



2011

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Barbara M. Tarasovich

*Sacred Heart University*, tarasovichb@sacredheart.edu

Bridget Lyons

*Sacred Heart University*, lyonsb@sacredheart.edu

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## Recommended Citation

Tarasovich, Barbara Magi and Bridget Lyons. "Choice Of Service, Choice Of Cost" - A Transformational Change Program In IT -- The Case Of A Global Consumer Products Company: Case Study." *International Journal Of Business & Social Science* 2.15 (2011): 39-52.

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**“Choice of Service, Choice of Cost” -  
A Transformational Change Program in IT – The case of a Global Consumer  
Products Company: CASE STUDY**

**Barbara Magi Tarasovich, D.P.S., C.P.A.**

Assistant Professor of Accounting  
John F. Welch College of Business  
Sacred Heart University  
United States of America  
E-mail: tarasovichb@sacredheart.edu

**Dr. Tarasovich**

CPA in the State of Connecticut &  
Member of the American Institute of Certified Public Accountants.  
United States of America

**Bridget Lyons, D.P.S.**

Professor of Finance, Sacred Heart University  
United States of America

**ABSTRACT**

*This paper presents a framework for development of a transformational change management program (Flamholtz and Randle, 2008) in an information technology (IT) organization of a global Fortune 200 consumer products company. The goal of the transformation was to build leading edge global IT service offerings, to internal and ultimately external customers. The program played a pivotal role in the company's "Path to Growth" Strategy. This strategy included very specific targets for sales, margins and earnings growth over a five-year period. The case illustrates how a well conceived change program, integrated with an organization's overall strategic plan, is a competitive advantage.*

**Key Words:** Best Practices, Information technology Team, Organizational Change, Teams and Teamwork, Customer Management

**1. Introduction**

This paper presents a unique view of how the information technology team played a critical role in the achievement of a Global Fortune 200 company's strategic goals. The paper also presents a holistic view of a global organizational change program and examines how planning, leadership and communication are integral to a successful team transformation. The change program contributed significantly to the overall financial success of the organization and was integral to the strategic plan of the organization. By examining a successful change program, using a process model for change, a translation from a conceptual framework to a specific plan of action is studied. This study will assist companies in implementing a transformation change initiative.

While there is a great deal of literature on organizational change within global corporations, the literature is fragmented (Mintzberg & Westley, 1992). Scholars have focused on many different dimensions of change (Greenwood & Hinings, 1996; Mohrman, Ledford, T.G., & Lawler, 1989), as well as examining the nature of a change process. Scholars have also lamented that the literature on global organization change needs more research that can advance both theory and practice (Van de Ven, 1992). This paper contributes to management practice by examining Flamholtz and Randle's (2008) conceptual framework of change, and linking it to the nature and type of global transformational change, and a process model for change, as well as the role of leadership in change management. This paper explores the change process by examining the role of:

- (1) Strategic visioning in a global organization - identifying how the future state of the organization differs from the current state,
- (2) Leadership in global transformational change and,
- (3) Strategies and tactics the move a global company to the desired end state

The paper is divided in to three sections. The first section reviews the relevant literature on planning and leading global strategic transformational change. This is followed by an outline of a conceptual change model that links strategic vision with a detailed execution plan. This framework is an actionable model involving a comprehensive leadership approach to change management.

The second section uses a case study of a global consumer packaged goods company to illustrate the change model. The final section discusses how the framework or “lens” can be used to visualize, plan and lead strategic and organizational change as illustrated through the case study. This section also includes suggestions for additional research.

### **1.1 Transformational Change**

First, it is necessary to begin with a definition of transformational change. There are many definitions of change (Greenwood & Hinings, 1996; Mohrman et al., 1989) and many types that organizations face. Some changes are incremental, while others are transformational. Writers have described the term transformational change as a break from the past, a step change rather than an extrapolation of past patterns. (Burke & Litwin, 1992; Kotter, 1999; Tichy & Devanna, 1986). Doing things differently, rather than doing things better, is transformational change. Complex global organizations engage in strategic transformational changes to align their organization with the environment (Nadler & Tushman, 1982) and to adapt to changes for long term effectiveness (Kotter, 1995). Ford and Ford (1995) argue that the intentional management of change occurs as a process and when “a change agent deliberately and consciously sets out to establish conditions and circumstances that are different than what they are now.” This type of transformational change evolves in to a total shift in an organization’s strategy.

Flamholtz and Randle (2008) developed a strategic framework and model for planning and managing transformational change including a strategic organizational development plan focusing on a set of key strategic building blocks for organizational long-term success. The model presents a holistic view of the business and provides a lens that assists with integrating the change program with the company’s overall strategic vision. The change process is founded upon the original work of change theorist Lewin (1951). Lewin’s (1951) paradigm provides insight on the nature of change by advocating that changes that involve the removal of restraining forces within the individual, group or organization are likely to result in a more permanent change than approaches involving outside pressures. Lewin’s (1951) definitions of the nature of change are relevant for those engaged in changing the status quo. His model, which still holds true today, consisted of describing change using the analogy of a changing block of ice. The model consists of three phases of organizational change: (1) Unfreezing, (2) Moving and (3) Refreezing.

Lewin recognized that an organization needs to “unfreeze its old behaviors to truly change. It is only when the new behavior is refrozen that it becomes the “Norm.” Other scholars advance the work of Lewin (Beckhard & Harris, 1987; Egan, 1996; Lewin, 1951; Lippitt, Watson, & Westley, 1958) by focusing on essential elements of the three stages of the model. These scholars highlight the importance of strategies and plans that move an organization forward. Flamholtz and Randle (2008) advance the original research of Lewin (1951) by expanding the model and describing four phases of change called the Management Systems’ phases of change: (1) Planning, (2) Getting Started (3) Letting Go and (4) Completion. The model is illustrated in Table 1. In this expanded model, the authors develop alternatives to Lewin’s (1951) model by adding specificity to the understanding of the change process. The Flamholtz and Randle Management Systems Model expands Lewin’s original model by adding several additional dimensions and defining distinct phases in each of the change process steps as show in table 1 above. This expansion of Lewin’s original model helps to implement change in a practical way rather than leaving them with only a conceptual model.

### **1.2 The role of Strategic Vision in Transformational Change**

Phase I of any transformational change usually includes articulation of a clear mission and vision (Gill, 2003). This can be defined as answering the questions “What are we trying to do?” Flamholtz and Randle’s (2008) model describe this step as Phase 1, “Planning.” This phase represents the phase in the organization change program that identifies, “where we are”, “where we want to go,” and the specific steps that will be taken to make the overall change program a reality (Flamholtz & Randle, 2008). In a complex environment, if an organization or team has clear priorities, the change process is more manageable and orderly (Bruch, 2005). The organization is more likely to understand the need for urgent change and the likelihood of success. Higgins (2005) argues that it is not only developing a clear mission and vision but also possessing the ability to execute and implement the planned strategy. The importance of both linking the change program to the overall organization strategy (Nadler & Tushman, 1982) and the ability to adapt the strategy for long-term effectiveness (Kotter, 1999) has been identified as a key competitive advantage.

### **1.3 The role of Leadership in Transformational Change**

Phase two of the Flamholtz and Randle (2008) model is “Getting started”. When beginning to implement the plan, one of the specific strategies for transformational change is leadership (Kotter, 1999). Successful leaders empower others to make the vision happen.

The role of leadership in change management is not new in the change management realm. Change in an organization has been described as the capacity of knowing what needs to be done, developing the capacity of doing it, and ensuring that it is done (Kotter, 1999). Leadership focuses on aligning people with a common goal, communication of the new direction and creating a coalition committed to getting there. Leaders must motivate and inspire others to overcome barriers and Kotter (1999) defines four ways in which leaders can do this:

- (1) Articulating a clear vision
- (2) Involving people in deciding how to achieve the vision
- (3) Supporting other efforts to realize the vision
- (4) Recognizing and rewarding success

(Kotter, 1995) also suggests that changes must be consolidated and institutionalized with new behaviors, attitudes and behaviors to improve performance. The change needs to become integral to the culture of the company and the “way things are done around here.”

#### **1.4. Embracing Change**

The third phase of the framework “Letting Go” is the norm for the way things are done. The strategy of institutionalizing the desired change and embedding it in the new culture of the company is a necessary element for embracing the new change. Individuals must transcend their self interest for the sake of the larger team and (Avolio, Bass, & Jung, 1999). Phase three is not complete until everyone embraces the change as the cultural norm and excitement and enthusiasm for the new ways of doing things abounds (Staw & Cummings, 1990). The third phase of the management systems model (Flamholtz & Randle, 2008) also includes monitoring the progress of the change program against the plan. One process for monitoring the program is by formulating and implementing a balance scorecard. The organizational Balanced Scorecard of Kaplan and Norton (Kaplan & Norton, 1996, 2000) communicates and translates the organizational mission, vision, core values, factors, objectives, performance measures and targets. Clear communication is required of a comprehensive framework that plots the dimensions of the balance scorecard with specific actions. This tool is referred to as a strategy map and has been demonstrated to be a powerful tool in executing a transformational strategic change (Scholey, 2005).

#### **1.5 Change Completion**

The final phase of the management systems model (Flamholtz & Randle, 2008) is “completion.” The new state will seldom achieve a state that will last indefinitely. (Hayes, 2007). While for many organizations embedding the change is the way to achieve effectiveness (Buchanan et al., 2005), it is seldom considered an end state. Some scholars argue that measuring and feedback tools can help to not only monitor the change, but also sustain it (Beckhard & Harris, 1987; Mabey & Mayon-White, 1993). The change program must include mechanisms and measurements that can provide feedback and help the organization continually adapt for long-term success. The fundamental premise of the Flamholtz and Randle (2008) model is that a comprehensive framework is required for planning and managing an organizational change program to validate the success of the program. The next section provides case details of a transformational change program, which began in 2003, and illustrates how the Flamholtz and Randle (2008) model was relevant in the change process.

#### **1.6 Methodology**

This case study uses the author’s firsthand experience in leading a change program in a global 200 corporation to adapt a theoretical framework to a real world transformational program. The study of a single organization, as the basis for a case study, has been used in the field of management (Pettigrew, 1985) and also in the study of a learning organization (Swift & Hwang, 2008). The author has over twenty-five years of Global 200 experience in many areas and division with the organization. This gives the author a unique perspective in uncovering why certain organization change programs are successful, as well as what are the unique components of a program that lead to transformational change. In examining the organization for this study, documentation from conferences, meetings and participation as a senior IT team leader, working in the global information technology group, form the basis of the case data. The case study is set within the context of the Flamholtz and Randle (2008) theoretical framework. This framework highlights the importance of planning, leadership and personal commitment of the team’s commitment to the company’s overall strategic goals.

### ***2. The Case – A Global Information Technology Team–“Choice of Service, Choice of Cost”***

Unilever is the company used as the basis for this study. Unilever is a global business engaged in supplying fast-moving consumer goods in foods, household care and personal product categories with annual reported revenue for 2010 of €42 billion. The company has repeatedly publicized a long- term goal of delivering total stockholder return in the top third of its peer group.

The firm expects to achieve this through underlying sales growth of 3-5% per annum, operating margins of 15% by 2012 and improved capital and tax efficiency. The senior finance members of the information technology (IT) team played a pivotal role in realizing these goals. To achieve the organization's strategic goals, the team recognized the importance of offering choices in services to internal customers in a variety of business throughout the world. They developed a global strategic change program to address the lack of choices offered to customers that were meaningful to the business and would have clear business benefits. The team underwent a major transformation by developing a "Choice of Service, Choice of Cost" menu of both standard and advanced IT services underpinning the cornerstone of the team's strategy. The services identified were critical enablers related to the building a customer service relationships between the IT organization and business colleagues within many functions around the world. To lead and engage the entire global IT community, the team developed a strategic road map and built a common global menu of services to standardize global IT services.

The transformation evolved out of the recognized need to create and develop new a single model to create an internal IT organization that would become one single service provider for all internal organizations of Unilever. There was a need to shift the emphasis from the traditional role of no choice of service or cost to a model that would mimic an external IT provider giving customers choices of the level of service and cost they require to manage their business. The goal was to create a truly leading edge menu of IT services, delivered by variable costing. The transformed IT function would be in a position to deliver existing and new services chosen by internal customers to meet the strategic needs of each business group. The transformation also played a vital role in delivering the company's growth plan and overall business strategy.

## **2.1 Global IT Department Mission Statement and Objectives**

Prior to launching the transformational change program, the IT leadership team defined a mission statement to ensure that the entire organization was aware of the strategic goals of the IT organization and to serve as a baseline for future business planning. The mission statement for the organization is "To be a high performance, customer-focused IT service organization-- providing dependable, quality services that fully meet the needs of the Business." The IT leadership team also developed objectives to achieve the organization's mission. Both the mission statement and the objectives were instrumental in shaping the strategic business plan. They were both also critical in communicating why the Choice of Service Program was critical to not only the success of the overall organization but also to the success of each operating company's business plans. The objectives are:

### ***1. Fit for Purpose Organization - "Business Needs Drive Organizational Change"***

This objective is about looking at staffing models, alignment and overall structure to make sure the global IT organization compliments how the Unilever global and regional / local businesses are structured and aligned.

### ***2. People Development - "Enhance Skills to Keep up with Technology"***

This objective is about how the IT organization attracts, maintains and develops the best people and Leaders within IT.

### ***3. Enable Business Alignment - "High quality service: Smart, Efficient, Effective."***

This objective is about being prepared to deliver service requirements that fully support the businesses as they evolve and change.

### ***4. One global IT organization – "Working together as one organization "Built On a Trusted Partnership"***

This objective is about working together as one function" to benefit the global business. The foundation is a relationship built on trust and respect - sharing ideas, communications, knowledge, and skills of individuals and teams across all disciplines.

### ***5. Choice of Service, Choice of Cost (COSCO) – A transformation change program. "Value Driven Technology Choices" and "Deliver on the Cost Promise"***

This objective, and the subject of this paper, is about developing a business-focused program that will enable the information technology team to develop a common global menu of services to their customers. The program promotes transparency of costs and enables customers to better understand the business impact and costs for their choices of Information technology services.

### ***6. Implement an Global Services Plan - "World Class Information Technology Organization and Operational Efficiency"***

This objective is about reduction of complex technologies and adding speed and flexibility to reduce information technology costs, improve system resiliency and automation of process service Improvements. The organization will accomplish this through rigorous process implementation and compliance with a set of best practice standards for information technology management.

### **7. Continuous Improvement – “Owning the Impact to the Customer and Providing Consistent Better Service.”**

This objective is about the quality of services the information technology department provides to its customers and continuously providing better services that fit their needs. To coordinate the global implantation, the Global IT and Global Finance Team studied leadership lessons from various sources to ensure the geographically disbursed team connected across the many numerous site and company subsidiaries. The goal of the project team was to create a virtual work group that would successfully transform the company with the Choice of Service, Choice of Cost Program. One such guideline used was the concepts in Virtual Leadership (Kostner, 1994.)

#### **2.2 Global Plan - Drivers for Change**

One of the main objectives of the global IT team was launching the “Choice of Service, Choice of Cost” program. The team needed to transform itself and create a new way of providing IT services and capabilities to facilitate the company’s long- term strategic goals. The team realized that a significant investment in education of the global IT finance function, as well as all customers and the IT organization, was required to meet their objectives. They developed key critical enablers related to people, organization, and capabilities, which formed the foundation of their main business case. The business case was the foundation of the strategic plan, the first step “Planning” in the Flamholtz and Randle (2008) model.

#### **2.3 One Global Model**

The first step was to engage the global leadership team in each of the main regions of the world: North America, South America, Europe, ASIA and the Middle East and Africa. Each region developed on joint model, in terms of methodology, format and content of IT services, with a goal of 95% alignment. This strategy was necessary to bring a level of coherence across the businesses, to stabilize services, improve service levels and reduce costs. From this base, the global IT leadership team abolished the “one size fits all” level of service. This project offered a menu of services enabling customers to make informed decisions on their IT requirements. The businesses in each region of the world face unique challenges in their businesses and the choice of service program ensures each region’s business leader can make choices in IT services that are in-line with their key business drivers. A key influencer on the menu is that there was no compromise on security and no impact to the buying power of the global parent company. The Choice of Service program enabled these business choices by developing a detailed menu of IT standard and advance services. This delivered a choice to all customers and the price they paid.

The business case as the why a change in costing program was necessary to ensure that all operating units agreed with the Choice of Service, Choice of Costs (COCCOS) program and the Annual Budget Charges. It was also crucial that all participants agree that the new program will share costs equitably. The diagram in Figure 2 defines the progression of the charging program. At the base of the pyramid is a basic allocation model. The IT department reinvented the charging program by improving the costing methodology and implementing a more sophisticated Choice of Service, Choice of Cost program. This gave each country a choice of IT services and a choice of costing enabling them to match their individual business needs, while continuing to be consistent with the other regions of the global organization. There is no clear understanding of the existing specific actions the business can take to affect cost. The new program will offer choices in IT products and services provided to each country, and are transparent in the cost charged for each product or service.

#### **2.4 Guiding Principles**

The Global IT Finance team developed one costing methodology with the following guiding principles to ensure the deployment of the project in each region across the globe was consistent. The methodology for arriving at each cost per service is uniform globally (by a minimum of 95% in terms of value); the resulting cost may differ by region. This was crucial in anticipation of the global IT conversion to globally delivered services. The costing was done twice a year: once with the Annual Budgeting process and the second time with the actual charges. This methodology took in to account any cost improvement projects and volume increases or decreases. The Annual costing process was based on services available, their costs and on each operating companies’ choice of type and amount of services they selected. The costing methodology was reconciled to each country’s Annual Budget and year-end results. The costing model combined both central global charges and local costs, however, all costs are clearly outlined in the menu of services provided to each country/region. Costs were based on actual costs unless there is insufficient information available in which case replacement costing was used. Global Buying processes were used to value hardware and software. Where applicable, local tariffs were built into the cost of services provided. Key drivers for cost allocations should be recognized in the same way in all regions.



## 2.5 General Cost Allocation

The IT infrastructure costs were split into three categories: (1) Directly attributable costs to each service; (2) Indirectly attributed costs were allocated by an uplift percentage of the directly attributable costs and (3) Overheads were allocated by an uplift percentage. Education and awareness is the first step to recognizing the importance of people to the future success of the program. This element is about developing the skills and competencies of finance, information technology and customer management professionals to meet the challenges of the new IT organization. The program required significant training for both the project management team, as well as leaders of the various business organizations around the world. The training program included a focus on : (1) Understanding and focusing on customer needs and how they differed in each of the regions (2) Defining the level and choices of IT services offered and (3) Implementation of common processes in all IT organizations around the world. If the program were not well understood or viewed as an attempt to reduce IT costs, the program would not succeed or deliver on promised strategic goals.

The strategic goals of the program were to globally align the needs of IT with the needs of each business, while enabling business growth and delivering cost savings that are re-channeled into fuel for growth. The program also enables budgetary control and transparency of costs amongst all global subsidiaries and divisions. While communication of the strategic goals was critical, meetings and governance was also a critical success factor. The senior IT and Finance team members met with all key executives in each operating division to review all costs and ensure they obtained an in-depth knowledge of the business profile identifying potential cost reductions, as well as key questions to ask the customers about their IT services and requirements. A global standard review pack formed the basis of all customer discussions in each region. While the program was viewed as an enabler to reducing IT costs, the level of impact depended on the review of IT costs against business needs and the implementation timetable with each divisional customer. The success of the program was based on cooperation, product services, and categories of IT services such as communications, customer services, applications services and infrastructure services.

The IT department developed a standard level of service provide to each customer in every global region. These products and services would be the minimum provided and must be consistent for the global organization across the businesses. The management team worked with each customer to determine what their needs and requirements were beyond the basic level of services. The IT finance team developed costs and prices for each level of service. If the business in a region was willing to support a higher level of service, they were required to: (1) Clearly define the users or systems in a region that required a higher level of service; (2) Determine that delivery of customized levels of service in each region was manageable and (3) Identify the costs associated with regional differences in levels of services could easily be identified and applied to across the businesses.

## 2.6 World Class IT products and Services

The next step is about improving the global service offerings and offering customers choices of the level of service required to effectively manage and develop their businesses. The choices must be comprehensive enough to service a variety of consumer products organizations. As an example, some subsidiaries manufacturing food products with low margins such as ice cream, while other companies manufacture higher margin personal care products. The challenge in developing a standard service menu of offerings for a very diverse global organization required each region commit to follow a standard model in terms of both methodology and format. One region, ASIA, was used as the pilot region and all other regions aligned to this standard Choice of Service, Choice of Cost Menu. The leadership team developed a global deployment timetable which, following the pilot program in Asia, was deployed during the subsequent annual budgeting process to Mexico, Chile, Greater Andina, Caribbean, and Central America. During the next year's annual budget process, all remaining regions of the world adopted the program.

An information sheet for each service was developed by the team and deployed to all regional customer managers. As an example, a typical service included:

- The Business Benefits to the Company
- Key Aspects of the Product/Service describing the main benefits, the capabilities, the network requirements, and security aspects
- The Product/Service target audience
- Deployment Strategy depending on the country/regional requirements
- Contacts and ordering requirements in the IT department

## 2.7 Performance Measures

The main purpose of this step was to develop a common balanced scorecard to measure the effectiveness of the program to ensure users were satisfied with the level of services provided, the choices offered, and the cost of the services. One consistent global scorecard was implemented along with a common “Choice of Service, Choice of Cost” menu of services. The challenges in developing one global scorecard were significant. The diversity in regional operations and practices required significant effort by the senior team to ensure alignment and consistency of a global scorecard. Meetings with all key stakeholders were held to solicit feedback on the program and ensure internal customers were treated as business partners and clearly understood the new program. One global roadmap was developed to define the current state and the vision state explaining how the program was an enabler to the strategic goals of the company. The steps enabled cohesive leadership across the global IT function and created a clear vision of the program goals.

The IT leadership team’s primary goal was to ensure the measurements reflected the program objectives accurately. The initiative was primarily designed to:

- Reduce overall IT costs
- Provide full transparency of costs of a product or service to all global subsidiaries
- Improve the alignment of IT services and products with business needs
- Provide ownership of IT costs to the leaders of all global subsidiaries
- Provide flexibility of IT implementation timescales required by customers by providing alternate services with various pricing options

Providing measurements and service level agreements outlining the objectives above was a critical element of the program’s success. Individual service level agreements were developed for each country. The format of the service level agreement is outlined in Figure 3.

## 3. Global IT Strategy Map – Initiating Change Steps

Step 2 in the Flamholtz and Randle (2008) model is “Getting Started”. With clearly defined strategic goals, the next phase was to move ahead faster and more efficiently with a detailed “strategy map” outlining key actions. The map was based on the Kaplan Norton Balanced Scorecard approach (Kaplan & Norton, 1996). Key dimensions of the balance scorecard were listed down the left side of the map. While the Balance scorecard proved useful (Scholey, 2005), strategy mapping became a popular approach for organizations to depict and formulate strategy. With the use of pictures and a clear outline of strategic activities, everyone was able to understand and communicate clear strategic goals for the IT team. The senior IT leadership team built this map, bringing clarity to the implementation of the strategic plans. The map includes the global strategic thrusts supported by a foundation of critical enablers. Most of the critical enablers relate to people and organization and underpin the role of the IT function. The map also depicts the overall objectives of the IT team in supporting value creation and ensuring the company meets its total shareholder return target. The Customer objectives are critical for achieving stakeholder objectives. The IT team needs to be proactive in devising innovative solutions to capture business opportunities.

The challenges of planning a global implementing of the Choice of Service, Choice of Cost program included the development of a single model that would be accepted and adopted by the five major regions of the company’s operations. The five major regions in the company are North America, South America, Europe, Asia and the Middle East, and Africa. The global IT organization developed a model that could be adapted to services and businesses in all the regions of the world. Significant training for all global IT and Finance team members, as well as their internal customers, was required. A benefits paper and business case was prepared on a global basis, with sub-sections for each region of the world, to outline the program benefits to the company. Consistent communications branding the program were an integral part of the planning process to ensure a consistent program delivered to all customers in all regions.

### 3.1 Global IT – Learning and Measurement

To deliver the transformation change, the IT leadership team equipped people with world-class capabilities. This was the implementation phase, or step three “Letting Go” in the Flamholtz and Randle (2008) model. The skills, processes and tools were vital to meet the challenges of the IT team and deliver the global change program. Through an external network of leading peer companies, business schools and academics, an “IT Academy” was created. This team acts as the eyes and ears of the IT community. The “IT Academy” focused on creating leading edge solutions and best practices supporting knowledge development within the Company’s IT global community. The IT Academy coordinated a cohesive program of learning activities facilitated with a portal of rich offerings, inspiration and advice on developing a leading edge IT team capabilities.



This defined a new more visible role for IT team members contributing to the overall success of the business. Sharing ideas in the global team, via the IT Academy, ensures the contribution of the entire IT community. Senior IT team members endorsed the champions of change who embraced the future vision of IT and contributed proactively in partnering with the “IT Academy.” The Implementation of the Global IT Academy included was developed to leverage best program practices globally. In addition, the global portal equipped the team with world-class capabilities and stimulated global discussions and creation of global best practices. The global IT Academy identified the critical success factors and the necessary skills required by the finance and IT team members to implement a successful transformation change program. The task of measuring and monitoring the success of the global program was the charter of the globally disparate Senior Finance Team in the IT organization. This team met bi-weekly using virtual team technology and once a month in person in each of the five regions. The technology allowed the team to instantly collaborate and interact with team members in all regions only leaving their home office for face-to-face meetings periodically during the entire program implementation. The team developed a set of guiding principles and a governance model to ensure the program was consistently implemented on a worldwide basis.

### **3.2 Personal Commitment**

Step Four in the Flamholtz and Randle (2008) model is “Completion.” This phase includes an assessment of whether the change is successful and how it has been institutionalized in the organization. In the global team studied, every member of the senior IT leadership team made a personal commitment to the success of the transformational program worked on or leading one of the global programs. They each agreed to allocate a significant amount of time to achieve the program’s success. The IT team actions have clarity of purpose directed towards producing real and measurable business benefits. Each action is refined and integrated with the overall strategies and objectives of the organization. Every member of the IT team understands how he or she plays a valuable and tangible role in delivering commitments.

The team publically recognized their success. They recognized that strategies and objectives are meaningless without action. The energy and enthusiasm developed with this program led to clarity of purpose and produced real and measureable business benefits. This new state, as defined by Flamholtz and Randle (2008) as phase four, defined how every team member has the talent and capability to overcome the challenges of the future. The program was also the highlight of the Annual meeting attended by all senior IT members from all regions. Presentations were given by the C.F.O. and the senior team to explain the benefits of the Choice of Service, Choice of Cost program and clearly present the business case at all global meetings. Workshops and training sessions were organized with all key stakeholders during these meetings to raise awareness of the program and obtain customer feedback on any customer concerns.

## **4. Discussion**

The global Choice of Service, Choice of Costs transformation is a case example illustrating a transformational change program. This integrated framework describes each phase and dimensions in each step of a change program in a global consumer products company. While researchers have described these types of changes as transformational (Kotter, 1980; Nadler & Tushman, 1982), this case addresses the issue raised by scholars (Van de Ven, 1992) that more evidence of practical examples that advance both theory and practice are needed in the study of organizational change. The change program aligns with Flamholtz and Randle’s (2008) change typology and defines a program of doing things differently which aligns with scholars definition of true transformational change (Burke & Litwin, 1992; Kotter, 1999; Tichy & Devanna, 1986). The steps of the change program are depicted in Table 2. The global IT change program defined the path to build for the future. While change is painful at first, a clearly defined change program, understood by the entire team, is liberating. Clear communication, and a documented vision for the change program, is an essential part of a successful implementation plan. (Gill, 2003.) New ideas, processes and attitudes invigorate the business.

The second step in the change process, getting started, provides detail of the steps integrating both stakeholder and customer objectives with the IT team objectives. A simple strategy map, communicated in a clear and consistent manner, is an essential element of this step. It should include a comprehensive scorecard with specific actions. (Kaplan & Norton, 1996, 2000.) The company’s IT strategy map accomplishes this task.

The third step is measuring the success of the change program. The “IT Academy” clearly equips the IT team with world-class capabilities. Through the external network, leading edge solutions, and learning activities, the contributions of the IT community are measured. This step is necessary for the long-term effectiveness of the change program (Kotter, 1999.)

The final step, completion, gives the team the capabilities to become IT professionals that contribute to success beyond anything we know today.

The work of this transformational program outlines the steps that take the Company's IT to the cutting edge. This transformational change is a break from the past rather than an exploitation of past patterns. (Burke & Litwin, 1992, Kotter, 1999; Tichy & Devanna, 1986.) Incorporating all of the steps above, made the transformation of the IT team possible. In the process of setting the strategic vision, the senior IT leadership team realized their accountability for delivering the future goals. The operational model used by the company clarified the goals for change and supported the resources and sponsorship to implement and monitor the change program. While previous scholars (Beckhard & Harris, 1987; Egan, 1996; Lippitt et al., 1958) advance the work of Lewin (1951), the Flamholtz and Randle (2008) change model describes a more operational model that can serve as a template for executing a change program. This case study provided an example of a global team transformation program. It describes how a team accomplished a major transformation to implement a global program. It is an example of a committed team effort with embedded planning linked to the organization's overall strategy. The program succeeded in creating a bridge between solely focusing on cost savings to focusing on the business partnering required for sustained growth. This case has important implications for both theory and practice.

### **5. Implications and Future Research**

The transformational change program of the company's IT team, viewed through a lens created by Flamholtz and Randle (2008), is useful for leaders of change to understand and manage a change process. This unique view of a change program looks at the different aspects of change and focuses on change as a process. This unique viewpoint defines leadership and a clear vision as the key elements defining success. It is the confluence of the various aspects of change in this transformational change that make the approach unique while providing a clear set of actions to plan and implement a change program. This case study uses the typology of Flamholtz and Randle (2008) to highlight the need for integrating change initiatives with overall company strategic goals. Other scholars have presented process models of change (Beckhard & Harris, 1987; Lippitt et al., 1958), however, none of these scholars integrate or emphasize leadership and define in simple terms the role of a change leader. While The Company's IT team did not intentionally use the Flamholtz and Randle (2008) framework, without the strategic thrusts, strategy map, IT academy and development of the senior IT team leaders, transformational change would prove difficult or impossible. The lessons and insights are important for both academic and practitioners seeking to study or implement a global transformational change program.

An empirical investigation measuring success of the transformational program might enhance this study. What are the specific examples from the IT team that created value and led The Company to achieve their goals of shareholder return? What was learned from other consumer products corporations that embarked on similar transformational change programs? An industry wide comparison could be studied with several case studies and/or an empirical investigation. This study shows how leadership requirements and capabilities for a successful change program. Based on the Flamholtz and Randle (2008) model, a theory of leadership that suggests a team approach for planning and leading strategic change proves successful in a global Fortune 200 organization. By keeping the goals straightforward and easy to understand, the IT organization was able to play a crucial role in The Company's Path to Growth Strategy. The company delivered sustainable performance in the short and long-term by setting clear targets, developing a clear goals and redefining the role of IT. Sustained success depends on sustained effort. The IT team ignited excitement and created enthusiasm successfully transforming in to leading edge "Choice of Service, Choice of Cost Program."

In conclusion, it is important to leverage the connection between a theoretical framework and actual experience in analyzing and facilitating changes in companies. This paper helps directly in this regard. There is much work to be done in understanding and leading successful change programs in global organizations. Future researchers may focus on analyzing change in organizations over a longer period of time, which might produce a richer description of successful change programs. In addition, researchers may study and attempt to understand this process in different industries to identify patterns of activity that lead to successful change programs. Analyzing successful change programs, stimulates researchers to better understand its complexity and lead to further work in this important area.

**Table 1: Lewin’s Model (1951) Compared with Flamholtz and Randle (2008)\***

<b>Lewin’s Phases of Change:</b>	<b>Flamholtz and Randle’s Management Systems Model:</b>
<p>(1) <i>Unfreezing</i></p> <ul style="list-style-type: none"> <li>- Surfacing unmet organizational needs</li> <li>- Developing the need for change</li> </ul>	<p>(1) <i>Global Planning</i></p> <ul style="list-style-type: none"> <li>- Identifying “where we are”(need for change, barriers to change, etc.</li> <li>- Identifying “where we want to or need to be” (The goal of the change process)</li> <li>- Developing a plan to move from where we are to or need to be (that is the steps that will be taken to make the overall goal of the change process a reality)</li> </ul>
<p>(2) <i>Moving</i></p> <ul style="list-style-type: none"> <li>- Activities to support the change(s) including communicating the change and reinforcing the change through rewards and recognition</li> </ul>	<p>(2) <i>Getting Started</i></p> <ul style="list-style-type: none"> <li>- Beginning to implement the global plan (developed in phase 1)</li> </ul> <hr/> <p>(3) <i>Letting Go</i></p> <ul style="list-style-type: none"> <li>- Letting go of the “old ways” of doing things and embracing the change (as identified in the plan)</li> <li>- Monitoring progress against the plan and making adjustments, as needed (e.g., to overcome resistance to the plan)</li> </ul>
<p>(3) <i>Refreezing</i></p> <ul style="list-style-type: none"> <li>- Stabilizing the change and beginning to plan for the next round of change(s)</li> </ul>	<p>(4) <i>Completion</i></p> <ul style="list-style-type: none"> <li>- Completing the global change program and beginning to plan for the next change.</li> </ul>

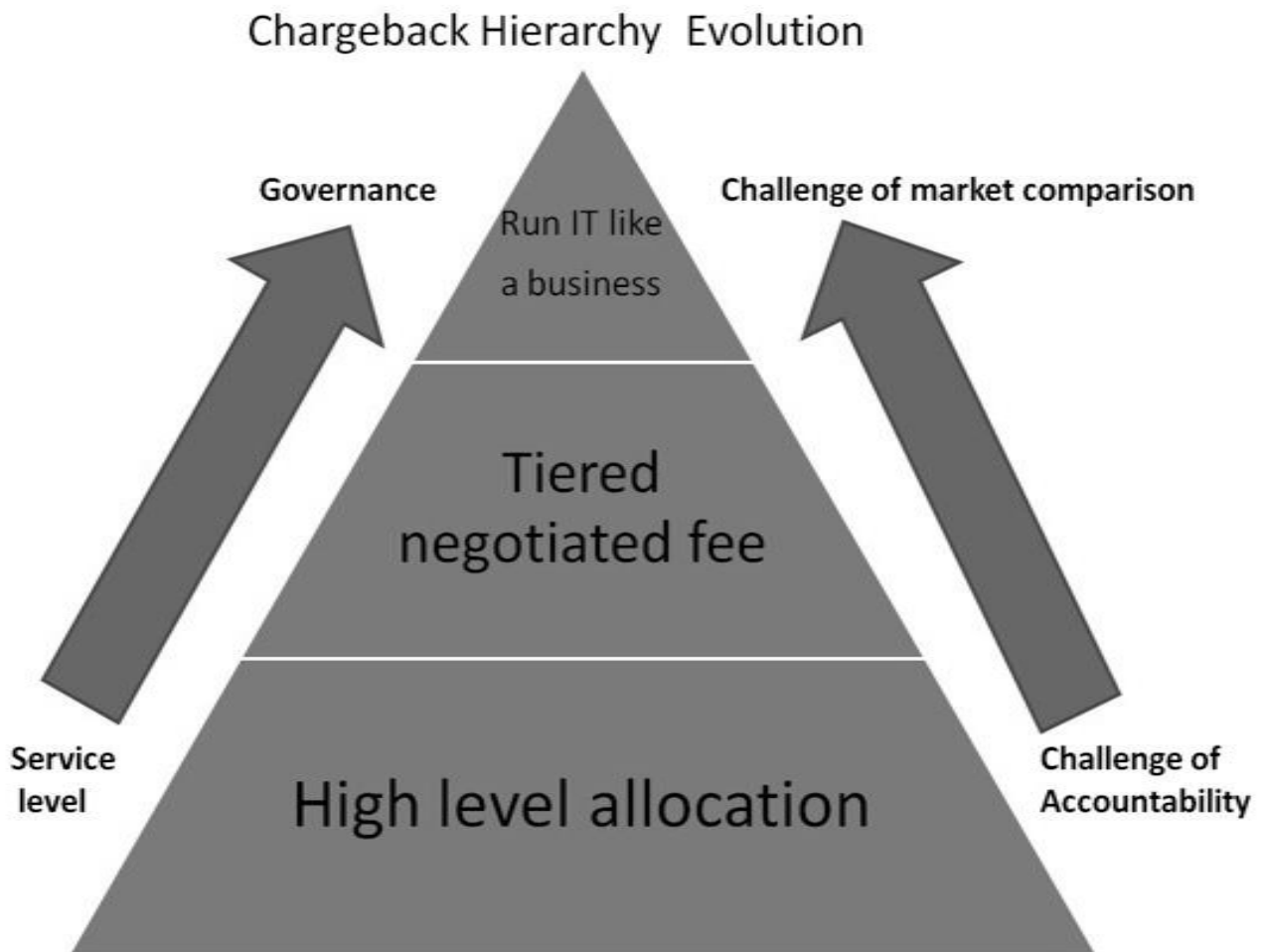
\***Source:** Flamholtz, E. & Randle, Y. 2008. *Leading Strategic Change*: 283. New York: Cambridge University Press.

**Table 2 : Lewin’s Model (1951) Compared with Flamholtz and Randle (2008)\***

<b>Lewin’s Phases of Change:</b>	<b>Flamholtz and Randle’s Management Systems Model:</b>	<b>Global Company Change:</b>
<p>(1)<i>Unfreezing</i></p> <ul style="list-style-type: none"> <li>- Surfacing unmet organizational needs</li> <li>- Developing the need for change</li> </ul>	<p>(1)<i>Planning</i></p> <ul style="list-style-type: none"> <li>- Identifying “where we are”(need for change, barriers to change, etc.</li> <li>- Identifying “where we want to or need to be” (The goal of the change process)</li> <li>- Developing a plan to move from where we are to or need to be (that is the steps that will be taken to make the overall goal of the change process a reality)</li> </ul>	<p>(1) <i>Development of four key strategic steps:</i> The Global Senior IT Leadership team’s mission is to ensure the company meets its strategic target of total shareholder return. The four cornerstones of this strategy were developed and led by senior team champions. They are:</p> <ul style="list-style-type: none"> <li>(1) - One Global Model</li> <li>(2) - Education and Awareness</li> <li>(3) - World Class IT Processes</li> <li>(4) - Performance Measures</li> </ul>
<p>(2) <i>Moving</i></p> <ul style="list-style-type: none"> <li>- Activities to support the change(s) including communicating the change and reinforcing the change through rewards and recognition</li> </ul>	<p>(2) <i>Getting Started</i></p> <ul style="list-style-type: none"> <li>- Beginning to implement the plan (developed in phase 1)</li> </ul> <hr/> <p>(3) <i>Letting Go</i></p> <ul style="list-style-type: none"> <li>- Letting go of the “old ways” of doing things and embracing the change (as identified in the plan)</li> <li>- Monitoring progress against the plan and making adjustments, as needed (e.g., to overcome resistance to the plan)</li> </ul>	<p>(2) <i>IT Future Strategy Map-</i> The Global IT team mapped out the changing role of IT. They created a detailed organizational map to focus the team’s resources.</p> <p>(3) <i>Creating IT Academy-</i> to monitor and measure the progress of the transformational program. This team developed a cohesive learning program and activities to equip the team with this skills, processes and tools to deliver the new IT global organization.</p>
<p>(4) <i>Refreezing</i></p> <ul style="list-style-type: none"> <li>- Stabilizing the change and beginning to plan for the next round of change(s)</li> </ul>	<p>(4) <i>Completion</i></p> <ul style="list-style-type: none"> <li>- Completing the change and beginning to plan for the next change</li> </ul>	<p>(4) <i>Leading Edge IT Services Team-</i> Personal leadership and commitment to achieve specific goals and continuous improvement</p>

\***Source:** Flamholtz, E. & Randle, Y. 2008. *Leading Strategic Change*: 283. New York: Cambridge University Press.

Figure 1 – Why Change The Allocation Method?



Source: Gartner.com/2010

Figure 2 – Example of Individual Country SLA (Service Level Agreement)

**Introduction**

This section described the purpose of the Choice of Service Program and described the alignment of the individual country’s business with the services provided by IT.

**Overview**

This section provided the individual detail of the countries IT services, the Annual contract costs, and the existing cost drivers. As an example, this section included: Number of desktops, laptops, support staff, people supported, applications supported, etc.

**Business Drivers**

This section described the business objectives of each country and described how the IT function supported these initiatives. As an example, the addition of a new operating software or additional sales force automation would be described in this section. An in-depth analysis of each country’s IT operations was reflected in this section.

**Recommendations**

This section described the IT department recommendations. For example, the elimination of servers, conversion of IT equipment, integration of IT systems, etc. were described. In addition, potential cost savings or cost impact were also included in this section.

**Appendix**

For each country, an appendix reflected the total cost impact of undertaking the change proposed in the main body of the SLA (Service Level Agreement.) The costs quoted were reflected in the Choice of Service, Choice of Cost Menu to ensure each country thoroughly understood the effect on their current year results.

**Figure 3 - Sample Choice of Service, Choice of Cost Menu**

The following two pages include a sample menu for an individual country Choice of Service Menu. The menu is divided by section for the various services provided to each global business by the IT Department.

<b>CoSCoC - Choice of Service ~ Choice of Cost</b>				
<b>Global IT Menu</b>				
<p>This menu serves as a guide for functional managers to make an informed choice on IT infrastructure equipment for their department. You will find a short description of each service at the back of this menu. The annual recurring costs do not reflect IT global central overheads. Also, a menu for the applications is currently under development.</p>				
<b>Standard Services</b>	<b>Capital Cost (\$)</b>	<b>Annual Recurring Cost/ User (\$)</b>	<b>Total # Units</b>	<b>Total Annual</b>
<b>Personal Computing</b>				
Desktop				
Office and Productivity Suite				
Shared Black and White Printer				
<b>Customer Support</b>				
Service Centre (24 hour/7 day coverage)				
Desk-side Support (4 hours response time)				
<b>Personal Storage</b>				
Personal storage and back-up				
<b>Communication Tools</b>				
Internet access				
Email				
Video Conferencing is now a direct charge				
Team Tools (Peoplefinder, Instant Messaging, WebEx)				
Desk Phone				
Network				
<b>Total</b>				
<b>Advanced Services</b>	<b>Capital Cost (\$)</b>	<b>Annual Recurring Cost/ User (\$)</b>	<b>Total # Units</b>	<b>Total Annual</b>
<b>Personal Computing</b>				
Standard Laptop				
Lightweight Laptop				
PDA (standard)				
Personal Black and White printer				
Personal Color Printer				
Shared Color Printer				
Mobile PDA				
Personal storage over 1 GB				
<b>Communication Tools</b>				
Mobile Phone (charged direct to Business Unit.)				
Broadband				
Remote Access				
<b>Total</b>				

**Additional Services**

**Web Hosting**

Basic web site - basic SLA on shared server.

Advanced web site - larger and more sophisticated web site using basic SLA on shared server.

Custom web site - non-standard software that cannot be used in a shared environment.

**Direct Services**

**Voice**

Voice represents the office phone cost and the mobile phone cost.

**Audio Video Conferencing**

Audio and Video conferencing - standard conferencing room with TV and video conferencing equipment and audio conferencing. The usage will be billed to the business unit based on the IT invoice.

**Projects**

Direct spend on Business Unit projects.

**Standard Application Services**

**Service**

Standard service consists of all the business applications and servers needed to run each business including but not limited to:

Backup schedule as defined at system implementation.

Disaster recovery planning as defined at system implementation

Application trouble shooting support from level 1 to level 3.

Non disaster recovery hardware restoration.

Please refer to the attached application list of each Business Unit.

**Future Service Enhancement**



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