then worked to edit the document-

important to the company. The concept design seminars produced a statement of Bell Atlantic's values based on the five values of "integrity, respect and trust, excellence, individual fulfilment, and profitable growth."

Smith realized that the values statement was not enough of a beacon to get Bell Atlantic employees to change, to become entrepreneurial. The values statement was too general. According to Smith, "We needed to move from a general statement of values to concrete behaviour and work practices, or what we called the conventions of day-to-day business life."

When Smith was promoted to CEO, he initiated a ten-year plan for transforming the company into an innovative, entrepreneurial firm. One of his first acts was to bring the company's top fifty managers together to think about their obligations to Bell Atlantic (beyond those to their own divisions). Smith prepared a list of the twelve obligations of leadership that he believed were necessary to support the company's new values. He then challenged his top managers to internalize these obligations so that they could serve as role models for all employees.

Smith coined the slogan "the Bell Atlantic Way", which he describes as "an organized, participative method of working together that allows us to get the most out of our own efforts and maximize our contribution to team goals." The Bell Atlantic Way now serves as the unifying philosophy that the company's employees use to guide day-to-day business life. The company's 20 000 managers and supervisors were introduced to the Bell Atlantic Way by a series of specially designed forums. The company's top fifty managers were the first to participate in these educational forums. These top managers then served as executives-in-residence for the manager and supervisor forums that followed. After completing the forums, all participants were expected to talk about the Bell Atlantic Way with their employees.

Smith's strategy for communicating the change in values did not end with educating employees about the Bell Atlantic Way. He believed that the nature of the intended changes had to be made even more specific and concrete. Smith and his executive team wrote down what they believed to be the basic business problem facing Bell Atlantic. They then identified the problems that needed to be solved by each division and department of the company. To communicate the basic business problem - and the questions and sub-problems associated with it - Smith brought together the company's top 400 key communicators and managers, who were educated as to the overall strategy of the company and its basic business problem. They then studied the questions and sub-problems. Their job was to go back to their work sites and communicate the work to be done to their employees and co-workers,

This communication method was quite successful. With the group of 400 talking about Bell Atlantic's strategy and business problems, it wasn't long before the company's thousands of employees understood their tasks. They also came to understand how their actions, the actions of their departments, and the actions of everyone else in the company, needed to fit together to help solve the company's basic business problem.

Experiential exercises were used to illustrate the need for employees to work as a team. One of the exercises used to impress on employees the need to cooperate is called "breaking the

squares." Participants gather into small teams. Each team is provided with puzzle pieces that can be arranged to form squares, and is assigned the task of making six squares. Group members must cooperate as a team to successfully generate six squares. There are fifty-seven ways to form five squares, but only one way to form six squares. Typically, individual team members begin by working independently to make a complete square. Individual members wait for everyone else to finish their squares; the attitude is that they are done.

However, team members eventually realised that for the team to make six squares, everyone needs to break their own squares and start over again - that is, collectively rearrange their pieces to make six squares. They learnt that they must cooperate and work as a team, not as individuals, if they are to succeed. Smith made major changes to the company's employee reward structure. Employees are now compensated based on team and corporate results in addition to their individual performance.

Customer service is of paramount importance to Bell Atlantic. Regular telephone surveys are used to measure customer opinions of Bell Atlantic service. A specified minimal level of customer satisfaction is required to trigger a team performance reward. Moreover, compensation reflecting corporate performance is differentiated by short-term and long-term performance. Representing a substantial portion of managers' pay, this change in reward structure focuses attention on the long term. Even individual performance rewards emphasize the teamwork values of the company. One of the major criteria in assessing individual performance is contribution to overall team goals.

Clearly, the development and use of teams is central to the "Bell Atlantic Way" philosophy, making it an important part of Smith's change strategy. Bell Atlantic instituted the Champion Program, which "provides seed money, guidance, and training to potential entrepreneurs who propose new products and services. People at any level can make proposals. If projects are accepted, their proposers can run them. And they can invest a portion of their wages in the project, in exchange for the prospect of a piece of the action when their product has been marketed."

The Champion Program has been very successful. During the program's first year, thirty six champion projects were begun. Thirty-nine additional projects were started in 1989, and by 1990 several products had already been introduced into the marketplace and thirty-three new products were nearing the commercial stage of development. One example of the program's success is Jack Copley's Thinx, a computer program that integrates data with graphics so that users can visually manipulate data in all sorts of ways to better understand it. Copley put together a twenty-member team to develop the idea, and the rest is history. Thinx quickly became a huge success following its introduction in 1990. Initially created to stimulate innovative and entrepreneurial behaviour among employees and thus facilitate organizational change, the Champion Program not only has fulfilled its mission, but has also become a substantial revenue generator.

The final change strategy is that of employee' participation in decision-making. Practicing the Bell Atlantic Way, all layoff decisions are made at the local level. Top management indicates the

decisions has resulted in staff reductions that make sense for each division and has increased acceptance by Bell Atlantic employees.

In three years, Bell Atlantic employees shed their bureaucratic ways to become team-oriented and desirous of increased responsibility and accountability. Top management took about a year to internalize the new values in the Bell Atlantic Way. But once the change process took hold, things speeded up. According to Smith, "Now changes have started to accelerate. We're seeing as much change every three months as we used to see in three years."

Corporate earnings are up; and a wide range of new products is being marketed. Bell Atlantic employees are more satisfied, too. Even the downsizing seems to have had a positive effect on morale. Employees claim that many cynical bureaucrats who used to undermine the company's atmosphere have left the company. Less bureaucracy has resulted in a much more positive workplace.

Perhaps Smith describes the success of Bell Atlantic's change strategies best with this statement: "I really know we're doing well when I walk into a room of people and they are discussing a project with tremendous excitement, a project that is going to move our corporation ahead significantly, and I've never heard of it. That is a wonderful feeling."

Question 1 CASE-QUESTIONS

- 1.1 What were the internal and external sources of pressure for change at Bell Atlantic? (10 marks)
- 1.2 What individual and organisational barriers to change existed at Bell Atlantic? (10 marks)
- 1.3 Describe Bell Atlantic's change strategies. What methods for overcoming resistance to change did Bell Atlantic use? (10 marks)
- 1.4 Was Smith's approach to organizational change successful? Motivate your answer. (10 Marks)

Total

40 marks

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Section B (40 marks)

(Answer any three questions from this section).

Question 2

Swazi-based companies are experiencing immense changes, hence the need to revamp their approaches and position themselves appropriately in this era which some refers to as the 4th Industrialisation. Identify the forces for change and discuss how they might necessitate behavioural change on the part of the organisation' employees. (20 marks)

Question 3

“There is greater interdependency between employees, organisations and context”, hence this view cannot be ignored in the introduction of change. Using a Diagrammatic illustration and practical examples of a focal organisation you are familiar with, explain the interdependency relationship and how to effectively deal with it to successfully execute change. (20 marks)

Question 4.

Stephen Ellops, the Managing Director of Nokia has been given an ultimatum to revitalise Nokia which was once the number one leading brand in the mobile industry. With your Change management expertise and understanding of the emerging trends in the industry, explore the challenges that could have contributed to Nokia’s downfall, indicating what he can do to revitalise the company in the US smart phone market. (20 marks)

Question 5

“Without determining the cultural landscape, all change efforts are in vain”. Discuss The statement using a practical illustration of your being an elected Minister of Industry Commerce and Trade. (20 marks)

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