



ICM

JUNE 2016

MANAGEMENT OF CHANGE – PRE-ISSUED CASE STUDY & GUIDELINES

Important notes for candidates regarding the pre-issued case study

The case study is designed to assess knowledge and understanding of the Management of Change syllabus in the context of the relevant case study. The examiners will be marking candidates' scripts only on the basis of the questions that have been set. Candidates are advised to pay particular attention to the mark allocation on the examination paper and to plan their time accordingly.

Candidates should acquaint themselves thoroughly with the case study and be prepared to follow closely the instructions given to them on the examination day. Candidates are advised not to waste valuable time collecting unnecessary data. The cases are based upon real-life situations and all the information about the chosen organisation is contained within the case study.

As this case represents real-life situations, anomalies may be found in the information you have before you. Therefore, please state any assumptions you make that are reasonable when answering the questions. Remember you are going to be tested on your overall understanding of the case issues and your ability to answer the questions that are set in the examination.

In order to prepare for the examination, candidates will need to carry out a detailed analysis of the case material ahead of the examination. Candidates have sufficient time during the examination to answer all the questions, but this means that detailed analysis has taken place before commencing the examination. The examiners are looking for clear evidence that candidates have a good understanding of the case and can use the relevant course ideas from the syllabus to answer the questions.

The copying of pre-prepared 'group' answers, including those written by other third parties, is strictly forbidden and will be penalised. Thus, questions will demand analysis in the examination itself and individually composed answers are required in order to pass.

Candidates are only allowed to take up to two pages (four sides) of A4 notes into the examination room. These notes should be attached to the answer script at the end of the examination and returned.

A copy of the pre-issued case study material will be available in the examination. Candidates are NOT permitted to take into the examination the downloaded case study or any other notes. Candidates should not attach any other additional information in any format to their answer script. Any attempt to introduce such additional material will result in the candidate's paper being declared null and void.

The examination will be for **THREE HOURS** and will consist of **TWO** parts.

Part A comprises **FOUR** compulsory short answer general questions and is worth **40%** of the final mark. **These questions are not specifically related to the case study.** It is recommended that you spend approximately **ONE HOUR** on Part A.

Part B comprises **THREE** compulsory questions related to the pre-issued case study that you will have analysed before entering the examination room. This part is worth **60%** of the final mark. It is recommended that you spend approximately **TWO HOURS** on Part B, which includes planning and checking your answers.



ICM

JUNE 2016

MANAGEMENT OF CHANGE CASE STUDY – LEADING IN UNCERTAIN TIMES

Countries around the world are coming through the worst economic downturn since the Great Depression. Despite recent encouraging signs, recovery promises to be tough. Reports show that some countries lag in focusing on innovation, and the education, research and development needed to support it. Many new scientific discoveries are not being brought to market. If governments, business and academics don't come together to invest more in workplace culture, education, R&D, quality control, commercialisation, productivity, and reward for innovation, we will seriously fall behind. Recovery from this recession will be even more difficult.

Where to begin?

We are familiar with some of the obstacles to changing in uncertain times. Highly distracted or stressed people don't and can't innovate and change. "A significant number of workers feel they have lost control of their lives as the economic recession grinds on, unemployment numbers rise and financial security seems to be evaporating. Mental clarity, focus and the creativity needed to change and envision successful business strategies are being drained." Team and interpersonal conflicts impede the kind of exploration and dialogue needed for innovative learning, performance and partnerships. Organisational barriers like unclear roles, structures with excessive approval levels, lack of staff and customer engagement, and risk aversion dampen the urge to change. Rather, there is a tendency to retrench, cut back and avoid risk.

To enable us to navigate the current challenges and position ourselves to thrive in the future, leaders must help people change, innovate and take risks. Constructive change can be promoted in many contexts: business strategy, leadership, organisation, products and customer service. Externally, change can be encouraged in partner and stakeholder relationships, community outreach and corporate responsibility. Crisp, clear communication in and out to build understanding and elicit ideas is essential to success. Executives and boards must have a sound strategic vision, deeply informed by feedback from employees, customers and stakeholders; they must believe in their strategy and short-term goals, pursue them with energy, and adjust course as needed to compete; they must work constantly to attract, retain and engage talent.

Senior executives from a range of multinational organisations say that their organisations are all changing. They are doing things differently and taking risks to position themselves for the future. Most matched or out-performed their competition during a very difficult period. These leaders described new and innovative ideas – some just new to them – that are best practices. Some were big changes, others a series of smaller ones. All focused on professional service, staying close to clients, cultivating talent and crisp strategic focus on the critical few priorities that play to their strengths.

Innovation and constant change have been key to Montreal's Cirque du Soleil's theatrical and financial success. Says Daniel Lamarre, President and CEO, "We reinvented the circus show...a new form of art involving circus, acrobatics, theatre, music and humour...in a way that is tough to describe and replicate. Secondly, we have been able to integrate art and business in a symbiotic way. In show business, the show comes first...we take so many artistic risks, but financial strength is also essential. A small creative team, with founder Guy Laliberté, Guy St. Croix, "our creative guy", and Lamarre meets bi-monthly. Lamarre cites four criteria they discuss for accepting a new project: "a significant creative challenge; an affinity for the people we might do business with; a strong fit with our business model and financial viability; and, finally, socially committed partners...we give away one percent of gross revenue and we expect them to do the same."

Lamarre described Cirque's approach to creativity. "We have a creative studio with amazing production people. We bring the best directors in to work with us. We give them resources and ask them to challenge us. There is no recipe...we give freedom to the director and creative team, and most surprisingly, we keep it small...(out of 4,000 employees worldwide), we have a cell of 20 conceptors helping us create new things." Secondly, "we invest heavily in R&D...we try silly things...some work, some don't, but we keep trying." Lastly, "we have a 'quality of shows' team...those who see all the shows and protect quality."

continued overleaf

To ensure future growth and continued financial success, Cirque is diversifying content. "We are trying a new experience, our first Vaudeville show. Just as we re-invented circus arts and a new way of doing cabaret, we would like to reinvent Vaudeville." Cirque, which tours all major cities around the world, is diversifying geographically by building permanent operations in Europe, Asia and emerging markets. An early example is Dubai's 1,800-seat permanent theatre that opened in 2009.

In Chicago, Duncan Clements, General Manager of Kimpton's Burnham Hotel, spoke of transforming an old Chicago landmark into an elegant downtown destination. Service excellence, employee engagement, operational efficiency, partnerships and technology innovation...resulted this year in the Burnham being recognised as one of the Fortune 500's 'Top 100 Companies'.

Clements highlighted two recent changes. "First, our adherence to green yielded certification by government-accredited Green Seal...We did it with our sister Kimpton Hotels to realise cost efficiencies." Secondly, Clements says, "we decided we would not compromise on our commitment to our people...we did not lay people off...but we told our teams we must reduce and asked them for their ideas...they came up with the strategy to flex hours with business/consumer occupancy levels. We did not cut training, employee events or increases to hourly levels, but management gave up increases. We continue to move people successfully across departments to promote professional growth." Clements emphasised the need for creativity and engagement of all staff. "We work to allow all of us to be entrepreneurs, with ideas for innovation flowing freely between us and corporate. We try to engage positive emotions of our people and have fun...and it shows...in our employee engagement survey which recognises the role of emotions in service and leadership." Just as negativity drains organisational wellbeing, positive emotions energise, inspire and help create a healthy workplace. High engagement scores are mirrored in high customer satisfaction and improved productivity, particularly following cross-training of all guest associates.

In innovating for the future, Clements pointed to technology. First, "we are putting in place lobby touch panels...a virtual concierge to book tickets and send messages...The way of the future will be social media...retail organisations (which organisations) will have to have a plan, a corporate statement/face on all key sites like Expedia, Twitter, FaceBook...and update daily." Clements spoke also of agility in responding to changing client strategies. "We are acting more aggressively to get business from competitors in a shrinking market, e.g. offering promotions for consortia. We are making decisions so much faster to reap rewards. We are embracing risk even more than last year...but we are doing it intelligently. If we try something crazy, we market it as crazy...we make it feel like we are partnering and playing with clients...and we immediately analyse the financials to assess the impact now and next year."

What are the lessons for leading change in these turbulent times?

Ten common themes emerged. Successful change requires:

1. Strong, emotionally intelligent and resilient leaders who articulate strategic intent, clarify roles, align goals and empower people to act
2. Highly talented, cohesive teams with well-matched talents and tasks
3. Supportive, values-based cultures which engage and energise employees, customers and stakeholders
4. Intense client focus where we listen, collaborate with partners and deliver
5. Reshaped organisational processes, practices and structures that clear obstacles and create customer value
6. Leading edge technology that enables business goals
7. Proactive decision making and intelligent risk-taking based on factual, well-tracked data and excellent partnership relationships
8. Strong implementation focus, project management and sustainment
9. Recognition, reward and celebration of the changes
10. Lots of fun!

Finally, Cirque du Soleil's Lamarre says that: "A CEO's job is to create an environment in which people are constantly thinking of new ways of doing things...in which they know they can explore...and make some mistakes which we can all laugh at and learn from... We must challenge ourselves constantly...it is part of our culture to reinvent ourselves all the time."

Based on an article by J Reid *Ivy Business Journal*, April 2010.