

Management consultancy Report: Change Management case study of SAR Health services

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Abstract: *The aim of this management consultancy report is the case study of SAR Health Services (SARHS) which is a Switzerland based medical equipment production company supplying sophisticated diagnostic equipment to hospitals across Europe and recently expanded their business to Asia. Due to pressure on equipment budget for healthcare organizations and competition in the market, the company has decided to reduce its operation cost by implementing a planned change. The scope of this paper is to produce a management consultancy report advising the organization on the implementation of change management plan.*

Keywords: management consultancy, report: change management, case study, SAR , health services

INTRODUCTION

This management consultancy report consists of four sections advising the SAR Health Services (SARHS) company for the implementation of the proposed planned change. The report addresses key underlying issues. First is the identification of key factors for proposed change management plan which need to be considered before implementing the plan. Next is the identification of people management issues which are expected to come up during the implementation of plan. Third is the development of the proposed change management plan along with recommendation and justification. Last is the identification of factors required by the organization to build its change capability.

Identification of key factors for proposed change management Plan

The following key factors need to be considered before going ahead with the proposed change management plan:

Organization change history: SARHS's Management must analyse the organization's change history before deciding to embark on further change. Managers need to study how the organisation underwent previous changes and the effect it had on employees to be able to successfully implement future planned changes. Since the company has already twice experienced change in organization, it already has a history of organization change. The last change was not administered strategically and resulted in confusion and negative feedback from managers.

Strategic Planning: Effective planning is an initial roadmap for a successful change management plan. For mapping out a successful plan, several important questions need to be answered, i.e. ‘who, where, when, how, what and why’ that are related to the proposed change. The planning stage consist of draft plan with objective of vision, mission, goal and clearly defined authority and responsibility relationships with strategies for realizing those objectives for the proposed change management plan. *As advised by Bold (2010), the process of change must be controlled and must be planned.*

Organization culture assessment: An analysis of the SARHS’s culture must be undertaken before going ahead with change management plan. If the plan is not in sync with the culture of the SARHS, it may result in non-acceptance by the company staff. Organization change management and culture are the two most integral parts of any organization that must be considered by the company before considering any change management plan. *Schein (1992) argues that a consideration of culture helps identify success factors for managing changes.*

Efficient leadership: Efficient leaders must be identified at all management levels who would contribute to the plan strategically and guide and counsel the staff under their leadership resulting in smooth transformation. *Rosenberg and Mosca (2011) argued that successful change can be impacted by organizational factors such as Leadership, structure and culture.*

Vision: The management must have a clear vision of aims and objectives which can be effectively communicated to the employees. This would motivate them to direct their efforts in the right direction If they are not guided properly, it may result in the plans’ failure. *As per Dawson and Andriopoulos (2014), the basic aspect of change management is having as a clear vision and a strategy to attain the vision. Haque et al. (2016) also concluded that change readiness can be achieved by the formulation of an inspirational vision and its effective communication by the leaders.*

Goal: The goals and objectives of the organizations must not be undefined. This can result in creating barriers for the proposed change. The end goal must be clear for everyone to see so that they can work as a team towards attaining it. *Lucey (2008) remarked that, in order to ensure the organizational success, the change initiatives and efforts must be aligned with the organization’s goal.*

Clearly defined authority and responsibility relationships: A detailed organization chart showing all key personnel must be prepared clearly defining the authority and responsibility relationships. Additionally, comprehensive job description for each role must be drafted to avoid confusion and ambiguity amongst the staff. *According to, Fugate et al. (2008), during the change process, stress can be avoided by giving clear instructions to employees regarding their roles and responsibilities.*

External stake holder consideration: Since company has a good reputation with all its customers, in order to maintain it they must consider the impact of the change on external stake holders.

Identification of people management issues

An organisation’s decision to implement a change management plan certainly leads to ‘people issues. ‘it can be a very challenging situation for the employees since they might have to face issues such as working under new leaders, change in jobs, demand for development of new skills leading to uncertainty and resistance. To address these issues, it is imperative that a plan be developed by SARHS involving the top-level management at the

initiative stage and then move on to engage the key stake holders and leaders. The organisation's change history, commitment and capacity to change must be considered.

In order to successfully implement the change management plan, SARHS needs to pay considerable attention towards people management issues. *According to Shah et al. (2016), various research has revealed that the employees of the organisation have a high contribution to the success of any change since it's the employees who implement the change. Hoover and Harder, (2015) also concluded that, human factors play an indispensable role in organisational change as evidenced by several case studies.*

The following people management issues are likely to occur in implementing the proposed change management plan:

Lack of Consensus: There can be lack of consensus among the managers at site 'A' and site 'B' offices regarding the selection of staff that need to be reduced. If there is a lack of consensus at the managerial level it can create a barrier during the change management process. All members of the staff must be in harmony with the change management plan.

Employee Resistance: The employees are reluctant and unwilling for further change since they have already undergone two major changes in recent past. The participation of employees plays a huge role in the organizational change process. Employees' readiness and willingness is necessary for successful execution of the change process. The disruption from employees will inhibit the change progress. Additionally, lack of training and proper education about the change increase the employee's resistance. *As stated by Kotter (1995) and Aleksic (2015), the resistance of employee to organisational change is a common factor for its failure.*

Housing & Transportation Issues: Since the new site is around 100 miles away from the current office location, therefore employees will face the issue of travelling to new site which will cost them extra time, energy and money. In order to resolve this issue, employees must be grouped based on their accommodation type i.e., employees living in rented apartments and staying at their own homes. Since the operations would be consolidated within 6 months' time, during this period the employees should try to arrange their new accommodations in the vicinity of site 'B' to reduce the transportation time and fuel consumptions.

Lack of Communication: The proposed change plan was not communicated strategically with the staff. If the communication is ineffective, it can lead to a lack of trust among the SARHS staff. It will be difficult for them to accept the change if they haven't been informed on what is expected of them. The communication must be transparent and clear involving all levels of the organization and facilitating feedback from the staff.

Conflicts: SARHS must try to address the employee issues of fear, uncertainty, frustration etc. before it develops into conflicts. Conflicts can disrupt the change management process; therefore, it must be solved on time by mitigating issues. Closed door policy adopted by higher management leads to conflicts. It can trigger feelings like fear and uncertainty building frustration amongst the staff. This conflict can be resolved through gaining trust of the employees by adopting transparent communication policy. Effective communication channels must be built by involving all concerned members and their feedback must be sought.

Commitment: The most important construct representing the attitude of staff towards organisational change is their commitment to change. *Commitment to change has been defined as "a force or mind-set that binds an*

individual to a course of action deemed necessary for the successful implementation of a change initiative” (Fedor et al., 2006).

Changes in workplace environment: Since the production site has been planned to shift from production site ‘A’ to production site ‘B’, this can emotionally affect the behaviour and productivity of the employees. The behaviour of the workplace environment has a huge impact on the performance of the employees. *As per (Haynes, 2007), Change in workplace results in upsetting the feeling of belonging amongst the workforce.*

Development of the proposed change management plan

Although several change management models exist, but this management consultancy report will discuss two most dynamic models namely Kotter’s (1996), 8-Stage change management model and Lewin’s (1958), Change Model to develop the proposed change management plan.

Kotter’s 8-Step Model

It is an eight-step model of transforming the organizations (Kotter, 1996).



Figure 01- Source: Kotter’s 8-Step model (<http://www.dr-glennhole.org/>)
(Adopted from Dr. John Kotter’s 8-Step process for leading change (<http://www.kotterinternational.com>))

Application of Kotter’s 8-Step Model on SARHS:

Create urgency: Employees are likely to accept change if a need is felt for it. Change leaders must stress the urgency for change to all departmental managers by making them understand that due to pressure on equipment budget for healthcare organizations and competitions in the market, the company wants to reduce its operation cost by implementing a planned change urgently. The message must be conveyed to subordinate employees by all departmental managers. *According to Kotter (1996), more people need to talk about change to create an effect of urgency so that people build up momentum. Appelbaum et al. (2012) also concluded that, a sense of urgency*

must be created by the leaders through the communication of new information as well as explaining the rationale behind it dramatically.

Form a powerful guiding coalition: After creating the urgency for change, they need to identify positive minded influential opinion leaders from each department such as production, office staff (sales, marketing, distribution), who can be identified by understanding their social networks. *As mentioned by Kotter (2007), the powerful guiding coalition is an integral part of producing successful change, the absence of which could result in failure to bring change.* The change leader doesn't necessarily have to persuade every person individually to convince people that change is needed. *Opinion leaders drastically affect the attitude and behaviour of people towards change through influencing their opinion, (Burkhardt, M. E. (1994).*

Create a vision for change: *A clear vision is easy to perceive and act on, the company can be led into a wrong direction due to an unclear vision (Kotter, 1996).* The vision of SARHS is to decrease the company's carbon footprint by a third by 2022. The vision of the organization must be clearly stated to all concerned members. A clear idea defining the benefits that the change would bring to the staff and organization can be communicated. This would ensure to bring in all the support required.

Communicate the vision for change: If the vision is not communicated distinctly to the employees, it's a waste. *Uncertainty can be minimised through clear communication (Bordia et al., 2004).* For the change to be successful, the staff must be made to feel that they are a part of the change resulting in the creation of a positive attitude. Change can give rise to fears and concerns which can be addressed through effective communication. *Ensuring that top management communicates with employees about the upcoming changes also has symbolic value, (Armenakis, A. A., Harris, S. G., & Mossholder, K. W. (1993).*

Empower action: Employees must be empowered with the ability to change. This can be achieved through motivation and building positive attitude in the workplace. Motivation of staff would increase the possibility of the change being a success. *According to Spector (2010), lack of motivation in an employee would result in disinterest in learning about the change leading to resistance.*

Create quick wins: Change must begin with the one department initially to create a small win. The proposed change must be broken up into phases so that each department can be handled one at a time. In this way it would be easier to address any issues that might turn up during the reorganization. Ensuing changes must be rolled out rapidly to go ahead with the process without causing any disruptions in productivity. When the staff witness successes and improvements after the change implementation, it would inspire and motivate the employees to continue the change effort. SARHS must implement this technique through transport initiative and home-based working for the sales team. *During a change effort, if the organization can create a history of small wins, change acceptance will be more likely, (Kotter, J. P. (1996).*

Build on the change: The Change leaders must continuously keep looking for improvements by analysing the effect of change and detecting failures, if any. Momentum must be built by keeping urgency up and rewarding those who adopt new behaviour. The change can further be reinforced by displaying the positive affects achieved through the process.

Make it stick: The change should be made a part of SARHS's core in order to make it permanent. It must be continuously supported by the leaders. They must talk about the progress of the company and discuss the success

stories relating to the change process. The benefits of the newly implemented strategies must be displayed to all employees to build their trust in the SARHS's change management strategy. *Finally, to make any change stick; it should become part of the core of the organization, (Lles and Sutherland, 2000).*

Lewin's Change Management

Lewin (1947) change model is the most comprehensive model for change management clearly explaining the process step by step. The introduction of vision, bringing about the desired behaviour and solidifying the change is brought about successively. This model is widely accepted by companies for bringing about planned and structured change in an organization.

The three main steps are unfreezing, change and refreeze:



Application of Lewin's Change Model on SAR Health Services (SARHS):

Unfreeze: Preparing for the envisioned change is the first step. The management of SARHS must explain to the staff that the company needs to reduce its operation costs for the benefit of all. Competition is intense and pressure on equipment budgets for healthcare organisations is high therefore change is incumbent. Since people usually resist change, this step helps to psychologically prepare them for it.

Change: After the unfreeze stage, the employees would look to new ways of doing things. The change process would include shifting to 'open plan office', home based working for sales team etc. in this step. SARHS management can bring about the desired behaviour and change with the help of great leadership and effective communication with the staff.

Refreeze: The last step is refreezing which means solidifying the desired changes achieved and rooting it to the core values of the company. When the employees have adopted the desired behaviour, SARHS is ready to refreeze and the management can celebrate the success!

Advantage & disadvantage of Kotter's model & Lewin's Change Model:

Advantage of Kotter's model: This model is popular due to its ease of use. It can be applied in sinking economy and organizations with critical condition. The steps in the model are clearly described, guiding one through the process of change. Its relatively simple in implementation.

Disadvantage of Kotter's model: Leaving any step of this model could lead to problems. Employee grievances and needs must be considered immediately, or it could result in frustration.

Advantage of Kurt Lewin's model: The Unfreeze-Change-Refreeze model can aid organizations to undergo a planned change over a long duration. This model gives the management ample time for strategic thinking and decision making.

Disadvantage of Kurt Lewin's model: This model is not recommended for sinking economies in urgent need of change since it requires long term planning and huge amount of money. The three-step model is very formal with employee behaviour at its core.

Factors required by the organization to build its change capability

Improvement in the overall performance of the company's change capabilities can be achieved through **continuous learning**. Any change management program requires some degree of perpetual change in the attitudinal, cognitive and behavioural aspects of the concerned members. Therefore, the management must give due attention to the learning process of all the people involved in the change management process.

New managers' needs be hired into company to boost the possibility for change or to bring a different viewpoint, irrespective of the past, or the usual routines that can be a barrier to change. **New talent** from outside can contribute to a range of innovative ideas, remove cultural barriers to change and help the organization to build its change capability. *Johnson, G., Whittington, R., & Scholes, K. (2008, p. 469) also concluded that, new managers with experience of leading change need to be introduced to enhance the capability and readiness for change and get the organization to a point where it is ready to embark on a more significant strategic change programme.*

A culture of teamwork must be promoted to discourage the employee's resistance to change. *According to Morrison et al. (2006), Culture is directly related to change resistance.* Positive behavioural change must be planned through the culture assessment to ensure that the changes are viewed in a positive light and readily accepted by the staff. Creation of a positive environment encouraging knowledge sharing must be promoted. *For the creation of a change friendly environment, the values relating to post change environment must be fostered to achieve the commitment of workforce, (Appelbaum et al., 2015b).*

CONCLUSION AND RECOMMENDATION

Bringing change in any organisation is the joint effort of management and the employees. The management must plan the change strategically keeping in mind the vision and objectives of the organisation. Important factors such as change history and organisation culture must be given due consideration. The employees must be made to feel that they are a part of the change through effective communication and feedback. They must be motivated by providing them with relevant knowledge and training to attain their commitment and prevent resistance. After change implementation, the positive behaviour must be reinforced by highlighting the benefits. To conclude, all members of the organisation must be involved in the process of continuous learning to maintain the newly acquired behaviour.

Although Lewin's model is practical and goal oriented, it's focus is employee behaviour. This model lacks the importance of authority, politics and conflicts. Therefore, Lewin's model may be unsuitable for application to the current scenario of SARHS as it doesn't consider both external and internal factors. *Child (2005: 293) points out that Lewin's rigid idea of 'refreezing' is inappropriate in today's complex world that requires flexibility and adaptation.*

The criticism that Lewin's three step change model is not applicable for transformational change went contrary with the experience of British Airways. In the case example presented by Goodstein and Burke (1991), Lewin's change model was applied over a five-year period (1982 – 1987) during the privatization of British Airways (BA). *As per Goodstein and Burke (1991), the steps involved to accomplish the transformation of BA were according to Lewin's model of the change process.*

As per my consideration, Kotter's model is highly recommended since it effectively addresses the challenges faced by SARHS. It regards the issues created by both external and internal environment. It adequately scrutinises the human element and provides a detailed solution to people issues. Although this model has a few disadvantages, but they are really less as compared to other models. A strategic application of this model would help form the vision, create the urge, prepare the management and staff at all levels psychologically, motivate the employees, create momentum, provide opportunity to resolve conflicts, celebrate small wins, build momentum and consolidate the change.

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