



Unit 6: Project and Change Management

Course Companion

for T Level in Management and Administration

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Teacher's Introduction

This course companion is for core content Section 6: Project and Change Management. It forms part of Paper 1 of the Technical Qualification in Management and Administration, which is assessed externally by City and Guilds.

Students are introduced to the reasons why organisations need to constantly change and adapt. They will learn about the drivers of change and conduct both a SWOT and PESTLE analysis.

Remember!

Always check the exam board website for new information, including changes to the specification and sample assessment material.

A business needs to constantly be aware of external and internal threats and opportunities that can affect its stability and competitiveness. This unit explores different theories of project and organisational change and their applications. Using tried-and-tested methods to manage change increases the likelihood of a successful outcome. Students will learn about some of these different theories and methodologies of change management. They will also analyse the suitability of different methods for different projects. The unit offers comprehensive examples, as well as easy-to-use diagrams that will assist students in their studies. Students will also learn why structure and goal-setting are an important part of change management. As part of this, students will explore different forms of evidence and different research methods. Lastly, they will learn why evaluation is an integral part of project management and how it can help an organisation learn lessons, draw conclusions and improve future projects.

The material has relevant workplace examples, which students can discuss in class, as well as further research activities, which will allow students to apply and discuss theoretical concepts. The use of case studies, diagrams and matching activities will further enhance students' learning experience, and will assist them in retaining information and key concepts.

Suggested answers for all activities can be found at the end of this course companion in addition to a glossary of key terms for easy referencing when studying.

January 2024

6.1: Drivers of organisational change

Learning objectives checklist

- ☐ Explain why change is important to organisations.
- ☐ Identify potential impacts that not responding to change could have.
- ☐ Analyse different drivers/factors that influence or drive change.
- ☐ Carry out and use a SWOT analysis to support change.
- ☐ Carry out and use a PEST analysis.
- ☐ Make informed business decisions regarding direction and changes.
- ☐ Identify factors that increase the urgency of change required.



Introduction

You may have noticed that some business organisations have recently changed to operate. A well-known example is the social media platform that was called Twitter, which is also currently revamping its logo and look. In this unit you will learn about why organisations are constantly aware of the need to make changes. You will learn about drivers/factors that drive change, make changes, and methods they can use to analyse and support change.

Why change is important to organisations

The business **environment** is not static. It changes all the time. Organisational change occurs when an organisation changes its aims or the way in which it operates, in response to an **external** or **internal** pressure. It is these pressures that drive an organisation to make changes in order to survive and operate efficiently and effectively. Organisations must always look at ways in which they can improve their performance. It is important to remember that the only **constant** is change itself.

Businesses need to continually develop and evolve in order to be sustainable, competitive and relevant. Businesses need to be constantly aware of their competitors and of any changes in their customers' needs. They must be ready to change their focus or priorities in order to stay relevant.

External pressures: that happen outside the organisation.

Internal pressures: that happen within the organisation.

Environment: the external factors that influence an organisation.

Constant: stays the same.

Variables: factors that change.

External drivers of change

Changes in the external environment are **variables** that the organisation has no control over and must respond to. These include, but are not limited to, changes in the following:

- Legislation
- Inflation
- Competition
- New technological advances
- Interest rates
- Consumer preferences
- Exchange rates

Internal drivers of change

Changes in the internal environment are **variables** that the organisation has some control over and must respond to. These include, but are not limited to, changes in the following:

- Worker dissatisfaction
- Low performance
- Internal conflict
- Shareholder expectations
- Changes in organisational structure or priorities
- Development of new products and services

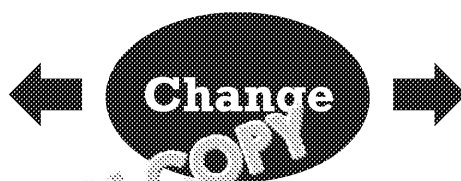
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External drivers

- legislation
- interest rates
- inflation
- changes in customers' needs
- competitors
- exchange rates
- new technologies' advances



Internal drivers

-
-
-
-
-
-
-
-

Key performance indicators

Key performance indicators (KPIs) are tools that organisations can use to measure performance. KPIs include data that has been collected from different sources and software programmes. For example, KPIs can be used to measure business growth, sales and profitability. An organisation must also be measured. Foreign businesses entering into a local market can force change.

The impact of failure to deal with change

Organisations need to be aware of changes that are occurring in their internal and external environment. If an organisation fails to deal with change, this will have a negative effect on its performance. Think about the following:

- Increases in the cost of electricity affect the running costs of an organisation. It can either reduce its running costs or increase its selling prices, then profits will be affected.
- Management is aware of staff dissatisfaction due to long working hours and to address these issues then staff turnover and absenteeism may increase.
- A new competitor is selling the same products at a much lower price. Sales are ignored and the organisation may have to close.
- Globalisation has meant that many UK companies must compete with goods made in less-developed countries at a much cheaper price.

Globalisation:
operate on an international scale

Activity 1

Identify whether the following statements are internal or external drivers of change.

The government sets a new minimum wage.

Two delivery vans are out of service.

The new CEO wants to bring in more eco-friendly ways of operating.

New tax on imported goods will affect your supplies of paper from Brazil.

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Making informed decisions about direction and organisation

Why informed decisions are important

An organisation must be prepared to react to drivers of change in its internal and external environment. Once a need for change has been identified, decisions need to be made about what needs to be done. If decisions are not informed and in line with the goals to be achieved, then any changes made may be ineffective or disastrous. Costly mistakes may be made. For example, ABC (Ltd), a furniture manufacturer, finds that its competitor manufacturer has cut the selling price of its products. ABC (Ltd) is losing its **market share**. ABC (Ltd) decides to lower its own selling prices. In the short term this will help ABC (Ltd) win out of business because its manufacturing costs are higher than its competitor's. In the long term, ABC (Ltd) will have to lower its manufacturing costs and look for cheaper suppliers of wood.

Strategy: a plan to achieve something

Analysis: the process of something

Market share: the proportion of a market that is controlled by a company

Tools for making informed decisions

A business **strategy** is a plan that outlines the actions and decisions that an organisation will take to achieve its goals and deal with change. Developing a business strategy is a problem-solving process and should not be confused with a business plan, which tends to focus more on the day-to-day operations of the organisation. When developing a business strategy, the following problem-solving steps should be followed:

- Understand the problem
- Describe the problem
- Understand the business's current position in relation to its external environment

There are many different tools that can be used to help develop a business strategy. Two common tools are **SWOT analysis** and a **PESTLE analysis**.

SWOT analysis

A SWOT analysis is a very important tool used to develop a business strategy. It is sometimes also called a situational analysis. SWOT is an acronym for strengths, weaknesses, opportunities and threats. As you can see, a SWOT analysis allows us to assess four aspects of an organisation. A SWOT analysis assesses both internal and external factors. Strengths and weaknesses are internal factors over which some control can be exerted, while opportunities and threats are external factors over which little or no control can be exerted. The diagram, right, is an example of how a SWOT analysis is developed.

- Examples of the strengths of an organisation might include loyal customers and reliable customer service.
- Examples of its weaknesses might include unreliable staff and a bad sales force.
- Examples of its opportunities might include new technologies and favourable legislation.
- Examples of its threats might include new competitors or a weakening economy.

	Helpful to achieving the organisation's goals
Internal origin (attributes of the organisation)	S trengths
External origin (attributes of the environment)	O pportunities

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Case study 1

Thirty years ago, Paul Hanson started a business called Air Con 547. It specialises in air conditioning units in upmarket residential properties. The business has a reputation for excellent customer service and quick turnaround times. Many of the staff have been with the business since it first began. Paul has recently suffered from health problems and plans to retire in a few years. At the moment, there is nobody qualified to replace him. He has expressed an interest in running the business but needs more time to gain experience.

The air conditioning units that they install are manufactured in Australia. Until now, there has been no tax levied on the units; however, there is a possibility that this might change soon.

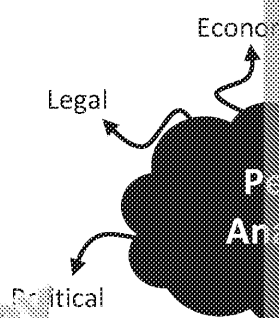
Over the last few years, there has been a downturn in the economy, and the number of new homes built has fallen. The government is proposing to impose a secondary tax on homes that are using air conditioning units to reduce their electricity use.

You have been asked to assist Paul by drawing up a SWOT analysis on his business.

PESTLE analysis

A PESTLE analysis is a very important tool often used to develop a business strategy. It is sometimes also called a PEST analysis. PESTLE is an acronym for political, economic, social, technological, legal and environmental. These are different factors that need to be taken into account when developing a business strategy. Let us take a quick look at each of these factors:

- **Political:** the government and public affairs that need to be taken into consideration.
- **Economic:** this includes factors such as interest rates, inflation, exchange rates and the state of the economy.
- **Social:** among others, this includes demographics, attitudes, and opinions and the education levels of workers.
- **Technological:** new technologies can lead to changes in products, production methods and processes.
- **Legal:** changes in laws and regulations can change the way a business operates.
- **Environmental:** environmental factors can change the way a business operates. This includes the weather, climate change, conservation and sustainability.



Once challenges have been identified, recommendations on how to overcome them can be made.

The table below is an example of different challenges that could be identified using a PESTLE analysis and the recommendations that could be made.

FACTOR	CHALLENGE	RECOMMENDATION
Political	Consumer rights organisations are boycotting clothes made in overseas factories that do not pay workers a living wage.	Buy only from suppliers who are paid.
Economic	The high costs of energy are putting up with production costs.	Find ways to reduce energy costs.
Social	Many customers are Muslim and want your food products to be halal certified.	Source only ingredients that are halal approved.
Technological	Customers want to be able to buy goods online rather than in store.	Set up a system for e-commerce.
Legal	New health and safety regulations may affect your business.	Make sure the business complies with regulations, i.e. train a health and safety officer.
Environmental	People expect packing to be environmentally friendly or recyclable.	Research and use environmentally friendly and reusable/recyclable packaging.

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You will have noticed that although a SWOT analysis and a PESTLE analysis can be used to develop a business strategy, there is a big difference between the two. While a SWOT analysis takes into account both internal and external factors affecting a business, a PESTLE analysis only takes into account external factors.

Case study 2

Toys-for-Fun is a chain of toyshops, with branches in several of the main cities in the UK. They sell a range of priced toys for young children.

Until recently they sourced all the toys they sell either locally or from Europe.

In the past few months, management has noticed that some of their competitors have started sourcing toys from China at much cheaper prices. They are also finding that Brexit has made it harder to import toys from Europe. These factors are affecting their sales and profits.

Toys-for-Fun is considering retrenching some sales staff, but is not sure of the consequences. Another problem is that people want to buy toys online and have them delivered. Management is concerned about the costs involved in setting up a website that handles online sales and the need to invest in some delivery vans.

Use the PESTLE model to identify three challenges facing Toys-for-Fun and suggest three strategies implemented to overcome each challenge. Make use of a table.

Evolving and changing direction

In order to remain sustainable and competitive, organisations must be prepared to continually adapt and change. An example of a business that had to change is the Yellow Pages.

People used to keep a printed copy of the Yellow Pages next to their telephone. This useful telephone directory provided the names and telephone numbers of businesses that people could contact. The growth of the Internet, and search engines such as Google, meant that people could find information online. In 2019 the company made the bold move to rebrand itself as a digital business. People can now enjoy the same service, but online and through a mobile app.

Rebranding a company to give it a new fresh look is an example of one way of rebranding.

Did you know? Facebook has changed all recent product names to reflect an organisation's values.

Research task 1

Walt Disney, Amazon and Apple are three well-known businesses that have evolved over time. Use the Internet to research and find out how they have changed over time in order to remain competitive.

Make notes on your research.

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Factors that increase the urgency of changes required

Some changes that need to be made are more urgent than others. Factors that are sudden need to be dealt with more urgently than those that are planned. A declining sales needs to be dealt with immediately. The decision to become greener can take longer. More time can be allowed for discussion and input between different departments.

A good example of an unplanned and unexpected factor that needed immediate action was the COVID-19 outbreak. Companies could not have foreseen the impact that they were forced to make sudden changes in order to survive.

As a general rule, the factors that increase the urgency of making changes are those that the firm in the short and long term, such as:

- Conflicts within the firm
- New leadership
- Suppliers unable to deliver
- Competitors starting new products
- Low performance

Research task 2

Starbucks is a very popular chain of coffee shops. It competes against several other chains. The management of Starbucks is always aware of the need to keep costs down. Customer service is important to its customers.

Use the following link to research how Starbucks copes with factors that could affect its business: <https://www.bbc.com/news/business-55555555>

Draw a PESTLE table to record what you have found out.

Assessment questions

Short-answer questions

- Identify the element illustrated in each scenario below:
 - A new law has been passed to raise the minimum wage level.
 - The government is offering subsidies to encourage firms to become environmentally sustainable.
 - Using a 3D printer will save on the cost of employing technical design staff.
 - A tariff has been imposed on frozen chickens from the USA.
- State **two** internal drivers of change.
- Identify whether a change in exchange rates is an internal or external driver of change.
- State **two** examples of external drivers of change.
- SWOT applies only to the internal running of an organisation. Explain why this statement is incorrect.

Extended-response question

- Nadine and Alice have recently left school. They are both environmentally conscious. They want to start a glass recycling business. They want to collect glass from the local area and sell it to a glass recycling company. Consul Glass is interested in the idea. Nadine was advised to start the business because she studied business at school. Alice was advised to start the business because she studied science at school. Their van is very old, and they are finding it difficult to find a reliable driver on a long-term basis. They hope to begin trading soon, but they need to raise finance from a bank in order to buy a new vehicle.

Evaluate, with the aid of a SWOT analysis, the strengths, weaknesses, opportunities and threats that Nadine and Alice will face.

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6.2: Reasons why organisations need to make improvements and innovations

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Learning objectives checklist

- ☐ Explain the purpose of organisations undertaking continuous improvements and innovation in response to changing factors.
- ☐ Understand the importance of an organisation staying relevant and opening up new opportunities.
- ☐ Understand the importance of developing staff.
- ☐ Understand the importance of creating a diverse workplace.
- ☐ Understand the need to target new markets.
- ☐ Appreciate the benefits of continuous improvement cultures and innovation.
- ☐ Know how organisations can implement continuous improvement and innovations, e.g. using Kaizen and TQM.



Why do organisations need to continually change?

There are many different reasons why organisations need to continually change. As a part of the global marketplace, and a constantly changing environment are just two reasons. Other reasons include changing consumer wants and needs, and the need to remain competitive. To remain in business, organisations need to change their strategies, and ways of operating, when the need arises.

Unit 6.1 examined some of the internal and external factors that can make an organisation change the way it operates.

To remain competitive and relevant, an organisation needs to continually make improvements and innovations in the way it operates, rather than waiting until it is forced to do so. The business environment is **dynamic**. We live in a fast-moving world where things change very quickly. For example, think about how quickly technology changes. If organisations do not continually change it may not be able to satisfy its customers' needs and expectations. The ability to continually change allows organisations to:

- Stay relevant
- Take advantage of new opportunities
- Develop the potential of staff
- Create a diverse workplace
- Seek new markets

Dynamic
Innovation
of doing

Did you know?

Did you know that the world's first computer mouse was made out of wood?

Staying relevant

Organisations need to remain not only competitive but also relevant. An organisation must provide services that customers want. For example, very few people buy typewriters now because a word processing function is easier and quicker to use. The example of Yellow Pages demonstrates the need for an organisation to continually change in order to stay relevant.

Staying relevant also means being responsive to the needs of customers and society. For example, a car manufacturer might improve its cars by being more environmentally friendly.

Things that an organisation can do to remain relevant include:

- Developing staff
- Keeping up with changes in the market
- Keeping up with changes in technology
- Understanding and engaging with customers

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Being open to new opportunities

Organisations that are not open to new opportunities can lose their market share. People nowadays shop online. A retailer that does not offer this service may lose sales. For example, COVID-19 opened up a demand for food takeout deliveries to people who could not go to restaurants. Many restaurants would have had to close down if they had not offered home delivery. Lancashire Textiles, which switched from making duvets and other textiles during the pandemic to making masks and wipe-clean pillowcases. Being open to new opportunities allowed them to survive when its core business was struggling.

Developing staff

Organisations need to continually develop their staff. Studies show that highly trained staff are more efficient and produce higher-quality work. This leads to an organisation being able to make use of the latest technologies. Other benefits of developing staff include the following:

- Increased productivity and efficiency
- Identifying talent and building career paths
- Consistency in work
- Improving staff **morale** and well-being
- Ensuring that staff works in accordance with best practice and legal norms

Morale
Mood or spirit
felt by
people
Diverse
Different
types of
people
Inclusive
Accepting
and
valuing
differences

Creating a diverse workplace

A **diverse** workplace is a workplace that is **inclusive** and provides equal rights and opportunities for all who work there. Diverse organisations employ people who come from different genders, ages, diversity and ethnicities. A diverse workplace makes an organisation stronger because it recognises the strengths and potential that each person brings to the workplace. Benefits of a diverse workplace include the following:

- Innovation
- Exciting new ideas
- Bigger pool of staff to choose from
- Increased staff performance

Targeting new markets

Targeting new markets is very important. An organisation must continually look for new ways to increase their market share and make more sales. Researching new potential markets allows an organisation to understand which new markets offer the best opportunities. Being open to international markets, about new markets and suppliers. Apple is an example of an organisation that has successfully expanded from already had an established and strong market in computers and has since developed products which appeal to another market.

Activity 2

State whether the following statements are true or false.

	True
Diversity is important in the workplace.	
We live in a fast-changing world.	
Identifying new target markets is not important.	
A diverse workplace makes an organisation weaker.	

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Case study 3

Movie Game Mania

Movie Game Mania started trading in 1992. It operated from a series of large shops in different urban areas and rented out movies and computer games. Its customer base was split into two groups: computer games were rented mainly by people in the 16–24 age group, and movies were rented mainly by people in the 28–36 age group.

In the late nineties, people in the 16–24 age category started to complain that Movie Game Mania's management ignored their complaints. Several years later, they started downloading computer games online rather than renting them. Management had ignored the trend in the market but ignored the advice.

Is Movie Game Mania a competitive and relevant business? Write a paragraph.

The benefits of a culture of continuous improvement and

Organisational cultures

The culture of an organisation is the collection of values and expectations with which an organisation does not treat its employees fairly and does not expect high standards of goods and services it produces. Organisations with high levels of staff absenteeism and low quality products need to analyse and change their corporate culture.

Social media has made it very easy for people to convey their opinions of organisational services. A firm with a bad corporate culture may quickly find itself boycotted by its customers. This is true in the fast-food industry, where customers will express their opinions of poor service. Uber is an example of a company with a bad organisational culture. Complaints have been made about a toxic workplace because Uber drivers compete against each other for customers, not for the company. There have also been public complaints from former Uber employees about sexual harassment.

A culture of continuous improvement

A culture of innovation and improvement is an environment in which all employees are encouraged to think creatively about how to improve their effectiveness and the quality of goods and services. The organisation works towards continually improving the way they work and the products they produce.

The benefits of having the right organisational culture

An organisation can enjoy many benefits from having a culture that enables it to adapt to change and remain competitive. Examples of these benefits include:

- Increased customer satisfaction
- Increased productivity
- Reduced costs
- Increased profits
- Increased market share
- Identifying successful partnerships

An organisation can only reach its maximum potential and remain competitive if it must continually change and be able to produce quality goods and services. This allows it to stay relevant in the market.

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Case study 4

Eazi-Shade (Ltd)

Eazi-Shade (Ltd) is a curtain and blind company that has been in business for over 20 years. They have noticed recently that there are more inquiries for American blinds. They have a young fitter who has been with them since he left school. He recently said that he would like to spread his wings and learn more skills. Their fitter is retiring. She is highly skilled, and Eazi-Shade will struggle to replace her.

Rather than wait until they are forced to deal with change, Eazi-Shade has come up with a plan of action:

1. To actively promote the sales of American shutters using advertising.
2. To train the young fitter on a training course in manufacturing and fitting American blinds.
3. To train an apprentice seamstress.

Write a short paragraph explaining how Eazi-Shade's action will benefit the company.

Strategies for creating a culture of continuous improvement

A culture of continuous improvement cannot exist unless everyone within the organisation is committed. For example, it is pointless for the sales representative of a snack food company to increase sales if the production department is unwilling to find a way to increase production.

Promoting a culture of improvement and innovation starts with top-level management. The different functions within an organisation. These functions are:

- Administration
- Purchasing
- Financial
- General management
- Human resources
- Production
- Marketing
- Customer relations

In a small business, these functions may all be done by the same person, and in a large business, they may be done by different departments.

Top-level management must find a way to make sure that everyone within the organisation has the idea of continuous improvement and innovation. There are various **strategies** that can be used to create a culture of improvement and innovation within organisations. Two of these are Total Quality Management (TQM) and Kaizen.

Total quality management

Total quality management (TQM) is a business philosophy that developed in the 1980s. It is based on the idea that an organisation can be successful by making sure that all of the employees take responsibility for quality in all areas of operations. TQM emphasises the importance of involving employees in the process. TQM requires that:

- Management structures are flexible and not rigid
- Staff are fully trained
- There is a continual process of detecting and eliminating manufacturing errors
- Supply chains are streamlined
- Efforts are constant to improve the customer experience
- Workers are fully involved in decision-making.

There are different ways in which TQM can be implemented. One of the easiest ways is to use the PDCA cycle (plan, do, check and act).

Did you know?
Having a plan is an example of a strategy.

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To be successful in implementing TQM an organisation must concentrate on the

- Ethics
- Trust
- Teamwork
- Communication
- Integrity
- Training
- Leadership recognition

Research task 3

Use the following link to help you research how Toyota used TQM to create change: <https://www.bbc.com/news/health-12343-toyota>

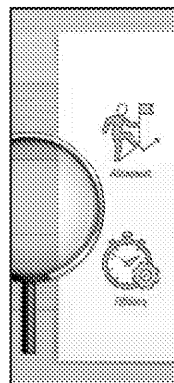
Write a report about what you learnt. It must contain the following information:

- At least three of the TQM activities implemented at Toyota between 1949 and 1970.
- What the end results for Toyota of implementing TQM were.
- The corporate philosophy of Toyota.

Kaizen

Kaizen is a Japanese business philosophy. The word 'Kaizen' means continuous or ongoing improvement. It involves the concept of continually improving productivity and increasing efficiency in the work environment. Kaizen works on the idea that small changes over time can make a big difference.

In order to use the philosophy of Kaizen, an organisation must have clearly defined goals that all employees can understand. Employees must feel valued and supported so that they can think creatively about ways to solve problems and are not afraid to make suggestions.



Kaizen only works if...

Five steps for controlling Kaizen

The following five steps need to be taken to achieve continuous improvement:

- Identify problem areas in the organisation
- Introduce the idea of a corporate culture change
- Create specific and detailed instructions
- Encourage teamwork
- Delegate responsibility

Activity 3

Plan a farewell party for a member of staff who is retiring using PDCA

You have been asked to plan a small party for a member of staff who is retiring. Use the PDCA cycle to plan the party and ensure it will take using PDCA.

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Assessment questions

Short-answer questions

1. State **two** reasons why organisations need to continually improve and innovate.
2. Explain why an organisation needs to remain relevant.
3. Name a Japanese philosophy that can be used to encourage continuous improvement.
4. All the different functions within a business organisation need to be involved in continuous improvement. State **two** of these functions.
5. Explain **two** benefits of continuous improvement and innovation.
6. Explain **two** reasons why TQM emphasises the importance of involving employees in the decision-making of an organisation.

Extended-response question

7. *In the past, a company could rely on customer loyalty in order to keep its market position. Nowadays, if a company does not make an effort to promote quality performance, its market position will be quickly taken over by its competitors.*

Using this statement to help you, analyse why continuous improvement is important for a business.

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6.3: Common change management theories and models

Learning objectives checklist

- ☐ Understand how organisations can implement and use a range of change management theories and models to ensure change is successfully embedded within an organisation.
- ☐ Understand the features of models and the differences between them.
- ☐ Understand the advantages and disadvantages of different models.
- ☐ Understand the characteristics of a model, such as the plan, deliverables and initiatives.
- ☐ Understand the reason why individuals and organisations may be resistant to change.
- ☐ Identify approaches used to overcome resistance.

Introduction

You have already learned that the only constant is change, and organisations need to continually develop and evolve in order to be sustainable and remain competitive. In order to operate efficiently, an organisation must always look for ways to improve its performance. In this unit, you will learn about some theories and models that can help an organisation successfully implement changes in the way it operates.

Consolidate: stronger
Theory: to explain
Embed: to implement

The process of change management

Change management is the process whereby an organisation plans, implements and embeds change. Models are tools that help organisations successfully plan and embed change. Models help organisations to focus on their future and make the changes they want to see. Using the right change model can help encourage staff to support changes in the way an organisation operates can be costly and time-consuming, planned and implemented. Each theory or model has its own advantages and disadvantages.

The change management process can be broken down into five simple steps. The following offer ways to **implement** these steps.

- Step 1 – Prepare the organisation for change.
- Step 2 – Plan/create a vision for the change.
- Step 3 – Implement change.
- Step 4 – Embed/consolidate changes.
- Step 5 – Review/analyse.

Activity 4

State whether the following statements are true or false.

	True
Change must be embedded in an organisation.	
Change management is the same as a model.	
There are different theories and models about implementing change in an organisation.	
In order to operate efficiently, an organisation should always look at ways to improve its performance.	

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Change management theories

Change management theories are scientifically proven studies on how to achieve change. There are a variety of different theories about how an organisation can successfully implement change. Two such theories are Kotter's Change Management theory and Nudge theory.

Kotter's Change Management theory



- Step 1 – Create urgency for change
- Step 2 – Build a guiding team
- Step 3 – Develop a vision
- Step 4 – Communicate the vision for buy-in
- Step 5 – Empower action
- Step 6 – Create short-term wins
- Step 7 – Don't let up
- Step 8 – Make changes stick

Did you know?

Did you know? Kotter's model was developed after research on how change was going to be implemented.

John Kotter in his book *Leading Change* introduced an 8 Step Model of Change. To make organisational change. Organisations make use of this theory because it is simple and encourages staff buy-in and focuses on making sure that changes stick and become operating. The eight steps are as follows.

- Step 1 – Create a sense of urgency about the need for change.
- Step 2 – Form a guiding team to convince all stakeholders that change is necessary.
- Step 3 – Develop a strategic vision where the organisation needs to go. This will be the basis on which to build a plan of action.
- Step 4 – Communicate the vision, so that employees/stakeholders buy into the change that the change will be successful.
- Step 5 – Remove barriers and empower action.
- Step 6 – Create short-term wins by creating short-term measurable goals.
- Step 7 – Build on change so that the change keeps moving forward.
- Step 8 – Anchor the change in the organisation's culture so that it sticks.

Stakeholder interest in decisions

Kotter's model is easily understood because of its clear steps. It relies on all employees being involved in the process. A disadvantage of the model is that it is a top-down approach to change management with little opportunity for employees to interact in the decision-making process. Toyota has used Kotter's Change Management theory.

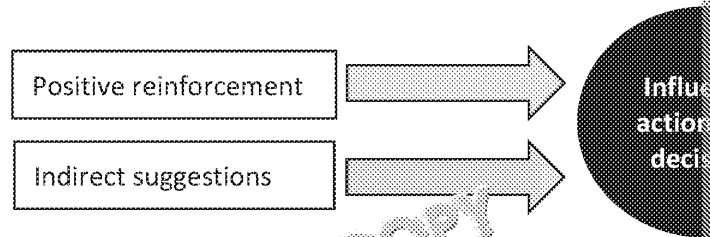
Advantages of Kotter's model	Disadvantages
<ul style="list-style-type: none"> • Easy to follow • Provides a clear structure and direction • Encourages collaboration • Creates and maintains communication channels • Focuses on achieving results 	<ul style="list-style-type: none"> • Time-consuming • Inflexible • Dependent on management involvement, which may not be the best for other responsibilities • Needs the buy-in of all stakeholders • Employees not really involved in the decision-making process • Does not provide a clear path forward if the change caused the need for change

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Nudge theory



Richard Thaler and Cass Sunstein developed Nudge theory. Nudge theory says that the way people behave. Leaders using Nudge theory give positive reinforcement to influence the way individuals and groups act. Rather than being given orders, individuals are given choices. They are given a 'nudge' that encourages them to increase productivity.

Nudge theory is generally cheap to put in place and leaves employees able to make choices. For example, a customer-care award may nudge all salespeople into thinking about customers. It may encourage them to improve their performance. Organisations want change to come about without being forced. Virgin Atlantic has used Nudge theory to reduce fuel costs.

Advantages of Nudge theory	Disadvantages of Nudge theory
<ul style="list-style-type: none"> Encourages employees to make better choices Better outcomes for the organisation Informs and empowers employees 	<ul style="list-style-type: none"> It is not always easy to achieve the desired outcome The outcome may not be the intended one It can be used in a deceptive market

Activity 5

A greener environment

Your organisation wants to make employees more aware of operating in an environmentally friendly way. The business already uses energy-saving lighting. Management feels that moving towards recycling and reducing waste. Brainstorm and make a list of ways that you can encourage employees into reducing waste and recycling paper and other materials.

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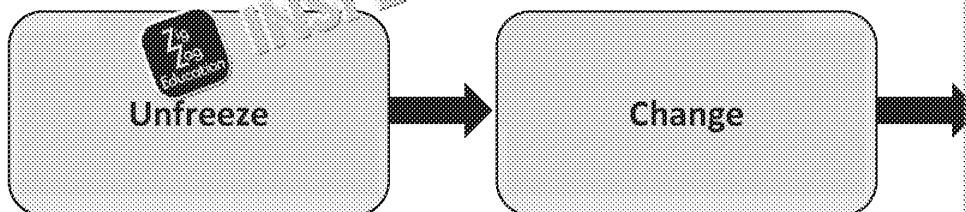


Change management models

A change management model is designed to physically, graphically, or verbally represent a change process in a way that is easier to explain and understand by using a step-by-step model. Four such change management models are:

- Lewin's Change Management model
- McKinsey 7S model
- ADKAR model
- Kubler-Ross model

Lewin's Change Management model



Kurt Lewin developed a three-step change model. The model is based on his studies of group dynamics. The three steps are unfreezing, changing and refreezing. According to Lewin, people resist change and do not want to change the way things are, or the way they operate. The first step is to unfreeze the current state. During this step, the pros and cons of change are discussed, and employees accept that there is a good reason to make changes.

The next step is to change the way employees operate. In this stage, people need guidance and support.

Once the changes have been made, employees need to be given a chance to 'refreeze' the new way of operating. Employees need to be rewarded for all of the necessary changes that have been made. There will be no more changes in the near future. Netflix has used Lewin's Change model to implement its streaming giant that has revolutionized the industry.

Advantages of Lewin's model	Disadvantages
<ul style="list-style-type: none">• Easy to understand• Based on psychology• Creates sustainable change• Is a people-first theory	<ul style="list-style-type: none">• It may be too simple for some managers• It may not be flexible enough for change in the future• It can lead to conflict• Works best for long-term change

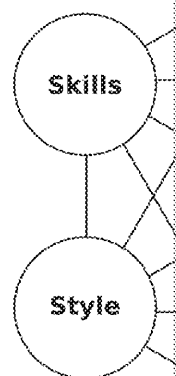
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McKinsey 7S model

The McKinsey 7S model was introduced in the late 1970s and is a tool for analysing an organisation's design and performance. It helps organisations make changes by identifying gaps, inefficiencies and areas where they are not aligned with its vision for the future. A plan can then be created to bring about the changes needed. The model shows how an organisation can become more effective and efficient by studying the seven key elements that make up an organisation, and making changes where needed. These seven elements are:

- Structure
- Strategy
- Systems
- Shared values
- Skills
- Style
- Staff



The McKinsey 7S framework further splits the elements into two categories:

- Hard elements that are easy for management to identify and change
- Soft elements that are influenced by the organisational culture

McKinsey 7S framework	
Hard elements	Soft elements
Strategy Structure Systems	Shared values Style Staff Skills

To use the McKinsey 7S model, an organisation starts in the middle of the diagram and works outwards. These are the principles and core values that the organisation operates with. This is the organisation's current state. The outer elements are the organisation's vision for the future.

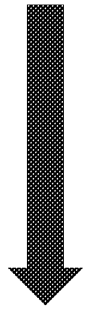
Then the hard elements of strategy, structure and system are analysed. Lastly, the soft elements of shared values, style and staff are studied. Changes can be made to help the organisation reach its long-term goals. Here is an example of an organisation that has used the McKinsey 7S model.

Advantages of McKinsey 7S model	Disadvantages
<ul style="list-style-type: none"> • Makes the process of planning and making changes easier • Helps to align all the parts of an organisation so they work together • Can be used for many different types of change 	<ul style="list-style-type: none"> • It needs a lot of resources and time to implement • It can be used poorly if not implemented correctly • It ignores the impact of the external environment on the organisation

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The ADKAR model



- Step 1 – Awareness of the need for change
- Step 2 – Desire for the change to happen
- Step 3 – Knowledge of how to change
- Step 4 – Ability to implement the change
- Step 5 – Reinforce the change

The ADKAR model focuses on achieving five goals. They are awareness, desire, knowledge, ability, and reinforcement. The ADKAR model gets its name from these five steps or goals.

The ADKAR model is an outcome-oriented model. This means that it focuses on the process of getting there. It provides an organisation with a map of what needs to result rather than just describing how it proceeds through the change.

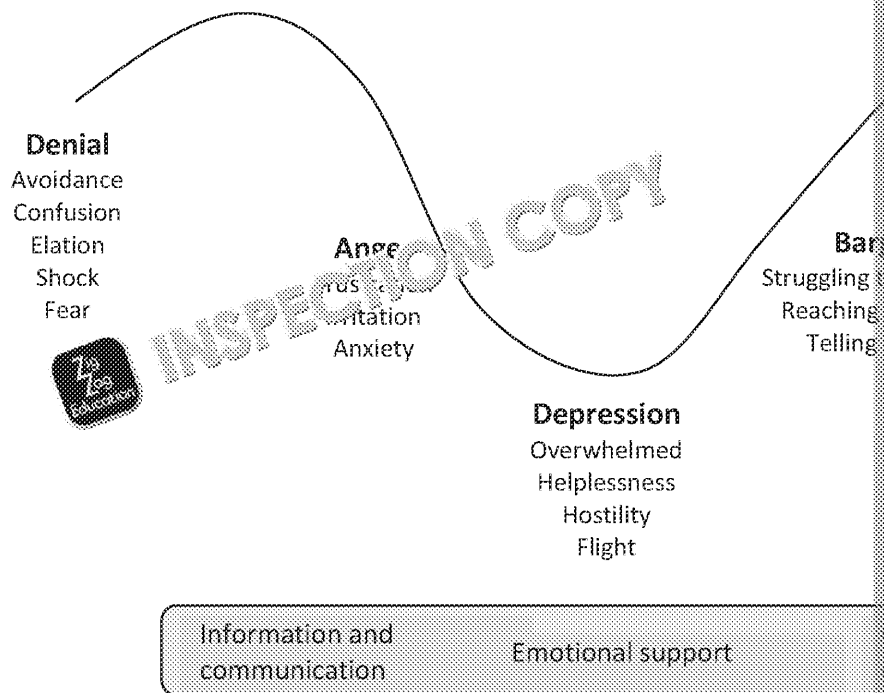
According to the ADKAR model, employees first need to be aware that there is a need to want to make changes must be created. The third step is giving employees the knowledge and fourthly the ability to make the changes. Finally, the changes that have been implemented and employees do not go back to their old ways. McDonald's used ADKAR to introduce different outlets.

Advantages of the ADKAR model	Disadvantages
<ul style="list-style-type: none">It gives practical steps to make change happenIt has been well testedLots of training and support systems have been developed using ADKAR	<ul style="list-style-type: none">It is complicatedIt does not take into account how change can be implementedIt does not allow for individual differencesIt works better for small than large ones

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Kubler-Ross model



The Change Curve was created in 1969 by the psychiatrist Elisabeth Kubler-Ross. The model was originally developed to describe the five stages of grief when they are terminally ill. These stages of emotion are denial, anger, depression, bargaining, and acceptance. This model is also useful to organisations when managing change. Change in an organisation is emotional for employees, and this model helps business leaders know how to support employees through organisational change. Honeywell is an example of an organisation that has made significant changes have to be made.

Advantages of Kubler-Ross model	Disadvantages of Kubler-Ross model
<ul style="list-style-type: none"> It gives a predictable set of stages that people's emotions go through It offers a common language for discussing emotions It helps managers and leaders empathise with employees as they respond to change It helps individuals be aware of their own emotional responses 	<ul style="list-style-type: none"> The model oversimplifies responses to change People's emotions move through stages one after the other and forwards People go through the stages in different orders People take different amounts of time through the five stages

Case study 5

Easy Read 321 is a literary business. It specialises in writing, editing and distributing school textbooks. Last year, the managing director decided to start using an artificial intelligence computer program to assist with the writing of their books. Bob has been an employee of Easy Read 321 for almost nine years and has always written and edited the books. When he first heard that the company was planning to use a computer program to write their books, he refused to believe it. Denial had been replaced with feelings of anger.

Imagine that you are the managing director of Easy Read 321. What change management strategies would you use to help Bob understand what Bob is feeling? What other emotions is Bob likely to feel after the change?

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Activity 6

Emotional stages of change

The stages of grief used in the Kubler-Ross model are written below in the wrong order: acceptance, depression, bargaining, denial, anger

Write them in the correct order.

The main characteristics of a change model

Managing change is a complex task. It is a dynamic and continuous process that will be influenced by many factors. An organisation will determine which model will be of most value in managing change. A successful change model for organisational change needs to have certain characteristics.

The model must have:

- A plan
- Deliverables
- Initiatives

Plan: a clear plan of what to do, when to do it, and by whom.

Deliverables: the results provided by the change process.

Initiatives: the actions that will be taken to achieve the change.

The plan must have a clear purpose and vision. It must include steps on how to create the desired change.

The plan must be able to achieve results (deliverables).

The model must include initiative, actions and steps that can be used as part of the change process.

Reasons why individuals and organisations may be resistant to change

When change has to occur in an organisation, there is often uncertainty and ambiguity about the future. Individuals dislike uncertainty, and this can lead to resistance to change.

There are many different reasons why individuals and organisations may be resistant to change. These reasons include the following:

- Happy with the existing status quo
- Dislike of how the change will affect their job
- Disagree with the changes to be made
- Lack of training, resources and assistance
- Lack of confidence and emotions
- Bad communication
- A fear of failing
- Unrealistic timelines and deliverables
- Fear of losing a job or status

The resistance itself can take different forms. For example, it could take the form of active resistance, where individuals resist together, or it could just be a single individual who resists the change. Resistance can also be passive in nature. An example of passive resistance is when an employee has negative feelings about the change but does not voice them, or looks for another job without voicing their opinion about the change. Active resistance can also become a problem if it leads to absenteeism or low productivity (a form of passive resistance can also become active resistance if it leads to absenteeism or low productivity).

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Overcoming resistance to change

It is important that resistance to change is recognised and dealt with. Management should address employee concerns about change:

- Educate employees regarding the change and communicate with them
- Get employees involved in changes
- Offer support
- Put the changes into place in stages
- Negotiate and make agreements about what needs to be done
- Co-opt employees into change by inviting them to participate
- Use manipulation to try to influence people's opinions
- Use coercion where necessary



Research task 4

Netflix is an example of an organisation that has changed the way it operates. Netflix was founded in 1990 and started business by selling and renting DVDs. Initially, subscribers paid for what they bought or rented.

The development of technology changed the way that Netflix could operate, and it introduced its streaming service. Netflix used Lewin's Change model to unfreeze the way it operated (change), and then got its employees used to using it (refreeze). Netflix is now a leading online platform for movies and series.

Research how Netflix became such a successful streaming service. Write notes on your findings.

Assessment questions

Short-answer questions

1. Name **three** reasons why people and organisations may be resistant to change.
2. Name **three** elements of an organisation that the McKinsey 7S model focuses on.
3. Lewin's Change model is based on the observation that most people do not change easily. Draw a diagram to illustrate Lewin's model of how people's behaviour can be changed.
4. Give an example of a stakeholder in an organisation.

Extended-response question

5. Your family is relocating to another city just before your final exams. Using Lewin's Change model, analyse what kinds of difficulties you will need to overcome to manage the change, and how you will go about managing them.



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6.4: Project management methodologies and approaches

Learning objectives checklist

- ☐ Understand the use of project management approaches by organisations to support:
 - successful outcomes that use tested and effective best practice
 - effective management of risk
- ☐ Explain the different approaches used by different project management methodologies, e.g. guiding principles, standardised structures, project work methods.
- ☐ Identify similarities and differences between different project management methodologies:
Six Sigma, PRINCE, Agile, Scrum
- ☐ Identify the types of projects that would use a project management approach, and why different approaches would be used.
- ☐ Understand the importance of using a suitable approach for different types of project/working.
- ☐ Understand the consequences to an organisation of not following a project management approach.



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Introduction

Unit 6.4 examines the importance of project management and different ways of managing projects.

A project is any set of steps or activities that have to be completed to achieve a specific end result (outcome). For example, building a house needs to go through a set of carefully planned steps in order to be completed. The steps have to be completed in the right order; the roof cannot go on until the walls are up.

Task: a
or under
Method:
and prin

Project management means making sure that there is a well-thought-out plan in place that will allow an organisation to achieve its goals. This lowers the risk of failure. Project management is the planning, organising, securing and managing of an organisation's resources to make sure a duty gets completed.

Projects can be large or small. For example, building an LNG tanker is a large project. Managing a team of staff who is leaving is a small project.

Why is project management important?

Project management is important because it:

- Makes individuals and teams within an organisation work more efficiently
- Can reduce costs
- Can increase productivity
- Helps avoid conflict within an organisation
- Helps avoid confusion by creating a clear plan
- Helps to manage risk

Projects need to be carefully managed in order to make sure that the intended outcome is achieved. The risk of the project failing or not being completed properly. Projects that are not managed properly can end up taking longer than expected, costing more, or not working at all.

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Project management supports and helps leaders break projects down into manageable activities can then be assigned to the correct individuals or teams with a view to greater efficiency and a greater likelihood of a successful outcome. People know what to go about it.

Leaders use project management to make sure that teams achieve the intended outcome within set **time frames** and **budgets**. If a large project is not completed within an agreed-upon time frame, a financial penalty may be incurred.

Construction contracts, such as those for building a house, often include a penalty if the date of completion is not met. If the construction cost budgeted for a project is exceeded, it can reduce profits or may even make the organisation run at a loss.

Budget: an amount of money set for an activity or project.

Time frame: the period within which a task or project is to be completed.

Activity 7

Read the statements below and decide whether they are true or false.

	True
Project management involves planning and organising.	
Project management does not involve planning.	
Project management is not important.	
Project management allows organisations to reach planned outcomes within set time frames.	

Types of projects that use a project management approach

Project management helps organisations operate efficiently. The single biggest type of project management approach is for those with deadlines, i.e. things that have to be done by a certain time. Project management is the tool that helps this happen. Project management is used in many industries such as oil and gas, construction, engineering, information technology. It is also used in other industries such as oil and gas, construction and finance.

Some examples of projects include:

- Physical construction/engineering projects
- IT infrastructure improvement
- Designing a new machine
- Physical infrastructure improvements, such as roads
- Changing the way an organisation operates
- Product development
- Organising a large event

Activity 8

Identify which of the following statements describe projects.

Sending an email.

Creating a new advertising campaign.

Designing and building Terminal 5 at Heathrow.

Putting into place a new organisational structure.

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Different project management methodologies

Organisations do not all operate in the same way. A project management method that suits one organisation might not suit another. There are different project management methods that have been tested and proven to work. They are known as project management methodologies or practices. Each method has its own guiding principles, structure and way of organising work stages or processes:

- Planning for what needs to be done
- Executing the plan
- Monitoring and controlling the plan
- Completion and evaluating the plan

Choosing the correct methodology increases the organisation's efficiency and its Six Sigma, PRINCE, Agile and Scrum are examples of different project management

Six Sigma methodology

Six Sigma is a project management methodology that was developed in the 1980s. Six Sigma measures how far a process deviates from being perfect. This method is based on the belief that all of an organisation's processes can be measured and improved. Mistakes that are being made can be corrected. This leads to an improved quality and performance. This reduces costs and increases profit and customer satisfaction.

The goal of Six Sigma is to try to reach an almost perfect level of quality with very few **defects**. An organisation that uses Six Sigma will aim to have fewer than 3.4 defects per million activities.

Six Sigma has been used by companies such as Toyota and Amazon to improve costs and increase profits. It is used in many different types of organisation, such as manufacturing and service industries.

This methodology is structured and data-driven, which means it relies on analysing existing improvements. Decisions about improvements are made using five phases known as DMAIC:

- Define
- Measure
- Analyse
- Improve
- Control

Did you know?
A scientific approach to developing

Because Six Sigma relies on having data with which to make decisions, it uses information-gathering tools such as:

- Cause and effect analysis
- Flow charts
- Pareto charts
- Histograms
- Check sheets
- Scatter plots
- Control charts

Advantages of Six Sigma	Disadvantages of Six Sigma
<ul style="list-style-type: none"> • Can increase customer satisfaction • Has a proven track record of having worked before • Increased quality control • Increased revenue • Reduced costs • Reduces number of manufacturing defects 	<ul style="list-style-type: none"> • Can be time-consuming to manage • Can be complicated • Can be expensive to implement

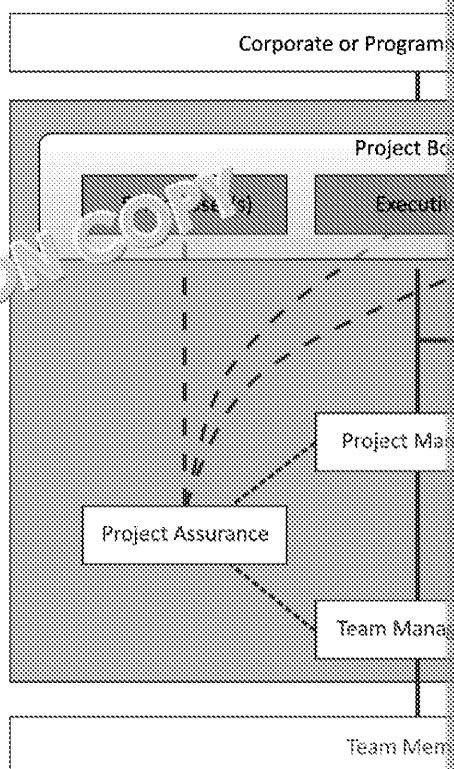
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PRINCE methodology

The PRINCE methodology is a well-known project management tool that is used in over 150 countries. In 1996 this methodology was updated and is now referred to as PRINCE2. PRINCE is an acronym that stands for 'Projects IN Controlled Environments'. As the name suggests, this methodology focuses heavily on organisation and control. It creates a clearly defined project core hierarchy, with project managers, team managers and team members. Projects using PRINCE start with detailed plans that are broken down into stages. Each stage has a detailed process by which it must be completed.

PRINCE works best in organisations that only occasionally need to make improvements or be guided. It is often used in the construction industry and in large government projects. It is not very flexible if changes need to be made to the original plans, but it works well in organisations that have many different projects on the go at the same time.



A project structure using PRINCE

The PRINCE method of project management contains four key elements:

- Principles: these are the principles of PRINCE that must be followed and cannot be changed
- Themes: these are the specific areas of a project that need attention or change
- Processes: these are the tasks or stages that need to be completed as part of a project
- Tailoring: these are the themes and processes that need changing in order to suit a project

The seven PRINCE principles

PRINCE project management always follows these principles:

- Continued business justification
- Learn from experience
- Defined roles and responsibilities
- Manage by stages
- Manage by exception
- Focus on products
- Tailor to suit the environment

Hierarchy: importance
Rigid: very

The NHS, Home Office and British Red Cross all use PRINCE2.

Advantages of PRINCE2	Disadvantages of PRINCE2
<ul style="list-style-type: none"> • Proven track record, having worked before • Helps increase quality • Helps reduce miscommunication • Helps reduce costs • Saves time • Reliable 	<ul style="list-style-type: none"> • Can require a lot of documentation • Experience is sometimes required • Sometimes it can be too rigid • Does not allow for flexibility

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Agile methodology

Agile is a project management tool that often uses software to implement it. It involves breaking up the project into different phases, known as sprints. After each sprint, team members reflect and decide whether anything could have been done to improve performance. Strategies are then adjusted before the next sprint.

Phases (sprints) in Agile project management:

- Plan
- Develop
- Review
- Design
- Test
- Release

Agile places emphasis on teams and team members continually collaborating and improving the way they operate. Teams follow a three-step cycle: planning, execution and evaluation for each sprint.

Agile is best suited to small and medium-sized teams, even if they operate in a large organisation. It is flexible and allows for experimentation and testing of new ideas.

Agile stresses the following values:

- Individuals and communication are more important than processes and tools
- Working software is more valuable than too many documents.
- Working with customers is better than signing rigid contracts.
- Responding to change is more important than following a plan.

Agile is a popular project management tool because it is easy to use, flexible and well suited to IT companies. Apple, IBM and Microsoft all use Agile project management. It encourages frequent communication and customer feedback, which helps an organisation ensure it is satisfying its customers' needs.

Advantages of Agile	Disadvantages of Agile
<ul style="list-style-type: none"> • Improves quality • Allows experimentation and testing of new ideas • Flexible and adaptable if changes are needed • It is collaborative • Focused on interaction with customers 	<ul style="list-style-type: none"> • Less predictable • Lack of documentation makes it difficult for newcomers to a project • Difficult to estimate complete project • Difficult to estimate complete project • Does not work if team is not at every stage

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Scrum methodology

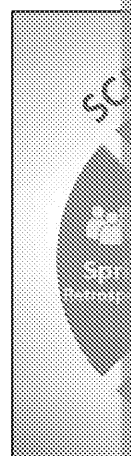
Scrum is not an acronym but rather a reference to sport and teamwork. Like a sports team, it encourages teams to learn from their experiences, and to adapt and work towards a common goal. Scrum allows small teams to self-manage and change.

It consists of five key values:

- Commitment
- Focus
- Openness
- Courage
- Respect



Individuals and teams allow these values to guide their behaviour. Scrum places a huge emphasis on teamwork. It is often used as part of the framework for an Agile method of project management because it allows teams to make changes and decisions more quickly. Google and Apple use Scrum as part of their Agile project management systems.



Scrum methodology diagram

Advantages	Disadvantages
<ul style="list-style-type: none"> • Allows teams to work quickly and efficiently • Allows for continuous improvement • Efficient use of time • Efficient use of resources 	<ul style="list-style-type: none"> • If individuals lack experience • Can be difficult to implement

Activity 9

Design a project structure

Timberland Global mobile app is for both office and home use. Recently order increased. The CEO of Timberland like to separate production into two teams. He wants to

Using PRINCE2 draw a simple diagram to show the CEO how this could work.

Case study 6

Easy Computers 678 is an information technology business. It was started just about 10 years ago with 80 people. Their core business has always been advising people on which computer to buy, providing service backup and repairs. One of their customers recently approached them to design and build a mobile phone app. The client is insisting that the app must be completed in the next 12 months. Will Easy Computers 678 need to use project management?

In your opinion, which project management methodology would be best suited for this project?



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The importance of choosing the right approach

Choosing the right project management approach is important. The approach must suit the organisation's goals and business strategy. It must also be suitable for the type of project being managed.

The project manager will need to think about the following variables:

- The length and complexity of the project
- The cost and the budget that can be allocated
- The delivery timeline
- The project's goals and objectives
- The team size
- The skill set of the team members
- What assets are available for use
- How flexible does the management system need to be?
- Client/stakeholder involvement: how involved in the project do clients and stakeholders in the organisation want or need to be?

Did you know?

When L3 project teams were changed, the organisation remained using a Scrum methodology.

Examples of different types of projects / ways of working, and the methodology chosen

Project / Way of working	Methodology chosen
Organisation wants to improve the way it works and decrease waste and the number of defects.	Six Sigma
Organisation wants a structured, general approach that it can use in many different projects.	PRINCE2
Organisation needs to be able to quickly make changes or adapt a project without the changes having a negative effect on the quality or completion date.	Agile
Organisation is already using Agile. It has many teams for different projects and processes.	Scrum

Consequences to an organisation of not following a project management approach

Good project management adds value to an organisation. Bad project management not only to a project's failure but also to the organisation's failure. Consequences of not following a project management approach include poor time management, reputation damage, and demotivated team members, low productivity, incurring unnecessary costs, and project failure.

Project failure may have the following impacts on an organisation:

- The organisation may have to make penalty payments if the project is late.
- Increased costs and loss of revenue.
- The organisation may damage its reputation and lose customers.
- Staff demotivation and lowered productivity.

Case study 7

Airbus A380 – doomed to failure

In 2004, Airbus planned to launch a new plane. It was to be called the Airbus A380. It was designed to be the biggest passenger plane to date. The team involved in the project was situated in both France and Germany. As the project neared its completion, parts were shipped from Paris to Hamburg, where it was discovered that none of the parts fitted together. The teams had all been using different CAD design programmes!

Question: How could the use of a tested method of project management have helped?

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Research task 5

The Garden Bridge

In 2015, a new pedestrian bridge called the Garden Bridge was planned to go to be a showpiece covered with trees, shrubs and flowers. The project was about £53 million and never having got off the ground.

Research and find out as much as you can about why this project failed. The following link may be helpful: <https://www.bbc.com/news/uk-politics-15343-london>

In your opinion, could better project management in the planning stage have helped?



Assessment questions

Short-answer questions

1. State what the following phrase describes:
Methods and principles used for completing a project.
2. Name three advantages of using project management.
3. State what the acronym PRINCE stands for.
4. Name the five phases of DMAIC.
5. Name the project management system that currently includes Scrum.
6. Explain one consequence of not using a method of project management.

Extended-response question

7. Hilary's business has grown from a small home industry to a full-scale factory. Hilary is concerned that the biscuits and cakes that come off the production line are not all of the same quality.

Evaluate Hilary's needs and recommend a project management system that she can use to have more control over quality.



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6.5: Project management tools and approaches

Learning objectives checklist

- ☐ Explain how project management methodologies can be used to define projects.
- ☐ Explain the structure of projects to include roles in accountability, deliverables and timelines.
- ☐ Understand the format of a project structure, including small and large projects.
- ☐ Understand the deliverables of a project and how these are tracked and reported on.
- ☐ Understand the methods of measuring a project and the indicators such as cost against budget, work completed against work scheduled.
- ☐ Explain the features and benefits of technology-based project management tools, and how these tools can support the use of different project management methodologies.
- ☐ Understand the level of detail for reporting a project and how this information can be structured through the use of project-plan-generating diagrams and other visualisations.

Introduction

Unit 6.4 introduced some of the methodologies used by organisations to implement change. You learned that different methodologies have different structures and use different approaches towards making change.

Tool: something that supports a particular activity

Deliverables: products or results of a project

All project management methodologies involve the planning and organising of an activity to move a task or project towards completion. In order to do this, accurate reporting is needed. Project management **tools** are used to assist organisations in managing projects.

In this unit you will learn about ways to structure projects so that the **deliverables** can be reported on. You will be introduced to some of the tools used to measure project progress against actual results.

How project management methodologies define projects

No two organisations are the same, and no two projects are the same. When planning a project, you choose a project management method that suits the management style of the organisation. An organisation with a very ordered and hierarchical form of leadership will be more likely to choose a structured approach to change and project management. An organisation with a more flexible structure will be more likely to choose either with or without Scrum teams.

You will remember from Unit 6.4 that the following steps are always part of a project:

- Planning for what needs to be done
- Executing the plan
- Monitoring and controlling the plan
- Completing and evaluating the plan

Each project management methodology uses different steps and processes to complete a project. The order in which these steps are to be completed affects the structure and implementation of the project is carried out.

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Activity 10

Read the statements below and decide whether they are true or false.

	True
Project management tools are sometimes used to assist people in managing their projects effectively.	
All projects that require project management are the same.	
All organisations use the same methodologies.	
Projects are defined by the project management methodology that is used.	



Project planning and structures

Before a project can begin, a detailed written plan needs to be drawn up. This needs to outline the project's objectives and goals, and how they will be achieved. Top-level management of the organisation needs to approve the plan before the project starts. Planning deals mainly with deciding which policies and procedures will be best to achieve the objectives of the project. Once the plan has been approved, the various activities can be **scheduled** so that they happen in the right order. The purpose of scheduling is to create a timetable. This includes calculating costs, time, and what and when resources will be needed. The resources needed may include specific team members, machinery, materials, etc.

Did you know?
40% of projects fail because of poor planning and goals.

Scheduling
resources and tasks to specify the order in which they will be done.

SMART project goals

Project goals need to be SMART to be effective. SMART is an acronym for:

- Specific
- Measurable
- Attainable
- Relevant
- Time-bound



This means that not only must the goals be realistic, but they must also be able to be achieved within a set time frame and cost. Roles must be clearly defined and stages or milestones identified.

Project structures

The structure or framework of a project is similar to the skeleton in the human body. It holds the project together. The framework to be used will be part of the initial project plan.

Project plan

A project plan is a formal written plan. It should be formatted in such a way that it can be used to manage the project, such as:

- Stakeholders involved
- Roles and accountability
- Scope and timeline of the project
- Activities and scheduling
- Estimated costs
- Utilisation and management of resources used in the project
- Deliverables for all stages of the project
- Methods of collaborating, communicating and reporting between project members
- Methods of storing information
- Requirements for success



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A project plan can also include a SWOT diagram to analyse the strengths and weaknesses of the project. This can help with **risk management**.

Risk management
identifying and
financial, legal

Plan on a Page

A Plan on a Page is a one-page summary of the main points of a project plan. It can be used to show what the project is about, e.g. in a slide show. A Plan on a Page should be

Roles and accountability

A project plan should clearly define the roles that need to be performed and who

Timelines

Timelines need to be specified to prevent a project from dragging on indefinitely. A project need to be clearly defined to make sure the final deadline or customer requirements. The deliverables must be reported on, so that errors or problems can be dealt with

Project deliverables

A deliverable is the good or service to be produced as a result of the project. It can be for the organisation or to be delivered to a customer. A deliverable can also be one of a document, a software product, a server upgrade, or any other building block of

Methods of tracking, measuring and reporting on project

Project management tools are software applications that help project teams to achieve their goals. Managers can use them to plan, organise and monitor project activities.

Project management tools help team members to

- Plan and schedule tasks
- Share and **collaborate** on projects and have access to information
- Store documents and files
- Create **reports** and **charts**
- Manage and use resources efficiently
- Evaluate and report on the project

Collaboration: the process of working with someone to produce

Diagram: simple drawing of a machine, a system or a process that represents

Chart: drawing that represents data in a way

Indicators

Key performance indicators (KPIs) are indicators that measure the actual performance against the schedule; for example, actual costs against budget, and work completed against schedule. Project managers and team to be aware of problems that could make the project

Case study 8

Reliance Maritime has a government contract to supply a new patrol boat for the coast guard. The financial manager has flagged the fact that the cost of the boat is already £1.5 million over budget. There is also an increase in the price of steel and aluminium. There are also two weeks behind in the schedule due to an expected strike by workers.

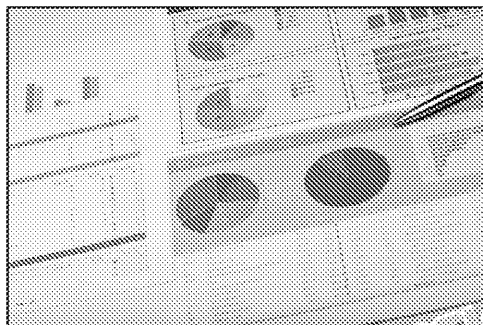
The unexpected cost increases will decrease the profit margin, which was already tight. The contract is fixed price, so the delay needs to be made up or they will incur a penalty for late delivery.

The team needs to analyse the original schedule and find ways to reduce other costs.

1. Name two KPIs that have been used to flag these problems.
2. State what the outcome of being over budget will be for Reliance Maritime and suggest a way to resolve the issue.

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Tables, graphs, diagrams
make it easy to read and interpret data.



Dashboards

Dashboards are ways of displaying a lot of data. Tables, diagrams and charts are all forms of data visualisation. As they are visual, they are easier to understand than text. They are useful tools that assist with project management by making difficult concepts easy to understand.

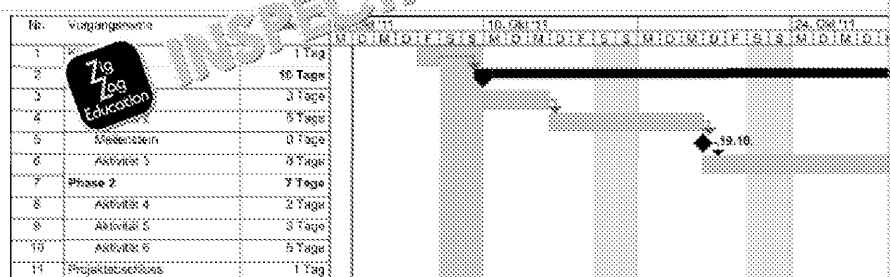
Once a project is underway, methods of data collection, analysis and progress and make sure scheduled activities are planned. This is important because if a project runs over budget it may affect the overall outcome. A good method of managing and reporting a project is to use Gantt charts, critical flow analysis, PERT charts and charts that use flow charts.

Flow charts

Flow charts are diagrams that show a process or workflow. Flow charts can make complex processes easier to understand. Flow charts are used in many different professions. They can be used as part of planning and scheduling or to highlight deviations from planned activities. By mapping out the processes, we can improve quality and make the project management process more efficient.

A Gantt chart

Gantt charts are commonly used in project management. They were developed by Henry Gantt in 1917. Gantt charts measure performance against time in the form of a bar chart. The horizontal bars show tasks, while time is measured in the vertical axis. Each task should have a start date and an end date. Gantt charts make it easy to see where you currently are in a task and when it needs to be finished.



Look at the example above. The project has a kick-off date and then two main stages. The blue lines represent activities to be completed in each stage. The time allocated to each activity is shown in the diagram. Team members will be able to identify any stage that is not completed.

Activity 11

Analyse a Gantt chart

Look at the Gantt chart below. It shows the time allocated for four stages of a project.

- How much time is allocated for the completion of the project?
- How much time is allocated for Stage 4, implementation of the project?
- If Stage 4 takes an extra seven days, how might this affect the project?

ID	Task name	Duration	Apr	May	June	July	Aug
1	Planning	2 W	27-Apr	11-May			
2	Analysis	4 W		12-May	9-Jun		
3	Design	8 W			10-Jun		5-Aug
4	Implementation	18 W					10-Aug

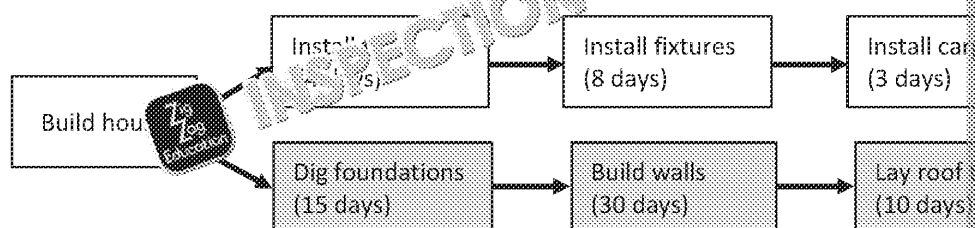
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Critical path analysis

A critical path analysis (CPM) is another tool commonly used in project management that must be followed to complete the project. CPM is used when the time taken identifies which tasks will take the longest. It shows each activity and highlights which are critical. Therefore, it is important to identify those tasks that are necessary to complete the project.

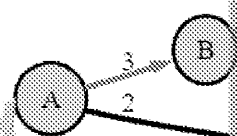
Look at the diagram below. The critical activities are shaded grey. These tasks are the most critical activities as they cannot be completed as planned.



CPM is used for short-term projects where there are few contractors and subcontractors.

PERT

PERT stands for programme evaluation and review technique. CPM and PERT are very similar, but with PERT time estimates can be made for the shortest, most likely, and longest time it will take to complete a project. The stages of a project are graphically represented on a chart. This allows you to work out the amount of time you will need to finish each task, which then allows you to estimate how long it will take to finish your project. PERT helps different team members contribute to their responsibilities. It is important to remember that a delay in one activity will impact negatively on another. The diagram, right, shows how all the tasks in a project fit together and the estimated time each task will take to complete. The parts of the project that will cause the most problems are shown with the red arrows connecting A, B, E and C.



Did you know?
McDonald's uses PERT.

PERT is used for long-term projects such as building a ship, where there are a lot of tasks.

Activity 12

Albie's Coffee Shop

Albie owns a coffee shop. His biggest clientele is people on their way to work who want a cup of coffee. Albie thinks that the waitrons are taking too long to make and serve coffee. He has hired a management consultant who has come up with the following tasks and times needed to complete them.

- Take customer's order – 1 minute
- Walk to barista machine and fill with coffee, milk and sugar – 2 minutes
- Programme barista machine and make coffee – 1 minute
- Take coffee and biscotti to customer – 1 minute
- Clean tables not in use – 1 minute
- Take money from customer just arriving – 1 minute

To do

Collaborate with a partner and draw a CPM diagram for tasks to be completed in the coffee shop. You should show both the critical and non-essential tasks.

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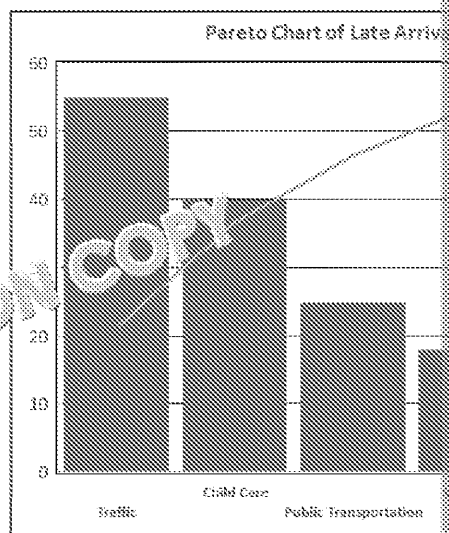


PARETO

The Pareto principle is used in project management to make it more efficient. It is also sometimes called the 80/20 rule. The rule says that 80% of a project's results come from 20% of the work. Quite simply, by focusing our efforts on the most important 20% of the work, we improve the overall efficiency of the project. This rule allows us to identify which tasks can be done at the biggest impact on the project.



The Pareto chart, right, shows that for this particular organisation, most late arrivals are caused by traffic, child-care problems and public transport delays.



Example of a Pareto Chart

Activity 13

Understand the Pareto principle

Ten groups of people have been asked to contribute towards a new shelter for homeless people.

1. State how many groups have contributed 80% of the funding.
2. State the percentage of groups that have contributed the least amount of funding.

Research task 6

The US Navy developed Pert analysis in the 1950s. It was developed to manage the Polaris submarine missile programme because it is a complex evaluation system with many projects that may control other projects as part of the overall project.

Work as a group and find out the following information:

- Who were the stakeholders in the Polaris programme?
- What were the deliverables in the Polaris programme?
- How could PERT be used to monitor and control the Polaris programme?

Write your answers in the form of a short report.

You can use the following links to help you:

- Video: [zzed.uk/12343-Navy-1](https://www.zzed.uk/12343-Navy-1)
- Article: [zzed.uk/12343-Navy-2](https://www.zzed.uk/12343-Navy-2)



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Assessment questions

Short-answer questions

1. Name **one** method of measuring performance against time in the form of
2. State what the acronym SMART stands for.
3. State the Pareto principle.
4. Name **two** project management tools that enable a team to identify the time the most important tasks.
5. An organisation has a big project that must be completed on time. Explain what chart could help them.
6. Explain why a budget needs to be carefully monitored and controlled.

Extended-response question

7. Evaluate how an organisation could use SMART goals to successfully complete

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6.6: How to support and improve projects through evidence and evaluation methods

Learning objectives checklist

- ☐ Explain the purpose of research, e.g. market research for product development, service development, product testing, customer opinions, web analytics, future strategy planning.
- ☐ Identify the methods used to research the need for a project and how methods could vary depending on the nature of the project.
- ☐ Understand the reasons for using different methods and approaches to research for the purpose of the research.
- ☐ Understand how different evidence methods can be used to support the development of projects, to help justify any decisions that are made in relation to the project and to provide backup evidence to justify the overall need for the project.
- ☐ Explain the importance of providing evidence for each decision made.
- ☐ Understand the evaluative methods used to analyse the validity and reliability of methods, form judgements and draw conclusions.
- ☐ Understand the need for completing a project evaluation and how this evaluation can help the organisation and the staff learn valuable lessons, which could be used in future projects.



Introduction

Unit 6.6 explores ways to improve projects. Project management can be challenging. We can improve projects by using **research**, **evidence** and **evaluation**.

Research involves the carrying out a detailed study of something. It ensures that the project management team is open to information that can improve the project and help avoid unnecessary risks.

Research: a detailed study of something.

Evidence: facts, or information, that you believe that is true.

Evaluation: the process of assessing the performance of something.

Project management can use evidence gained from research or past projects to help make decisions. It often makes sense to use something that has a proven track record of having worked. Evidence is also an important part of project management. It helps with measuring the project and keeping stakeholders up to date.

The purpose of research

The purpose of research in project management is to provide the project team with the information that is needed to accomplish the project's goals and objectives. The research process involves using existing information and adding to it.

Research involves examining not just the project's needs but also those of the client and the project team. It involves finding facts in a structured, systematic way.

Many professionals regularly use research as part of their activities. Examples include market researchers, engineers. In an organisation, research is used as part of the activities of different departments, such as marketing, human resources and production, as well as for specific projects. Some examples of research are explained overleaf.

Did you know?

The money market research is massive.

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Market research

Market research involves gathering information about target markets and customers to know as much about its customers as possible. An example of conducting market research is asking potential customers what they think about a product.

Product development

Product development is the process of creating a new product to the market. Product development involves the stages a product goes through, from its original concept through to the market as follows:

- Identifying a need in the market
- Evaluating the opportunity
- Researching and show a product may serve a customer's needs
- Establishing whether the product is viable
- Developing the product
- Releasing the product to the market
- Ongoing evaluation based on feedback

An example of product development is Coca-Cola adding a range of sugar-free drinks.

Service development

Service development is the process of developing and launching a new service that involves adding, removing and improving services to make them better. An example is a hairdressing salon that adds manicures and pedicures to its existing services. Reducing the time to check out at a supermarket checkout is an example of improved service delivery.

Product testing

Product **testing** involves finding out how a product will perform in a target market. 'consumer testing' or 'comparative testing' is important to find the best product. Product testing is to give potential customers different products and then to gain feedback on the product they liked the most. The product testing process normally begins with a question: 'Do you want a new product or a variation on an existing one?' Product testing allows an organisation to gain valuable insight into customers' needs. Customer feedback also allows a product to be improved. Focusing on developing products that customers will want to buy saves time and money.

Customer opinions

Customer **opinion** is also referred to as 'customer feedback'. This is information from customers about their experience with the product. It gives an organisation insight as to how satisfied customers are and whether it can be improved. This allows for a product to be developed that meets customer needs, saving the organisation time and money by focusing on developing the correct product. An example is asking customers to complete a survey rating different services offered by the hotel.

Web analytics

Web analytics involves collecting, reporting and analysing information that is generated from a website. Web analytics allows organisations to gain a deeper understanding of the website and the traffic to their website. An example is using analytics showing how many people are visiting a website and how many are appearing on their own Facebook page.

Future strategic planning

Future strategic planning involves trying to anticipate future market and industry trends. An organisation normally does this. Lower and middle management tend to focus on short-term goals, while top management looks at a longer time period. Strategic planning can lead to the achievement of strategic goals. In an earlier unit, you learned about how Netflix went from renting and selling DVDs to becoming a streaming giant.

Activity 14

Read the statements below and decide whether they are true or false.

Research is not a part of project management.	<input type="checkbox"/>
Project management includes evaluating information.	<input type="checkbox"/>
Project management is always a process.	<input type="checkbox"/>
Project management involves research, evidence and evaluation.	<input type="checkbox"/>

Methods of research

Having correct and accurate information available helps project managers and to make decisions. Unit 6.5 explored various methods of controlling and monitoring a project. It is important that as much information as possible be available before the planning stage so that organisations avoid making costly mistakes. For example, a rise in interest rates will affect borrowing. An organisation that is intending to borrow money to finance a project must be aware of this.

Quantitative and qualitative research

Quantitative research is conducted by collecting and analysing numbers and statistics to produce numerical data. For example, before deciding to build a ring road around a town, a council might conduct a survey to count how many cars use the existing roads.

Qualitative research is conducted using words, ideas and concepts. It is research that cannot be measured, such as emotions. For example, before turning a high street into a pedestrian zone, a council may conduct a survey to see how many people are in favour of doing this.

Primary and secondary research

Primary research is research that uses information for the first time. Raw data, data that is collected and used for the first time is primary research. Surveys, interviews, field trials and test runs are all ways of conducting primary research. Focus groups can also be used for primary research.

Secondary research uses data that has already been collected and used elsewhere. Journals, libraries or the Internet is an example of secondary data.

Activity 15

Identify primary and secondary sources

Mediwell is considering developing a new cough medicine. The CEO asks Ann and Ben to do research. Ann conducts a survey using 100 people. She asks them if they would use the medicine. Ben uses Google to see what other similar firms are doing.

Which one is using primary research, and which one is using secondary research?

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Case study 9

Toys 4 Kids 678

Toys 4 Kids 678 is a company that was established in 1994. It produces puzzles and other educational, problem-solving toys. Over the last couple of years its sales have decreased substantially. Sarah, the managing director, is worried about this. Last week, one of the staff members approached her with an idea for a new toy. The idea has no educational value, but everyone she has asked about it thinks that it is a great idea.

What research can Sarah do to find out why sales have fallen over the last few years and to establish whether there is a market for the staff's idea for a new toy?

Collaborate with a partner and write a brief report for Sarah containing your

The reasons for using different methods of research

Organisations choose the research methods most suited to the project. The methods are likely to give accurate information.

- A pharmaceutical company will conduct controlled experiments before releasing a new product. They need to know the new product is safe for use and effective. This is quantitative research.
- A university wanting to evaluate its curriculum may conduct a survey among students. They are with the existing curriculum and what they feel could be changed. The results are studied. This is qualitative research because it is based on opinions and not numbers.

Often an organisation will use a combination of several methods of research in order to be more detailed.

Information gained through research needs to be:

- Accurate and reliable, with few errors
- In time for the project
- Complete enough for the decisions to be made
- Valid and impartial

The importance of providing evidence for each decision

Research is a way of providing information for decisions that have to be made regularly. Once a decision is made, it can be justified using the evidence that has been found through research. This evidence is provided in the form of statements, testimonies, logs, reports and data.

Project teams can use evidence to support the development of the project; the evidence can also justify the need for the project in the first place.

By using evidence in the decision-making process, leaders and team members are more likely to know what they are doing before acting. By relying on facts and what has worked in the past, they are less likely to rely on opinions and feelings, which leads to fewer mistakes being made.

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Activity 16

Analyse whether the questions below are qualitative or quantitative research questions.

- | |
|---|
| How has the climate in the UK changed over the past 20 years? |
| How do families with young children feel about increased heating costs? |
| How has the life expectancy for UK citizens changed in the last 50 years? |
| How do parents feel about young children having mobile phones? |



The importance of completing a project evaluation

Evaluation is an important part of project management. It helps to measure the different stakeholders up to date. Evaluation can help both the organisation and which can then assist them in future projects.

Evaluation has three goals. They are:

- To learn
- To measure
- To understand

To achieve these goals, data about the project must be collected. The method of relevant to the project. The criteria used for evaluation may differ according to the organisation requires. The evaluation should study the costs, time and scope of the resources used. It should also evaluate risk management and product quality.

Evaluation can be completed as the project progresses as well as when it is completed. It can include feedback analysis, surveys and a project post-mortem. A post-mortem is a project. The purpose is to allow the team to come to conclusions about how effective Judgements can be made about decisions that were made. Actions can be justified.

The benefits of implementing a project evaluation include the following:

- More efficient project management
- Improves staff performance and morale
- Improved project planning
- Better communication with staff, management and other stakeholders

The project team can complete the evaluation, or it can be done externally. Large departments often choose to have an evaluation completed independently. This is and impartial. An example of this is an independent project evaluation completed supporting minimum health standards in prisons in Manchester.



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Research task 7

A company that makes designer jewellery has launched a market research project of manufacturing a new watch. The watch is considered sellable to a wide range of people. The watch will be very profitable, but the company wants to know if it is a feasible project. The cost of the watch will be too high.

Evaluate the range of research and evidence that is available to provide a justification for this project.

Use the Internet to research if your competitors are already established in the market.

**Assessment questions****Short-answer questions**

1. State the type of research that is conducted using data.
2. State the type of research that is conducted using opinions and emotions.
3. Name research that is made using first-hand or original data.
4. Name the type of research that would be completed using web-based sources.
5. A personal web page is not a reliable research resource. Explain this statement.

Extended-response question

6. *Homes-4-All is considering building a new housing estate on the outskirts of a rural town. They want to assess the opposition they might meet from local residents. They apply for planning permission.*

Analyse the methods of research that might be useful.



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Answers

6.1: Drivers of organisational change

Activity 1

External drivers of change: The government sets a new minimum wage.
New tariffs on imported goods will affect your supplies of raw materials.

Internal drivers of change: Two delivery vans are coming to the end of their useful life.
The new CEO wants to bring in more eco-friendly ways of doing business.

Case study 1

Strengths		
Internal	Quick turnaround times Loyal staff	No one qualified to do the job
Opportunities		
External	Good customer relations Units bought for upmarket homes	Possible import tax reduction Downturn in the housing market Possible second-hand market

Case study 2

(Any three factors)

Factor	Challenge	Response
Political	Brexit has made it harder to import from Europe.	Source new suppliers from outside Europe.
Economic 1	Competitors selling cheaper toys from China.	Source new suppliers from outside Europe.
Economic 2	Purchase new delivery vans.	Investigate bank financing options.
Technological	Need to invest in a website with a good user interface.	Investigate firm specialising in website development.
Legal	Need to retrench staff to reduce costs.	Get legal advice on redundancy procedures.
Environmental	No environmental challenges mentioned in the case study.	None.

Research task 1

Answers will vary.

All three organisations face strong competition.

- Disney has created a streaming platform to combat declining cinema audiences.
- Apple has opened more stores and focused on reducing production costs while maintaining quality. It has also introduced new models of existing products, making the older versions outdated.
- Amazon has diversified. Originally it only sold books, and now it sells more or less anything. It has also reduced costs and selling prices while improving its supply chain and delivery methods.

Research task 2

Factor	Challenge
Political	<ul style="list-style-type: none"> • Sourcing raw materials that are fair trade • Being aware of laws in countries where you source raw materials
Economic	<ul style="list-style-type: none"> • Economic recession will make customers look for cheaper brands • Rising labour costs
Social	<ul style="list-style-type: none"> • Demographic changes lead to fewer customers • Changing work patterns lead to more remote workers
Technological	<ul style="list-style-type: none"> • Mobile phones may increase customers • Agricultural advances may impact farmers
Legal	<ul style="list-style-type: none"> • Health organisations may push for laws reducing caffeine in drinks • Licensing regulations in different countries
Environmental	<ul style="list-style-type: none"> • Natural disasters in coffee-producing countries • Laws around packaging and waste

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Assessment

1.
 - a) Legal
 - b) Environmental/Political
 - c) Technological
 - d) Legal
2. (Any two)
 - Human resources
 - Low performance
 - Shareholder expectations
 - Development of new products and services
 - Worker dissatisfaction
 - Internal conflict
 - Changes in organisation
3. External opportunities.
4. (Any two)
 - Legislation
 - Inflation
 - Competitors
 - New technological advances
 - Interest rates
 - Changes in customer behaviour
 - Exchange rates
5. The statement is incorrect because SWOT also applies to external opportunities and threats.
6. Use the diagram to help you evaluate their business. Nadine and Alice have a good business idea. With the weaknesses and threats, should be able to make a success of it. ✓✓

Strengths		
Internal	Environmentally conscious ✓ Nadine has business skills ✓ Alice is good at organising ✓	They are both business experienced ✓ Van is old ✓ No reliable car
Weaknesses		
External	Can save money from their old school ✓ City council will buy the recycled glass ✓	May have problems with the weather

(Plus mark for drawing the SWOT diagram ✓) (12 marks)

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Preview of Answers Ends Here

This is a limited inspection copy. Sample of answers ends here to stop students looking up answers to their assessments. See contents page for details of the rest of the resource.