## ****Change Management: Hewlett-Packard, IBM, Kodak And McDonald’s Corporations****

### Introduction

Change management is a critical strategic task in any organization. In many cases, leaders are the ones held responsible for the formulation and implementation of change. In the last decade, statistics indicate that almost 80% of change projects do not succeed. Past studies also confirm that objectives of most change projects are not attained. In certain cases, the change projects are completed after the set deadlines, thus, not benefiting the target subjects. In John Kotter’s article, ‘Why Transformation Efforts Fail,’ he outlines critical factors that affect success in change projects. Kotter introduced a model suggesting that organizational leaders are able to successfully introduce and manage changes if they can perform tasks in the right order. In order to be successful in the turbulent and ever-changing business environment, most companies have tried to initiate significant changes. Some of these organizations end up realizing the objectives of change while others fail (Palmer, Dunford & Akin, 2009).

#### Change Story: Significant Errors in Hewlett-Packard, IBM, Kodak and IBM Corporations

In this model, Kotter (2012) argues that communication is one of the most important aspects in any change management. Based on statistics, various change projects have failed as a result of lack of proper communication between different parties or stakeholders. The resistance to change is always a common thing that leaders should expect in the process of introducing and implementing change. Tensions often arise when it comes to change management. As a result of this, leaders who are pursuing change management should be ready to handle them (Kotter, 2012). Efforts by Hewlett-Packard to merge with Compaq Computer Corporation were met by various challenges. Although one may argue that pre-merger activities went on smoothly, the reality is that the corporation experienced several challenges. The CEO of Hewlett-Packard decided to reconstruct the company with the aim of making sure that there was a better coordination amongst the sales force since it was losing market share to its arch rivals.

Fiorina, the then incoming CEO undertook the restructuring of the organization without communicating the same to the company’s potential customers and employees. This impacted the loss of the organization’s customers like Ford and Boeing. The customers complained that the new structure adopted by the company did not fully address their needs. Although the strategy to merge with Compaq Computer Corporation was backed by Deutsche Bank through a vote, the CEO of the company experienced lots of problems with the merger. There was tension between the CEO and the whole staff. It is evident that the merger was done without the nod from all the employees. They were not convinced about the entire idea of merging with Compaq Computer Corporation. These challenges were impacted by the fact that the idea of the merger was not properly communicated to the employees (Palmer, Dunford & Akin, 2009).

IBM is also another successful company that has always been trying to introduce and manage change. In the apparent story of change management, it is explicit that communication was effectively conducted. However, when Samual Palmisano took over as the new CEO of IBM, things began to take another twist. He introduced a strategy that would enable the organization to narrow the gap between the CEO and the team. This sounds like a great idea but turned out worse because of the fact that the right steps were not followed. According to the model by Kotter, it is critical for an organization to build a team that will guide the management and entire staff through change management. However, this was not the case at IBM. The leader communicated to all staff members about his intentions of change and the potential benefits, and he should be commended for that. However, Palmisano did something wrong in implementing the change. He failed in building a team that would guide the entire organization throughout the entire process. He, instead, went ahead to dissolve the existing executive management team. After this, he created three teams which they could use to directly relate to him (Palmer, Dunford & Akin, 2009).

Kodak Corporation is one of the film companies that have acquired a larger market share in the United States. It is renowned for the production of traditional film cameras. Since its formation, the corporation has always been striving towards staying competitive in the film industry. With the emergence of digital technology, the company has structured itself to exploit the opportunities that accompany it. The company has been working quite hard towards increasing its revenues through lower costs. One of the ways of achieving this is through conducting physical changes by reducing the number of employees across the world and also the size of its facility. Palmer, Dunford and Akin (2009) argue that Kodak’s strategy for the implementation of new changes in its organizational structure was met with sharp criticism by most of its investors. It is evident that the proposal to implement these changes was not fully supported during the announcement meetings.

Most of the employees of the company were subjected to lots of stress since they believed that their future was bleak. They constantly raised complaints about the uncertainty of their futures in the organization. This became much worse when Antonio Perez took over the seat of the CEO in 2005. He went ahead with downsizing and reducing plants, thereby cutting down the number of employees from about 64,000 to 30,000. The management seems to be working in the interest of the organization. However, the same management is failing in the implementation and management of change. The main error made by the CEO and its management was failing to create a positive environment for change. Thus, there was resistance from the people who ought to be supportive of change (Blokdijk, 2008). Due to unfavorable climate for change, approval by the corporate management was partial. This mistake was also made by McDonald’s in the introduction of its new salad menu. The company did not pay much attention to the health concerns raised by customers. This consequently led to the damage of the company’s reputation (Palmer, Dunford & Akin, 2009).

#### Recommendations

If it is realized that mistakes have been made in the process of change management, ramifications have to be defined. Based on the case of Hewlett-Packard, it is clear that there was lack of proper communication on the change process. The management did not explain the need and importance of restructuring the whole organization, thereby resulting into resistance from employees. In order to move forward with the change process, HP should create positive relationships between the management and other stakeholders. This would enhance communication of the change process. The staff should be given the opportunity to ask questions about the change (Palmer, Dunford & Akin, 2009).

In the case of IBM, the problem can be resolved by team building prior to the introduction and implementation of change. Change can only be successful if it is supported by all individuals. However, this was not the case at the IBM. The company should invest huge resources in building a team that will lead the change process. This team will be useful since it will marshal support of the entire staff. It was irrational for the new CEO to disband the executive committee immediately. In the event that a company is faced with such a dilemma, it is ideal to undertake team building before sending away high profile employees. This strategy can help in boosting the morale of employees, thus, making sure that the change goals are met.

The success of change management is greatly impacted by the nature of support that it receives from the top management. Kodak Corporation and McDonald’s Corporation attempts to implement change was effected without the consent of those at helm of the organizational structure. This implies that the views and opinions of various stakeholders were not incorporated in the process of formulating strategies for change. In the future, these organizations should create a favorable climate for change through allowing stakeholders especially those at the top of the management team to fully take part in the decision making process leading to the implementation and management of change. This strategy is crucial since it will attract a wide range of ideas that will ensure that the company moves forward throughout the process of change (Blokdijk, 2008).

#### Conclusion

With the prevailing industrialization and globalization, competition between companies and organizations has significantly grown. This has ensured that they remain in constant pursuit of new strategies, lest they collapse. Adoption and implementation of change, which is part of many business strategies is always accompanies by various challenges. Organizations often make mistakes when it comes to change management. Organizational leaders have the responsibility of making sure that minimal errors are made during the change process. In case mistakes are made, an organization should come up with appropriate ramifications as outlined above (Kotter, 2012).

**References**

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