



Change Management of Eurostar

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Executive Summary

The purpose of this report is to analyse and evaluate the change of Eurostar happened in 2016 with various models in change management.

The whole essay can be divided into four parts: introduction, main body, conclusion and recommendation. After a brief introduction, the main body will be illustrated from seven aspects. Firstly, the latest definition of change management as well as the business profile will be provided. Then, in the third part, two big events are mentioned as the background information of change in 2016. Next, the process of the change is listed in a table. From the fourth part, the analysis will be given in detail including the types of the change, the driving and restraining forces, the stakeholder analysis and lastly, the effectiveness of change. After the main body part, there is the conclusion and finally, future recommendations for Eurostar facing the Brexit issue in 2019 will be provided. This report makes use of several models of change management: Typology of change provided by Hodges and Gill, and Nadler, Lewin's Force Field Analysis, Stakeholder map and Kotter's eight-step model. Additionally, useful data and theories from textbooks, newspapers and websites will also be adopted to enrich the whole report.

1 Introduction

This essay will analyse and evaluate the change program done by Eurostar in 2016 in detail from the perspective of change management. Then the relevant recommendations will be given for Eurostar's future development under the background of Brexit in 2019.

2 Main Body

2.1 Definition of Change Management

Change management can be defined as “the process, tools and techniques to manage the people side of change to achieve the required business outcome” (Prosci, 2018). There are three main purposes of adopting change management strategies: to effect change, control change and help people to adapt to change (Rouse, 2018). In this essay, it will be used to explain the development and causes of change and to provide theoretical guidance for the change.

2.2 Business Profile

Eurostar is said to be the only high-speed train in Europe that directly links the UK to France, Belgium and the Netherlands via the Channel Tunnel. (MarketLine, 2018). Since it started the service in 1994, Eurostar has carried over 130 million passengers to over 100 destinations across Europe via London, Paris, Brussels, Lille and Amsterdam (Eurostar, 2018). Eurostar has been at the cutting edge of innovation in transportation industry and the objective of Eurostar is to set the standard for international train travel.

2.3 Background Information in 2016

The changes discussed in this essay happened in 2016. In this year, there were two big events which were closely related to the operation of Eurostar, so the background information can also be part of the reasons for Eurostar changes.

2.3.1 Brexit

In June 2016, the UK had voted to leave the EU by 52% to 48% (BBC, 2016). Brexit was sure to make changes in many aspects. One of the most extensive one should be the negative impact on the trade between UK and European countries. EU was UK's largest export destination, accounting for 46.9% of UK's total exports. When Brexit happened, many of the agreements, rules and legal foundations on which UK economy operated would be broken and the business connections might be convulsed; Secondly, Brexit brought uncertainty, which was likely to lead to the euro depreciation, making EU based business lose profit; thirdly, after UK left EU, the individual connections and travels would also be much less than before for the visa application or immigration laws might be more strict and complex. (Jiang, 2016)

2.3.2 Terrorist attacks

2016 saw many serious terrorist attacks happen in Europe, the most serious two of which were Brussels bombing attack happened in March and Nice truck attack happened in July, which resulted in hundreds of innocent people dying in the attacks (Xinhua news agency, 2017). What Terrorist attacks bring to the incident areas are not just the political concern or security control, but great

panic among people, which is sure to negatively influence the normal social system from business activities to daily commuting.

2.4 Change Program of Eurostar

2.4.1 Change process

Since Eurostar started its service in 1994, it has achieved a lot of significant progress. However, the year 2016 witnessed a relatively hard time of Eurostar, which led to a series of changes of this company. The table below shows the change progress of Eurostar reported by Business Traveller (McWhirter, 2016),

Railway Gazette (2016) and Independent (Calder, 2016),

TIME	EVENTS
2016.03	Eurostar passenger number steady but profit down
2016.08	“Brexit” uncertainty hits Eurostar business
2016.10	Eurostar to cut services by 8% and 80 jobs
2016.12	The new international timetable taking effect - two daily trains from London to Paris and one to Brussels will be removed from the schedules

2.4.2 Types of Change

Hodges and Gill (2015) in their book provide the table below to identify the typology of change.

Typology of Change (Hodges & Gill, 2015)

How it happens	Magnitude
- Planned - Emergent - contingency	- Incremental - Transformational - Punctuated equilibrium
Focus	Level
-Strategic -Operational	- Individual - Team - Organisation

Firstly, Eurostar conducted the changes as it had planned. “Planned” does not mean a detailed plan should be written before making changes, but an organization pre-actively identifies that changes may be needed for some areas and then makes the evaluation of it, if necessary, then the change will be conducted (Burnes, 2014). Secondly, it should be an incremental change because the service cutback, staff layoff and train removal were done step by step, which made the changes more acceptable by both employees and customers. Thirdly, this change was clear to focus more on operational aspect and the main purpose was to save cost. Lastly, this was a change relating to the whole organization and the decision maker stood for the organization instead of an individual or a team.

Another way is to classify organizational changes as four types below (Nadler, et al., 1995):

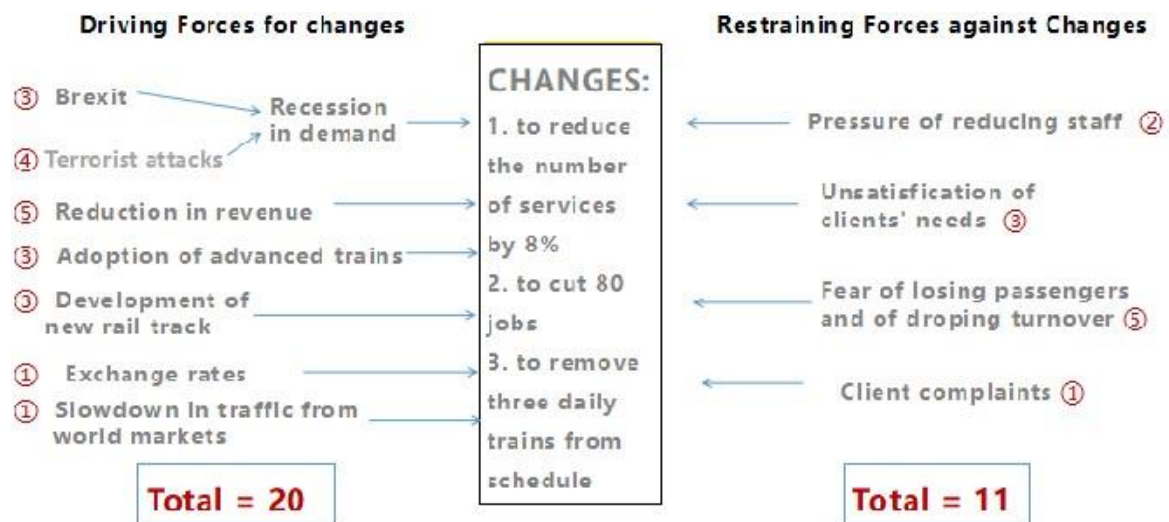
	Incremental	Transformational
Proactive	Tuning	Re-orientation
Reactive	Adaptation	Re-creation

The change of Eurostar would be in the adaptation category which owns the feature of being tactic and less intensive because it focuses on how to do business better instead of doing it differently. On the one hand, the change of Eurostar was incremental as was discussed before; on the other hand, the change was reactive to the demand and revenue decline which will be analysed in next part.

2.5 Force Field Analysis

Lewin (Lewin, 1947) stated that everything including an organization was under a pair of opposite forces which led it to be in a state of dynamic equilibrium.

Therefore, he put forward the force field analysis (Lewin, 1951) to explore the two sides of an issue. In terms of the change management, on the one hand, there are driving forces which encourage changes to happen; on the other hand, the forces which are likely to maintain the stability and to refuse changes are called restraining forces. Here is the force field analysis of Eurostar changes:



When the forces driving changes are in balance with that restraining changes, the status quo tends to maintain in the middle and nothing will happen (Burnes, 2014). However, the total score of forces to encourage Eurostar to change is 20, which outweighs that to refuse changes, which is only 11, so change happened eventually.

2.5.1 Driving Forces of Change

Recession in demand (7): As the chief executive of Eurostar, Nicolas Petrovic said, “The uncertainty following the vote to leave, combined with the Brussels terrorist attack, has continued to dampen demand.” (Independent, 2016). One of the main customer sources of Eurostar came from EU business people. As the business between UK and EU would be negatively influenced by Brexit, the demand would drop. Also, as the main places covered by Eurostar services, London, Paris and Brussels were regarded as the cities where terrorist attacks were most likely to happen (Uker, 2016). Thus, because of the Brexit uncertainty as well as the frequent terrorist attacks, Eurostar passenger journeys in Quarter three 2016 were down 10% year-on-year (Railway Gazette, 2016).

Reduction in revenue (5): Because of the drop of the passenger numbers and the strength of sterling (Railway Gazette, 2016), the actual revenue of Eurostar experienced a significant reduction by 10 per cent over three months from April 2016 (Calder, 2016). To save cost, Eurostar had to consider cutting services.

Adoption of new trains (3): At the end of year 2015, Eurostar has launched its updating trains called Velaro e320 which were able to accommodate up to 902 passengers (Railway Gazette, 2015), which means this new train had the same capacity with more seats, and it needed fewer services than the previous did.

Development of the new rail track (3): Since 2013, Eurostar had planned to launch the new service from London to Amsterdam by the end of 2016 (Railway Gazette, 2013) . And in April 2016, Eurostar decided to run a test train of this new track (Railway Gazette, 2016), which needed both money and labour support. As Eurostar was under the situation of revenue reduction, it had to transfer money and services from the existing lines, which led to the cutback.

2.5.2 Restraining Force of Change and Solutions

Fear of losing passengers and of dropping turnover (5) / Dissatisfaction of customers' needs (3): The most possible result of cutting services is to unable to meet all customers' needs and to decrease customer numbers as well as income. To deal with this problem, Eurostar promised that all its 10 updating trains Velaro e320 which were ordered in 2009 would be available in May 2016, which were nearly able to meet customers' needs as before. Furthermore, the new service to Amsterdam would bring more passengers for Eurostar, as was believed by its chief executive that the launch of the new route represented a

significant growth opportunity for the future (Railway Gazette, 2016), therefore Eurostar held the long-term sight for its development and endeavour to accomplish the new project as soon as possible.

Pressing of firing employees (2): Individual layoff in a company may seem minor, but it often sets off a ripple effect in an organization where employees work together for a common goal (Lowrie, n.d.). To minimize the negative impact of dismissal on the employees, Eurostar adopted voluntary redundancies and sabbaticals as its layoff strategies (Calder, 2016).

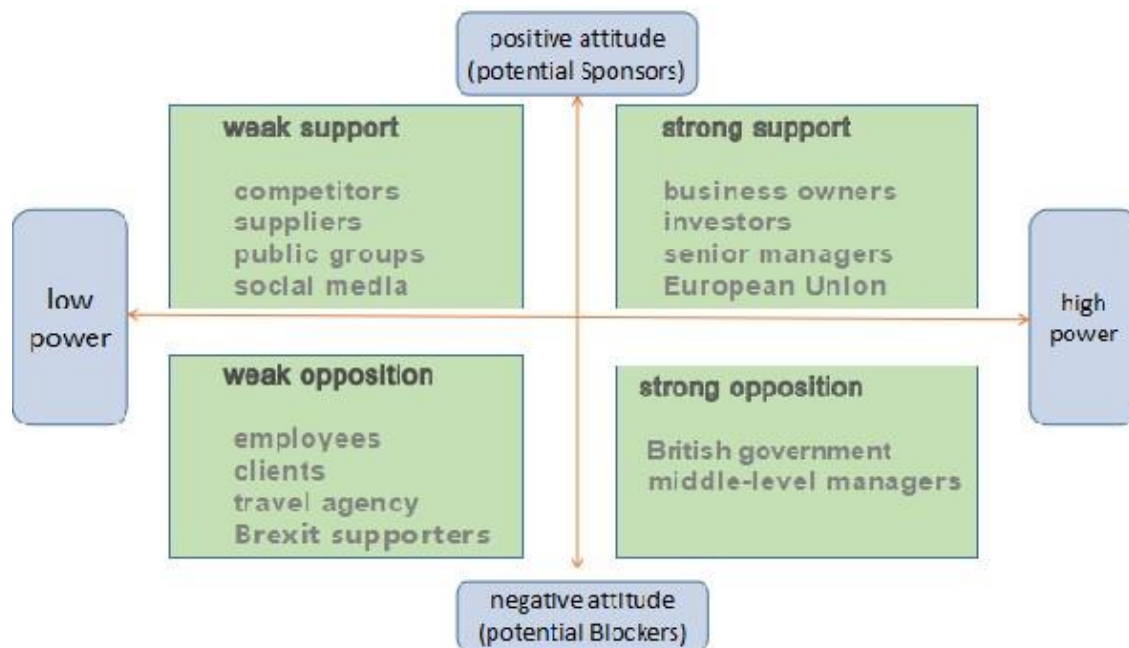
2.6 Stakeholder Analysis

2.6.1 Stakeholder map

Stakeholder refers to “a person, group or organization that has interest or concern in an organization” (BusinessDictionary, n.d.). Stakeholders can be classified as internal or external. The internal stakeholders of Eurostar are those who own the direct interest with the company such as employees, owners and investors inside Eurostar. As for the external stakeholders, they do not directly work with Eurostar but are affected in some way by the actions and outcomes of the company. Suppliers, competitors and public groups are all considered external stakeholders. Stakeholders can either affect or be affected by the organization's actions, objectives and policies.

Although Donaldson and Preston state that “all stakeholder interests are of intrinsic value” (Donaldson & Preston, 1995, p. 67), it is impossible for organizations to respond to the needs of all stakeholders. Therefore, stakeholder map is required to identify the important stakeholders so that

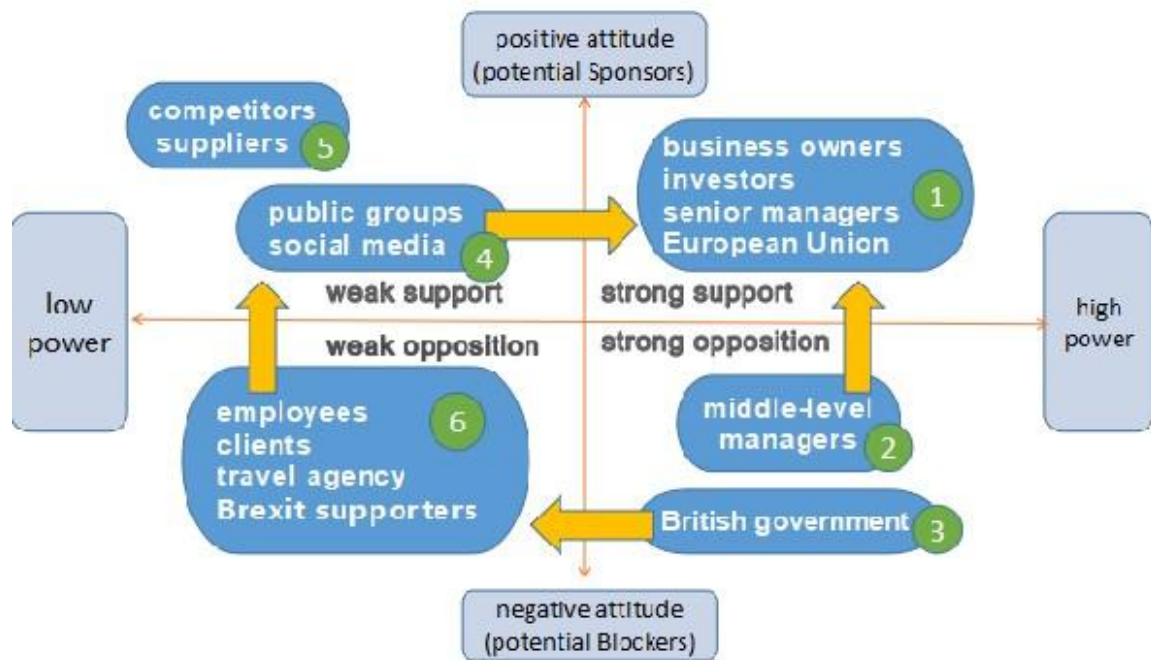
relevant strategies will be adopted to solve the problem. The figure below shows the stakeholder map of Eurostar changes:



2.6.2 Stakeholder roles and strategies

There are four key roles in the change process of Eurostar (Cameron & Green, 2012): senior managers as advocates as well as change agents who raised the idea of change and communicated with both the sponsors and the implementors; business owners and investors as sponsors who provided supports to make the change happen; middle-level managers and employees as implementers who conducted the change in practice and reported the process to the subordinates.

Taking all these key roles into consideration, different strategies should be used to make change easier to be done:



Strong support 1: As the change process was determined by and responsible for those in high position of authority, the interests of this group should be protected well to make them keep satisfaction and support towards changes.

Strong opposition 2: The middle managers were in charge of the practical implementation of changes. Changes would bring them more adjustment work to do including layoff of employees, so they might be against the change. However, Eurostar should try to win the support of those people by salary raise, promotion or other rewarding programs.

Strong opposition 3: To deal with this opposer, the strategy should be reducing its influence on Eurostar business. The fact is that in 2015, the British government had sold all its share of Eurostar to Patina Rail LLP (oushinet, 2015). In other words, it was no longer the sponsor of Eurostar, so its influence and power could be reduced gradually, which should be recognized by both Eurostar and the public.

Weak support 4: As the impact of social media and public opinions are becoming wider and bigger, Eurostar should increase the influence of those stakeholders who had been already supportive. Specific strategies could be the cooperation with social media or communities to advertise the updating trains and new services of the company, minimizing the public complaint and anxiety towards the service cutback in Eurostar.

Weak support 5: For this group, there was little by which Eurostar can either affect or be affected. Therefore, they could be ignored.

Weak opposition 6: Their attitude could be transferred from opposition to support. Some of the solutions have been given in 2.5.2 to minimize the negative impact on customers' needs as well as staff layoff. Other strategies like to improve the quality of services and to offer special prices for international travellers were able to help also.

2.7 The Effectiveness of Change

The overall assessment of the change done by Eurostar should be that it managed this change very well.

2.7.1 Evaluations of the change process

Kotter put forward his eight-step model for the change management in 1995 (Cameron & Green, 2012), which will be used here as the evaluation steps:

- 1. Establish a sense of urgency (7/10):** Eurostar had considered the future plan carefully before the change. Also, the score of driving forces of change was much higher than that of restraining forces, which indicated the

“felt-need” sense was relatively high. However, the competitive reality was little considered.

2. Form a powerful guiding coalition (8/10): The key roles of this change were the people in high position as well as the strong support part in its stakeholder map. Thus, this guiding team owned strong decision-making and executive power.

3. Create a vision (7/10): Every time when Eurostar carried out one step of change, the relevant plan would be given in advance in newspapers or websites. It was a good way for getting the public involved in the company development and for advertising the new services of Eurostar.’

4. Communicate the vision (4/10): Kotter emphasizes this step and suggested that the vision, the strategies and new behaviours should be communicated in various ways 10 times more than expected amount. Since Eurostar conducted this change by top-down approach, there was not much communication among the subordinates and the subordinates.

5. Empower others to act on the vision (2/10): People involved in the change were mainly those inside the company. And there was no experiment for people to avoid possible obstacles of change before or during the changing process. The change was incremental change without much undulation, so the possible loss could be afforded, and experiment was not necessary.

6. Plan for and create short-term wins (2/10): The short-term visible improvements for Eurostar’s change was not obvious for the change was made for its long-term run, which could not be proved within a short time.

7. Consolidate improvements and produce still more change (5/10):

There was few promotions or rewards given for the short-term improvements, but as it was an incremental change, new projects and resources were added into the whole change progress.

8. Institutionalize new approaches (9/10): Eurostar made use of different strategies to ensure that most of their important stakeholders agreed on the change and held positive attitude towards this change.

Although utilizing linear progression methods like eight-step model to evaluate changes is not perfect for the development of a change should be in a continuous circle (Cameron & Green, 2012), it is clear to assess the high or low level of every step of Eurostar's change progress.

2.7.2 Effectiveness in reality

Firstly, the potential loss of the change didn't happen. As is analysed in the restraining forces, the service cutback might lead to the passenger loss as well as the revenue drop. However, according to the data in its 2017 annual report (Railway Gazette, 2018), Eurostar has made operating profit of £57.6m for 2017, with sales revenue up 11% at £880m from £794m the year before. Passenger journeys were up 3% at 10.3 million from 10 million in 2016. This achievement was due to the good management of change to minimize the loss. Secondly, the goal of the change, which was to save cost for new development, has been achieved. In April 2018, the new route to Amsterdam has been launched and it has already carried more than 130,000 passengers in six

months (Railway Gazette, 2018). This is the evidence that Eurostar's temporary cutback paid off in the long run.

3 Conclusion

In conclusion, this report utilizes different models to give analysis to Eurostar's change program which was the cutback in services and staff layoff in 2016.

Firstly, the change is classified as a planned, incremental, operational and organizational change, or it can be regarded as an adaptational change. Secondly, driving forces and restraining forces of the change are listed and evaluated by scores as 20 vs. 11, so the change happened eventually, and details of these forces are also illustrated. Thirdly, all stakeholders within this change are classified into four quadrants according to their powers and attitudes, and different strategies are provided for driving different kinds of stakeholders to be more helpful to the change. Fourthly, the effectiveness of the change is evaluated from its eight steps, data is also provided to further prove the success of Eurostar's change.

4 Recommendation

In 2019, Eurostar will be affected to some extent by Brexit on 29th of March. This can be a big challenge for Eurostar as the warning has been given that Eurostar would not run if there was a no-deal Brexit (Merrick, 2018). Under this circumstance, Eurostar will face huge problems for it relies on London-Europe services for most of its income. Thus, the risk assessment and prevention should be started as early as possible.

On the other hand, it could be an opportunity for Eurostar to increase the revenue and to expand its business. Brexit will provide European companies “reasonable reasons” to increase the tariffs. Eurostar may raise the ticket price for services from UK to Europe as most transportation enterprises will do. In addition, the demand between UK and Europe may decrease, but the demand inside European countries tends to increase. Eurostar is suggested to seize the opportunity to expand its European services.

In a word, Eurostar should prepare in advance for every possible consequence of Brexit and to be ready to face bigger changes in the future.

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