

Change of Crocodile



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Course :

Change & Stability Management

Content:

1. About Crocodile
2. SWOT Analysis of Crocodile business environment
3. Success Trap of Crocodile
4. Kotter's step change model apply in Crocodile
5. The advantage of using Kotter change to establish the online store
6. The disadvantage of using Kotter change to establish the online store

About Crocodile

- Chan Shun founded Crocodile and launched the Hong Kong retail business in 1952 (HK Tourism Board, 2023).
- The brand listed on the Hong Kong Stock Exchange successfully and the stock code is 0122 In 1971.
- The direct management of stores in Hong Kong is their guiding philosophy of the Crocodile's brand. They experienced tremendous economic growth over the last forty years and developed hundreds of directly managed stores, franchised stores, and specialty shops throughout Hong Kong, Macau, and China (Pinpai shijia, 2023).



2. SWOT Analysis of Crocodile business environment

Once all of these factors have been recognized, plans aim to build on the strengths, eliminate the weaknesses, maximize on opportunities, and prevent the threats (Dyson, 2004).

Strengths:

- Long history and experience in the garment industry since 1952.
- Strong brand identification due to the brand name and crocodile logo
- Listed on the Hong Kong Stock Exchange, providing access to capital.

Weaknesses:

- Lack technology and innovation to compete against larger competitors in the industry
- Limited diversification outside of the garment industry.
- Dependence on the Hong Kong and China market.

Opportunities:

- Expansion into new markets outside of Hong Kong.
- Development of sustainable and environmentally friendly fashion lines.
- Investment in digital marketing and e-commerce platforms (Adskate, 2022).

Threats:

- Intense competition from local and international competitors in the same industry.
- Shifting consumer preferences and trends towards more casual clothing and streetwear.
- Global demand and supply chain difficulties as a result of the ongoing COVID-19.

3. Success Trap of Crocodile

Crocodile has a long history and experience in the garment industry, their brand name and logo are recognized in HK people. So, they enjoy the long period of business stability in local market due to less competitors before 20th century.

After 20th century, many oversea brands invest in Hong Kong, such as UNIQLO and ZARA. So, Crocodile of the market share began to be occupied and annexed. However, they think that their brand has certain awareness and loyal fans in the Hong Kong market. They do not want to change their traditional fashion style. This success growth lead them to shift away to the market environment. They ignore millennials and Gen Z consumers preference. So, these consumer appear to be moving away from more traditional clothing brands (Nadler, 1995).

Many brands tend to have a greater online or social media presence, which is more appealing to consumers who are more adept and reliant on e-commerce platforms. However, Crocodile does not have a these e-commerce platform, their online store located in the HKTV Mall and the clothing categories are limited (HKTV Mall, 2023). Additionally, the COVID-19 spreaded over the world in the recent years, the consumer changed their buying behaviour from physical shop to online store, so the sales has been declining for several years (Annual report, 2019 - 2022).

Due to lack of innovation and customer focus, they will fall in the death spiral. So, change is necessary.

4. Kotter's step change model apply in Crocodile.

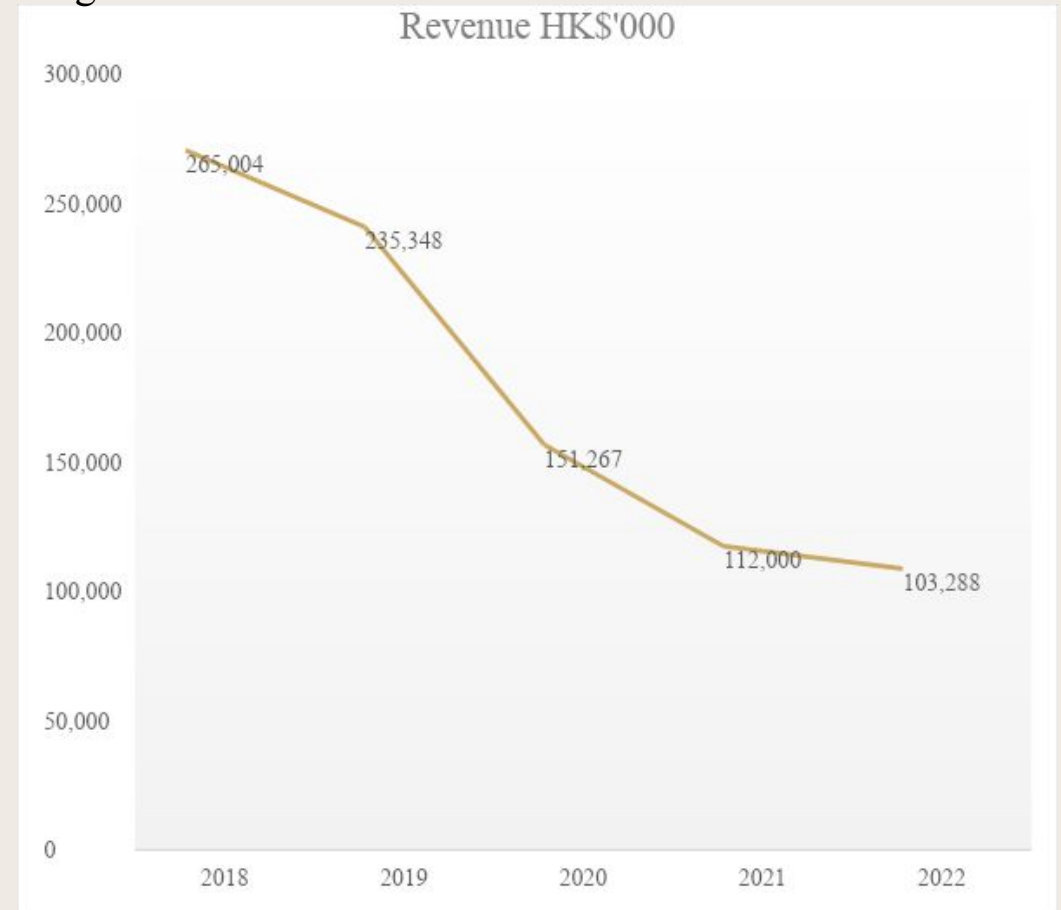
Step 1: Create a sense of urgency

Showcase COVID-19's significant effects on physical stores, including as declines in foot traffic, revenue, and profitability, Using data and statistics to emphasize the importance of switching to online sales channels to stay competitive and profitable.

Undoubtedly, the Kotter Change Model's first crucial stage is to generate a sense of urgency. The objective is to increase stakeholder awareness of the urgent need for change and to shift their mindset from one of complacency to one of urgency (Kotter, 2012).

Therefore, Revenue is very important for every stakeholder, we can see the revenue was dropping every year. As a result , change is necessary for Crocodile.

Figure 4.1: Revenue of Crocodile



Source: 2019 -2022 yearly report of Crocodile

Step 2: Form a coalition

Bring together stakeholders from different parts of the organization, including management, employees, suppliers, and customers, who all share a commitment to sustainability. Establish a shared vision for an online store with clear goals and strategies.

Everyone with knowledge of e-commerce, marketing, logistics, and customer service are the most crucial stakeholders to have in the coalition. Senior executives, product managers, and IT experts are possible additional important stakeholders who can help ensure that the online store is interconnected with other systems and procedures.

Highlight the specific advantages of establishing a online business, such as expanding your consumer base, boosting revenues, and enhancing the shopping experience, in order to win over the support of various departments. The stakeholders in each department should indeed get a detailed explanation of these advantages and be shown how the online store would improve their work. Assuring job security, demonstrating how the online store will enhance current services and products, and emphasizing how it will improve the overall customer experience.



Step 3: Develop a vision for change

An online store could state that its vision for change is "Enabling customers to simply and safely get the products they need without leaving the safety of their homes" given that the COVID-19 has driven many companies to shift their operations online (Jamal & Budke, 2020).

The online store could concentrate on developments like making its website easier to use, expanding its range of goods to meet market demands, implementing new security procedures for packaging and delivery, and offering exceptional customer service to build brand loyalty and trust with customers in order to realize this vision. By doing this, the online business will set itself apart from competitors and develop a dedicated clientele that will stay with it long after the COVID-19 has passed.

Due to we have a website to introduce our company background, but the online store is riding on the HKTV Mall. It is difficult to manage our product for advertising. So, we can hire a IT engineer to launch the online store individually. It can upload our new product in the online store and launch the promotion campaign easily. In additional, we can control our customer database and no need to share with HKTV Mall.



Step 4: Communicate the Vision

Inform all stakeholders of the vision on a regular basis through a variety of media, including email, internal networking sites, forum discussions, and other events. Utilize graphs and charts To assist them to understand the vision (Brătianu and Bălănescu, 2008).

Highlight the necessity of opening an online store during the COVID-19 and how it will make it possible to carry on operating and providing customer service despite societal restrictive measures.

Let them know the advantages of the online business, such as higher sales, better customer experiences, and greater agility in responding to changing market conditions, should be made clear (Shin, 2001).

Express the vision for the online store in an encouraging approach, emphasizing how it is consistent with the organization's values and objectives and how it will help the organization meet the challenges.



Step 5: Empower Broad-Based Action

Eliminate obstacles to change and establish a supportive environment for converting to an online store. This includes building up new processes and procedures for handling online sales as well as giving employees the training and tools what they need to perform in an online environment.

By giving employees the chance to provide comments, take part in the operation of the online store, and take ownership of it, give them a voice in the implementation of change. When they face difficulty to manage the online system. We can provide the IT consultation for them and encourage them to adapt the new system.

By applying Kotter's change model to empower others to carry out the COVID-19 goal of developing an online store, we require to increase employee commitment and involvement in the change process by creating a feeling of participation and responsibilities.



Step 6: Generate Short-term Wins

Let's say the main objective is to set up an online store in complying with COVID-19. We choose a few achievable objectives, like launching a simple website, building a following on social media, or selling the well product line, in order to generate quick wins. We decide on these objectives because we think you can complete them fairly fast and each of them represents a positive step toward realizing the long-term vision. Just make sure that these objectives line up with the organization's long-term objective of successfully operating an online store.

Update all stakeholders on the progress to achieve these objectives, which creates enthusiasm and satisfaction. In order to encourage a sense of ownership for the ultimate objective, we also make sure that the entire team is participating in the project. Monitoring the progress of the objectives are essential because they will show how near we are to understand the overall and long-term goals of an online store. These actions can help us to achieve quick victories, build momentum, and inspire passion of the change program.



Step 7: Consolidate gains and produce more change

After get the short-term wins, we should ensure that the organization's structure has been modified while still maintaining the changes done. In order for the new online store project to be recognized, policies, procedures, or guidelines must be revised. For example, we can provide more course for employees who are not high skill of IT and enhance the system to make it faster and simpler.

We also regularly update stakeholders on the status of the long-term vision and highlight the advantages of the online shop operation. For example: provide case studies or success stories on the company website that demonstrate how the online store project has boosted sales or enhanced the consumer experience.

Although small wins achieved so far align with the overall vision of establishing an online store under COVID-19. However, keeping efforts to made to sustain these improvements.



Step 8: Anchor new approaches in organization culture

Create a culture of innovation and adaptability by embedding online sales practices into every aspect of the organization's culture. This can be achieved by following:

- Create ambassadors for change: The company can form a team of employees with online sales experience to help drive adoption by sharing best practices and personal success stories with others.
- Build a coalition of support: The management can explain to the employees about benefits of the online store, such as the convenience, opportunity for increased sales.
- Provide training and development opportunities: The company could arrange training sessions for employees on the use of the online store and related applications.



5. The advantage of using Kotter change to establish the online store

- The model emphasizes the importance of creating a sense of urgency around the need for change about creating the online store, which can help to ensure that the organization takes the necessary actions to respond quickly to the challenges posed by COVID-19.
- The focus on building a coalition of key stakeholders can help to involve individuals from different areas of the organization and ensure that everyone is working towards the same goals.
- The model emphasizes the importance of creating a online store which is clear and compelling vision for the future, which can help to motivate and inspire employees during a challenging time.
- The emphasis on communication and engagement throughout the change process can help to ensure that employees are informed about what is happening and why, which can help to reduce resistance to change.

6. The disadvantage of using Kotter change to establish the online store

- The Kotter Change Model can be time-consuming and require significant resources (Umar, 2019), which may be a disadvantage for a garment brand that needs to quickly adapt to the fast-changing business environment created by the COVID-19.
- The model relies heavily on top-down leadership and a centralized plan, which may not be suitable for a garment brand that needs to remain agile and responsive to changing customer needs and preferences.
- The model's focus on a small coalition of high-level stakeholders may exclude the voices of front-line employees and customers, leading to resistance or a lack of buy-in for the changes needed to create and establish an online store.
- garment brand that are large and have a long history of brick-and-mortar retail may face entrenched organizational cultures and resistance to change, making it challenging to implement the Kotter Change Model effectively (Applebaum et al, 2012).

THANK YOU

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