

# A significant strategic change in CIO Security Ltd

STUDENT NO: 1811291

## **Abstract**

Change is the only constant thing in life. Many organisations have experienced and will continue to do so. However, changes are different from one organization to another depending on the nature, scope, extent and cause of the change. Many organizations have crumbled under the weight of change probably because they did not anticipate it or did not know how to manage it. Many have on the other hand fared better after the change. But whether it is anticipated or not, change will come either in small or large scales. The change in this report is about the paradigm shift that happened in a security company known as CIO Security when it had to fight for retainership of its security contract with a major supermarket in the UK. Certain requirements were set by the client, some of these were in place at the company prior to the change while some had to be planned for as a result of the change. In this report the company fared better with the change as a result of KPIs set for itself in alignment and above those set by its clients. The organizational learning curve improved as a result of the change.

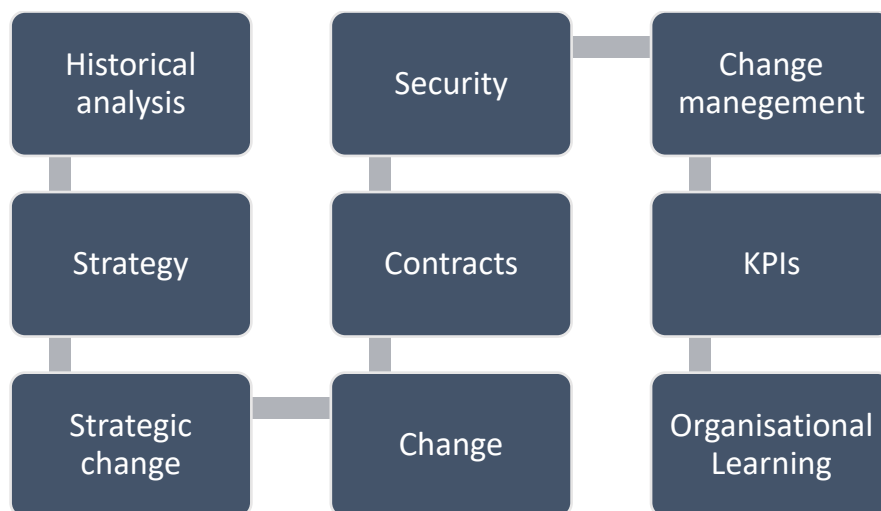
## Contents

|                                                          |          |
|----------------------------------------------------------|----------|
| Abstract.....                                            | 1        |
| Contents.....                                            | 2        |
| Key concepts.....                                        | 3        |
| 1. Historical background of CIO.....                     | 3        |
| 2. Explaining strategy.....                              | 4        |
| 2.1 Strategic change .....                               | 4        |
| <b>2.1.1 Types of strategic change .....</b>             | <b>4</b> |
| 2.2 Drivers for strategic change.....                    | 7        |
| 2.3 Description of the change.....                       | 8.       |
| 2.4 Pre-change assessment .....                          | 9        |
| 2.5 Levers for strategic change in CIO Security Ltd..... | 10       |
| 3. Change management.....                                | 10       |
| 3.1 Adopting Lewin’s three-phase model of change.....    | 11       |
| 4. Organizational learning.....                          | 13       |
| References.....                                          | 16       |
| <b>Appendix</b>                                          |          |
| List of Figures.....                                     | 17       |
| List of Tables.....                                      | 17       |

## Key concepts,

Strategy, Strategic Change, Security services, contracts, change management, organizational learning

Figure 1: Key Concepts



### 1. Historical background of CIO

CIO Security Ltd started in 1997 as a one man's business with one branch. By the year 2000 the company was registered with three employees in three branches which was based mainly in London UK. The company continued to expand that between 2000 and 2015, CIO has increased to about 90 branches with 150 employees. The company was covering not only London but North and South of Cardiff. Liverpool, Northampton, Hull, Southampton, Portsmouth and many cities within the UK. Presently, CIO has 172 branches in UK and over 300 employees that work for the company,

The major client of the company is Aldi Supermarket as it provides its security services for more than 70% of its stores nationwide. It has always enjoyed a good business relationship with Aldi managing most of its security needs until recently when Aldi decided that they would like to put all their security service portfolio with a single company. This called for tendering from all security companies to come and bid for jobs with certain requirements as their key performance indicators. CIO security Ltd was also called to be part of the bidding process and this necessitated the employing of some machineries in other to retain the business with Aldi.

## **2. Explaining strategy**

Strategy has incorporated several meanings and explanations over the years. To Mitzberg (2007), strategy involves a pattern in a stream of decisions while to Potter (1996), it involves the choice of deliberate course of actions that help an organization deliver a set of unique values. Chandler (1963) on the other hand is more comprehensive in his approach to explaining strategy. He sees strategy as the organizational determination of long-term objectives and goals leading to the adoption of courses of action and resource allocation to ensure the delivery of the set goals. Johnson et al (2014) consolidated these explanations to determine strategy simply as the long-term direction of any firm which can be deliberate, logical or incremental. The long-term strategy can include strategies that show more on difference and competition.

Since strategies are pragmatic (Sminia, 2009) and are needed as a means of achieving objectives, it means in setting objectives and goals, organizations will be ready experience some paradigm shift which will be brought about by changes that may occur (Frery, 2006). Goals are specifically targeted at bringing positive changes in the organization. Some of these changes are not planned for while some are deliberate hence deliberate strategies are formulated to execute such changes.

These are the changes referred to as strategic changes.

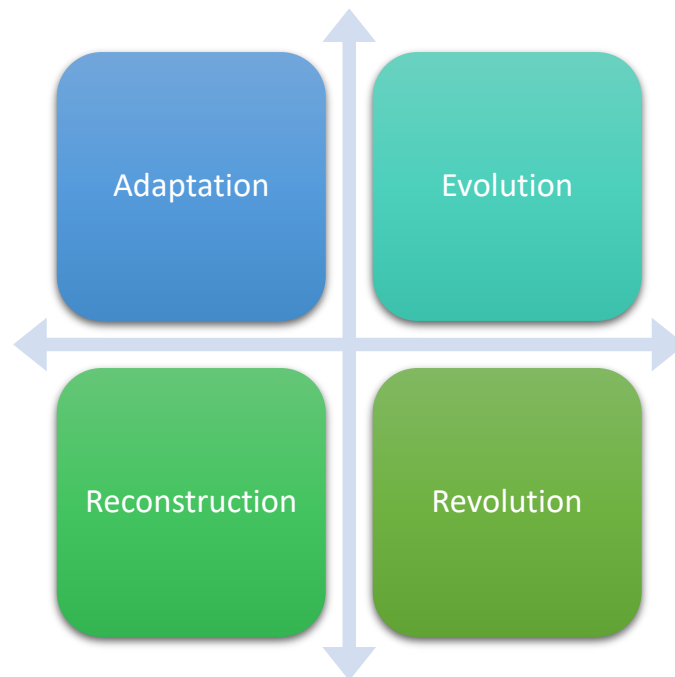
### **2.1 Strategic change**

A strategic change according to Johnson et al (2014) can be at the corporate level which is restructuring a firm or at the business level which might be in formulating marketing plan so that it can achieve its goals, objectives. Strategies can be necessary when organization want to improve their performance. (Ackermann et al, 2005)

#### ***2.1.1 Types of strategic change***

There are four generic types of strategic change according to Balogun and Hailey (2008). These changes are categorized based on their extent, nature and urgency.

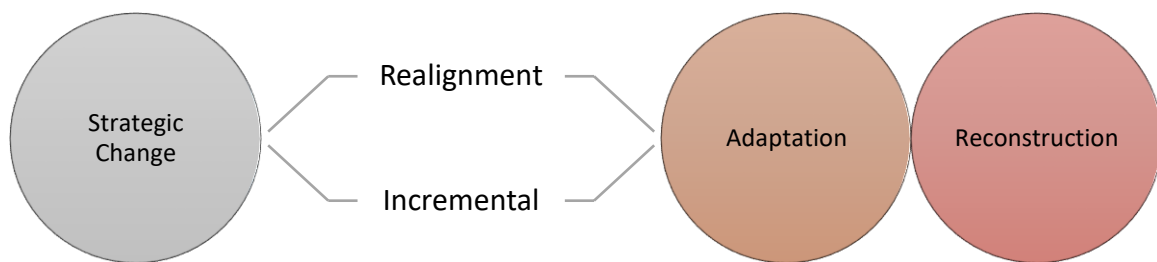
Figure 2: Types of change



According to Balogun and Hailey (2008), adaptation and evolutionary changes are incremental in nature and do not occur at once while revolutionary and reconstructive changes are big bang in nature. But the extent of adaptation and reconstructive changes are for realignment purposes while the extent of evolutionary and revolutionary are transformational.

The type of change experienced by the company used in this report can be described as changes for realignment purposes. So, they are adaptative and reconstructive in nature.

Figure 3: Model for Strategic change in CIO Security Ltd



### Adaptation

Strategy development leading to adaptation is often incremental in nature that is it is not sudden but builds upon some fundamental changes that have been occurring prior to the development of strategy. This change according to Balogun and Hailey (2008) is gradual and occurs to amend what the organization has been doing in the past in order to be in line with its current business model and aligns with recent organizational culture.

### Reconstruction

This is often referred to as turnaround strategy. This change occurs as a result of upheaval in the company but which does not principally change the culture or the business model of the organization. The turnaround aspect refers to the situation whereby the organization is expected to speed up the process of change in order not to lose a customer, reduce cost or generate more revenue.

The combination of these two strategic changes will be applied to the situation of CIO Security Ltd.

There are many factors that drive the constant change in CIO Security Ltd which include satisfying their major customer Aldi, their market and the recent technology. When there is change it has to be managed effectively by the strategic staff of CIO who understand the

issues that brought about the change and equip themselves with change management initiatives or there can be devastating and long-lasting effect as stated by Hughes (2010)

In CIO there has been managers that have been in the business for over 15 years, these managers have the skills, knowledge and the behavior to help the company combat with internal and external drivers of change. They are able to organize the activities in different departments which will enable every department to anticipate, design cope with changes that can move the organization forward.

## **2.2 Drivers for strategic change**

CIO security Ltd is the major security service provider for Aldi Supermarket in the UK.

Aldi supermarket began to experience monumental growth in the UK which facilitated the need for strategy reconstruction in relation to how they can keep their stores and customers safe through the security service provision which has been contracted to CIO Security Ltd.

The market is becoming intensive for Aldi in relation to cases of shoplifting in their stores and competitive pressures from other supermarkets, customer retention, suppliers' relationship and the market is shifting.

There is also the case of the new legislation from the government that security services become a licensable job where they would need to employ only licensed individuals.

By 2015, there was a significant increase in more customers using Aldi super markets, they were building many stores and requesting many security guards for these stores as the stores were built in high-risk areas.

The strategy for combating crimes in these high risks area fell on CIO Security Ltd which is the company providing more than 65% of all security guards in Aldi supermarket. CIO is therefore saddled with the responsibility of provision of Manned Guarding Specification for tendering security services.

These are some of the requirements from Aldi supermarket to CIO Security Ltd in relation to the provision of security services.

- All security guards must be licensed
- All security guards must be provided with Personal Protective Equipment (PPE) as appropriate
- Specialized physical intervention training must be given to all guards
- Systems must be put in place for the redeployment of staff from nearby stores as back-up in case of serious incidents in affected stores
- All the security guards must learn SCONE during their training and apply it while working.
- Incident report systems must be in place with online portals,
- Emergency break in coverage
- Security guards must be able to meet ad hoc duties as requested by manager

Aldi requested the following requirement for all security guards to work on the Aldi contract in a fair and legal manner including processes and checks to be adhered to;

- a. Right to work in the UK and EU: This must be properly checked as they will only accept those with British passport, EU passport or UK residents and other applicant that has right to work in UK.
- b. All security employees must hold the SIA badge which cannot be obtained by people with criminal record that has not been served.

In order to satisfy the second requirement, prospective guards must undergo four days security training to acquire knowledge and also to obtain the license required to work in the security industry in accordance with security act 2001 which was introduced by David Blunkett the former Home Secretary.

Security licenses are issued by the Security Industry Authority.

It is also required that the guards be given stab vest especially for those working in highly volatile stores which are categorized as medium risk, high risk and super high-risk areas.

The new staff should be trained by employees of CIO security Ltd that have from 5 years to 10 years working experience in Aldi supermarket.

There has to be mobile patrol going around in cluster of five stores as a backup in case there is any incidence or the company has to have two employees in one of the stores to move to any store that have incidence.

The security guards must be trained in SCONE which is the acronym for S- Selection, C- Concealment, O- Observation, N- Non-payment and E-Exist. This is a procedure that has been followed before issuing a citizen arrest to a suspect to avoid litigation against unlawful arrest. There will be incident report which has to be done through on line portals that can be viewed by the managers of Aldi.

The CIO employees have to be trained to be flexible to adjust to the needs of the managers of the particular stores

## **2.3 Description of the change**

Prior to the call for reassessment of security service provision in Aldi, there were many security companies working with Aldi to provide security services. But due to lack of centralization of services, Aldi felt it was becoming too cumbersome and non-strategic to continue to allow many companies manage its security portfolio. To that end, Aldi decided that they would want a single supplier to manage their security needs as they want the same performance across UK. They have to set up a matrix or a standard to measure the company's performance and for the company to be accountable for their actions.

Some of the required processes needed by Aldi have been put in place by CIO Security Ltd in its dealing with Aldi Supermarket. Now with the expansion experienced by Aldi, there came a need to reassess the provision of security services by all security service providers including CIO Security Ltd. This brought about the invitation to tender from Aldi to all security service providers. The requirements put forward by Aldi supermarket have to be met in order to be reconsidered for security contracts with Aldi. So, the strategic change experience by CIO

Security Ltd which is the basis of this report is the Process of CIO formalizing its contract for the provision of security services with Aldi.

## **2.4 Pre-change assessment**

CIO Security Ltd has been providing security services to Aldi for more than two decades.

Prior to this new reassessment and request to reapply for the security contract with Aldi, there had been no formal contract between CIO and Aldi on the supply of security guards. Security guards were supplied as the need arose.

There had been no centralized management of provision of security services in Aldi as each regional office managed the supply of security guards hence, they were the ones dealing with CIO and other security service providers.

Aldi supermarket has about 11 geographical regions in the UK and each region has their security company or companies supplying the particular region with security personnel. The region can decide the requirement and the criteria the company has to meet. There are regions that deal with more than two security companies but overall CIO Security Ltd has around 70% of the total security job in Aldi throughout the UK. This has warranted the design of their security manuals to be made in line with Aldi requirements that is they have been Aldi centered since inception.

In order to facilitate the success of the new step towards choosing the appropriate security company, Aldi set up a department known as GNFR meaning Goods not for re-sale and their job was to set a standard and criteria to hire services or companies.

Prior to GNFR, the security contracts were reviewed between 5 years to 10 years, there was not to be any pay raise in line with inflation and legislation but according to how Aldi wanted it.

Review of payment for contracts with the security service providers was done every five to ten years prior to the change.

### **What the change entails for CIO Security Ltd**

The strategic change from the point of view of CIO security Ltd include the following;

- The call for the formalization of contract for the provision of security service with Aldi
- Review of payment for contracts moved from every five to ten years to every two years
- Centralized management of security supply instead of regional management

In order to meet with the requirements of Aldi supermarket so they can continue to supply security guards to the company, CIO has to undergo adaptive and reconstructive process in order to realign with new demands.

This realignment includes the following;

- a. Having a dedicated account manager: prior to GNFR the company did not designate specific account managers to oversee each region of Aldi store. All operations were managed from CIO head office. Now with the new requirements which warranted an alignment with the new policies of Aldi, a dedicated account manager working from the CIO head office has to be in place to manage relationships with Aldi regional managers in each region of Aldi.
- b. The appointment of area managers: with this development, CIO had to employ Area managers that will be managing security guards and security services in each region, bringing innovation and efficiency that can be carried across the region and the country.
- c. Attendance and time keeping: in order to ensure security guards are monitored in terms of attendance and time keeping, CIO has to introduce Time Gate which is the security industry leading software for attendance monitoring. This software can collect data through biometric, telephone, fingerprint and many other ecosystems connected to the software. This software allows the guards to clock-in through the TimeGate app provided that the longitude and latitude of the site is within the geographical location which could be monitored through GPS. It is the state-of-art staff scheduling specifically designed for service industry and with this in every shift, every employee is delivered on time and on budget.

## **2.5 Levers for strategic change in CIO Security Ltd**

For changes to be effective and successful, there are levers or initiatives that have to be made so the change can be led (Buchanan et al, 2005). These initiatives according to Johnson et al (2014) border on strategic goals and objectives of the organization and these could bring about some structural and cultural changes as well so the goals could be achieved.

As this change is not revolutionary in nature nor transformational in its extent, nevertheless, it involves some adjustments to the existing processes in order to meet the requirements of Aldi supermarkets so CIO could continue to be the major supplier of security services to Aldi.

There are forces to be considered as critical to the implementation of proposed business changes in CIO in order to meet the Aldi requirement. These forces will be analyzed using the forcefield analysis.

The following areas were reviewed in line with Johnson et al (2014) prescriptions order to analyse what could help or slow down the change process;

- the aspect of the current organizational situation that could block the change
- those aspects that could help facilitate the change
- new processes to be introduced or developed that can facilitate smooth delivery of the change programme

## **3. Change management**

Fincham and Rhodes (2005) defined change management as the ‘leadership and direction of the process of organizational transformation in relation to how human aspects are managed in resistance to change. The society for human resource management defines change management as the systematic approach and application of knowledge, resources and tools needed to deal with a perceived or planned change.

From these two definitions it is shown that change is needed to achieve organizational goals and that resources including people must be managed in order for the change to be effective (Aiken and Keller, 2009)

The following activities are needed in order to effect the change. These are adapted from Lewin’s force field analysis by Johnson et al (2014).

#### Mapping activity system

Several aspects of the organization that have aided its growth in the past were examined with a view to continuing with them or improving in areas that need improvement.

#### Stakeholder mapping

The strategic management of CIO had to use persuasion on the employees and office managers in order to convince them that the change was necessary and the way forward for the realization of the future vision of Aldi.

Stakeholders of CIO like the security guards, office managers and shift personnel have to be carried along in the change process.

#### Cultural web

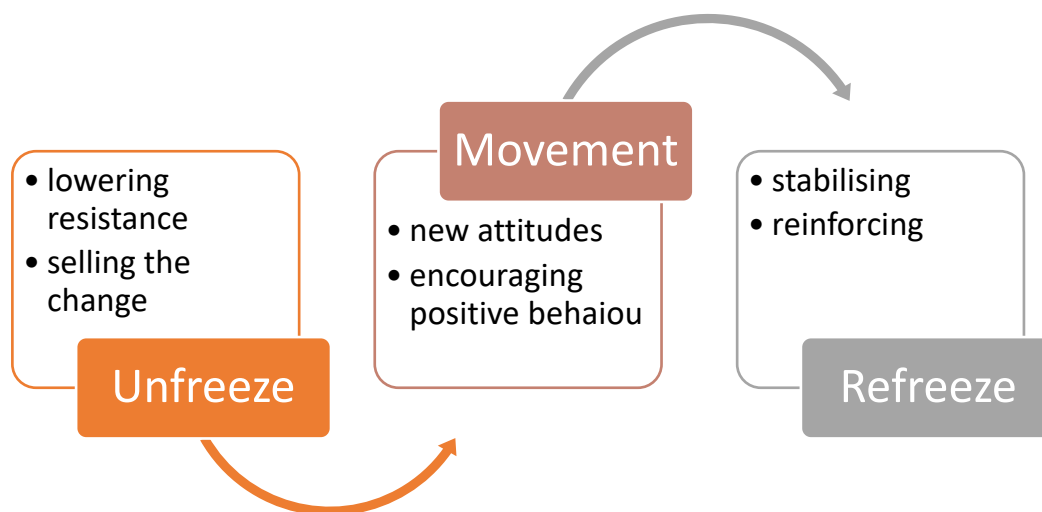
The old culture at CIO included the routine manual signing of attendance. Some of the staff using timesheet (manual sign-in) only to sign their attendance have to be encouraged to adopt the use of newly introduced time gate app for their attendance and signing in. Those who were a little bit resistance were advised that they might forfeit the wages for the period they did not sign in through the timegate as that was the basis of attendance. As most of the staff have been in the business for over a decade, the changes were interpreted in a different way.

There are many theories on change management in which some might be contradictory as they will be lacking in empirical evidence according to Todnem. R., (2007). This is the reason for the adoption of Lewin’s theory of change management which is considered below.

### **3.1 Adopting Lewin’s three-phase model of change**

This model presents a systematic approach to change management detailing the process of adoption of change by stakeholders involved.

Figure 4: Lewin's three-phase model of change



The Lewin (1951) change management model include stages of unfreeze, change/movement and refreeze.

The staff have to be monitored now and a process was set for that

The unfreeze stage occurred with the introduction of the requirement of Aldi to all stakeholders concerned. The management of Aldi expect CIO to meet the stipulated requirements in order to ensure that their service level agreement is maintained.

The change or movement phase is efforts made by the strategic management team to ensure that the commitment of the employees is maintained both during and after implementation bearing in mind that business must continue as usual. It is imperative that the change is managed carefully for a great change management success (Hayes, 2014).

The change was reiterated

- There will be an account manager for every region to manage the day to day running of the contract and deliver an innovation and efficiency needed for the delivery of the contract.
- The introduction of time gate app and time sheet in every site for the use of every security guard.

- Regular training with the guards to keep up to date with changes in regulations and the new legislation on security.
- Effective Incident report system that can be used to track all security incidence within the store and with the data received, stores can be developed.
- Monthly auditing of the guards to ensure service is being delivered.
- Developing the guards to ensure that they achieved suitable minimum standard as describe above.
- Adherence of the service level agreement in the contract including monitoring and reporting against the SLA
- To have a very effective 24/7 system that can enable ad hoc guarding to be requested and delivered promptly.
- New changes in the living wage which will be applied across board
- Increasing the performance score with the ACS approval
- Regular and periodic discussion on how the company is meeting the set requirements

At the refreezing stage, systems were put in place to reinforce the new condition. Trainings were organized in line with the new requirements for all staff including the security guards. Management and professional development trainings were organized for new account and area managers in order to cope with the demands of their role. Supervisory visits to stores became more often in order to support security guards and to monitor performance with regards to reports from the store managers.

#### 4. Organizational learning

The process of change has brought a lot of positive impact on CIO security Ltd. The requirements from Aldi in order to win the security contract led to the reassessment of organizational culture in order to see what was working or not. There were structural adjustments and additions in terms of accounts managers and area managerial roles created to oversee and monitor each region of the Aldi business.

All the requirements set for the service level delivery was met and exceeded leading to the award of the contract from Aldi supermarket.

The following KPIs that was set by Aldi was met before the contract was approved and they are still being maintained.

**Table 1: KPIs from Aldi**

| Service Level                                                 | Minimum requirement | Desired target | Failure of SLA                                |
|---------------------------------------------------------------|---------------------|----------------|-----------------------------------------------|
| Security guard attendance to the store within 15 minutes from | <b>80%</b>          | <b>90 %</b>    | When the security guard overall attendance to |

|                                                                                                |            |            |                                                                                                                                               |
|------------------------------------------------------------------------------------------------|------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| the start of their shift                                                                       |            |            | store falls below 80% on average within the 1 month                                                                                           |
| Absent security guards from shifts to be fulfilled within 2 hours                              | <b>80%</b> | <b>90%</b> | When the shift is not covered within 2 hours and the overall average for the month drops below 80%                                            |
| Emergency security guard ad hoc request to be fulfilled within 2 hours of the initial request. | <b>80%</b> | <b>90%</b> | When initial hours of the security is not fulfilled within two hours and the average drops below 80%                                          |
| Same day security guard ad hoc request to be fulfilled within the day of the initial request.  | <b>80%</b> | <b>90%</b> | When the same day security guard request is fulfilled outside of the day it was initially requested and average for the month drops below 80% |

### **KPIs from CIO**

Following the KPI set by Aldi, CIO security Ltd built upon this and set further KPIs so as to exceed expectations.

Shift monitoring: security guards must report 15 minutes before their shift starts. For security guard that did not report at work 15 minutes before their shift will lose their one hour paid break.

Persistence behavior: If the staff persist in this negative behavior, the staff could be given warning or a disciplinary action could be taken against the staff depending on the severity of the offence and its reoccurrence.

Additional staff in stores: CIO will have two employees in four branches so that one them can be moved in case there is emergency. Managers and supervisors must ensure that two security guards report to duty everyday and when this is not done without a satisfactory explanation, the affected supervisors will lose the bonuses attached to their supervisory roles.

The process of retaining this contract is to meet the target and exceed it. This involves having good relationship with the managers, Area managers and Directors.

Although it takes some days after each invoice before payment is made by the client, yet CIO is determined to keep their client happy and the employees satisfied. In order to achieve this, the company developed a good relationship with its bankers so that staff salaries can be paid as the month ends. This will help sustain its growth and relationship with all the stakeholders involved.

More supervisors are to be employed, more security guards' uniforms are to be ordered and other operational tactics put in place in order to achieve its goals and objectives

In order to keep the business running and afloat while making everyone happy, the company went into agreement on invoice factoring with its bank. Once an invoice is produced, the bank will release 65% of the invoice till the clients pay the money.

It is well known that the successful management of change in CIO security is paramount to the continual success of the business in this very competitive and evolving security industry.

So this change has improved the relationship between CIO and its major client Aldi Supermarket while it has also prepared the company to deal with future changes that may come calling. It is better positioned to deal with new clients while retaining existing ones.

## References

- Ackermann, F., Eden, C., and Brown, I., (2005), *The Practice of Building Strategy*, Sage London
- Aiken, C., and Keller, S., (2009), The irrational side of change management, *Mckinsey's Quarterly*, (2009) no 2, pp 110-109
- Balogun, J and Hailey, H (2008), *Exploring Strategic Change* 3<sup>rd</sup> edition, Prentice Hall
- Buchanan, D. Fitzgerald, I., Ketley, D., Gallop, R., Jones, J.L, Lamont, S.S, Neath, A and Whitby, E., (2005), No going back: A review of the literature on sustaining organizational change, *international Journal of Management Reviews*, vol. 7, no. 3, 2005, pp 189-205
- Chandler, A. D. (1963) *Strategy and Structure* chapter 8 in *The History of American Enterprise*, MIT Press
- Fincham, R., and Rhodes, P., (2005), *Principles of Organisational Behaviour*, Oxford, Oxford University Press
- Frery, F., (2006), The fundamental dimension of strategy, *MIT Sloan Management Review*, Vol 48, no. 1, 2006, pp 71-75
- Hayes, I, (2014), *The theory and practice of change management*, 4<sup>th</sup> ed, London, Palgrave Macmillan
- Hughes, M., (2010), *Change Management: A critical Approach*, 2<sup>nd</sup> ed, London CIPD publications,
- Johnson, G., Whittington, R., Scholes, K., Angwin, D., and Regner, P., (2014), *Exploring Strategy: Text and Cases*, Pearson, England.
- Lewin, K., (1951), *Field theory in Social Science*, Harper and Row, New York/London
- Mintzberg, H. (2007), *Tracking Strategies: Towards a General Theory*, Oxford University Press, pg 3
- Potter, M. E., (1996), What is Strategy? *Harvard Business Review*, November-December (1996), Pg 60
- Sminia, H (2009), Process Research in strategy formation: theory, methodology and relevance, *International Journal of Management Reviews*, vol 11, no. 1, (2009), pp97-122
- Todnem. R., (2007) Organizational change management, *Journal of Change Management*

<https://www.tandfonline.com/doi/abs/10.1080/14697010500359250>

## Appendix

### **List of figures**

Figure 1: Key Concepts

Figure 2: Types of change

Figure 3: Model for Strategic change in CIO Security Ltd

Figure 4: Lewin's three-phase model of change

### **List of tables**

**Table 1: KPIs from Aldi**