

Cambridge **TECHNICALS LEVEL 3**

BUSINESS

Cambridge
TECHNICALS
2016

Unit 15

Change management

K/507/8162

Guided learning hours: 60

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Guided learning hours: 60

Essential resources required for this unit: N/A

This unit is externally assessed by an OCR set and marked examination.

UNIT AIM

In order to be successful, businesses must be proactive in responding to changes in their day-to-day and longer term activities. These changes may be the result of the introduction of new technologies or legislation, changes in corporate objectives, changing customer tastes or market conditions. Businesses must constantly be aware of the changes that are taking place locally, nationally as well as globally, in order to adapt and adjust their business activities accordingly. Businesses need to evolve from these changes. This might include having to rethink their range of products, service provision or their communication strategies.

A business needs to understand the possible impacts that change might bring, before strategies for managing change can be devised. In this unit, you will learn the importance of managing change, potential barriers to change and these barriers can be removed. You will also investigate the different approaches to managing change, and the advantages and disadvantages of these approaches.

You will learn what to do to manage change and be able to apply this to any changes impacting on units being studied as part of this qualification, especially Unit 22 Delivering a business project.

You will develop your ability to interpret quantitative and qualitative data to establish how effectively change is managed. You will learn that you need to be able to support the implementation of change to ensure that the organisational objectives of change are met. In this unit, you will learn you have to gain the commitment of stakeholders, and that this may involve managing resistance to change, both during and after implementation.

TEACHING CONTENT

The teaching content in every unit states what has to be taught to ensure that learners are able to access the highest grades. Anything which follows an i.e. details what must be taught as part of that area of content. Anything which follows an e.g. is illustrative.

For externally assessed units, where the content contains i.e. and e.g. under specific areas of content, the following rules will be adhered to when we set questions for an exam:

- a direct question may be asked about unit content which follows an i.e.
- where unit content is shown as an e.g. a direct question will not be asked about that example.

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
1. Understand the drivers of change	1.1 drivers of change, i.e. <ul style="list-style-type: none"> • changes in technology, i.e.: <ul style="list-style-type: none"> ○ change in production methods ○ innovative marketing ○ electronic channels of distribution • market changes, i.e.: <ul style="list-style-type: none"> ○ consumer trends/tastes ○ ethics/sustainability ○ competition • changes in legislation, i.e.: <ul style="list-style-type: none"> ○ employee rights ○ health and safety ○ environmental • changes in the workforce, i.e.: <ul style="list-style-type: none"> ○ demographic ○ demands for flexible working ○ availability of skills to employers 	1.1 . To include key features, examples and impacts of: <ul style="list-style-type: none"> • changes in technology such as automation, robotics, stock control, just-in-time; use of social media, mobile technology; e-commerce, digital channels. • market changes such as lifestyle changes, spending habits, social trends; ethical trading, environmental responsibility; changes to the nature and strength of competition. • changes in legislation such as minimum wage, living wage, maternity/paternity entitlement, zero hour contracts, limits to working hours, pollution, planning permission. • changes in the workforce such as age, gender; working from home, flexible hours, job shares; skill shortages, training provision. • changes in the economy such as standard of living, disposable income, local unemployment, interest rates for borrowers and savers.

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
	<ul style="list-style-type: none"> ○ availability of education and training opportunities • changes in the economy, i.e.: <ul style="list-style-type: none"> ○ inflation/deflation ○ unemployment ○ interest rates ○ exchange rates ○ changes in taxation ○ the economic cycle, i.e. boom/recession • internal changes, i.e.: <ul style="list-style-type: none"> ○ budgetary ○ change in mission, corporate aims and objectives ○ changes in channels of distribution ○ changes to organisational structure ○ restructuring of functional areas 	<ul style="list-style-type: none"> • Internal changes such as increased and decreased budgets; changes to strategic direction; out-of-town developments, selling direct to the customer; corporate restructuring, matrix management, employee empowerment, restructuring of marketing/finance/human resource/operations management functions

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
2. Understand the key aspects of theories of change management	2.1 theories of change management, i.e. <ul style="list-style-type: none"> • McKinsey 7-S model <ul style="list-style-type: none"> ○ hard elements, i.e. strategy, structure, systems ○ soft elements, i.e. shared values, skills, styles, staff • Kotter's 8 Step process for leading change, i.e. <ul style="list-style-type: none"> ○ create urgency ○ form a powerful coalition ○ create a vision for change ○ communicate the vision ○ remove obstacles ○ create short-term wins ○ build on the change ○ anchor the changes in corporate culture • Lewin's change management theory, i.e. <ul style="list-style-type: none"> ○ unfreeze ○ change ○ refreeze 	2.1 To include how change management theories can be used to plan for and implement change.
3. Be able to plan for change, manage change and overcome barriers	3.1 ways to plan for and manage change, i.e. <ul style="list-style-type: none"> • consult with key stakeholders • set clear aims and objectives for the change • identify resource requirements • present plan to stakeholders • evaluate stakeholder feedback • assign a project group • appoint project champions/change leaders • pro-active versus reactive approach to change 	3.1 To include reasons for planning and managing change in certain ways, advantages and disadvantages of different ways, the appropriateness and importance of particular ways for a specific business. Consider examples from real businesses such as the need to hold a public meeting, the need to communicate with employees before media broadcast, the need to gauge the interest and power of key stakeholders.

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
	<ul style="list-style-type: none"> • communicate the plan, vision and urgency for change • engage in dialogue with stakeholders through discussions and formal meetings to ensure smooth delivery of change and gain stakeholder buy-in • effective leadership - managers with the right skills and competencies to manage change • develop strategies for knowledge/skills gaps • monitor progress against the plan • sell the positive benefits of change • investment in training initiatives <p>3.2 possible barriers to change, i.e.</p> <ul style="list-style-type: none"> • lack of employee engagement • lack of agreement on the need for change between owners/management and employees • economic implications • stakeholder habits are often well-established and difficult to change • stakeholder inertia • stakeholder fear • existing power structures • resistance from work groups • failure of previous change initiatives • poor leadership 	<p>To include producing a plan of action for a business and the consequences of poor change management.</p> <p>3.2 To include how barriers to change impact on a business and how barriers to change can be overcome.</p> <p>Consider practical examples from real business such as ineffective communication; inadequate consultation between employees and managers, managers and owners, customers, suppliers; employee resistance to change which is perceived as affecting their pay or other rewards; fear of the unknown, lack of job security, uncertainty and anxiety; empire building, personal objectives of owners/senior colleagues, balance of power; business lacks clarity of objectives or vision, lack of leadership.</p>
4. Be able to assess the impacts of change on businesses and stakeholders	<p>4.1 possible impacts of change on businesses, i.e.</p> <ul style="list-style-type: none"> • product life cycle • research and development • training 	<p>4.1 To include short term and long term impacts on a business.</p> <p>Consider practical examples from real businesses such as change may lead to a shorter lifecycle than anticipated or provide an extension; more innovation</p>

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
	<ul style="list-style-type: none"> recruitment and selection cost and profit implications new opportunities different physical resource needs <p>4.2 possible impacts of change on stakeholder groups, i.e.</p> <ul style="list-style-type: none"> owners managers employees customers local residents suppliers 	<p>being required for new products/services; increased training needs and costs; the need for new skills or new staff; opportunities to expand the product range or enter new markets; the need to acquire property, machinery and equipment.</p> <p>4.2 To include impacts on stakeholders, stakeholder conflict and stakeholders reactions:</p> <ul style="list-style-type: none"> owners such as reduced return on investment, fall in share prices, impact on personal objectives managers such as ownership of objectives, buy-in to vision, difficulty in managing employees. employees such as redundancy, re-training, redeployment, empowerment, change in pay or working conditions, effect on morale, work ethos and culture. customers such as availability of new product/service, new customer service policies, new procedures, products withdrawn from sale. local residents such as noise, congestion, pollution, protests, withdrawal of goodwill, objections to planning permission suppliers such as additional/reduced orders, revised terms and conditions on contracts.
5. Be able to use data to monitor change management in businesses	<p>5.1 different types of data used to monitor the change management process, i.e.</p> <ul style="list-style-type: none"> quantitative data for monitoring and evaluating change management, i.e. <ul style="list-style-type: none"> output finance human resource 	<p>5.1 To include interpretation of qualitative and quantitative data.</p> <p>Qualitative data to include (but not limited to) output level, labour productivity, waste level, Key Performance Indicators (KPIs); profit, costs, cash flow, break-even, ratio analysis; labour turnover, labour productivity, absenteeism, punctuality;</p>

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
	<ul style="list-style-type: none"> ○ measurement of performance against objectives ○ performance against competitors ○ comparisons over time, pre-/post-change • qualitative data for monitoring and evaluating change management, i.e. <ul style="list-style-type: none"> ○ customer feedback ○ employee feedback ○ media coverage ○ comparison of performance against aims/objectives ○ performance against competitors ○ comparisons over time pre-/post-change <p>5.2 The need for continual monitoring of the change management process against the original objectives and plan, i.e.</p> <ul style="list-style-type: none"> • to make sure the process is on track or identify any issues • to identify improvements to the original objectives and plan • to identify how well the managers are managing the change • to identify when the change management process is complete 	<p>benchmarking against industrial average or similar businesses.</p> <p>Qualitative data sources to include (but not limited to) questionnaires, surveys, informal feedback, observation, competitor websites, published works in newspapers and trade journals, radio and television.</p> <p>5.2 To include the analysis of data, the assessment of current performance against previous performance and recommendations for future action.</p>

ASSESSMENT GUIDANCE

All Learning Outcomes are assessed through an externally set written examination paper worth a maximum of 60 marks and 1 hour 30 minutes in duration.

The assessment comprises:

- medium/longer answer questions based on a given business change scenario.
- medium/longer answer data response questions based on qualitative and quantitative post-change findings.

Some of the questions will require the skills of analysis and evaluation.

Please note in relation to LO1 by legislation we mean the legislation specified or its equivalent should it be revised during the lifetime of the qualifications in which this unit is taught.

SYNOPTIC ASSESSMENT

Ten per cent of the marks in the examination for this unit will be allocated to synoptic application of knowledge. There'll be questions that draw on knowledge and understanding from Unit 1 The business environment that then has to be applied in the context of this unit.

SYNOPTIC LEARNING AND ASSESSMENT

It will be possible for learners to make connections between other units over and above the unit containing the key tasks for synoptic assessment, please see section 6 of the centre handbook for more detail. We have indicated in this unit where these links are with an asterisk and provided more detail in the next section.

*OPPORTUNITIES FOR SYNOPTIC TEACHING AND LEARNING

This identifies opportunities for developing links between teaching and learning with other units in the business suite.

Name of other unit and related LO	This unit and specified LO
Unit 1 The business environment LO1 Understand different types of businesses and their objectives LO2 Understand how the functional areas of businesses work together to support the activities of businesses LO3 Understand the effect that different organisational structures have on how businesses operate LO4 Be able to use financial information to check the financial health of businesses LO5 Understand the relationship between businesses and stakeholders LO6 Understand the external influences and constraints on businesses and how businesses could respond LO7 Understand why businesses plan LO8 Be able to assess the performance of businesses to inform future business activities	LO1 Understand the drivers of change LO3 Be able to plan for change, manage change and overcome barriers LO4 Be able to assess the impacts of change on businesses and stakeholders LO5 Be able to use data to monitor change management in businesses
Unit 2 Working in business LO4 Be able to prioritise business tasks	No links
Unit 3 Business decisions LO1 Understand factors to be taken into account when making business decisions LO2 Be able to use financial data to inform business decisions. LO5 Be able to use resource, project and change management information to inform business decisions	LO1 Understand the drivers of change LO3 Be able to plan for change, manage change and overcome barriers LO5 Be able to use data to monitor change management in businesses
Unit 4 Customers and communication LO3 Be able to establish a rapport with customers through non-verbal and verbal communication skills	LO3 Be able to plan for change, manage change and overcome barriers
Unit 5 Marketing and market research LO1 Understand the role of marketing in businesses	LO1 Understand the drivers of change

Name of other unit and related LO	This unit and specified LO
Unit 6 Marketing strategy LO3 Understand digital marketing	LO1 Understand the drivers of change
Unit 7 Marketing campaign LO2 Understand the elements of the marketing mix	LO4 Be able to assess the impacts of change on businesses and stakeholders
Unit 8 Introduction to human resources	Unit 8 does not feature in the same qualification as unit 15.
Unit 11 Accounting concepts	No links
Unit 12 Financial accounting LO4 Use ratios to assess the performance of businesses	LO5 Be able to use data to monitor change management in businesses
Unit 13 Management accounting LO1 Understand business costs and pricing methods used by businesses LO2 Be able to use break even analysis LO5 Be able to prepare and use cash flow forecasts	LO5 Be able to use data to monitor change management in businesses
Unit 16 Principles of project management LO4 Be able to prepare project plans	LO3 Be able to plan for change, manage change and overcome barriers
Unit 17 Responsible business practices LO4 Understand the difficulties and potential conflicts businesses place when implementing responsible business practice(s)	LO1 Understand the drivers of change
Unit 19 International business LO2 Understand the opportunities and challenges that businesses face when operating internationally	LO1 Understand the drivers of change
Unit 21 Being entrepreneurial – evaluating viable opportunities	Unit 21 does not feature in the same qualification as unit 15.
Unit 22 Delivering a business project LO1 Be able to scope a project LO2 Be able to collaborate to deliver a project	LO3 Understand how to plan for change, manage change and overcome barriers

To find out more

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