

# Unit 33: Small Business Enterprise

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# Learning Outcome 4

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- Be able to examine the impact of change management on the operations of the business:
  - AC 4.1 Report on the impact of the proposed changes on the business and its personnel.
  - AC 4.2 Plan how the changes will be managed in the business
  - AC 4.3 Monitor improvements in the performance of the business over a given timescale.

# In this Session

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- LO 4 Be able to examine the impact of change management on the operations of the business:
- AC 4.1 Report on the impact of the proposed changes on the business and its personnel.
  - Impact of the proposed changes on
  - Effects of change on all areas of business
  - Obstacles/problems to change
- Further Readings
- References

# Introduction

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- *Is Temporary Insanity Keeping You From Growing Your Small Business? Most people are afraid to change how they do things in their business. They are comfortable with the way things are and don't believe change will help their business grow. But successful people recognize when things aren't working and aren't afraid to make changes.*
- (Stacy Karacostas)

# How do you know when you need to make a change?

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- Sometimes it is just gut instinct. But I also like to use these three rules of thumb:
  1. If I have a number of months of data showing me that I am not on track to reach my goals, I know something needs to change.
  2. If I find myself complaining about the same problem three or more times, I know it is time to make a change.
  3. If I am presented with a better idea or system for my business, I always at least consider making the change.
- If you're really uncomfortable with change, or have a hard time letting go of things or ideas, start small.
- Drive a different way to work. Try a new restaurant. Order something other than the usual at your favorite haunt. Rearrange your office. Wear a new colour.
- Whatever you do, make it fun. Before you know it, your business - and your life - will be growing and changing for the better!

# *Impact of Change on the Business*

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- **Positive Impact**

- Change help to improve the image of the organization if well introduced and effectively implemented.
- Duplication could be eradicated and work split over long process be shortened.
- Greater efficiency, while effectiveness is not ruled out - doing what is right and doing the right thing.
- Enhances competitive business and reduces production cost.
- Change repositions an organization for better competitiveness while reducing cost to the minimum.

# *Impact of Change on Employees*

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- **Positive Impact**
- Helps to make the employees or personnel more experience as a result of new training for the new challenges.
- Making workers know their new, enlarged responsibilities and how to meet up with the expectation.
- Makes workers more accountable - more responsibilities and hence more motivated, when backed up with more rewards.
- It also enhances strategic planning on the part of the management - tend to plan more so as to avoid failure.

# Obstacles/problems (Employees)

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- If change is not managed properly it may impact the employees negatively:
  - a) Some employees may have trouble 'let go' of old methods and rules.
  - b) Valued personnel leave the organization.
  - c) Critical projects are delayed.
  - d) Loss of organizational history through changes
  - e) Productivity declines.

# *Impact of Change on the Areas of Business Operations*

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- Change will affect all areas of business operations:
  - –Finance
  - –workloads (jobs will be changed)
  - –morale (creating incentives and rewards)
  - –job roles (new skills and capabilities must be developed)
  - –physical aspects e.g. office space
  - –production methods
- Therefore change team should communicate the change through the use of meetings, reports, presentations, e-mails etc. to all stakeholders.

# *Technology and Change*

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- The use of technology in organization change is very important for business its in a rapid changing environment.
- While the use of technology and the emergence of new communication media may impact the company positively, keeping up with frequent change may cost the company financially, to purchase – make changes to every area of the business operations, including training and keeping up employees morale.

# *Technology and Change cont*

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- Companies must implement changes quickly. And technology provides a means to implement change quickly.
  - Firms must bring new products to market quickly while meeting customer's quality demands.
  - To succeed in the international marketplace, firms must also drive out unnecessary development and administrative steps to reduce costs and product development times.
  - The growth of global standards in quality and business processes has also increased the need for companies to use technology to implement the changes needed to meet new requirements.

# *Technology and Change cont*

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- **Operations:** Technology assists companies with managing changes to operations.
  - Companies have successfully reduced costs by examining business processes and eliminating actions that customers do not perceive as valuable.
  - Both companies and consumers have benefited from technology-driven improvements such as online orders, ticketless travel and just-in-time inventory

# *Technology and Change cont*

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- **Support:** A firm's departments use internal support services results in identification of functions that multiple departments can share.
  - Automation allows companies to eliminate duplication and even outsource some administrative functions, such as accounting or mortgage processing.
  - Organizations must also consider the return on investment when deploying new technology, however. For example, companies should carefully evaluate decisions to implement an expensive new technology if it only benefits a few staff members.

## *Technology and Change cont*

- **Centralization:** With the advances in technology it provide companies with the opportunity to place decision-making authority at the optimum level.
- Firms can use technology to centralize purchasing and logistics to take advantage of cost savings.
- Decentralizing responses to customer needs provides the opportunity for firms to tailor marketing decisions to fit local or fast-changing markets.
- Companies can also take advantage of advances in communications technology to integrate their computer systems with their customers and suppliers.

# Obstacles/problems (Business)

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- **Challenges:** Organizations must not only look at present opportunities to benefit from technology.
- A company that focuses only on current profits may miss chances to implement changes that could affect its future profitability or survival.
- They must re-examine strategic plans every 12 to 18 months.
- Determine the appropriate scope of changes and manage internal culture changes needed to successfully integrate new technology.
- Shifting focus from projects centered on cost reductions to projects that develop innovative products and drive revenue.

# Report on the Impact of Change

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- Gather information through survey, questionnaire, site-visit and outcomes measures.
- Prepare reports of root cause analyses – when there is a failure
- Review reports with front-line staff and ask for their contribution to improve system

# Further Reading

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- <http://www.businessknowhow.com/manage/change.htm>

# References

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