

**STRUCTURE AND CULTURE:
AN ORGANIZATIONAL CASE STUDY**

by

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of
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APPROVAL

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ABSTRACT

This report contains the findings of an organizational change study performed at Pure Blast Water Company. The purpose of this study was to analyze the change processes undertaken by management of Pure Blast and to make suitable recommendations to increase the chance of success of this and future changes. We found three areas of improvement which Pure Blast could address in changing its organizational culture to being more customer service oriented. The first thing we recommended is the importance of having clear mission and vision statement that employees can relate to. Secondly, we emphasized the importance of increasing the resilience of employees while at the same time effectively dealing with resistance that develops during any change process. Lastly, we addressed the possibly paradoxical message that Pure Blast may be sending its employees by focusing on customer service and cost reduction simultaneously.

We also performed a detailed analysis of the structural changes made at Pure Blast in order to better understand the effects that changing the formal hierarchy had on the change process. This investigation focused on the difficulties organizations face in restructuring to reduce costs while at the same time trying to create a more service-oriented culture. Finally, the last section of this report describes the personal learnings that we experienced as a result of this project, both in regards to our intra-team experiences and our client-team experiences. While the former included issues such as the importance of being prepared, assigning work clearly, and communicating effectively, the latter addressed matters such as arranging interviews and garnering truthful information during the interview process.

DEDICATION

We would like to dedicate this project to ...

Our mom's and dad's for their financial and moral support;

Our classmates for their intellectual support, and

Spiderdog & Fish for inspiration.

ACKNOWLEDGEMENTS

We would like to acknowledge the help and assistance of our Professors in completing this project:

Chris Zatzick

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Gervase Bushe

Michael Parent

Nancy Mackay

Rick Iverson

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1 PROJECT CHARTER

1.1 Introduction

1.1.1 Background ¹

Pure Blast Water Company was started within the Greater Vancouver Area in 1986 by two entrepreneurs who succeeded in building the business to approximately 15,000 customers within the first decade. This was a significant accomplishment, considering that during this time the bottled water market for both home and office delivery was nearly non-existent. However, by 1996 the owners of Pure Blast were struggling to find the required capital and financing that was necessary for the continued growth of their business. As a result of these difficulties, the Pure Blast Water Company was sold to Bubbling Brook Water, an organization out of Halifax that, amongst its other business operations, acted as a product bottler for Betta Beverage Ltd. Although Betta later changed its business strategy insofar as it strove to purchase all of its independent bottlers, it decided that it did not want Bubbling Brook Water. As a result, Joe McMillan, the CEO of Bubbling Brook Water, was able to continue to operate the company independently of Betta Beverage Ltd.

At this time the bottled water market was extremely fragmented and made up many small independent bottled water companies. Like Pure Blast, many of these small companies had difficulties expanding their business because of the large amount of capital required for operations and the limited amount of financing available to small organizations (for example, it presently costs approximately \$100,000 to purchase a

¹ Please note all of the information for the Background section was gained through an interview with Jim White on May 14, 2004.

truck with the equipment necessary to deliver \$7 bottles of water). As a result of these financing difficulties, Bubbling Brook Water attempted to consolidate the industry by purchasing 28 companies around the world in countries including Scotland, England, Holland and the United States. This growth through acquisitions was coupled with a tremendous amount of growth in the actual industry itself; during the same time period (late 1990's), the bottled water market for home and office delivery was growing between 10 and 20 percent per annum. Surprisingly, this growth was not a result of intensified marketing efforts but rather solely based upon a natural increase in customer demand.

In 2002 the owners of Bubbling Brook Water made the decision to take the company public. After the initial prospectus was filed the owners determined that it was not a favourable time to complete an initial public offering due to the depressive economic environment. As a result of the release of the prospectus the financial information on Bubbling Brook Water was no longer private, which made them an attractive takeover target. In September of 2002, the owners of Bubbling Brook Water were approached by Quatroino, a French company with world wide operations specializing in dairy, biscuits and water, to see if they would be interested in selling. On January 27, 2003, Quatroino purchased Bubbling Brook Water. Until this time Quatroino had only been manufacturing small bottles of water under the name brand of Evian and so this acquisition was their first step into the home and office delivery market.

The acquisition by Quatroino represented a significant change for Bubbling Brook Water since they went from being an organization of approximately 1,000 employees to 100,000 employees world wide. Quatroino continued to acquire water companies in many different countries around the world, despite the fact that their limited knowledge in the bottled water market was beginning to create difficulties which were further compounded by the fact that natural customer demand for bottled water was finally

beginning to plateau. Additionally, large retailers (such as Canadian Tire and Costco) were beginning to sell water coolers at extremely competitive rates, so it was no longer economical for customers to rent their water coolers from companies such as Pure Blast. This meant that not only had product demand growth slowed, but also a significant amount of revenue from rental coolers was being placed at risk.

Up until this time Pure Blast was not forced to operate at maximum efficiency because of their high profit margins. This meant that as the growth within the industry stagnated there were many opportunities for improving profitability by finding and resolving inefficiencies within the organization. These changes have required the organizational culture at Pure Blast to evolve to not only better fit within the Quatroino family, but also to become more efficient, sales focused and customer service oriented.

At the present time, Pure Blast Water Company has 100,000 customers in British Columbia and Alberta. Of these customers, 60%-70% are located within the Greater Vancouver Area. Pure Blast currently employs approximately 400 employees with a total of 225 in the lower mainland and 105 in the rest of British Columbia. The industry currently has a significant amount of customer turnover and within the next year it is expected that 30,000 of Pure Blast's customers will cancel and that 40,000 new customers will sign up. In the future, Pure Blast hopes to reduce its number of annual cancellations by differentiating themselves from their competition through superior customer service. Finally, Pure Blast does not attempt to obtain a competitive advantage on the basis of price.

On April 1, 2004 Jim White, the Regional Vice President & General Manager of Pure Blast Water changed the roles and responsibilities for some of the employees under his direct control. This involved the consolidation of some regions for employees who were ready for more challenges, the changing of roles and responsibilities for other

employees to better utilize their respective strengths, and the termination of a select few employees. This change was done as a means of redesigning the organization in such a way as to promote a culture focused on sales and customer service. Mr. White is looking for information on how the change has affected his employees and seeks recommendations on how to improve the change process in the future.

1.2 Scope and Objectives

1.2.1 Objectives

1.2.1.1 Business Objectives ²

As a result of the changing market conditions, Pure Blast Water Company is striving to create an organizational culture that is sales focused and customer service oriented. Their product is priced at the higher end of the market and they differentiate themselves on the basis of both quality and customer service. Finally, Pure Blast Water Company is aiming to increase the overall efficiency of their business operations as a means to decrease their operating costs.

Pure Blast's guiding principle is "We execute customer service to the extent that it becomes the single most important factor when distinguishing Pure Blast from its competitors."

1.2.1.2 Project Objectives

This project will provide Jim White, the project sponsor, with an update on how the change he implemented on April 1, 2004 is being received by the affected stakeholders who are involved in the change. The project team will then utilize this information to create recommendations and, if applicable, an implementation plan that will improve the effectiveness of the change.

² Please note all of the information for the Business Objectives section was gained through an interview with Jim White on May 14, 2004 and information he provided in internal PowerPoint presentations and communications.

1.2.2 Scope

1.2.2.1 The Project Scope will include:

- A project that is limited to the geographical area of British Columbia.
- The slides for a PowerPoint presentation and, if necessary, a report of the findings, recommendations and an implementation plan.
- Collection of information pertaining to the change that may be conducted through interviews or surveys.
- The data that is collected will provide Mr. White with an update as to how the changes he implemented on April 1, 2004 are being perceived by his team and other individuals who were affected by the change. This data will provide the basis for recommendations that will be made to overcome some of the resistance and barriers to the change process. Furthermore, this information will be used to identify potential areas where the change process may be improved.
- Information will be gathered through interviews that will be conducted with the following individuals:
 - Sales and Marketing Director
 - Customer Service Director
 - Distribution Director
 - Business Analyst
 - HR Manager
 - Regional Manager Alberta
 - Regional Manager North BC and the Interior

- 3 Distribution Managers
 - 2 Call Centre Team Leaders
 - A/R Manager
 - Customer Care Manager
 - Sales Manager
- Interviews will be conducted either over the phone or in person. The decision as to whether the interview will be conducted over the phone or in person will be determined by the project team at the time the interview is scheduled. This will largely be determined by the interviewee's geographical proximity to the interviewer.
 - A presentation (if required).

1.2.2.2 The Project Scope will not include:

- The actual implementation of any recommendations.

1.2.2.3 Project Assumptions

- Client provided details will be assumed to be accurate as all interactions will be via email and telephone.
- All interviews will not be anonymous or confidential.
- All surveys will be anonymous but not confidential.
- Client will return telephone calls and emails within two business days.
- The Project Team will return telephone calls and emails within two business days.
- The students will sign a non-disclosure agreement.

- Access will be granted to all stakeholders who need to be interviewed, which will be determined by the project team on an 'as needed' basis.

1.3 Project Organization

1.3.1 Project Team

- Project Sponsor - Jim White
- Supervising Professor - Gervase Bushe
- Team Leader - Melissa Cook
- Project Team - Melissa Cook, Johannes Saufferer and Shanny Tan

1.3.2 Stakeholders

1.3.2.1 Internal stakeholders:

- Initiating Sponsor - Jim White, Regional Vice President & General Manage
- Sustaining Sponsor – Jim White
- Change Agent – Jim White
- Targets - Affected employees

1.3.2.2 External Stakeholders:

- Customers

1.4 Project Management

1.4.1 Project Reporting

The status of the project and the associated updates will be provided in the following fashion:

- The Team Leader of the student project team will send weekly updates to the project sponsor on the status and progress of the project. This communication will be completed via email for the entire length of the project.
- Both parties will be available via email or telephone for anything else that needs to be communicated.

1.4.2 Change Control

An informal process will be used to make amendments to the project scope. This process will include the following steps.

1. All members of the project team must unanimously agree to the change.
2. Gervase Bushe, the professor for BUS 999, must approve the change.

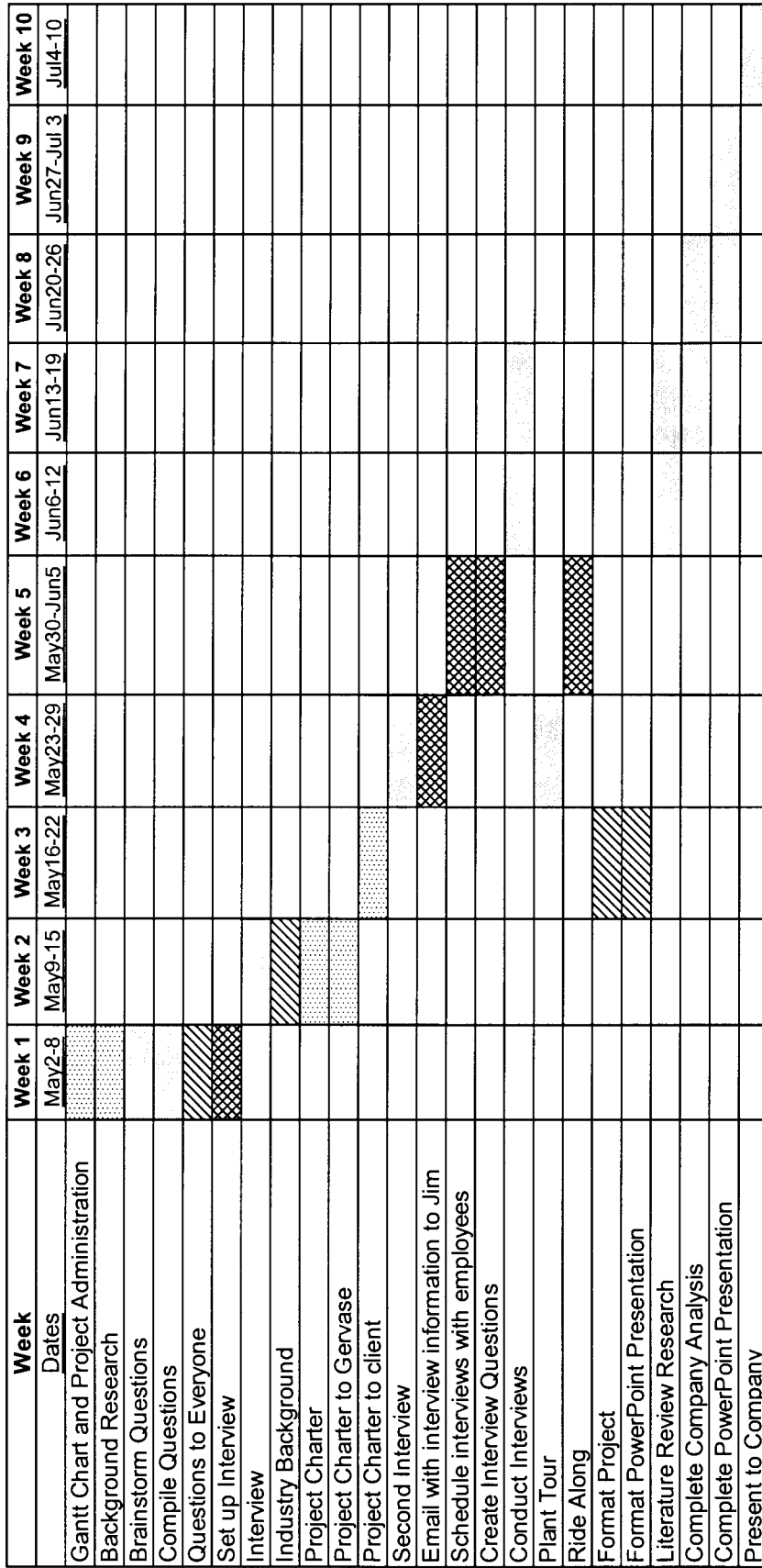
1.4.3 Risk & Issue Management

Any risks or issues that are found by any member of the project team will be communicated in the weekly email update.

1.4.4 Time & Cost Management

The Gantt Chart will be updated on a weekly basis by the Team Leader. Anyone associated with this project can request a copy of the updated Gantt Chart. There are no intended costs associated with the actual project itself. If there are any costs associated with printing documentation for Pure Blast the project team will provide electronic copies of the documents and Pure Blast will be responsible for printing the documents internally. All printing costs associated with publishing the document for Simon Fraser University will be incurred by the students on the project team. Any costs of the recommendations will be incurred by Pure Blast Water Company if they make the decision to implement them.

Chart 1 Project Gantt Chart



Last updated June 30, 2004

Legend

Melissa	
Johannes	
Shanny	
Everyone	

Note:

These dates are estimates and may change if extenuating circumstances arise.
All date changes will be updated in the ongoing project Gantt Chart.

1.5 Project Charter Signoff

Terms

The project team agrees to conduct research and analysis at the project company, upon the issue as outlined in this document. The project team agrees to present its findings to the project company on the dates as agreed above according to mutually agreed-upon project plan and statement of scope. The project company agrees to provide resources and access as agreed above. The project company agrees to allow a version of the project team's academic report to be published by Simon Fraser University and placed in the University's library, according to the terms specified in this document.

Approvals

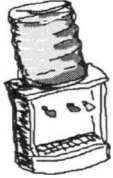
Executive Sponsor: _____

Project Sponsor(s): _____

Project Team Member: _____

Academic Supervisor: _____

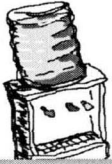
2 COMPANY DOCUMENTATION



Pure Blast Water

Prepared By

Melissa Cook
Johannes Saufferer
Shanny Tan



Agenda

Introduction

Analysis

Recommendation

Implementation

Conclusion

- ◆ Introduction
- ◆ Analysis
- ◆ Recommendation
- ◆ Implementation
- ◆ Conclusion

2

2.1 Agenda

Introduction

Analysis

Recommendation

Implementation

Conclusion



Introduction

Introduction

Analysis

Recommendation

Implementation

Conclusion

- ◆ Purpose of Report:
Assess success of changes made April 1, 2004

- ◆ Problem Identification:
What can be done to improve the change process?
(present and future)

3

2.2 Introduction

Purpose

The purpose of this report is to assess the organizational changes that were made on April 1, 2004 by Jim White, in which he altered the roles and responsibilities of some of the employees under his direct control. This involved:

- The consolidation of some regions for employees who were ready for more challenges.
- The changing of roles and responsibilities for other employees to better utilize their respective strengths, and
- The termination of a select few employees.

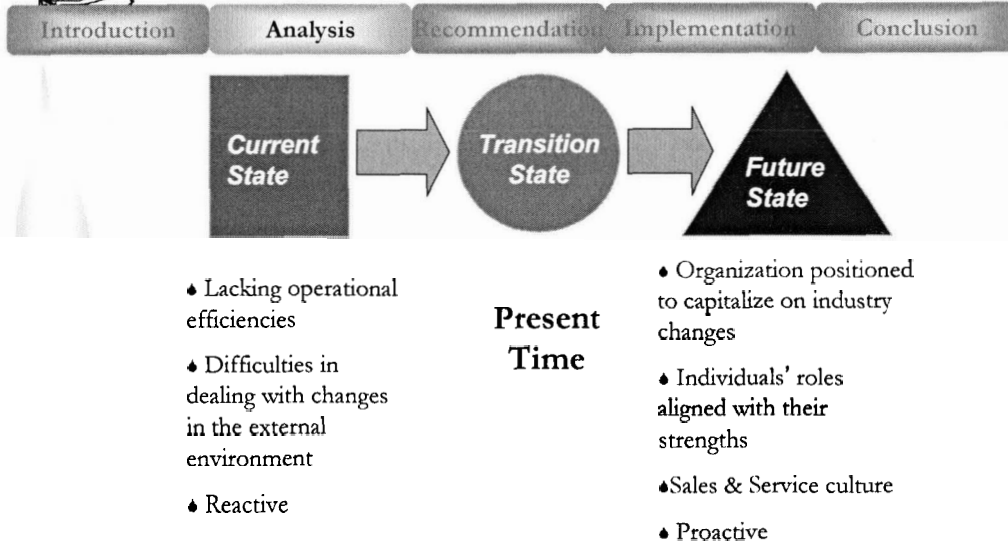
This change was done as a means of redesigning the organization in such a way as to promote a culture focused on sales and customer service. Mr. White is looking for information on how the change has affected his employees and seeks recommendations on how to improve the change process in the future.

Problem

The main problem concerns what can be done to improve the April 1st change and what can be done in the future to improve the change process?



Change Evaluation



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2.3 Analysis

"Current" State

Operationally Inefficient

- People were in positions not well suited to them.
- People within the organization had become stagnant in their positions.

Difficulties in dealing with changes in the external environment

- Difficulty in dealing with changes in how customer's purchase their product and the increased competition in the water cooler market.

More reactive than proactive

- Pure Blast had difficulty responding quickly enough to the changing market conditions, which has led to decreasing profitability.

Transition State

- This is the present time within the organization.
- The organization has undergone several changes in order to rectify the aforementioned problems. This is the stage that the majority of the analysis of the change will focus on.

Future State

Better position organization to capitalize on industry changes

Ensure that individuals' positions are aligned with their strengths

Develop a Sales & Service focused culture

Become more proactive



Change Evaluation

Introduction

Analysis

Recommendation

Implementation

Conclusion

Strategic alignment
Project structure
Change leadership
Success stories
Stakeholder commitment
Entrepreneurship
Resilient teams
Aligned performance
Transition management

5

Change Evaluation - The current change will be evaluated on the following elements, which will be described in detail in the proceeding part of this presentation.

Strategic Alignment

Project Structure

Change Leadership

Stakeholder commitment

Entrepreneurship

Aligned Performance

Transition Management

Resilient Teams



Strategic Alignment

Introduction

Analysis

Recommendation

Implementation

Conclusion

The April 1st Change:

- ◆ Well aligned to corporate strategy
 - ◆ Creates a convincing vision of the future
- but...
- ◆ Dissemination difficulties

6

In order for a change effort to be successful it is necessary for it to be aligned with the strategy of the firm. Furthermore, the change must be something that creates a convincing vision of the future that the leaders within the business can own and advocate for themselves. **This change is aligned with Mr. White's strategy and it is a step in the right direction towards creating a convincing vision of the future.**

Dissemination difficulties

- Pure Blast presently uses its guiding principles as a substitute for a mission statement, vision, values and goals. In the interviews, the interviewees were asked if they were aware of Pure Blast guiding principles and if they agreed with them. Many of the staff said that they were aware of them but that they could not recite what they were. Something that was a little more problematic was that some interviewees said that they were not aware of what they were. This presents a few difficulties because it means that the guiding principles are not at the forefront of the employees' minds.
- Additionally, the project team asked the interviewees what they thought the top five priorities of Pure Blast Water Company were. The following slide shows the results which were tabulated using a content analysis, which looks for similarities within the content of a number of different interviews and tabulates these similarities to present the information in a usable format.



Strategic Alignment

Introduction

Analysis

Recommendation

Implementation

Conclusion

Organizational Priorities

1. Expand customer base by providing a high level of customer service
2. Maximize operational efficiencies (reduce costs)
3. Create a fun work environment
4. Develop a clear strategic plan
5. Increase levels of employee T & D

7

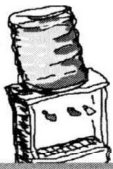
Strategic Alignment

Following the completion of the interviews the project team completed a content analysis of the interviews which identified the top five priorities of Pure Blast Water Company according to the individuals who were interviewed. The results were as follows:

1. Expand customer base by providing a high level of customer service
In terms of customer retention, attracting new customers and providing continuous customer service.
2. Reduce costs by maximizing operational efficiencies
This is done by finding either new, or better way to do things, and thereby increasing profit margins.
3. Create a fun working environment
Efforts should be made to increase morale and create a happier culture.
4. Develop a clear strategic plan
It is important to gain a better understanding of market conditions and create a strategy that aligns the company with market trends.
5. Increase levels of employee training and development
Efforts should be made to invest in employees.

These results had a significant amount of variation in both their order and content. Additionally, please note that any results that were mentioned by interviewees and

not repeated by a significant amount of other people were omitted from this list. This presents an opportunity for improvement because many of the managers have a different view of what the priorities of the organization actually are.



Project Structure

Introduction

Analysis

Recommendation

Implementation

Conclusion

Initiating Sponsor	Jim White
Sustaining Sponsor	Jim White
Change Agent	Jim White
Target	Affected Employees
Stakeholder	Jim White, Senior Management Team, Junior Management Team, Front Line Employees, Quatroino
Advocate	Jim White, Customer Service Director, Distribution Director, S & M Director

Project Structure

In order for a change to be successful it is crucial to ensure that the structure of the project is aligned for success. In doing this, it is important to evaluate the organizational structure of the firm and reporting relationships to determine if the right individuals are responsible for implementing and sustaining the changes.

Initiating Sponsor

• In this change, Mr. White is the individual who has the power to both legitimize and initiate the change.

Sustaining Sponsor

• Mr. White also has the political, logistical and economic resources necessary to sustain the change.

Change Agent

• Mr. White also acted as the change agent.

Target

• The target consists of the individual employees who were affected by the change.

Stakeholder

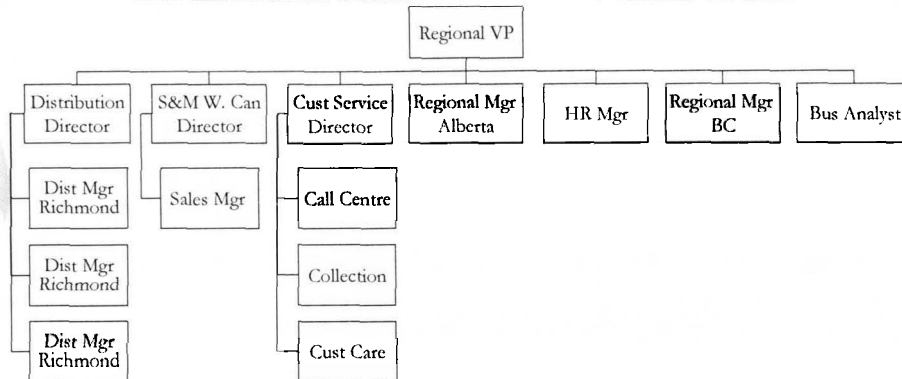
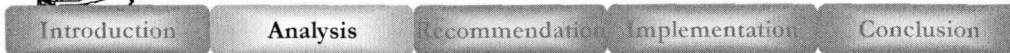
- All of these individuals will in some way be affected by the April 1st initiative. As a result, it is important to remember that their buy-in and support of the change can play a large role in whether or not it is successful.

Advocate

- In some cases Mr. White wants to achieve the change but he does not directly have accountability for implementing and sustaining the change. As a result, the new appointed Sales & Marketing Director, Customer Service Director, and Distribution Director are also advocates for the change and they will play an integral role in its continued acceptance.



Organizational Chart



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Considering the organizational chart is a key component in developing project structure. In order for change efforts to succeed, they should be implemented along linear, rather than triangular, reporting lines. An example of a triangular reporting line would be if the Regional Manager of Alberta attempted to implement a change that affected the Team Leaders in the Call Centre. This change would be unlikely to succeed because he or she would not have the power and influence necessary to enforce the change without involving the Customer Service Director.

The current change initiative was planned correctly as Mr. White was in a linear reporting relationship with all of the change targets. However, since Mr. White is not always the affected individual's direct supervisor, it is important to realize that he will require the assistance of the new appointed Sales & Marketing Director, Customer Service Director, and Distribution Director to both implement and sustain the change.



Change Leadership

Introduction

Analysis

Recommendation

Implementation

Conclusion

- ◆ Elements of change leadership:
 - ◆ Understanding the project scope
 - ◆ Power to authorize project and allocate resources
 - ◆ Level of resilience and ability to minimize resistance
 - ◆ Appreciate and empathize with individuals
 - ◆ Willingness to show public support and commitment

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Change leadership involves identifying change leaders and ensuring that they have the competencies required to effectively implement and sustain the change. As Mr White is the main leader of this change initiative it important to evaluate his leadership on the following dimensions.

Understanding the scope of the project

- Mr. White has a good understanding of the scope of the project and realizes the implications of the changes on the individuals who are affected by it.

Power to authorize project and necessary resources

- Mr. White does have the power to authorize all elements of the project and to dedicate any resources that may be needed to either implement or sustain it.

Level of resilience and ability to minimize resistance

- Mr. White has made efforts to minimize resistance among his team members. These efforts include sitting down with all of the people who were directly affected by the change on a one on one basis in order to ensure that they understand the reason for the change and their role within it.

Appreciate and empathize with individuals

- Mr. White does appreciate and empathize with the individuals who are undergoing this change. In an effort to appreciate and empathize with these employees, Mr.

White wanted the interviews to uncover how the affected individual's were dealing with the April 1st change. Specifically Mr. White wanted to establish whether or not his employees perceived the increase in work load following the change to be temporary or permanent.

Ability and willingness to show public support and commitment

- Mr. White has shown public commitment to this change by advocating it and supporting it since implementation.



Success Stories

Introduction

Analysis

Recommendation

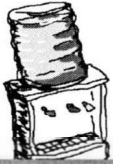
Implementation

Conclusion

- ◆ Communication and implementation plans built around success stories
- ◆ Focusing on an appreciative approach to change

11

Communication plays an integral role in any change process because it not only keeps the affected individuals informed about the change but also provides them with the reasoning for the change. When individuals within an organization are aware of the reasons for a change they will be more likely to buy in and support it. When communication and implementation plans are built around success stories, they focus on the positive rather than the negative; in other words, this takes an appreciative approach to the change process. The communication titled "Organizational Announcement", a memo in which Mr. White described the changes that would be taking place on April 1st, effectively focused on the positive aspects of this change. As was previously mentioned, Mr. White also made an effort to sit down on a one on one basis with the affected individuals, which for the most part was a positive experience for the interviewees. Even more importantly, it is obvious that this approach is working because all of the interviewees felt that the April 1st change was one that would benefit the organization.



Stakeholder Commitment

Introduction

Analysis

Recommendation

Implementation

Conclusion

- ◆ “20-60-20 Rule”
 - ◆ Identify integral stakeholders
 - ◆ Create strategies for decreasing resistance

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During this change, Mr. White did identify, include, and manage, the stakeholders who were integral to the change effort. In any change effort the stakeholders will usually fall into the following categories: 20% that support the change, 60% that neither support nor object to the change, and 20% that resist the change. These categories of people can be used to create strategies to uncover and deal with resistance. With respect to this specific change, more could have been done around creating strategies for minimizing negative resistance and cultivating positive resistance. The latter type of resistance deals with utilizing resistance as constructive criticism to improve the change process.

If stakeholder commitment is not effectively managed it can greatly affect the culture of an organization. In order to determine the affect the change was having on the culture of Pure Blast, the interviewees were asked to describe the culture of the firm. The following results from a content analysis capture the interviewee's responses.

Culture

Positive	<ul style="list-style-type: none"> ■ Fun oriented ✓✓✓✓ ■ Young ■ Energetic 	<ul style="list-style-type: none"> ■ Change; reinventing the wheel ✓✓✓✓✓ ■ Positive & upbeat ✓✓ ■ High energy ✓✓ ■ Connected to community ✓✓✓✓ ■ Fun oriented ✓✓✓✓ ■ Open door policy ✓✓ ■ Good sense of 'esprit de corps'
Negative	<ul style="list-style-type: none"> ■ Status quo 	<ul style="list-style-type: none"> ■ Uncertainty ✓✓✓✓ ■ Fear ■ Attached to the past ■ Lack of communication (rumors prevalent) ■ Lack of fun ✓✓✓ ■ Hierarchic
	Then	Now

The comments in the "Then" column represent the interviewees' perception of the organizational culture prior to the April 1st change. The "Now" column represents the current perception of the organizational culture within Pure Blast. The check marks represent the frequency of the comments. In analyzing the data it is obvious that the interviewee's believe that at the present time there are more positive aspects of the culture than negative, which is in itself a tremendous accomplishment considering the significant amount of recent changes within the organization. There are quite a few negative comments, but they are in line with what would be expected in an organization that has experienced significant changes. Efforts should be made to address and rectify the negative aspects of the culture. Some recommendations for accomplishing this will be included in the latter part of the presentation.



Entrepreneurship

Introduction

Analysis

Recommendation

Implementation

Conclusion

- ◆ Completing a SWOT analysis
- ◆ Committing to the project
- ◆ Focusing on success

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The elements under entrepreneurship include completing a project SWOT analysis, committing to the project, and focusing on success. Mr. White has done a good job of committing to the project and sustaining it since April 1st. In making the decision to complete the change he may not have officially conducted a SWOT analysis but he did informally evaluate the internal strengths and weaknesses of Pure Blast and the external opportunities and threats that were prompting the need for the change. This was explained to the project team by Mr. White in the first meeting. The interviews showed that Mr. White has done an excellent job of sharing this analysis with his team as all interviewee's were aware of the internal and external conditions that were creating the need to change. The change effort was aligned well with the results from the analysis.

Mr. White has also shown commitment to the project and has focused on the success of the initiative.



Aligned Performance

Introduction

Analysis

Recommendation

Implementation

Conclusion

- ◆ Identify and cultivate the behaviors necessary for the change to succeed
- ◆ The change should correspond to the organization's performance management strategy

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The purpose of the April 1st change was to better align employees' positions with their respective strengths. Many interviewees indicated that they felt that their new positions better utilized their strengths and talents. Many of the people also felt that they had the training that they needed to do their jobs. For those who did not feel that they had the training needed for their position, most acknowledged that they were ready for a new challenge and felt that their new positions were intended to provide that challenge. As a result of this, prior to implementing the change, Mr. White identified and considered the behaviours that were necessary for the change to succeed and made an effort to put individuals in positions that naturally drew out those behaviours in his team members.

With respect to the organization's performance management strategy, Pure Blast is hoping that this change, along with a series of others, will work together to improve the financial performance of the company. As a result, although the results may not be immediately visible, this change does correspond to the organization's overall performance management strategy. However, one interviewee suggested that a possible opportunity for development for the organization would be to better track the results of change initiatives as a means to determining whether or not the change effort accomplished what it set out to do. This is a valid recommendation, and in the coming months efforts should be made to track the effectiveness of this change.



Transition Management

Introduction

Analysis

Recommendation

Implementation

Conclusion

- ◆ Clarify and communicate the mission and purpose
- ◆ Recognize the endings
- ◆ Acknowledge the neutral zone



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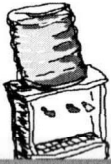
Although Transition Management is not explicitly utilized in the change model our analysis is based upon, it does play an integral role in all change initiatives. Despite its importance, Transition Management is an element of the change process that is frequently neglected. There are several important aspects of transition management, but this project will only focus on clarifying and communicating the mission and purpose, recognizing endings, acknowledging the neutral zone, avoiding unnecessary changes and beginning to rebuild trust.

Clarifying and communicating the purpose of the change is an element of this initiative that Mr. White completed exceptionally well since all of the interviewee's were aware of and understood the reason for the change. In terms of addressing the mission of the organization, the guiding principle that states "We execute customer service to the extent that it becomes the single most important factor when distinguishing Pure Blast from its competitors," is probably the closest thing that Pure Blast has to a mission statement. As not all employees were aware of the guiding principles and not all employees could recite them, publicizing these principles represents an opportunity for development for the company.

Another important element of transition management is recognizing the endings. Within organizations, the individuals who are implementing the change often forget that they have had time to get used to the idea of the change and that many of the targets have not been afforded this luxury. As a result, the change agent is

frequently ready to move on with the new beginning when the targets have not even had time to prepare for the ending, which means that these targets often feel as though they lack closure. Change agents can overcome this by taking the time necessary to recognize endings. With respect to this specific change effort, some of the interviewee's said that they felt that the organization was like a family and that when the change happened they were not given the time to say good bye to the people that they worked with. For smaller scale changes, this can be done through something as simple as providing an opportunity for the people to get together and say good bye to some of the people they worked with, through something like a social gathering or a coffee and cake drop in session. For larger scale changes organizations have been known to hold parties, print up T-shirts or undertake team building activities. In the future, Pure Blast should make more of an effort to recognize the endings as a means of providing closure for some of the targets who may require it. Once this closure is provided, the targets will be much more likely quickly move forward with the change initiative.

The next aspect of transition management is the Neutral Zone, which is the area of uncertainty between the ending of the old ways and the beginning of the new reality. The Neutral Zone is a period where individuals within the organization often feel lost and confused because the old ways of the past are gone and the new ways of the future have yet to institutionalize themselves. As a result, individuals who are in the Neutral Zone often feel as though they are in a state of limbo. For many individual's the only thing that can cure this ailment is time, and usually the majority of them come out unscathed. From the project team's perspective, this was something that Mr. White handled quite well. Mr. White recognized that initially the target's new positions would be more difficult and would temporarily require more time and effort than their previous jobs. When the interviewee's were asked if this was the case, responses were mixed as some people experienced no change, some thought it was temporary and some thought that it was permanent.



Resilient Teams

Introduction

Analysis

Recommendation

Implementation

Conclusion

- ◆ Take a 'team coaching' approach
- ◆ Focus on increasing team resilience and productivity
- ◆ Increase creativity, trust and performance
- ◆ Reduce conflict

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This topic represents a bridge between the analysis and the recommendations because it provides the basis for the latter part of the presentation. When companies go through significant and repeated changes a substantial amount can be done to cultivate resilient teams within an organization. At the present this area represents an opportunity for development within Pure Blast Water Company. This organization is going through a tremendous amount of change and it would be of great benefit for them to cultivate this resiliency within their employee. There are several ways to create this resiliency which include:

- Taking a team coaching approach
- Focusing on increasing team resilience and productivity
- Increasing creativity, trust and performance
- Reducing conflict.

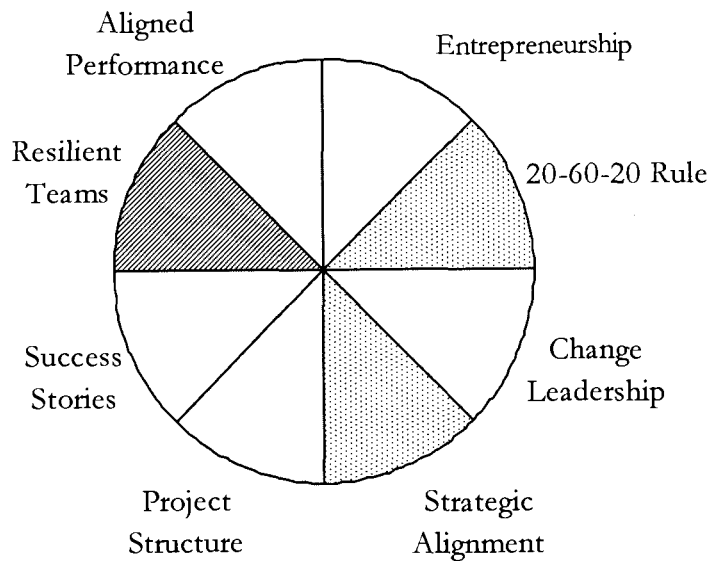
In order to be effective this resiliency needs to manifest itself within both the management team and the front line employees. The scope of this projected focused on the management team and so the recommendations will be based at the management level. If managers become more resilient themselves and understand the underlying principles of resiliency they will be more likely to encourage it within their direct reports. In terms of recommendations for Pure Blast there are several things they can do to cultivate this resilience, these include:

- Provide managers with training around creating resilient teams and managing transitions. This can be done by bringing in a third party to conduct a training

session on change resiliency skills and transition management. Alternatively, a lower cost solution can be achieved by asking a manager, who would benefit from a developmental opportunity, to conduct a Lunch 'n Learn or a series of Lunch 'n Learns for the rest off the management team.

- Institute a team coaching approach to managing team members
- Rewarding the management team for showing resilient behaviours

Change Assessment



This pinwheel represents a summary of our assessment of Pure Blast' performance in each of the eight different key aspects of successfully leading an organizational change. Shaded areas of the pie represent change components that were fully addressed or considered during the change process; the dotted patterns represents parts of the change where some consideration was given but where there exists room for improvement, and the flannel pie slices are those components of the change process that were not, or inadequately, addressed.

We can see that the majority of the issues necessary to successfully implement a change were addressed. Although Strategic Alignment and the 20-60-20 Rule (Commitment) were addressed, we felt that certain areas within these components could be improved upon; more specifically, picking - and sticking to - an explicit corporate strategy, and more proactively dealing with resistance through increased communication.

In regards to resilient teams, we felt that given the organizations history of mergers and acquisitions, more could be done to increase individual and team resilience levels to make them more accepting of change.



Employee Feedback

Introduction

Analysis

Recommendation

Implementation

Conclusion

- ◆ Guiding Principles
 - ◆ More T&D to provide support for the guiding principles
 - ◆ Some departments may lack connection to the guiding principles
 - ◆ Sustained support lacking
 - ◆ Lack of driving energy

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2.4 Recommendation

In the interviews, the interviewee's were asked if they had any recommendations on how to improve the change process. The results were compiled into this list of opportunities for improvement which include the guiding principles, communication and tunnel vision.

Guiding Principles

- At the present time many of the interviewee's have not fully internalized the guiding principles. If Pure Blast is going to continue to use these principles, it is important that they provide training and development to assist their employees in gaining a better understanding of the principles and how to apply them to the organization.
- At the present time, some departments may lack connection to the guiding principles and fail to see how these principles pertain to their specific job.
- Finally, the interviewee's feel that sustained support for the guiding principles is lacking and that there is insufficient driving energy behind those principles.



Employee Feedback

Introduction

Analysis

Recommendation

Implementation

Conclusion

- ◆ Communication ✓✓✓✓✓
 - ◆ Importance of transparency
 - ◆ Consistency in communication
 - ◆ Solicit feedback
 - ◆ Two-way communications

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Communication

- It is important that all communications are transparent, which means that everything should be disclosed in a timely and honest fashion. If efforts are made to keep communications transparent, this will not only increase the credibility of the communication, but will also increase employees' trust in those communications. With respect to this specific change initiative, some interviewees thought that the information was kept a secret for too long. In fact, many of them knew that there were secret changes happening but they were not allowed to discuss them, resulting in the circulation of rumours. Some individuals felt as though they were caught in the middle because not only did they have to manage their own fears, but also the fears of their subordinates, making it a very stressful time for many managers and employees. It was also mentioned that now whenever the management team goes into a closed door meeting, ripples of fear resonate through the entire organization. All of these negative repercussions can be reduced through increasing both the quantity and quality of communication.
- In the event that the communicator is not able to fully disclose some element of a change initiative, they should be careful to never lie but rather they should state that they are not at liberty to discuss a certain issue at the moment. Furthermore, communication should also be consistent, solicit feedback, and encourage two-way communication.



Employee Feedback

Introduction

Analysis

Recommendation

Implementation

Conclusion

- ◆ Avoid Tunnel Vision
 - ◆ People focused on their own department
 - ◆ Lack of synergy
 - ◆ Ensure employee buy-in

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Tunnel Vision

• Efforts should be made to increase communication between departments and reduce interdepartmental boundaries. During the interview process, a number of individuals mentioned lack of synergy between units of the organization because of employees' strong focus within their own respective departments. For example, in order for Distribution to operate in a manner that best serves the organization as a whole, input must be sought from Customer Service (e.g. specific customer requests regarding delivery). In order for interdepartmental communication and cooperation to increase, employees need to have a better understanding of how their actions impact, and are impacted by, employees in other departments. Furthermore, employees must not only be aware of the relationships that exist between departments, but must also be willing to strengthen those relationships by making positive contributions to other departments.



Short Term Recommendations

Introduction

Analysis

Recommendation

Implementation

Conclusion

- ◆ Strategy
 - ◆ Establish a mission, a vision, values and goals
 - ◆ Turn the statements into a physical reality
 - ◆ Publicize the strategy
- ◆ Change management
 - ◆ Avoid unnecessary changes

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The following recommendations were created by the project team as a result of the information provided in the interviews:

Establish a mission, a vision, values and goals

Many organizations find it useful to have a mission statement, vision, values and goals. These are intended to guide the behaviours and actions of all employees. They tell the employees where the organization is going and tie the strategy of the firm to each individual position within the firm. Given the wide range of answers the interviewee's provided on the organizational priorities and their ambiguity in answering the questions around the guiding principles it would be beneficial to firmly establish these statements. When going through the process of establishing the organization's mission, vision, values and goals, it is beneficial to involve individuals from various levels within the company and different geographical locations. If this diverse range of individuals is brought together to jointly create these statements, these individuals will be in a better position to act as advocates within their own departments.

Turn the statements into a physical reality

Once these statements have been established, it is crucial to spread them throughout the organization by placing posters, plaques and pictures in visible locations. Additionally, laminated copies of the mission, vision, values and goals can also be printed up and distributed to all employees, which will allow employees to

post them somewhere that will be of benefit to them. These will serve to publicize the positive aspects of the organizational culture that the organization hopes to cultivate and maintain over time.

Publicize the strategy

Management should also make an effort to publicize the strategy and sell it to the lower levels of the organization. Not only will this assist the management team in internalizing it, but it will also increase the buy-in among the lower ranking individuals. This will assist all employees within the organization in gaining a better sense of how their specific role benefits and contributes to the overall success of the firm. This can be done by having the managers present the new mission, vision, values and vision to their employees or by having open door sessions whereby employees can drop by and ask Mr. White questions.

Avoid unnecessary changes

In environments of frequent or continual change it is possible for employees to hit their change threshold. Once they hit this threshold, their capacity to assimilate new change is significantly diminished. In order to prevent this from happening with Pure Blast, change initiatives that do not directly tie to this element of the strategy or this particular change should be delayed until the dust settles from the current change initiative.



Implementation

Introduction

Analysis

Recommendation

Implementation

Conclusion

August 15

- ◆ Clearly define vision & mission statements, values and goals

August 30

- ◆ Articulate a corporate strategy
 - ◆ Input from employees, customers, competitors

September 5

- ◆ Communicate strategy to employees
 - ◆ How does it effect each individual?

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2.5 Implementation

Although Pure Blast currently has a few guiding principles, the importance of clear, concise vision and mission statements cannot be understated. Some individuals that were interviewed felt that the current values of the organization were created in a somewhat *ad hoc* fashion. Furthermore, given Pure Blast' history of mergers and acquisitions, there appeared to be some confusion as to who 'owned' specific principles: were they Quatroino's, or Pure Blast, or one of the previous company's taken over by Pure Blast?

Given the recent changes that have taken place in the bottled water industry, it is understandable that Pure Blast may not want to 'pin' itself to a business strategy that may prove to be ineffective within a relatively short period of time. Nevertheless, having a strategy - even an inaccurate one - may be preferable to having no explicit strategy at all. The direct input from employees and customers, and even indirect input from competitors, may prove to be invaluable in creating a strategy capable of serving the organization well in the long term. We believe the current direction of providing a high-quality product with exceptional customer service has the makings of a promising corporate strategy.

A strategy is only useful insofar as employees know that it exists. As such, the strategy should be clearly communicated to employees, with specific emphasis on

making clear precisely how the strategy ties in with the organizations vision and mission, as well as how it impacts each individual employee in the company. The following slide makes recommendations around how increase the effectiveness of communications at Pure Blast Water Company.



Future Opportunities

Introduction

Analysis

Recommendation

Implementation

Conclusion

- ◆ Rebuild trust and confidence through communication
 - ◆ Create a communication plan
 - ◆ Utilize different mediums
 - ◆ Maintain transparency
 - ◆ Tell the truth
 - ◆ Evaluate the process

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Communication plays an integral and essential role within the change process. It not only illuminates individuals within the organization as to the reasons for the change but it also assists in alienating the fear associated with the change process. In order to rebuild trust and confidence through communication the following steps should be taken:

Create a communication plan

- Each and every major change should have a formalized communication plan which should include what information will be communicated when, how and to which audience. Once a template is created for a communication plan it can be re-used for future change initiatives.

Utilize different mediums

- Utilizing different mediums is an essential element of effective communications. When employees are told of changes they immediately begin to wonder how that change will affect them and so following the initial communication many of the details of the communication are selectively filtered out. As a result, often employees need to hear the details of a change initiative multiple times and often multiple different mediums before, during and after the change process.
- Additionally, different employees respond to different types of communications, which can be divided into two major categories that include visual and auditory. Richer communications typically take advantage of both of these mediums, which

means that they will have a much higher likelihood of reaching a large number of individuals. Visual communications include emails, posters and memos. Auditory communications include voicemails and speeches. Communications that are a combination of both of these types typically have an opportunity to be interactive and participative, these include open door sessions, lunch 'n learns and videoconferencing.

Maintain transparency

- Essentially, maintaining transparency is all about reducing barriers and communicating in an open and honest manner. Reducing barriers includes removing anything that may be a hindrance to open communication within the firm. This can include things such as inefficient communication methods or detrimental organizational hierarchies. Inefficient communication methods include but are not limited to using an inefficient or inappropriate communication medium or style to convey major organizational changes. Detrimental organizational hierarchies can be dismantled by looking for more creative ways to communicate and receive feedback. This can be done through scheduling regular "Open Door Sessions" or "Fireside Chats" in which employees from all over the organization can drop into a question and answer session with a senior leader in the organization and ask them questions about pending change initiatives.

Tell the truth

- Telling the truth is an essential element of communication and manager's should ensure that all of their communications are as truthful as possible. In the event that a manager is asked something that they are not at the liberty to disclose they should respond to the question by stating "At the present time I am not able to share that information but I can tell you...". This sentence can be finished in several ways, which include statements such as "the change does not directly affect your job", "that I will update you as soon as I am able" and "that this change will be a positive one for our organization".

Evaluate the process

- The communication process should be evaluated on a regular basis in order to determine which communications are the most effective and special consideration should be taken to ascertain which communication methods work the best with the organizational culture of Pure Blast.
- Additionally, it is important to remember that communications frequently provide subtle symbolic messages and efforts should be made to ensure that these messages are consistent with what the firm wants to portray. For example, if Pure Blast's believes that environmental sustainability is an important value of the firm then efforts should be made to ensure that all communications are environmentally friendly. So in this case rather than issuing a paper-based memo

to everyone in the organization, emails should be sent out or the communications should be placed on the company's intranet.



Conclusion

Introduction

Analysis

Recommendation

Implementation

Conclusion

- ◆ A strong foundation for future growth
- ◆ Capitalizing on strengths
- ◆ Leverage opportunities for development
- ◆ A promising future



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2.6 Conclusion

In order for organizations to succeed in this ever changing business environment, it is crucial for them to build a strong foundation for future growth. This foundation can be built on solid change management principles that govern all change management initiatives within the organization. Effective change management principles will capitalize on the strengths of the organization while concurrently mitigating its weaknesses. They will leverage opportunities for development in order to facilitate the progress of the organization. Through utilizing these change management principles, Pure Blast Water Company will increase the ease with which changes are instituted within the organization. These changes will ultimately enable Pure Blast to build a promising future built upon proactive business decisions and increased profitability.



References

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Conclusion

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3 THE IMPACTS OF ORGANIZATIONAL STRUCTURE ON ORGANIZATIONAL CHANGE: A CASE STUDY ANALYSIS

3.1 Introduction

Altering the structure of an organization is a popular approach used by leaders who wish to maximize the chance of success of a strategic change that they are trying to implement. Although the organizational structure itself is frequently not the direct target of a change process, many leaders seem to believe that structure can be used as a powerful lever in modifying the climate and culture within their organization so as to make it more accepting of their desired change. The purpose of this component of our project is to analyze the structural changes made at Pure Blast in the light of the literature available on the subject; more specifically, we seek to examine whether the structural changes were necessary and to evaluate their effectiveness in contributing to the overall strategic change desired at the organization.

Organizational structure refers to “the division of labour as well as to the patterns of coordination, communication, work flow, and formal power that direct organizational activities” (McShane, 2004, p. 428). In this project we focus on unit grouping and organizational hierarchy in examining changes at Pure Blast without exploring the informal networks that might support or get in the way of formal arrangements.

3.1.1 Overview of Pure Blast

In March of 2003, Jim White, Regional VP & General Manager of Pure Blast noticed a troublesome trend in the companies' performance. Revenues and number of customers had plateaued in the previous year and were beginning to decline

significantly. Even more problematic was what Mr. White perceived to be a lack of customer-service orientation among his employees. While historical market trends had allowed Pure Blast to act as an 'order-taker' based on strong buyer demand, the changing environment was forcing the company to take a more sales and marketing oriented approach in order to win and retain customers. Mr. White felt his employees were having a difficult time appreciating and accepting this new mindset. Furthermore, because of Pure Blast's historically 'effortless' success, Mr. White felt that many components of the organization were inefficient and that considerable cost reduction was possible by reviewing existing distribution systems and processes. To this end, the structural changes made by Mr. White had two distinct purposes: 1) to help create a more customer-service oriented culture, and 2) reduce costs.

3.1.2 Organizational Structure at Pure Blast

Chart 2 and Chart 3 represent the previous and current formal organizational structures in place at Pure Blast. Whereas the original structure consisted primarily of divisions broken down by geographic location, we can see that the new organizational chart is much more functionally distributed. Other significant changes in the new structure are the realignment of HR accountability directly to the VP Western Canada (from VP Canada), and the abolishment of the Planning Manager position. There were also some structural changes made to the organization that are not intuitively captured by the chart: one of the production facilities in Northern Alberta was closed and re-designated as purely a distribution centre.

Chart 2 Original Organizational Structures

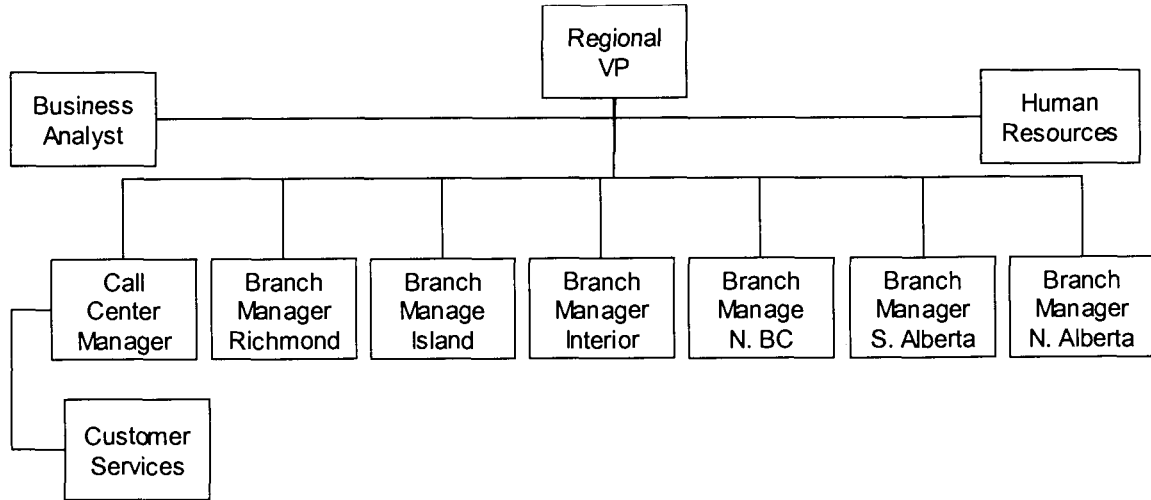
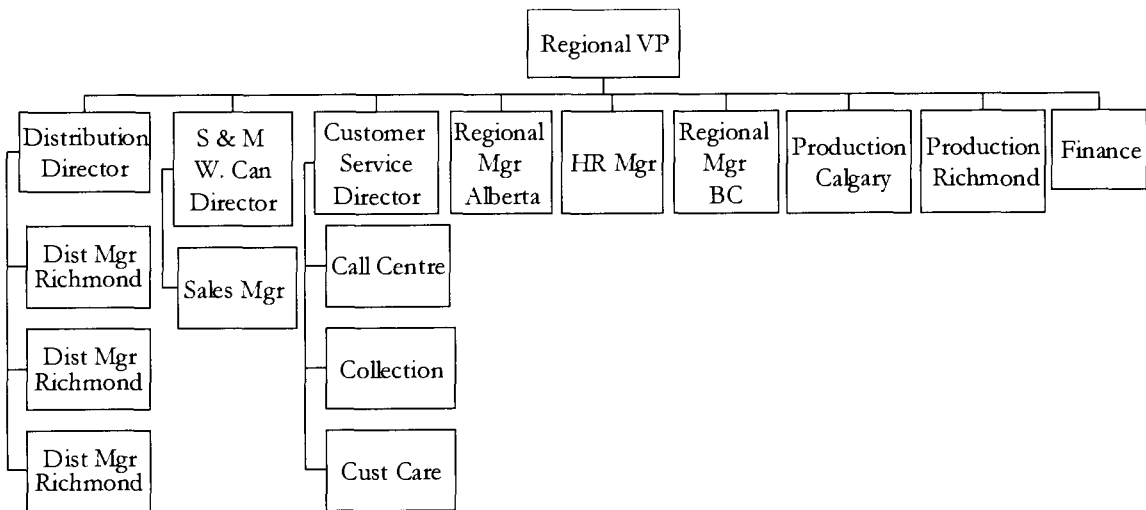


Chart 3 Revised Organizational Structures



3.2 Reasons for Organizational Change

Although many leaders seem to believe that modifying organizational structures is an important part of implementing significant changes within an organization, the literature does not always support this point of view. To be sure, some experts such as Galbraith (2000) claim that "...under many circumstances, changing formal organizational structures and systems is central to the success of the overall change

process” (p. 139); nevertheless, others, such as Hirschhorn (2000) argue that “leaders cannot attain sustained increases in performance by using formal structures... as the principal instruments of change” (p. 161), while others even go so far as to claim that structure can be an obstacle to implementing organizational changes (Kotter 1995). The reason for these differing opinions is due in large part to the context in which the organizational change takes place; that is, it depends on the particular characteristics of the organization and of the change. Of primary interest to us in this instance is whether or not the significant structural changes made at Pure Blast were warranted given the companies strategic change objectives.

3.2.1 Organizational Structure and Culture

In order to help us answer this question, we’ll look at each of the two strategic objectives that Pure Blast was hoping to accomplish through these structural changes. As stated above, the first goal of the (structural) change was to create a more service oriented culture. Interestingly enough, although corporate culture writers generally pay little attention to organizational structure (Rowlinson 1995), implying that the relationship between culture and structural form is small or insignificant, changing the organization’s structure sends a strong message to employees. As such, while structure and culture may not be highly interrelated, *changing* structure can strongly influence a change in the culture of an organization. Furthermore, changes to a firm’s hierarchy “...are effective only to the degree that these structural changes are associated with changes in the psychology of employees” (Brief *et al.* 1996, p. 7).

According to this argument, the structural changes at Pure Blast would have been warranted only if there was an associated attempt at changing the firms’ culture independent of the organizational changes themselves. Unfortunately, based on our research, Pure Blast’s primary tool for changing the mind-set of its employees to make

them more service-oriented was the structural change and the implicit message that employees were supposed to derive from it. Cohen (2000) claims that “the less dependant a change is on a new behaviour... the better it is to start with structural interventions” (p. 182). Theory and research suggest that structural changes alone would not accomplish Pure Blast’s objective of creating a more customer-oriented workforce since that objective is almost entirely employee behaviour related. Data gathered from employees during our research seems to support this conclusion. Although management communicated the importance of customer-service, the only physical manifestation of this commitment to employees was the structural change. During our interviews, a number of employees expressed frustration concerning the lack of emphasis on customer service. Despite Pure Blast guiding statement highlighting the importance of client satisfaction, employees felt that much more could be done to continually emphasize, and support, these principles. While the revised organizational structure created a new consolidated Sales and Marketing Department, it was largely up to employees to infer that this demonstrated a new direction in the company’s strategic thinking. Few interviewees made a direct connection between the new organizational structure and the desired organizational culture it was intended to spawn. Furthermore, a number of employees that had been restructured felt inadequately prepared for their new positions. Statements we received during our interviews such as ‘I was placed into the job with my hair on fire’, and ‘sometimes you have to be thrown into the deep end of the pool so you can learn how to swim’ reflect the manner with which some individuals within the organization were allocated new positions. Cohen (2000) claims that “starting with structure is likely to be a weak launch tactic if people in new roles do not have the necessary skills to make appropriate decisions” (p. 184), further supporting our conclusion that Pure Blast may have been unwise in trying to change its corporate culture primarily through an organizational restructuring.

3.2.2 Organizational Structure and Costs

The second goal of the structural changes made by Pure Blast was to reduce costs and increase operating efficiencies within the organization. This was accomplished in two distinct ways. First of all, the revised structure reflected the closure of one of the firms' production centres in Northern Alberta, as well as the elimination of positions that were perceived to have been redundant or unnecessary (such as that of Planning Manager). These changes were shown to produce substantial savings in logistics and production costs within a very short period of time. Secondly, the new structure realigned existing positions so as to better maximize employees' strengths. Interviewees indicated that prior to the change Pure Blast had become stale and lacked the fresh perspective new employees bring to an organization. Furthermore, it was felt that some people were in certain positions because it was convenient for them to be there, not because they were suited to work in those areas. Since the literature supports organizational changes made for human and financial resource reasons (Cohen 2000, Lin 2002), it seems that Pure Blast was justified in making a structural realignment in this regards. Furthermore, functional structures tend to be the most efficient since they allow for economies of scale in the allocation of human resources and greater centralization of shared services.

Combining our conclusions from above, a strong case can be made supporting Pure Blast's decision to formally streamline the organization. Although the restructuring was shown to be inadequate insofar as it was incapable of changing the culture of the company to make employees more customer focused, it did produce immediate benefits by reducing fixed costs. Several individuals that we interviewed also expressed a higher degree of personal satisfaction with their new jobs as they found them to better suit their individual strengths. This would seem to indicate that management successfully

reallocated positions in such a way as to better capitalize on the firm's human resource potential.

The organizational restructuring at Pure Blast seems to have been a necessary, but not sufficient, step in accomplishing the company's new strategic goals. It is important for Pure Blast management to recognize that restructuring is only one step towards creating a new organizational culture. Instead of acknowledging that "...the first lever drives and shapes the subsequent change efforts" (Galbraith 2000, p. 141), Pure Blast's restructuring seems to be an independent, 'quick-fix' attempt of resolving the companies problems.

3.3 Total Organizational Changes vs. 'Silver Bullets'

Change professionals refer to total organizational changes (TOC's) as changes that simultaneously affect "multiple policies, practices, procedures, rewards, and other feature[s] of multiple functions, units, and levels of an organization" (Brief *et al.* 1996, p. 12). These are the types of changes "...that can be sustained and can enhance organizational health and vitality over time" (*Ibid*, p. 12). In contrast, 'silver bullet' approaches attempt to solve organizational problems by targeting a specific component of the organization, such as personnel selection strategies or training programs. Unfortunately, 'silver' solutions have a reputation for failing because of their inability to address the wide variety of issues requiring simultaneous attention and because they tend to be absorbed by the existing culture (*Ibid*). It seems apparent that the organizational restructuring process at Pure Blast was part of a 'silver bullet' solution as opposed to an essential component of a comprehensive TOC. Given the high failure rate of 'silver bullets' in accomplishing their lofty objectives, Pure Blast may benefit from aligning other structures and systems within the organization to fully encourage a customer-based mindset.

3.4 Analyzing the Change

Having looked at reasons for *why* Pure Blast made an organizational change, we now move on to looking at *how* the organization was restructured. To be clear; by *how* we do not refer to the processes involved in the change (e.g. the communication that was involved), but the outcomes of those processes (i.e. the official structure that resulted from the change).

3.4.1 Unit Grouping and Change at Pure Blast

There are four different forms of unit groupings popular in contemporary organizations: functional based, product based, market based, and matrix based (Daft 1989). As we can see in Chart 1, Pure Blast was originally divided largely along geographic lines (a type of market grouping), with the branch manager of each geographic region responsible to the Regional VP. In contrast, the revised structure we see in Chart 2 reflects an organization that is functionally structured, with employees working together within business units that perform similar functions, such as distribution, or marketing (Crossan *et al.* 2002). This change has a significant impact on the way Pure Blast operates; for example, whereas the original structure had six third level distribution managers (one for each geographic area in which the company operated), the new structure has one second level distribution manager - reflective of the personnel efficiencies we would come to expect of this type of change.

One of the biggest problems with market groupings is that they create “silos of knowledge” since best practices and information from one part of the organization is not necessarily shared elsewhere. Research clearly supports the assertion that some organizational structures do “not foster interchange and collaboration” among employees (Suran 2003, p. 32), and that the strategic business units (SBU's) typical of market and product structures are particularly vulnerable to these weaknesses (Asch & Salaman

2002). Based on our interviews, this seems to have been a very real challenge at Pure Blast, since a number of employees mentioned lack of communication, particularly between departments, as a source of concern.

Unfortunately, the new functional organizational design has a similar weakness. Because people are grouped together with common backgrounds and interests, they tend to "...emphasize subunit goals over super ordinate organizational goals" (McShane 2004). Employees we interviewed complained of 'lack of management knowledge of company department understanding what happens in the other departments'. Given the recency of the change, it seems likely that a certain amount of 'department-centered' thinking was fostered by the previous structure; however, considering that the new structure is particularly prone to prioritizing departmental over organizational needs, it seems advisable for Pure Blast to ensure that its employees develop a broad sense of understanding of how the firm operates. A temporary solution to this fragmenting tendency of functional structures would be transferring employees between different departments or groups of the organization. However, it should be realized that functional structures are only advisable when efficiency is a major concern and when business processes are relatively simple and routine (Daft 1989), thus limiting the need for employee commitment and innovation.

It is also of interest to note that many organizations have realized that a functional structure is not compatible with organizational objectives that focus on customer service (Armistead & Mapes 1993). The reason for this is that functional structures create different, often conflicting, sets of priorities or objectives for managers to satisfy. Forcing employees to juggle 'hard' financial objectives (of their department or unit grouping) with less measurable customer service objectives (of the organization) risks producing a culture that is less service oriented than the leaders of the organization

might expect. While this does not mean that Pure Blast should not pursue the dual objectives of cost-reduction and customer service simultaneously, it is important for the company to address the potentially mixed message that the new functional structure sends its employees.

3.4.2 Conflicting Motivations for Change

We have already discussed the two driving forces behind the organizational change at Pure Blast – increased focus on customer service and cost reduction. If the former reason had been the only reason for the change, we could have been fairly confident that satisfying customer needs (or the ability to do so) were foremost of importance in the minds of Pure Blast executives responsible for designing the new organizational structure. However, given that cost reduction was also a significant factor in the change process, the potential for a paradox between developing ‘customer satisfaction’ and focusing on ‘cost reduction’ oriented changes seems very real indeed.

To be fair, every organizational change, regardless of how focused it is on customer satisfaction, will have to take into account the financial realities of business. Our concern in regards to Pure Blast is that, given the explicitly stated dual focus of customer satisfaction and cost reduction, and given the immediate benefits and financial resources that become available to the organization by focusing on cost reduction, it seems very possible that the primary driver for the new organizational structure was not customer service, but cutting costs. For instance, during our interviews a number of employees expressed that they felt the changes that were occurring in the organization were due to cutbacks and attempts to make the organization leaner and more efficient. Increased ability to satisfy customers was seen as, at best, a secondary ‘bonus’ benefit of the changes.

It has been argued that the organizational climate of a firm reflects the tangibles (such as formal organizational hierarchies) that produce a culture (Brief *et al.* 1996). Given Pure Blast's desire to create a new 'customer oriented' culture, it appears that the company missed a powerful opportunity to do so by allowing cost reduction considerations extensive leeway when giving thought as to how to redesign the organizational structure.

3.4.3 Using the 'Free Market' Model to Balance Conflicting Interests

In *The Challenge of Change*, Asch and Salaman (2002) argue that "the free market system...[should be seen as] providing the inherently virtuous model through which all internal organizational relationships should be restructured" (p. 136). The purpose of using the free market as a model is to ensure that the organization and its employees are focused on satisfying customers' needs. Given that one of Pure Blast's core ideologies is to execute customer service to the extent that it becomes the single most important factor when distinguishing Pure Blast from its competitors, making changes according to the free market model proposed by Asch and Salaman may be one route worth exploring.

Using this model implies exposing the organization to market pressures and adapting the organizational structure to the demands placed on the organization by its customers. Salaman and Asch (2002) argue that the "purifying moral force" of the free market will act towards "neutralizing the dysfunctionalities of bureaucracy" (p. 135) that are prone to exist within organizations. As we have already discussed above, organizations are likely to develop mixed priorities when formal structures don't align with organizational objectives. For instance, Pure Blast management emphasized the importance of customer satisfaction while at the same time changing the structure of the company from a market based grouping to an arguably less customer service oriented

(but more efficient) functional based grouping (a more comprehensive discussion of this is included below).

A free market model approach may be the solution to increasing both efficiency and customer satisfaction. By replacing organizational controls with market forces, the rigidity and rule-focus typical of bureaucratic organizations is replaced with flexibility, passion, and employee involvement (Asch and Salaman 2002). Such a model allows organizations to become customer centered without creating unnecessary operating inefficiencies along the way; precisely what Pure Blast is trying to do.

3.4.4 Centralization and Change at Pure Blast

Centralization refers to the “the degree to which formal decision authority is held by a small group of people, typically those at the top of the organizational hierarchy” (McShane 2004, p. 433). Based on this definition, we can see that the formal changes at Pure Blast centralized the organization so as to give more power and authority to upper levels of management. For instance, whereas the Regional VP had seven direct reports prior to the change, after the change nine management level employees reported directly to him. We also had interview feedback from employees who felt that their level of responsibility and power to make decisions within the organization had decreased as a result of their new position – exactly what one would expect when changing from market based to functional grouping. Given the infocratic nature of today’s workplace and the considerable amount of emphasis put on ‘employee empowerment’, one would expect companies to decentralize in order to more widely distribute power throughout the organization. Furthermore, research seems to support the claim that decentralization increases an organizations response rate to events and opportunities (Autry *et al.* 2001), a powerful advantage in today’s quickly changing business environment.

Nevertheless, there is a plausible explanation for why Pure Blast centralized despite the apparent benefits of decentralization. It has been noted that centralization allows for capital to be allocated more efficiently across division, thus decreasing operational costs (Harris & Raviv 2002). Centralization also concentrates power with the leaders of an organization, increasing their ability to make changes to the organization. One of our interview questions of Pure Blast employees asked them whether they felt that the bottled water industry had significantly changed in the past two years. All of them responded that there had been dramatic changes which had strong implications on the way in which Pure Blast conducted business. As such, it seems likely that Robin White's decision to centralize Pure Blast is part of a deliberate effort designed to increase his power to make the changes he feels are necessary within the organization.

3.5 Conclusion

By analyzing the structural changes made at Pure Blast in the light of current literature on the subject, we have been able to make certain conclusions, predictions, and recommendations, regarding the success of the changes. We have determined that Pure Blast missed a unique opportunity to change its corporate culture to being more service oriented by allowing the organizational changes to be strongly influenced by cost-cutting considerations. We can also conclude that unless certain steps are taken to minimize the inherent weaknesses of functionally structured organizations, Pure Blast will face continued difficulty in having employees understand and buy into the goals of the organization. As one potential solution to this problem, we have presented the free market model as an organizational alternative that successfully balances operational efficiency and customer satisfaction.

Ultimately, organizational structures can be seen as a dynamic and evolving forms (Bate *et al.* 2000), that do not necessarily reflect "...in and of themselves the

dynamic nature of what's really happening in [an] organization over time" (Clawson 2003). For us to claim a thorough understanding of Pure Blast based on our limited research of the company would reflect ignorance regarding our understanding of the subject. We can only hope that the information we have received, in collusion with the literature we have reviewed, has allowed us to shed a small amount of light on the organizational structure at Pure Blast and its ability to influence the company as a whole.

4 REFLECTIONS AND LEARNINGS

4.1 Introduction

In this project, we have examined how companies deal with change; more precisely, we have studied how organizational structure can affect organizational changes. The research we have done and the on-hand project experience we have gained working together as a team have provided us with invaluable learning experiences. In this section we would like to summarize the specific knowledge we have acquired within the context of the intra-group dynamics that developed within our team, and client relations with our project company.

4.2 Group Dynamic

The first thing that we would like to reflect on is the dynamic that developed within our group. In today's business world, working in groups is inevitable. In this course, BUS 999, the project team was formed in the beginning of the term and we remained in the same team for the entire semester. As a result, the development of patterns in our group can be easily observed. There are several things that we learned from observing ourselves and we classify these into three categories: leadership, planning and morale.

4.2.1 Necessity of Leadership

One of the most valuable lessons that we learned from this project is the importance of leadership. We believe that by having a leader assigned to us as a group right from the beginning, the team was actually able to expedite its forming and norming stages, thus allowing us to move right to the performing stage of group development.

During our first team meeting, our leader had already clarified the goal, or “vision”, of this project, and told us what she would like to achieve in this project. Her drive and ambition stimulated us to keep up with the project plan. Although many of the goals and objectives of our team originated with our leader, she worked with us to ensure that we fully accepted and endorsed them as our own by asking us for input and modifying individual goals as necessary.

4.2.2 Importance of Planning

The other thing that allowed our team to function productively was the development of a team plan. During our very first meeting we created a list of specific things we had to do in order to finish the project (like arranging interviews, conducting interviews, writing up our results, and so forth) and we assigned tasks to the individuals within our team. In order to assist us in this process, a Gantt Chart was created which outlined the specific roles and time frames within which individuals were to complete their part of the project. We had weekly team meetings during which we updated each other on the progress that had been made in the previous week, and which we found to be extremely useful in helping us stay on track and making us accountable to one another. During this time each member was updated on the ‘big picture’ of what was happening in the project, allowing us to reaffirm how our individual objectives within the context of the team aligned to the overall goals of our group. This was a fairly important process, since it motivated all of us to keep up with our respective schedules (since group members’ tasks were often interrelated, making the completion of one members’ task dependent on the completion of another members’ task) and improved team cohesiveness. By ensuring all three of us met on a weekly basis, no one group member felt that they were left out because they had not been updated or informed of our progress. Another important benefit of having planned meetings and a thoroughly

developed Gantt Chart was that it fostered communication between us as team members. By formalizing our communications on paper and meeting at regular times, misunderstandings and errors in communication between us as group members were minimized. This allowed us to finish our project more effectively and efficiently.

4.2.3 Group Morale

The final aspect of our intra-group experiences that we would like to mention is that of group morale. Both of us have had negative experiences of working in a team with an unpleasant atmosphere where team members did not communicate outside of the assigned work. Although a strong task-oriented team can arguably still achieve its goals regardless of the development of interpersonal relationships among team members, our experience tells us that teams that do not work on developing intra-team relationships have lower levels of morale than those that do. However, we believe it is important to maintain and enhance the morale among group members in order to create a happy work environment, since this should not only improve the efficiency with which the team operates, but also make the whole process more fun and enjoyable.

Furthermore, a positive work atmosphere can foster trust and open communication between individuals. We believe our group did particularly well in this aspect. Aside from regular meetings, which focused on the “business”, we also extended our interactions to outside of the project. For instance, we enjoyed teatime together after our interviews, and we made a trip to the night market. Things like this allowed us to have an informal and less stressed environment to express our opinion and refresh our minds. Last but not least, these interactions outside of work also enhanced the congruence of the team.

4.3 Client relations

In a project like this, support from the client is crucial. It is fairly obvious that the project would have been very difficult to finish on time if there had been no commitment from our client. We were very lucky because our project sponsor, Mr. White, has been exceptionally helpful despite of his busy schedule. During the time of our project, he was approachable and willingly provided us with the details necessary to complete our task. However, this project involved more than a single individual and problems arose during the process of arranging and conducting a number of interviews with employees of Pure Blast. Even with Mr. White's full support, we still encountered some difficulties while doing this project.

4.3.1 Compatibility of Schedules

One of the most difficult tasks was matching everyone's schedule. For the members in the project team, this was not too much of a problem since we were in the same program and taking the same courses. However, it became problematic when we needed to take our client's schedule into consideration. As mentioned above, our group was fairly organized and planned ahead. However, after starting contacting people from the company, we realized the high level of dependence we had on the schedules of the individual employees of the organization in order to keep our schedule. In our case, we had attempted to strive for early completion of our project, yet we did not succeed due to the incompatibility of various people's schedules. For instance, while it took us more than two weeks to arrange interviews with everyone because of different availabilities, it only took us less than a week to complete all of the interviews. Furthermore, even though interview has been arranged, there was always the possibility of cancellation or people not showing up. This not only wasted a considerable amount of time in rescheduling and so forth, but also resulted in delaying our overall schedule as a team.

In this instance, we learned that executing a plan can take much longer than the amount of time allotted to it if unforeseen delays are not taken into account. We also experienced firsthand how managing and understanding the schedules of others can be crucial in keeping a plan on target it. We believe this is one aspect in which we could have improved, since our original plan and Gantt Chart did not very well incorporate unexpected delays as a result of scheduling difficulties.

4.3.2 Data Collection

In this field experience, we learned that it is not easy to ensure that the information you collect is either sufficient or correct. There are several factors which contribute to this uncertainty. First of all, employees who resist change will often not be willing to provide information for any number of reasons. They may have not been incorporated in the change process, may fear reprisal, or may wish the change to fail; at any rate, we believe that as a result of certain employees not being fully willing to disclose certain information, we were unable to obtain some valuable information. Furthermore, even some of those people were involved in the change and were willing to participate were reluctant to provide in-depth information because of office politics or the presence of social networks within the company. For instance, one employee said that he had a lot of questions in mind when the change was occurring; however, when we somewhat more directly asked whether or not he sensed any insecurity when dealing with the change, he denied having this impression. We believe that people did not feel safe enough to be completely honest, and that telling the truth would have required them to exhibit a level of vulnerability that they were not comfortable with. As a result, this experience taught us that we can't assume that people will disclose information willingly - even if it is to a relatively un-biased third party trying to help the organization. One of the skills that that we need to develop is how to minimize resistance when conducting

interviews with strangers. It is important to establish a certain level of trust and solidarity in order to maximize the likelihood of garnering honest and useful feedback in a situation such as this; a social skill that we need to refine in the future in order to conduct interview more successfully.

Another obstacle that we experienced in data gathering was office politics. People sometimes provide biased information and/or are unwilling to disclose certain information due to political forces within the organization. For example, in one interview, we found that an employee was unwilling to give more information about the change even though he had been given more responsibility after the change. Although he perceive the change to be positive – both for himself and the organization - we still sensed that he was reluctant to discuss the implications of the change openly with us. We later determined that this employee's mentor for whom he had a lot of respect had been laid off during the restructuring, and we believe this explained the employees behaviour during our interview. This example clearly illustrates that office politics had a strong impact on the quality of the data we collected in this project. This result seems to suggest that it is worthwhile investing time in understanding the company's informal social network in order to better be able to interpret responses from interviewees based on their positions within those networks.

4.4 Conclusion

This project has provided us with a lot of valuable experiences. Seeing first hand how an effective team functions gives us practical tools that we can use in developing our future teamwork skills and abilities. Furthermore, the things we learned on how to deal with clients will also be valuable assets in our future careers. Having successfully completed a project of this magnitude and avoided or overcome the numerous pitfalls and difficulties that such an undertaking creates has given us an increased sense of self-

confidence in our ability to apply the theoretical concepts we have learned during the course of our program in real world situations.

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