

## **Achieving Change Through People**

As J Franklin, you have seen clearly that the change required in Burke Engineering is a fundamental one. It has involved, initially, the re organisation of the company structure followed by a re-evaluation of the people that should fill the new posts.

Your aim is to achieve excellence in sales and customer support, production and research and development. Your initial approach is to create groups of skilled individuals in each of these departments that can carry out the tasks demanded of them. The necessary staff numbers are listed in Table 15 in Appendix A.

Management numbers will have to be substantially reduced. More than half will become redundant as a result of the proposed changes, with major reductions in production department where the impact of new technology will be greatest.

It was apparent from the business plan that the company needed to concentrate on customer service, a superior design and production system. You have decided to integrate marketing and sales with technical support and logistics; research and development with the production process. This will group all customer service areas in one department, and ensure that there is a single unit that is dealing with all customer demands. Combining research and development with the production department is important in your opinion to achieve the speed of response that the company needs to have in the marketplace, with new products coming quickly to production and new materials and processes being quickly integrated into the manufacturing process. Finally the demands of control suggests that finance and office management should be combined in one unit. You do not see the need for any further specialisation and feel strongly that the company does not need either a data processing department, as this has been subcontracted, nor a personnel department.

You are determined that managers in the new company are forced to concentrate on the human dimension of management and ensure that those staff working for them are fully involved and effective.

You are not exactly clear as to exactly how you should go about implementing these new responsibilities. However, you are sure that unless you do so, the existing problems that the old company faced will continue. You are particularly worried about the ability of management to handle the ever more sophisticated technology which Burke will be using. As part of the reorganisation you have decided that the company should decentralise as much as possible.

To this end, most budgetary responsibility below €10,000 will be delegated to supervisory management, directors will be able to authorise expenditure within agreed budgets up to €25,000, and non supervisory management up to €5,000. Managers will have authority to hire and fire, to appraise, and to arrange all relevant training. You have decided that motivation will be centrally controlled and that as a result you will review all appraisal reports. Such appraisals have been carried out for all management, as the initial step. These are available in Appendix B for all departments.

You have decided that A Siddiqui and A Belinski will be left to evaluate the new responsibilities of their respective departments, whereas you, with your previous experience in production, will concentrate on the reorganisation of that department in the absence of Wellan. As it was becoming clearer that the production director was unlikely to return to the company, there was a strong probability that you would have to appoint a new

director to this position.

You are unwilling to do so until the major part of the departmental reorganisation has been completed. When you consider the production department employees and skills levels, you are immediately struck by the problems that face you in achieving change through people. As a considerable reduction will be necessary in overall management levels, it will be impossible to employ all current management; you have to slim all areas to meet the demands of the business plan.

This plan foresees the concentration of the company in the area of specialist valve design and manufacture, with a large number of the existing operations being subcontracted. Burke will therefore have to become more skilled and more flexible.

You are aware that the necessary new management posts will demand higher levels of skill and flexibility. The first major problem you face is to determine which of the existing managers have the necessary skills to meet the demands of the new business plan; which can achieve the necessary level of skill after appropriate retraining; and which are still unlikely to be able to cope.

You are however aware that the most important issue is to achieve a change of attitude through those appointed to manage. Burke Engineering must change from a company managing to survive, albeit with increasing difficulty, on a reputation for solid but conservative engineering, to one that is perceived as innovative and market led. The managers in the company will have to be prepared to change; change the way they think and the way they work. Without staff cooperation, you know full well that there will be little chance of your ambitious plans being fully or even partially implemented.

It is, therefore, vitally important for you to identify those who are likely to be supportive of change; those who will not resist change but will not enthusiastically support it, and those who will resist change by every means possible without endangering their existing jobs. Among the managers with whom you have worked, many have indicated their commitment to the old ways, and they will be particular problems. You know that these decisions cannot be taken in isolation. The company has a responsibility to try and resolve the problems that would be caused by redundancy.

None of the management have a formal contract of employment with Burke Engineering, nor are they members of any professional management group or union. Under existing employment law, the company would have to pay approximately 1 week's salary per year of employment as severance pay. However, you have already initiated discussion of more generous terms with the unions, as part of the move towards improved industrial relations, following the near strike in the factory. But redundancy pay is only part of the issue: retraining and early retirement are other options.

The local employers' training organisation also provides assistance for the relocation of management staff, and there are a number of independent specialists that can provide career counselling. You have been in contact with a number of them, and have found that the average cost per employee would be around €2,000. Because of the need to move forward with these changes, decisions are essential about who should be retained within the organisation; what roles they would fill, and what the company should be prepared to offer to employees who would no longer fit into the new organisation. You need a policy to handle the problems that you face in achieving change through the individuals that are currently employed by Burke Engineering.

## Action

Which of the managers in the production and technical departments listed in Appendix B will be vital for the future of the company? Which are likely to resist change? How can you, as J Franklin, identify such individuals? What action should you consider taking once you have identified these managers?