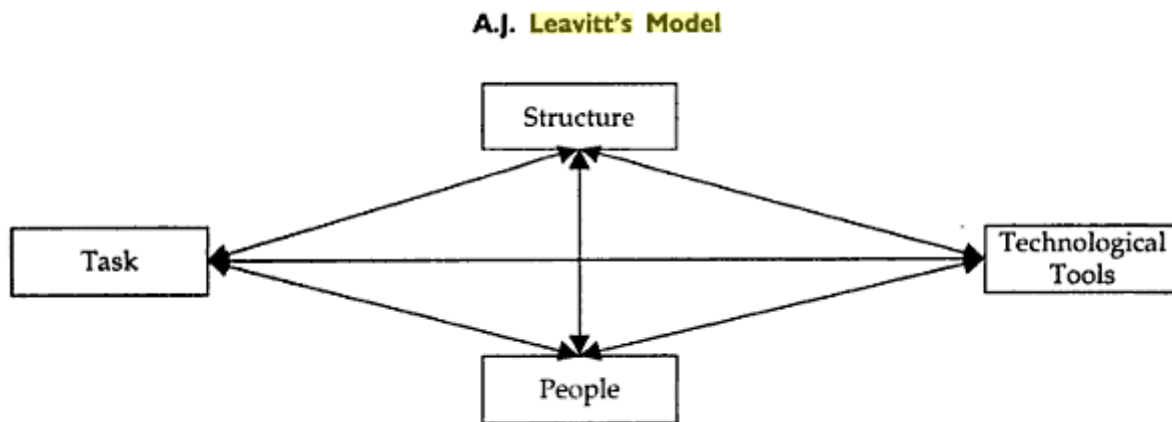# Change strategies: Critical review and application in HP Company

The process of change management is necessary in organizations to move towards the future and formulate the mission strategies. The traditional strategies are still followed by companies, but change management facilitates the companies to deal with such situations smoothly. So the process of change management starts with a change of vision in the organization, then the employees are motivated to be the change agents to attain the goal. The process of change management includes strategies which act as tools for the change agents (Cameron, & Green, 2012, p. 6).

Managers in the organization are responsible for formulating strategies for smooth functioning of the business activities When the existing business model does not provide enough opportunity for growth, business managers adopt several change strategies. Several change management strategies are used to effectively balance the functions of the organization such as the Force Field Analysis, Leavitt's Model, Weisbord's six-box model or Congruence model. The Force Field Analysis was developed by Kurt Lewin to analyze and manage the problems that the organizations face (Daft, & Marcic, 2012, p. 313). According to this approach there are two forces working within the firm. They are the driving and restrain forces. The driving forces are those which push or motivate the change agents towards attaining the goals of the organization. The restrain forces are the internal and external barriers of the organization (Brown, & Harvey, 2006, p.166).

Leavitt's model was developed in 1965. It mainly focuses on the interactive nature of the sub-systems in the change management process. It segregates the organization system into four sub-parts namely task, structure, people and technology. The change in one segment of the organization will affect the other departments too, so the organization development efforts should be focus on only one aspect, but on all the sub-parts (Arlbjorn, & Haug, 2010, p. 188).
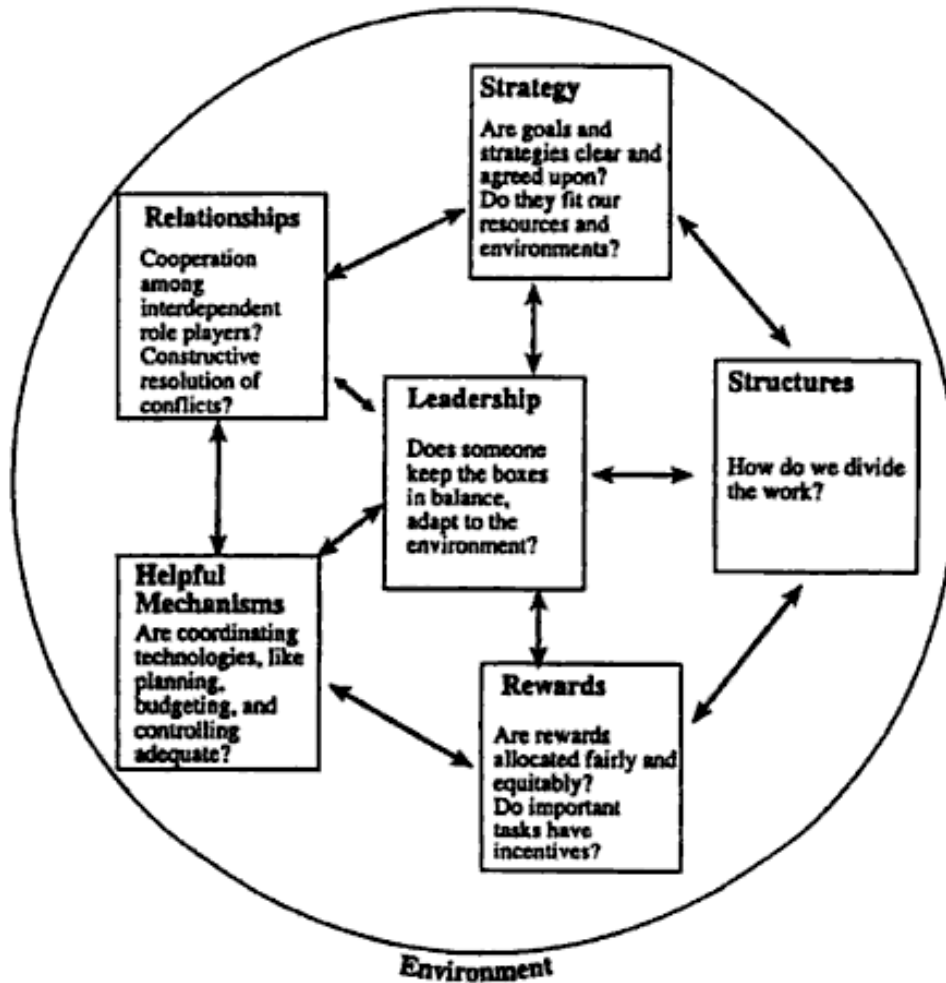
Figure 1

A.J. Leavitt's Model

Source: (Bhatia, 2003, p. 20)

Weisbord's six box model was developed in 1976. The model includes the intuitions of the managers and its uses in management development. This model is useful in situations of time-constraints or when the organization has no knowledge of the open-system concepts. The key steps in this model include purpose, structures, rewards, leaderships, relationships and helpful mechanisms. This model helps the organization to understand their purpose, formulate a better structure, maintain healthy relationship with the employees and clients, and give rewards to the employees for motivating them. Leadership qualities of the change agents in the organization and helping mechanisms such as planning, controlling and budgeting functions are also important aspects of this model (Heijden, Bono, Remme, & Jones, 2008, p. 116).
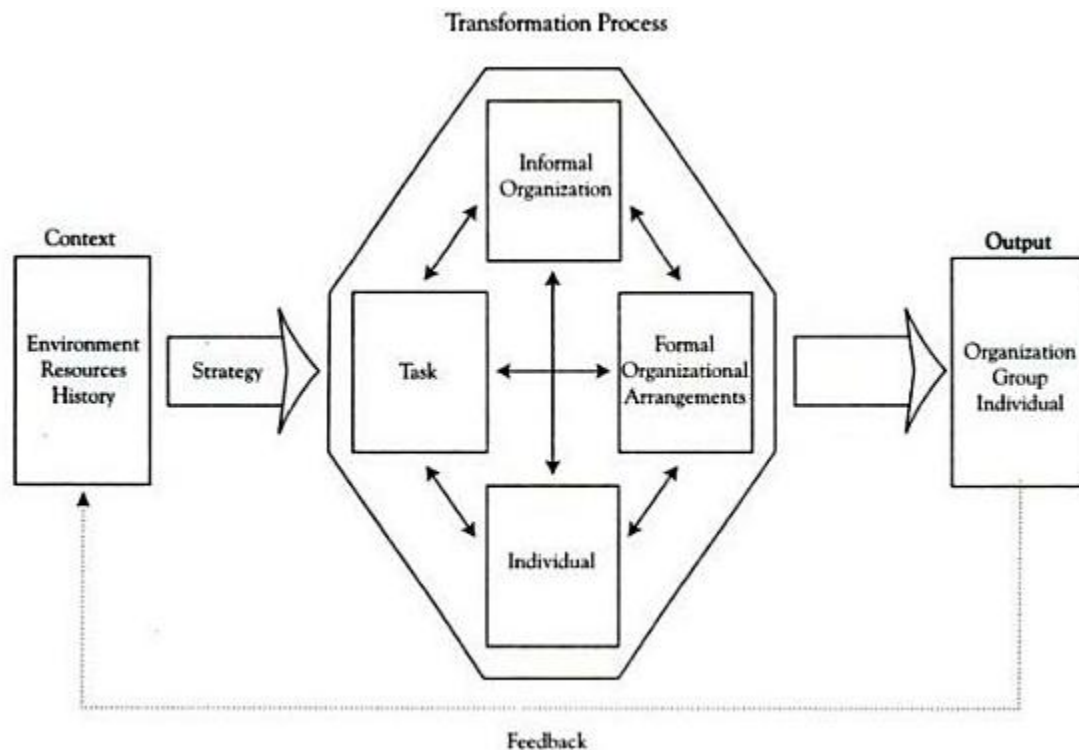
Figure 2

Source: (Harrison, & Shirom, 1999, p. 102)

David Nadler and Michael Tushman developed a model to measure the effectiveness of an organization based on its consistency between the elements those are involved in the organization. The four components of the organization are task, individuals, formal arrangements and informal arrangements. The tasks are the functionalities related to the organization and Individuals are the employees of the organization whose knowledge and skills can bring about significant changes in the organization. The formal organizational structure involves the process,

methodologies and the business framework of the organization. The informal structure includes the beliefs and behavioral pattern of the management and the human resource of the organization (Nadler, Tushman, & Hatvany, n.d., p. 4-6)

Figure 3

Transformation Process

Context

Environment
Resources
History

Strategy

Informal
Organization

Task

Formal
Organizational
Arrangements

Individual

Output

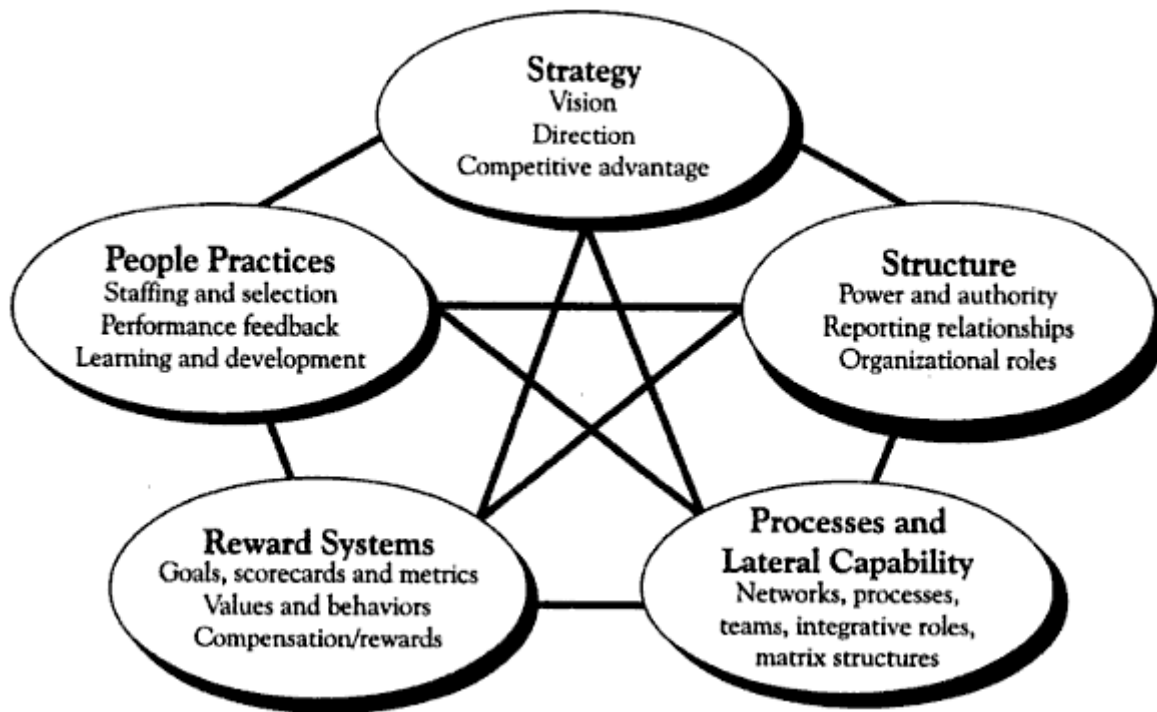Organization
Group
Individual

Feedback

Source: (Harrison, & Shirom, 1999, p. 102)

Similarly like the other models, the Star model is also utilized to bring about effective change in the organization. The major components in the star model are structure, strategy, process, lateral capability, reward systems and people practices. The basic components of all the models are almost similar. So in this case also the structure denotes the structural changes within the organization, the strategy is the plan or framework to bring about the change, the process is the step by step method of implementing the strategies, capabilities of the change agents are

measured in such cases, reward systems are necessary for motivating the human resource to work towards the common goal of the organization and the performance appraisal techniques and process concerned with the employees of the organization (Kates, & Galbraith, 2007, p. 1-2).

Figure 4

Source: (Harrison, & Shirom, 1999, p. 102)

In the year 2011 HP adopted various organizational changes that were mainly taken to improve the performance standards of the top level management. Moreover, the company was also striving to capture the opportunities in the market with respect to IT technology. The company adopted a Force Field Analysis model in order to utilize the abilities of the management team. The CEO of HP, Leo Apotheker was responsible for directing the technology and software department chiefs, in addressing customers' grievances. HP also appointed marketing and sales head to monitor its sales in the international market. Hp was facing stiff competition from the

Chinese and Indian markets. In order to control the market and face the challenges in these markets the company appointed vice-presidents to formulate strategies and capture the market. Due to this changes HP saw significant results and its impact on the business environment and market (HP Announces Organizational Changes, 2011).

The organizational changes were made to align it with the corporate structure of the company. It was done to increase the transparency within the company in relation to the strategic roadmap of the company. This was done to help the executive team to develop a customer-focus business and work towards attainment of group objectives. Ann Livermore was selected in the HP board. The customer facing unit would report directly to the CEO of the company (Ann Livermore, 2012).

The company planned to streamline its administrative operations in order to focus on the realignment of its customer focused strategy. The company has eliminated the responsibilities of the chief executive officer and increased the responsibilities of the chief information officer. Due to which Peter Bocian the chief administrative officer planned to leave HP. The other main employees of the company including Randy Mott who was the chief information officer left HP. The company's main priorities were to deliver innovative products and services to the customers and both India and China were critical markets for HP. So the company is dedicating extra efforts to control these markets (Digital media News, 2011).

HP made some major strategic changes such as spinning off their PC division. Certain companies in the same industry are not supporting this decision of HP. HP has also stopped the manufacture of its HP touchpad which was sold by the company at a very low margin by the company. The may be due to the boom in the Smartphone market.

The company has also taken several decisions which also include the decision to sell or spin off the personal computer division of HP. HP was a hardware company basically because the hardware business of HP earned high revenue. The past CEOs of HP were all from hardware background but Leo Apotheker was from SAP, a company solely into software. So with the entry of Apotheker in HP, their strategies also became software inclined. Though Apotheker knew the nuances of running software business, but when a company changes its strategic moves from hardware to software, the business structure gets messed-up.

The change strategies that Apotheker introduced were encouraging and motivating. He worked in close contact with the software and marketing head of his company and regularly monitored their activities. Not only that, Apotheker focused on the retrains and appointed vice-presidents to control the markets of China and India, which were posing threats for HP. But several strategies decisions taken by Apotheker became a disadvantage for the company.

Changing the core service or product of the company was a risky move on the part of the CEO. HP was well-known for its hardware, but Apotheker made the HP a software based company. So this would affect the revenue chunks as the hardware earned great revenue for the company. The organizational structure was rearranged due to this factor.

It was suggested that the approach of Apotheker in spinning of the PC department was not totally correct because the market projections of PC showed that there was a demand of about 2 billion PCs in future years, which was about 500 million more than the present demand. Apart from this the hard drives and service department also earned revenue for the company. Totally selling off the department would also result in cutting down of jobs. This would shake off the base of the company.

These strategies are causing damage to balance sheet of the company. The share prices of HP fell and hit the lowest mark. The stock prices of HP plunged 47 percent due to drastic decisions taken by Apotheker. The future of the company was speculated by several companies and analysts, but none were sure about the results of the decisions taken. Apotheker has left the company in uncertain situations.

The company's new CEO Whitman has promised that she would take decisions efficiently to remove uncertainties from the company's future planning. But analysts have doubt of her capabilities. Whitman was working in EBay before joining HP. HP is a much bigger company with a higher reputation and large number of competitors. It would be really difficult for her to drag the company through such situation within a short period of time. Moreover, there are several disparities rising within the organization due to the change in organizational structure by Apotheker.

Management personnel could not coordinate and work under Apotheker properly. The internal management of HP did not wanted the take the responsibility of HP and become the CEO, so Whitman an outsider was chosen to be the CEO of the company. She had managed small companies which had no relation to technology but it seems weird that someone who is from a different industry was given the responsibility of such a huge and leading company.

HP is passing through uncertain situations. The share prices of the company are instable and shareholders are losing hope. Apart from this, the previous CEO Apotheker brought about several structural changes within the organization. It is clearly visible that the changes were not welcomed because a few high officials left their positions due to such changes. In this scenario,

the company could be suggested few organizational changes that might improve the position of the company.

Though HP followed a decentralized structure but after Apotheker came into power, this structure was only on paper. He controlled each and every aspect centrally. Every top manager was supposed to directly report to him (Sinclair-Hunt, & Simms, 2005, p. 6). Though this step was introduced to increse the transparency and encourages smooth flow of communication among the management and the CEO, but this also made the organization structure of HP from flat to tall. Apotheker has shifted the focus of HP totally from hardware to software. The whole organizational structure of HP had also changed due to this change. It can be suggested that Lewin's model change be applied.

Lewin's model states that the organization consists of a mixture of forces which drives change and others which resist change. When these forces are equal, the organization remains stable. The successful change programs involve three steps:

- Unfreezing

- Change

- Refreezing

Unfreezing involves irradiating the existing systems, structures in the organization. It would not be a very good idea to overwrite the existing systems. This would not only waste the resources but the change implemented could not felt or seen.

Change involves bringing about alterations in the existing faulty system of the company through strategic planning, establishing new behavioral patterns, creating new reward systems for the employees or introducing a different management style.

Refreezing involves implementing the newly designed strategies and evaluating the results. It requires developing teams of change agents within the company. The top level management should be monitoring the functions of the change agents. The change agents would be responsible to establish the balance between all the strategic decisions in such a way so that the company does not slip back to the old structure.

The study deals with various issues relating to organizational behavior and change management. The management takes decisions for changing the organizational structure of the company when it plans to take some major strategic decisions. Several organizational models are put forward by eminent management scientist to support such theories. The organizational structures are especially made to include all the important departments and aspects of the organization while conducting a decision-making process.

The company HP is one of the major players in the Information technology industry. The company was mainly into hardware. It is a well known fact that companies' progress reflects the far-sightedness of the CEO. So when Apotheker took charge of HP from SAP, the market expected positive developments in HP. Apotheker took several decisions single-handedly. He tried to implement the force field model into the organization. Several decisions including the decision to spin off or sell off the PC manufacturing department was taken.

Apart from this Apotheker also decided to change the organizational structure. The organization structure became tall rather than being flat. He took control of the entire functioning and every

top level managers were supposed to report to him. Though this method was implemented for transparency and a customer-focused approach, but it annoyed the other members of the top management of HP. A few eminent employees of the company left their position and a situation of disagreement prevailed in the company among the management within the company. So he had to leave the company soon due to his failure in running the company. Whitman took control after him. She was the CEO of eBay. But she had no experience of running and controlling a company of such stature. So analysts had great doubt of her capabilities.

References

Ann Livermore. (2012). *10 Business Heroes We Can Still Look Up To*. Retrieved from Online College   http://www.onlinecollege.org/2010/08/22/10-business-heroes-we-can-still-look-up-to/.

Arlbjorn, J. S., & Haug, A. (2010). *Business Process Optimization*. California: Academica.

Bhatia, S. K. (2003). *Management of Change and Organisation Development: Innovative Approaches and Strategies.* New Delhi: Deep and Deep Publications.

Brown, D. R., & Harvey, D. (2006). *An Experiential Approach to Organization Development*. New Jersey, NJ: Pearson Education.

Cameron, E., & Green, M. (2012). *Making Sense of Change Management: A Complete Guide to the Models Tools and Techniques of Organizational Change*. London: Kogan Page Publishers.

Digital media News. (2011). *More Executive Moves at HP: Peter Bocian Out, Dave Donatelli Moving Up.* Retrieved from Billy's List http://billyslist.org/2011/06/13/more-executive-moves-at-hp-peter-bocian-out-dave-donatelli-moving-up/.

Harrison, M. I., & Shirom, A. (1999). *Organizational Diagnosis and Assessment: Bridging Theory and Practice.* California: SAGE.

Heijden, B. V. D., Bono, S. D., Remme, J., & Jones, S. (2008). *Leadership, Change and Responsibility.* Aachen :Meyer & Meyer Verlag.

HP Announces Organizational Changes. (2011). *News release*. Retrieved from HP Online http://www.hp.com/hpinfo/newsroom/press/2011/110613b.html.

Kates, A., & Galbraith, J. R. (2007). *Designing Your Organization: Using the Star Model to Solve 5 Critical Design Challenges*. New Jersey, NJ: John Wiley & Sons.

Nadler, D. A., Tushman, M. L., & Hatvany, N. G. (no date). *Managing Organizations*. Toronto: Little, Brown and Company.

Daft, R. L. & Marcic, D., (2012). *Understanding Management*. Connecticut: Cengage Learning.

Kanaracus, C., (2011). Former eBay boss Meg Whitman takes the reins. *Leo Apotheker fired as HP CEO*. Retrieved from CFO World http://www.cfoworld.co.uk/news/people-management/3305587/leo-apotheker-fired-as-hp-ceo/.

Sinclair-Hunt, M., & Simms, H. (2005). *Organisational Behaviour and Change Management*. Hertfordshire: Select Knowledge Limited.

Bibliography

Anubhavananda, & Kumar, A. (2008). *Ethics in Management: Insights from Ancient Indian Wisdom.* New Delhi: ANE Books Pvt Ltd.

Clark, J. (1995). *Managing Innovation and Change: People, Technology and Strategy.* California: SAGE.

Harrington, H. J. (2006). *Change Management Excellence: The Art of Excelling in Change Management.* Chico: Paton Professional.

Hiam, A. (1997). *The Portable Conference on Change Management.* Batavia: Human Resource Development.

Hitt, M. A., Ireland, R. D., & Hoskisson, R. E. (2010). *Strategic Management: Competitiveness and Globalization, Concepts.* Connecticut: Cengage Learning.

Jung, C. (2011). *The Importance of Change Management in Organisations: A Strategic Analysis of the Daimler-Chrysler Merger.* Germany: GRIN Verlag.

Reiss, M. (2012). *Change Management.* Denmark: BoD-Books on Demand.

Sharma, R. R. (2006). *Change Management*. New Delhi: Tata McGraw-Hill Education.

Sisaye, S. (2001). *Organizational Change and Development in Management Control Systems: Process Innovation for Internal Auditing and Management Accounting.* Yorkshire: Emerald Group Publishing.