



APPROACHES TO INNOVATION AND ORGANISATIONAL CHANGE

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1 Executive Summary

The purpose of this report is to analyse and evaluate how an organisational change was managed at a company called InSite Technical Services. The objective of the change was to enhance efficiency with time reporting by introducing a more effective platform for recording time and billing clients. This was a big change for employees as it effected a daily task and required learning new software. In the report the change management is critically assessed to see were there were successes and provides recommendations for improvements for future change process.

The evaluation reveals that InSite overall successfully managed the change and were successful at implementation and motivating the employees. They were able to achieve this with strong leadership support, a structured rollout and clear communication. They also provided training to employees on how to use the new software before implementing it. Together with a phased approach to implementation, employees were able to adapt resulting in a smooth transition. InSite excelled in providing employees with a way of voicing concern and improvements which made them feel apart of the change process.

However, the evaluation also reveals that there were areas where InSite could have improved their change management process. A key issue that they failed to do, was to present to the employees how the change had positively affected the business post implementation. This would have provided employees with motivation for a future organisational change as they would visually be able to see how their actions had benefitted the business in its growth.

For future change initiatives at InSite, it is recommended that they involve employees more in the post implementation stage. This will not only motivate employees more for these future change initiatives, but it provides a sense of satisfaction that having to learn new software is not a chore, but a commendable action they can take to promote business growth. By addressing this area for change, InSite can improve its capacity to successfully manage change initiatives and increase employee engagement.

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3 Introduction

InSite Technical Services is a company that provides engineering support and consultancy to clients in the energy sector. This includes engineering design packages for fabrication on energy sector sites. InSite relies on providing quality work, good communication and importantly time management to ensure projects are completed on time for the client. A major part of this is a reliance on employees accurately booking their time online to allow project managers to quantify the hours remaining and budget to align with the purchase order from the client.

In 2022 InSite decided to make an organisational change to improve time reporting and time management to further ensure the projects are completed to schedule. The result of this was a change in software that would affect all parties of the company (employees, managers and directors). The change which at a high level looks like a minor switch in process, led to some employee discomfort and push back. Implementing new software requires employee motivation, good leadership and good change management to ensure successful change.

In this report, analysis will be drawn from established change management theories to evaluate the effectiveness of InSite's change management. These include Lewin's Force Field Analysis and Kotter's 8-step change management model. As well as this, analysis will be done on how InSite management was able to motivate the employees to accept change and promote a keenness to adapt to it. Using these analysis tools both the strengths and areas for improvement will be identified with the aim to offer recommendations for improving future change management within InSite Technical Services.

4 Main Findings

What is Change?

Change is a process which can be applied to various contexts but ultimately is defined as undergoing a transformation. In the context of organisational change, this directly correlates to the altering of a companies' structure, strategy, process, culture or technology. An organisation change is usually the result of a problem or opportunity or both. In this case the change was implemented as a result of a problem.

Why Was the Change Implemented?

This problem was inefficient time reporting from employees which resulted in projects not being completed to schedule. InSite management team decided this was the fault of the software being used. Also, the company was growing with multiple projects on at the same time, so the decision was made to improve from a software called 'FreeAgent' to 'Coretime'. Coretime brings all time reporting into one and cuts out all manual data collection benefitting client invoicing.

4.1 Critical Examination of the Management of the Change

Overall, the change was effective but there were challenges with implementation. The management at InSite knew that changing the process of an employee's daily activity could result in disruption especially when this process directly correlates to client satisfaction (without time reports from employees' clients could not be billed). However, they knew that the change would end up being a benefit to InSite as a business once fully implemented, they just needed to get through the teething stage.

InSite management team made good communication with employees on the change giving them notice two months prior, that they were going to change this process. They presented this in a toolbox talk which meant all employees were made aware at the same time. Research shows that communication can help reduce feelings of uncertainty and enhance employees' ability to adapt to change (Ashford, 1988). This was the intention of InSite management team and to further this, they started to provide internal training to make the transition smoother.

The change required both leadership from the management team and also employee engagement. The management knew the work process needed to evolve but there was some employee resistance. As mentioned, changing a daily activity process would cause disruption and employees weren't happy with the added time to this task. The management team worked well at handling this situation by providing a feedback and improvement form accessible to all employees. Mullins (2016) highlights the critical role of ongoing support and feedback

throughout the change process. This shows InSite considered employees and were open to feedback and improvements. This was a successful area of the process of change as it allowed employees to voice concerns and improvements overall benefitting the management team.

4.2 Lewin's Forcefield Analysis

Using Lewin's Forcefield Analysis the driving forces for the change can be set out. His forcefield analysis views organisational change as a balance between driving forces and restraining forces, with success relying on driving forces outweighing the restraining forces.

Driving Forces:

- **Strong Leadership:** Leadership commitment providing clear rationale and vision for implementing the new software
- **Business Growth:** Innovation and improvement of company processes to provide efficient client billing.
- **Structured implementation:** Initial training was to be provided alongside a staggered implementation approach.

Restraining Forces:

- **Employee Culture:** Employees were familiar with the old system and comfortable with using it meaning they were resistant to having to learn a new system.
- **Employee Frustration:** The new system was more time consuming for employees when booking to multiple projects.
- **Client Relationship:** During the transition there will be disruption to client invoicing, potentially having an effect on client relationships.

As seen by the forces laid out, InSite successfully mobilised strong driving forces to engage employees in the change process. This was done with good leadership and initial communication about the vision and desired outcome. However, due to the restraining forces seen above there was some counterbalance with employee resistance. According to Lewin's model organisations must actively strengthen the driving forces while reducing restraining forces. InSite were able to accomplish this by providing the employees with training before implementing the software. They also provided employees with feedback opportunities and continuous support when the software was implemented. By doing these practises, the restraining forces of employee pushback was reduced, and the process of change ran smoothly.

4.3 Kotter's 8-Step Theory

To analyse if the organisational change was managed successfully by InSite, Kotter's 8-Step theory can be applied. John Kotter's 8-Step model is a framework consisting of a sequential process used to sustain effective change, Kotter (1996). Many companies have adopted his model during stages of change or transformation showcasing the benefit of following it. An example of success with this model is Ford adopting it during a restructuring process to navigate the financial crisis in 2008.

The first step of the model is to create a sense of urgency. Creating a sense of urgency is important as it helps employees feel more involved and invested in the change process as emphasised by Cameron and Green (2019). They state that, "Urgency acts as a motivator for change, engaging employees to actively contribute to the process". InSite were able to accomplish this by emphasising the need for improving the system. When introducing the change to the new software in the toolbox talk, the management team exemplified the need for the change by explaining the strategic aims of the company which was to grow as a business. This is something they did well as it meant employees could see how the change aligned with the company's long-term success. Thus, giving them extra motivation to accept and embrace the change.

Step 2 of Kotter's model is forming a powerful coalition. Forming a powerful coalition isn't just having a team made up of management, but a team of leaders that can drive the change with their individual knowledge and skills. According to Beer and Nohria (2000) having a coalition of leaders with different skills and perspectives provide the ability to adapt and find creative solutions to challenges that arise during the process of change. InSite could have improved in this area as there was little transparency on who the dedicated team to drive the change was. In the early stages there was also little transparency about who to voice concerns too. However, as mentioned, a concern and improvement form was set up, which provided employees with a place to voice their opinions.

Step 3 of Kotter's 8-step model is to form a strategic vision and initiatives. This is an essential step in Kotter's model as by creating a vision for successful change, employees are given a guiding framework to the entire process, providing motivation. According to Rosabeth Moss Kanter (2003), successful strategies are built using a foundation of a clear vision. When comparing InSite's management of change to this step in Kotter's model, they were able to present a clear vision. This can be linked to step 1 in the model where InSite presented the reason for change creating urgency. There was a goal of business growth which they made sure to emphasise that this change was important to reach that goal. Using the vision InSite

created strategies to get there, such as training, staggering implementation and improvements.

Step 4 in the model is defined as communicating the vision. This encompasses frequency of communication and ways of communicating it effectively. The act of communicating is something that should be done both ways, with management providing a means for employees to do so. This was done by InSite leadership team with the improvement form, however in terms of frequent communication there was room for some improvement for InSite management. After initially presenting the vision there was not much built on this. Kotter (1996) explains leaders must use every possible channel to consistently reinforce the message. This helps keep the vision top of mind for employees if they are feeling detached from the change. Self, Armenakis and Schraeder (2007) support this argument as they suggest consistently articulating the message over time builds trust by demonstrating commitment and integrity. This can be linked to InSite's management of change as they should have consistently provided employees with the vision and how integration of the new software was working in their strategic vision.

Step 5 of Kotter's model is to remove barriers to enable action. One of the main barriers causing disruption to the change at InSite was employees being resistant to change. Having used a specific software daily there was some fears and concerns with learning a new one. According to Edmonson (2018) it is essential to remove fear-based cultures to foster an environment where employees accept change and willingness to contribute to it. InSite attempted to remove this fear by supplying training in the time leading up to implementation of the software. Also, by creating an open communication system (feedback form), which gave employees the opportunity to actively feel like contributing to the change. We can see this is a tool that is useful as according to Spreitzer and Quinn (1996) participatory communication gives employees a sense of empowerment breaking down barriers of change.

In Kotter's 8-step analysis, steps 6 & 7 relate to creating short term wins and building on these wins to drive forward employees' behaviours. InSite could have managed the change better at this stage as there was growing complaints from employees about the extra time required to use the new system. At this point, InSite management should have presented the successes of the transition with regard to the client reporting and business growth. Kotter (1996) emphasises that without visible and short-term successes, organizations risk losing momentum. If InSite had presented the successes they were having with time reporting using the new software, employees would have been more accepting of compromising the extra time.

The final step in Kotter's model is to anchor the change into the company's culture. For the change of process at InSite, this was essential to keep the progression of the business. By having a successful transition of change, it provides the company with a successful structure and belief to manage change in the future. According to Cameron and Quinn (2011) Organisations with strong and adaptable culture are better able to respond to changes. With the process of this change at InSite, the management team as well as the employees will have a better understanding of how to manage change. To further embed the change at InSite, the improvement form is still available. This shows the managements teams willingness to further improve the system, further cementing its need in the company's processes.

Comparing InSite's management of change to Kotter's model, overall shows InSite successfully managed the change. However, there are areas that could have been improved. As mentioned, in the early stages it could have been made clearer who the dedicated coalition of leaders were that employees could voice concerns too. Also, in relation to step 4 in Kotter's model, InSite could have improved on frequent communication on the vision. After implementation there was little communication about the vision. The employees knew why the change was implemented as this was communicated well. However, there should have been more communication on how the change was affecting InSite after being integrated.

4.4 Motivation Throughout Change

Organisational change relies on employee engagement and willingness to drive the change forward. This requires motivation which management can achieve via different methods. One theory on motivation that can be compared to InSite's change management is Vroom's Expectancy Theory. Vroom (1964), suggests that motivation is a cognitive process where individuals will make decisions based on expected outcomes. This can be expressed in the following equation:

$$\text{Motivation} = \text{Expectancy} \times \text{Instrumentality} \times \text{Valence}$$

His theory suggests that all individuals must have belief in all three factors to be motivated. When InSite decided they would change to new software, there was doubt among employees how they would be able to learn it (expectancy was affected). To counter this drop in expectancy InSite provided training and support to employees to help boost self-efficacy. Training on the new software provided employees with satisfaction they could transition over the software smoothly.

Instrumentality in Vroom's theory is referring to the relationship between performance and outcomes. Instrumentality is not wanting the reward but the belief that effort will lead to reward. "When employees believe that good performance leads to desired outcomes, they are more

likely to exert effort, (Van Eerde and Thierry, 1996)". Relating this to InSite's change, there was a company reward to motivate the employees. It was provided by InSite management that successful implementation of the change would drive the business forward. This reward being a part of driving success forward for the business would have helped along employees with being motivated for change.

Valence which is based on an individual's belief that a particular outcome or reward is attractive based on the performance they have achieved. "Valence is the emotional orientation people hold with respect to outcomes or rewards, (Lunenburg, 2011)". As this is subjective and can differ between individuals it is difficult for a company to provide consistent support to motivation with regard to valence. With InSite it was the outcome of the change which was used to help motivate the employees. Rather than a specific reward such as a cash bonus or gift, it was to progress the company. If a company grows there is more likely to be bonuses such as higher pay or more promotions. This was the hope of management at InSite; that employees would be motivated with the reward being growth of the business, and feeling a part of it.

5 Conclusion

This report was set out to examine and evaluate how effectively InSite Technical Services managed their recent organisational change.

The findings suggest that overall InSite managed the change successfully in both the process adopted, and the effectiveness of the change. The InSite management team's key strengths in managing the change were providing a clear vision and communicating the vision well. As well as this, they implemented a well-structured approach to the change, providing training which boosted employee's motivation to accept and work with the change. These points resulted in a smooth transition and a positive outcome.

However, the findings have also identified areas InSite management could improve for future change initiatives. They were successful in the process of change; however, they could have improved on presenting how the change had benefitted the company after being implemented. They could have given evidence of business growth directly correlated from the change. Employees would have had more satisfaction from being involved in it.

In conclusion, whilst InSite's effectiveness and management of change was successful, they have scope to build on to refine the change process to ensure improved successes in the future. They can also build on current strengths which combined with addressing the areas of concern, would ensure they are well positioned to handle ongoing change in a changing business environment.

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