

Response Paper #3
CASE STUDY: A major cost reduction program at a supermarket chain

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I. Introduction

One of the most important things of leaders and managers in organizational change is to read what employees are thinking. During the times of organizational change, different individuals will progress through the different stages at different rates and in different ways because the change will affect them differently (Hodges & Gill, p. 323). Leaders and managers should view the change from other people's perspectives (hilltops) and their concerns to understand why they oppose change the way they do.

To minimize opposition and motivate individuals to change, leaders and managers need to access the motivation of individuals to do so, and show people the benefits of change and keep them involved in making

decisions that affect them. If not so, they will fight the change 'to the death,' constantly denying that the change is necessary (Hodges & Gill, pp. 308-309).

According to Rousseau, the psychological contract is the individual's beliefs about mutual obligations in the context of the relationship between employer and employees. It is based on trust. The more the psychological contract of employees becomes lower, the more does the resistance to change get higher. Trust is an important condition for successful change. Without trust, individuals are more likely to withdraw their involvement in the organization and the change project. To build trust in times of change, leaders and managers must demonstrate that they will act with integrity, honesty and fairness.

Employees who resist change often have something important to tell leaders and managers. Their resistance to change comes from a totally different perspective from their employer's. So instead of seeing resistance as a form of conflict, we need to consider it as a way that differences among people are surfaced. Employers and employees must identify needed capabilities and negotiate the roles and responsibilities of those involved in the process of change.

II. Resistance and breakthrough

In this case, a large supermarket chain has long suffered because of its over-inflated cost base in comparison with that of similar competitors. The buying teams and suppliers couldn't resolve their conflict each other due to their different standpoints. So the Buying Directors invited an external consulting team to get to work on reducing the price of goods and recruited a number of buyers and other supermarket employees to work along with them in a joint effort.

The project was not working as their wish, because there was an internal change barrier. The cost-saving team suffered from uncertainty, mistrust and a feeling that change was being imposed from the outside. Even though most of the team members were supermarket employees, they were angry with the organization's unreasonable policy. As a result, the cost-reduction team resisted passively by simply being slow to help or through a variety of delaying tactics, and a few were openly hostile.

The breakthrough was made when the Buying Directors introduced the three-day training course for all of their people in the techniques - how to take cost out of the supply chain - that the cost-saving team had been employing. The program included every buyer, merchandiser and new product developer. Through taking the training course people realized that they made sense. Trust between the buyers and the cost-reduction team increased as people felt more in control of the change. As a result, active

and passive resistance largely disappeared. Furthermore, a total reduction in the annual cost base became accelerated remarkably.

People hate change that seems to be imposed by outsiders and oppose the change either actively or passively. However, when putting the tools of change into their hands, it builds trust and gives them a sense of control over it, making it their change rather than someone else's. As a result, people actively support the change, or at least do not oppose it.

III. The key solutions to resistance

For leaders and managers, change is often appropriate and necessary as this case exposes. But until everyone understands the what, why, when, who, where and how of the change, there is potential for negative reactions to the change. So leaders and managers need to recognize the impact of change on individuals and why they respond as they do. Leaders and managers need to see change from the 'hilltops' of others and be aware of where on the change stage individuals are (Hodges & Gill, p. 329).

The key of solutions to resistance from employees is not brilliance but humility; not knowledge but inquiry; not their fancy academic answers learned from MBA programs; it is the precision of their very simple, down-to-earth questions. They have to go to employees and express a desire to resolve the conflict fully and decide together what the best solution is. In this case, the Buying Directors made a breakthrough by providing the three-day training course for all the people who are related to this conflict. The program gave them the source of understanding individual's standpoints or hilltops.

If we want to change others, we have to change ourselves first - including how we talk and listen. The Russian thinker, Leo Tolstoy said, 'Everyone thinks of changing the world, but no one thinks of changing himself.' (Hodges & Gill, p. 330). Unfortunately, most of us have never learned how to talk and listen in a proper way. In ancient Greek world, their educational system, first and foremost, put importance on rhetoric strategies in relation with linguistics to appeal their goals and persuade others (Classical Rhetoric for the Modern Student, p. 34). But today's education rather lags behind this kind of education. Organization should lay a strong foundation of communication. Without appropriate communication, all activities to change will be imperiled (Leading through Conflict, p. 16).

Organization is considered a collective rather than an individual capacity. Organization today deepens social divides and conflicts, often despite their best intentions. People in organizational change divide from

one another because of different interests, complacency, arrogance, power game, distrust and uncertainty. But it cannot be solved by an individual leader. Organizational change needs the coordinated participation of many groups, including some who may be unorganized and voiceless. Because everything in organization is relational.

References

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