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MS-25

03890

MANAGEMENT PROGRAMME

Term-End Examination

December, 2011

MS-25 : MANAGING CHANGE IN ORGANISATIONS

Time : 3 hours

Maximum Marks : 100
(Weigh tage 70%)

Note : *(i) There are **two** Sections, **A** and **B**.*

*(ii) Answer **any three** questions from **Section - A**, each question carries **20** marks.*

***(iii)** **Section - B** is **compulsory** and carries **40** marks.*

SECTION - A

1. Explain the rationale for using interventions in bringing change in an organisation. Describe any two types of interventions and their merits and demerits.

2. Discuss the impact of Cross-Cultural experiences on culture of the organisation. Explain how closing cultural gaps could be minimised in multicultural content.

3. What is Turnaround Management ? Describe various steps to be followed in turn around management and explain how turn around management can take place in an organisational set up.

4. Discuss how a leader can initiate change process and can play the role of change agent as well cite relevant examples.

5. Write short notes on ***any three*** of -the following :
   (a) Managing Transition
   (b) Evaluation of organisational change
   (c) Purpose of Merger and acquisition
   (d) Process consultation
   (e) WeisBord's Six Box Model

SECTION - B

6. Read the following case carefully and answer the questions given at the end :

1991 ushered in a new era for Sea side, the mail order retailing agent. The billion rupees company was growing faster than ever before and was no longer the small, homegrown catalogue store. Located in South Kolkata, its five thousand employees reflected the local culture, as did its management practices and the philosophy of its founder and Chairman, Shantanu Das: "Take care of your people, take care of your customers, and the rest will take care of itself." In 1991, Mr. Das decided that the company needed to apply modern management principles to keep up with its growth in size and complexity.

The first step was to recruit a new executive vice-president from competitor Mountain View, Subodh Marwah, to lead the changes. Mr. Marwah quickly made numerous changes to modernise the management systems and processes, including team based management, numerous training programmes for trainees at all levels, a new multirater evaluation system in which managers were rated by peers and subordinates as well as their supervisors, and the use of numerous consultants to provide advice.

The company revised its old mission to provide excellent products and services and to turn every customer into a friend. In addition, the company created one new international venture and one new business each year, resulting in solid businesses in UK, Japan and Germany. Mr. Marwah was elevated to chief executive officer in 1993 and, continuing the modernisation, hired seven new vice-presidents, including Ankit Verma as new vice-president of human resource to oversee all of the changes in the employee arena. The first two years, the changes seemed to be working as the company added 100 million rupees in revenue and posted record profits.

All was not as rosy as the profit picture seemed to show, however, In spite of the many programmes aimed at employee welfare, training, and team building, many employees complained of the constant pressure of having to meet production and sales quotas. The new employee performance evaluation system resulted in numerical ratings, which seemed to depersonalise relationships. No matter how many pieces she monogrammed per day, one employee felt that her work was never appreciated. Other employees complained of too many meetings necessitated by the reorganisation and the cross functional teams. One team of catalogue artists, buyers, and copywriters needed numerous meetings each week to coordinate their activities. A quality assurance manager complained that his work week had increased from forty hours to fifty-five hours and that the meetings were taking time away from doing his real job. Many employees complained that they did not need to go to training programmes to learn how to take care of customers and communicate when they had been doing that all along.

The doubts grew until late 1994, when the board, led by Mr.Das decided that the new management was moving the company too far too fast and straying too far from the basic philosophies that made the company successful. On December 2, 1994, Mr. Das and the Vice-Chairman Nikhil Rao asked for Mr. Marwah's resignation and fired Mr.Verma, citing the need to return to basics, and lack of confidence in the new direction of the company.

Mr.Das then chose thirty four years old Vikash Sen as chief executive officer to guide the return to basics. Mr. Sen, an eleven-year veteran of Sea Side (his entire working career), immediately started the about-face by dismantling most of the teams, reorganising the others, and returning to the basics of the top quality classic clothes and excellent customer service. Three other executives left the company shortly after Mr. Sen's appointment.

Shortly after his takeover, however, paper prices doubled, postal rates increased, and clothing demands dropped sharply. Third-quarter profits dropped by 60 per cent. As the year ended, overall profits were down to rupees 30.6 million on barely Rs. 1 billion in sales and Mr. Sen had to cancel one mailing to save money. Rather than cutting quality and laying off people, Mr. Sen spent even more on increasing quality and employee benefits, such as adoption assistance and mental health referrals. His philosophy was that customers still demand quality products and that employees who feel squeezed by the company will not provide good customer service. Early results were positive, with first-quarter profits three times those of the year before.

Critics of Mr. Sen's return to basics argue that the modernisation attempts were necessary to position the company for global competition and faster reaction to competition in several of its catalogue lines. Its return to growth occurred primarily in acquisition and new speciality catalogue lines and not in the main catalogue for which it was so famous. Mr. Sen has put further acquisition and global expansion on hold as he concentrates on the core businesses. Employees say that they have fewer meetings and more time to do their work.

QUESTIONS

(a) How would you characterise the two sets of changes made at Sea Side ? Which set of change is really modernisation ?

(b) How did the change processes differ from each other ?

(c) How do you think employees will view future attempts to change Sea Side ?