SOMAIYA VIDYAVIHAR UNIVERSITY

Semester: Oct 24 to Jan 25 Maximum Marks: 50 Examination: End Semester Exam Date: Jan 18, 2025 Duration: 3 Hours		
Programme code: 01 Programme: MBA HR Minor	Class: SY	Trimester: V
College: K. J. Somaiya Institute of Management	Name of the department/Section/Center: HR	
Course Code: 217P01M539	Name of the Course: Change Management	

Instructions:

- **Q1 is compulsory.**
- **Answer any 4 questions from Q2 to Q6**
- **Marks for each question is given in brackets beside the question.**
- **State your assumptions wherever necessary**
- **Feel free to go beyond the questions while analyzing the case/ situation**

Question No.		Max. Marks
1	Imagine that you completed MBA and passed out of KJSIM in 2020. You are visiting the campus for recruitment, and you get a chance (unplanned) to meet the current batch (2023-25) for 15 minutes. They ask you – "We understand that change is the only constant. Based on your learning and experience what are the three things we must keep in mind while driving/ leading change?" Share your response with apt example(s).	(6)
2	**Heinz – a 3G way to make changes** Warren Buffett's Berkshire Hathaway and the Brazilian private equity business 3G Capital paid $29 billion in 2013 to acquire Heinz, the renowned food manufacturer with $11.6 billion in yearly sales. The modifications were made right away by the new owners. Eleven of the top twelve executives were replaced, 600 employees were let go, corporate planes were sold, personal offices were eliminated, and executives were required to stay at Holiday Inn hotel rather than the Ritz-Carlton when traveling and substantially longer work hours were anticipated. Each employee was given a monthly copy restriction of 200 by micromanagement, and printer usage was recorded. Only 100 business cards were permitted each year for executives. Numerous Heinz workers spoke of "an insular management style" where only a small inner circle knows what is truly going on. On the other side, 3G had a youthful team of executives, largely from Brazil, who moved from company to company as instructed across nations and industries. They were loyal to 3G, not Heinz, and were motivated to perform well to earn bonuses or stock options. "The 3G way," a theory that 3G has applied to bring about change in prior acquisitions like Burger King, was the driving reason behind these modifications. Everything was measured, efficiency was paramount, and "nonstrategic costs" were drastically reduced. From this vantage point, "lean and mean" prevails, and human capital was not regarded as a crucial element of business success. It was believed that rather than being driven by a feeling of purpose or mission, employees were motivated by the financial gains associated with holding company stock.	(11)

Because it had been well-received by the 3G partners, those who might be impacted by a deal frequently saw a “how to” guide published by consultant Bob Fifer as a “must read.”

However, many food industry experts felt that while some of 3G’s prior acquisitions would have been ideal candidates for a program of cost-cutting, Heinz was not the most appropriate choice to “hack and slash.” The company had already undergone several years of improved efficiency and it was already a well-established player in the market.

In summarizing the situation, business journalists Jennifer Reingold and Daniel Roberts predicted that “the experiment now underway will determine whether Heinz will become a newly invigorated embodiment of efficiency—or whether 3G will take the cult of cost-cutting so far that it chokes off Heinz’s ability to innovate and make the products that have made it a market leader for almost a century and a half.”

Q2a) One size fit all? Or do we need a different mantra for each business even if it is in the same sector? (5 marks)

Q2b) How will you measure the success of the change initiative, and what metrics will you use to track progress? (6 marks)

3	**Coca Cola's need for change** As a large and established company, Coca Cola has faced numerous challenges that have necessitated change. One of the most significant challenges the company has faced is the changing consumer preferences, particularly in the area of health and wellness. Many consumers are seeking healthier alternatives to sugary drinks, which has led to a decline in sales of Coca Cola's traditional soft drinks. To remain competitive, Coca Cola has had to diversify its product line, introducing low and no-sugar options, such as Diet Coke and Coca Cola Zero, and expanding its portfolio to include juices, teas, and water. This diversification has required a significant shift in the company's product development and marketing strategies, as well as changes to its supply chain and distribution networks. In addition to changing consumer preferences, Coca Cola has also faced increasing competition from other beverage companies, including PepsiCo and Nestle. These companies have developed their own product lines and marketing strategies, posing a significant threat to Coca Cola's market share. To remain competitive and meet the changing demands of its consumers, Coca Cola has had to implement change management strategies to navigate these challenges effectively. These strategies have included restructuring its organizational structure, investing in research and development, and leveraging technology to improve efficiency and streamline operations. *Q3a) Coca Cola's commitment to effective change management strategies has enabled it to remain competitive in the beverage industry, adapt to changing market trends, and continue to grow and innovate. Comment (5 marks)* *Q3b) As a progressive organization, how can Coca Cola build its <u>Capacity for Change</u>? (6 marks)*	(11)
4	**Walmart's Workforce of the Future** "This digital transformation creates new jobs, but, more important, it changes the nature of jobs, even entry-level ones." <u>Walmart fights a revenue drop</u> The case details how the rise of ecommerce (and the success of Amazon in particular) affected Walmart's discount stores (which sell general merchandise but limited grocery items), resulting in a decrease in annual revenue at those stores from $142.5 billion in 2009 to 97.7 billion in 2018. During the same time period, revenue at Walmart's "supercenters" (larger stores that also sell groceries and often include services such as eye care, beauty salons, and photo studios) increased by 16 percent, from $409.9 billion to $476.2 billion. (Walmart closed 2,214 discount stores or converted them into other formats from 1993 to 2018, with 2,576 supercenters opening during that time.) In addition to increasing Walmart's supercenter footprint, CEO Doug McMillon's omnichannel strategy focuses on a seamless approach to the customer experience, with an emphasis on employee training and improved ecommerce and automation technology, both on the floor and in back office roles. One foundational move to beef up its technology was Walmart's $3.3 billion acquisition of online retailer Jet.com in 2016, an investment that immediately improved its ecommerce infrastructure. Walmart has also piloted and invested in robots to perform a variety of functions, from unloading trucks to scrubbing floors to scanning shelves and bringing items out of storage for curbside delivery orders. But public statements by senior executives made it clear that Walmart was equally committed to the complex, costly effort required to train its human workers. "I want to be clear that we don't believe technology is the answer to everything," McMillon stated in a 2017 annual shareholder meeting. "The secret to success will always be our people. … It will be our humanity that drives our creativity, powers our competitive spirit, and keeps us out in front." <u>Technology changes the nature of work</u>	(11)

But at the same meeting, McMillon also acknowledged how technology changes the nature of work itself, a perspective echoed by Walmart Chief Sustainability Officer and Walmart Foundation President Kathleen McLaughlin. "…we're now a tech company as much as a retail company," Mc Laughlin said. "This digital transformation creates new jobs, but, more important, it changes the nature of jobs, even entry-level ones."

Those demands require more of workers—and an equivalent commitment to re-skilling and compensation. In the case, Kerr cites Walmart's investments in wages and training for employees of $1.2 billion and $1.5 billion in 2015 and 2016—part of a move that boosted starting pay for frontline associates from $9 per hour in 2015 to $10 in 2016 (it hit $11 per hour in early 2018). Yet in 2015, announcement of a wage increase resulted in a share price drop the following day of 10 percent, on news that the increase would cut earnings per share by 6 to 12 percent in 2016. It's a dynamic that lays bare for MBA students the consequences of senior leadership's choices, says Kerr.

"It's easy to be critical and say that Walmart should be doing more, but when students review the company's actions over the past five years, they have to confront the fact that every time the minimum wage went up, the stock price went down—and meanwhile, competitors have better margins."

The case also outlines Walmart's approach to training its workers, including its focus on building long-term, transferable skills through efforts such as Pathways, a program that teaches associates about the retail business model, explains the "why" behind the work they're asked to do, and helps develop the soft skills that are useful in any field. Workers who completed the program received a raise and had increased job opportunities; however, many complained that it lacked clarity and that it took too long to move through the various modules. While Walmart planned for 500,000 employees to go through Pathways in 2016, the initial rollout was considerably lower; as a result, Walmart needed to revamp some parts of the program to speed up its completion rate. (Its Academies program, focused on training and empowering hourly supervisors to directly manage team members, faced similar challenges.)

In another move to build a more skilled, educated workforce, Walmart introduced a program in 2018 that offered workers the opportunity to enroll in online degree programs for $1 a day in business, technology, and supply chain management at three different universities; in June 2019, the program expanded to six universities and 14 areas of study, including cybersecurity and computer science. Widely hailed in the press for the opportunity it offers workers to graduate from college debt-free, the program has seen 7,500 employee enrollments in its first year.

"There's so much to unpack in the choices that Walmart is making," Kerr says, remarking that management has also introduced virtual reality goggles to train employees as well as an app, Spark City, that uses a game-type simulation to teach workers about store processes and customer service. Walmart has even crossed over with the gig economy by partnering with platforms including DoorDash, Postmates, Uber, and Lyft for package and grocery delivery.

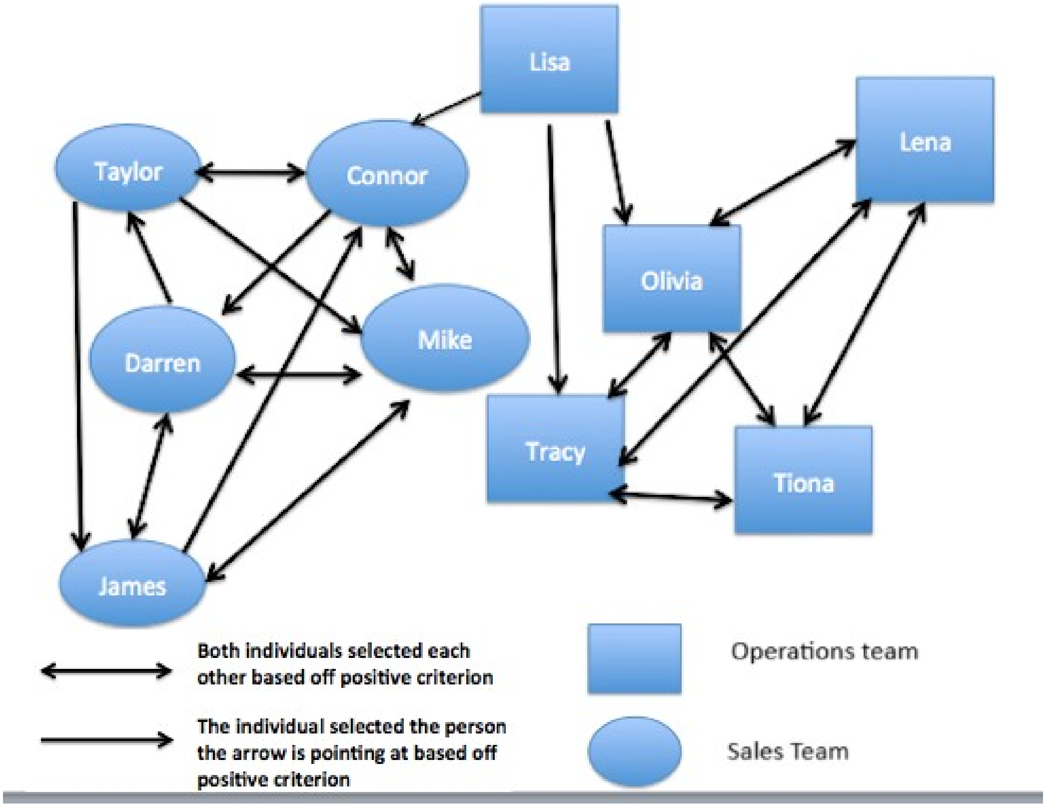
'You're the CEO of Walmart'

So, is Walmart making the right investments for its future? "We spend a lot of time in conversation in this class," says Kerr. "I'll say, 'You're the CEO of Walmart. What would you have done differently? In 2030, what will your workforce look like? How much of your sales will be in-store, and how much online?

"An early indication of the uncertainty of the future is that, with a bunch of smart MBAs, we had a wide, wide range of opinions as to what the future looks like. From some putting all their chips on ecommerce to others who see Walmart as having a powerful position, particularly in more rural areas, where it can be the one place you go to get your prescriptions, do your shopping, and pick up your ecommerce packages—so building on that, rather than trying to become Amazon."

Analysts generally give Walmart strong marks for how its investments in technology and training have set it up to compete.

"The progress that they've made and the strength they still possess has been working out for them to a good degree," says Kerr. But it's too soon to tell whether they have established themselves in a way that will allow them to truly excel. "That's where the jury is still out. They are still defining the

	Walmart of the future." *Q4a) Analyse the case using any Change Management Model. Justify the choice of the model. (5 marks)* *Q4b) What's your take on the future of work? (6 marks)*	
5	 **Figure 1: Sociogram** An organization has recently launched two new products in the market. The competition is stiff, and customers are highly demanding. Although the R&D team is confident, overall customer satisfaction remains low. Imagine you have been hired as a consultant by the organization whose sociogram is shown in Figure 1. *Q5a) Use social network analysis (SNA) to generate hypotheses and insights about the challenges that the organization might be facing (5 marks)* *Q5b) How understanding of SNA can drive the changes necessary for the two teams to work together to ensure the success of the new product launches. Is there any additional information you would like to seek? State your assumptions, if any. (6 marks)*	(11)
6	KJSIM has introduced a new composite Student Progression Index (SPI) as a part of Parivartan, first-of-its kind award-winning initiative. The index is computed by giving apt weightages to six parameters as stated below (with maximum weightage to cumulative CGPA; followed by deep reflective learning; followed by other parameters: • Cumulative CGPA • Deep Reflective Learning through Ken & Economist • Participation in competitions (case study, simulations, business plan…) • Industry-led Certifications • Careers & Conversations • Participation in Sports and Health & Well-being While SPI was introduced for the batch of 2023-25, it is observed that the adoption of SPI among the students has not yet gained traction. You are part of the task force created by the Director who needs to make a plan on how to drive change at KJSIM so that students not only embrace the SPI but also make the most of it to take charge of their development and become industry ready. After interacting with several stakeholders, you observe that there are diverse perspectives held by members of the council, students (peers from your batch and the first-year students) and faculty.	(11)

*Q6a) Using the 2*2 matrix (Exhibit 1), choose an appropriate change agent and identify the apt Scenario i.e. S1 or S2 or S3 or S4. Which are the top 3 challenges that the change agent is likely to face (5 marks)*

Q6b) Which are the key change levers (at least 6) that may be pulled and in what sequence to drive change management at KJSIM? Share rationale for the selected levers and the sequence. (5 marks)

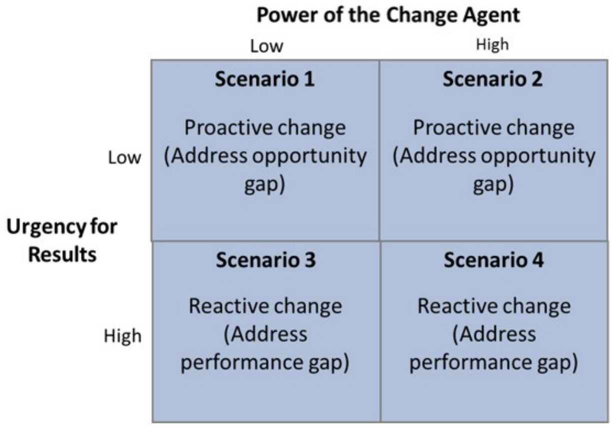


Exhibit 1: Power of Change Agent vs Urgency for Results

List of change levers

- Get Director's public support
- Get support of a consultant or a Subject Matter Expert
- Walk the talk
- Issue email
- Hold town hall meetings
- Conduct private interviews
- Provide internal skill-building
- Provide external skill-building
- Conduct pilot project
- Restructure organization (change the way SPI is used during other processes like placements, convocation, etc)
- Revise system to reward or recognize
- Announce goals and deadlines
- Privately confront resister
- Recognize an adopter (student/ faculty)
- Build a coalition support
- Post progress reports
- Tell a success story
- Clarify organizational values