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# Introduction

There is a great effect on the internal and external factors on the organisational front. Those factors beer significant role-plays in the development as well as the decrement of the organisational growth and successes. As per the driving factors that indicate, that the organisation require any needful changes in it should be measured strategically and accordingly the changes need to be addressed as per the organisational purpose and requirements. In this assignment, it is illustrated how the external and internal factors affect an organisation that the organisation feel the requirement of addressing changes in it. In order to address the required changes, an organisation need to apply some change management theories, this is also addressed in the report. In order to explain the entire report with practical examples, an organisation has been chosen and the organisation is Woolworths.

# An introduction to the organisation:

The company was founded in the year 1931 by Max Sonnenberg. In the year 1994 it first store card was introduced. In the year 1997, a controlling interest of the organisation was acquired by WHL and in the year 2014, the remaining shares were owned by WHL. The company has celebrated its long successful journey in 2017. Presently it has above 15 million customers, 46 000 employees over the 14 countries and does its business in more than 1 500 locations (Woolworthsgroup, 2018).

# Internal and external analysis of the organisation to identify areas requiring a change

**SWOT of Woolworths**

The internal analysis of an organisation is significant for identifying the potential strengths and weaknesses as well as the impending opportunities and threats in the near future of an organisation. Using the **SWOT** model, as an effective tool it can be illustrated well below:-

**Figure 1: Internal factors of Woolworths**

(Source: Jenkins & Williamson, 2015)

**Strengths:** The strengths of an organisation are regarded as assets for using it into better implementation in business (Jenkins & Williamson, 2015). In the case of Woolworths, it has its brand image for its strategic business plan of action at present in Australia as well as in another international market as well. In addition, good market leadership capabilities have supported the entire leadership team to work efficiently for establishing its major priorities in business. Moreover, its efficiency in tracking customer records is also useful in securing the data and information with active supervision. Therefore, currently, Woolworths has in the business with a group of 201,522 effective team members to lead in the market (Woolworthsgroup, 2018).

**Weakness:** The weakness of an organisation tends to reduce the efficiency of an organisation gradually diminishes the overall productivity and profitability (Sadachar et al., 2017). Besides, a number of strengths, Woolworth's consist of some weaknesses in its part that has indirectly affected the business operations in the retail market. The organisation has been identified with inefficiency in its sales team handling with the pricing strategies in the market. In addition, employee policies are also seemed to be less effective in improving the performance of the sales strategy itself. According to the online article, Woolworths profit drops in ‘disappointing’ results, (2018) it can be informed that Woolworths has a sales decline in the fashion and beauty products by around 1.5 % from other markets.

**Opportunities:** Business opportunities are acquired through strategic decision and the right investment with suitable partners or trade alliances (Cox et al., 2016). Woolworths has gained maximum benefit and opportunities so far in the business of retail market with its strongest trade alliances with multiple stakeholders like Caltex for fuel supply agreement is one of the great opportunity for future prospects in business. Other than this, Woolworths’ multiple initiatives for environment change and circular economy is another positive opportunity to withstand its weakest areas for development (Woolworthsgroup, 2018).

**Threats:** Threats in business in omnipresent and it acts as the biggest challenge to overcome by the management of an organisation (Roggeveen & Beitelspacher, 2018). From the above analysis, as it is observed that Woolworths has some of its weaknesses like pricing strategy intervention for its fashion and beauty products in the market. In that case, would be a challenge for the Organisation to compete with its existing rival Coles and other retail competitors like Wal-Mart, Tesco and LIDL in terms of fashionable products for women. Further, the cost of raw materials are increasing in the market, therefore, it might be another for the Company to maintain the cost of products and set a standard pricing strategy for a variety of products.

**PESTEL of Woolworths**

**Political factor**: the political stable condition of Australia plays a vital role in accelerating the organisational growth of Woolworth. Because of the favourable political stability, the foreign trading partners and investors show interest in investing for the business and trading in the country. It appears to e beneficial and favourable for the company Woolworths. Nevertheless, on the other hand, there are few negative impacts on the retailing industry that come from the political forces as well. In this respect, it should be mentioned that Australian government has launched a campaign aiming to block few developed and well-established companies such as Woolworths in order to maintain fair business balance in the market as due to the huge success of the developed companies, the small companies had been affected. However, this creates a negative impact on Woolworths. However, it is important to mention here that the highly efficient management team of the company has managed to maintain its market presence and to keep a significant market share.

**Economic factor**:

The economic status of the county affects the organisation a lot in a positive way. The organisational growth in the last decades can be considered to be the result of increasing globalisation and using local recourse. In addition, it can be stated that the stable economic condition of Australia, results in creating stable demand due to the disposable income of people, which appears to be highly beneficial to the company and on the other hand the increment of investment in several new industries, which might enhance market competition for the company. However, because of the volatile rate of exchange, the international investment and trade become more challenging, therefore it increases the business risk for the company. Its effect on the company won’t be short term only; for a long time span, it will affect the company. Again, on the other hand, the increment in Government investment in the developing organisational infrastructure can be beneficially accessed and utilised by Woolworth

**Social factor**:

As per the social aspect is concerned, the evolving gender role of Australia can be mentioned here as it might be beneficial to the company. Again, on the other hand, the growing availability of media outlets has a highly vital role in order to influence the public. In the case of Woolworths, this factor can be utilised significantly beneficial way. The increasing tendency of inequality in the income of Australian people is another important factor that may affect the business of the company as it creates a section of people of severely low income that they won’t be able to go to supermarkets or any shopping mall. Again, the migrating tendency is low in the country and due to that reason Woolworths lacks the ability to avail several efficient and skilled managers and leaders from the international platform in order to enrich the management operations of the company

**Technological factor**: As per the technological effect is concerned it can be stated that due to the rapid development of technology, the life cycle of the product has been shortened and for that reasons, it becomes easy to the suppliers to develop a new product in a fast manner. It pressurises the marketing team of Woolworths and as well as the company is pressurised to increase its production cost.

**Legal factors:** In Australia, several legal protocols and laws are required to be mentioned. It includes health & safety law, several business laws. Therefore, in the case of Woolworth as well those protocols are important to be maintained.

**Environmental factor**: The extreme weather of Australia results in making the production cost higher as for it several necessary aspects need to be taken care of. Again, the company has to take initiatives in order to meet the recycling trend of the modern world.

**Summary of the areas where change is required**

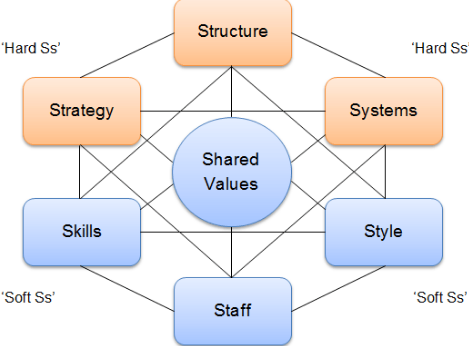
As per the political issue is cumbered that are faced by the company, is the decision of Australian government to launch a campaign aiming to block few developed and well-established companies in order to maintain fair business balance in the market as due to the huge success of the developed companies. It negatively affects Woolworths. The increment of investment in several new industries has enhanced market competition for the company. Again, the volatile rate of exchange, effect on the company won't be short term only; for a long time span, it will affect the company. The increasing tendency of inequality in the income of Australian people is another important factor that may affect the business of the company as it creates a section of people of severely low income that they won’t be able to go to supermarkets or any shopping mall. Again, the migrating tendency is low in the country and due to that reason, Woolworths lacks the ability to avail several efficient and skilled managers and leaders. In addition due to the rapid development of technology, the life cycle of the product has been shortened and for that reasons, it becomes easy for the suppliers to develop a new product in a fast manner. It pressurises the marketing team of Woolworths and as well as the company is pressurised to increase its production cost.

# Literature review – overview of change management theories or frameworks

Several change management theories are there that help the organisation to address the changes that are required as per the organisational purpose. Some theories are there too that help the organisations to understand what changes should be made based on the organisational situation and the purpose. In this respect, The McKinsey 7-S model, Lewin’s model of change management can be mentioned. In the following segment of the report, a literature review of those mentioned theories has been presented.

**The McKinsey 7-S model**:

In the case when a company can understand that there should be needful changes in the organisation but it needs to identify what type of changes would be the most beneficial for the company, the application of The McKinsey 7-S model would be most effective in this respect. As opined by Ravanfar, (2015), according to this model, the most significant organisational aspect, that includes strategy, structure, systems, shared values, style, staff and skills should be analysed properly and accordingly the required changed should be identified. The following segment has addressed the method of the model.



**Figure 2: The McKinsey 7-S model**

(Source: Pothiyadath & Wesley, 2014)

*Accessing the strategy*:- This step asks a company to be enough formal and to allow its leaders or managers to utilise their strategies to attain the competitive advantages over the competitors. Again, according to Saeed & Wang (2014), it has to be enough flexible in adopting the required changes. However, in order to utilise the strategy, there are few things that should be clear which includes what the objectives are, what the strategy that has been chosen for achieving the objective, how competitive the strategy is, how effective the strategy is to adopt the present situation.

*Looking at the structure*:- The structure of the organisation should be fair and simple for applying the strategies in the organisation. The structure should be clearly understood as well. According to Pothiyadath & Wesley, (2014), the leaders and the management should be clear about some points like, the structure of the organisation, the hierarchy, how the departments are being managed, how the teams are being organised, how the individual employee is being organised, who will make the decision, how the organisational communication status is and so on.

*Analysing the taken system*:- The system that the leader of the organisation has taken to run the organisation properly should be analysed whether it is suitable for the organisational need or is lacking any improvement. For this purpose, few sides should be taken care of like the core systems of the business like document management, finance, team, meetings, management etc. According to Baroto et al., (2014) it should be clear how those mentioned systems are being used, whether they are updated, whether they are accurate, how the results of those processes are being tracked or assessed, who is eligible or should have the access of those systems.

*Recording shared values*:- In the case, when the organisational culture seems to be irrelevant to manage the organisational change there, it requires to analyse dew aspects like the core values of the company, the culture of the company, the culture of the teams. Again, According to Baroto et al., (2014) it should also be measured whether the teams are odd to the organisational culture, how strong the values are and how the values can be strengthened through practice etc.

*Taking note of the organisational style*:- According to Baroto et al., (2014) this stage asks to measure the leadership and management styles that are applied in the organisation. In this regard, certain points should be taken care of like, how the organisational teams and department are being managed, whether the leaders and the managers of the organisation are active, whether their leadership styles are effective if yes then how much etc. again it should be measured that the leaders are cultivating organisational collaboration or competition.

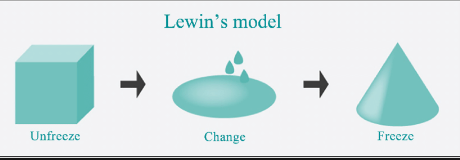
*Listing the staff*:- It is one of the most important stages that an organisation requires to address a change. According to Baroto et al., (2014) in this stage, the matter that should be taken care of are the positions that are filled already, how they are facilitating the company with their skills, whether there is any requirement of any new skill, whether any new recruitment is required and so on.

*Accessing their skills*:- According to Pothiyadath & Wesley, (2014), in the last stage, the skills of the staffs should be assessed properly. It should be based on a proper feedback system instead of any basic description. Here the matter that should be taken care of is the positions that are whether the employees have the required; skills that are desired for the organisation, how important the skills are that are not present in the organisation currently, the strongest skills among the employees. However, it is also important to see how the skills are being assessed.

Based on the above discussion on the McKinsey 7-S model, it can be stated that by the help of this model an organisation will be able to identify where the changes are required and how the change can be address as it proves a detailed assessment on all the important segments of an organisation.

**Lewin’s model of change management**:

Among all the change management approaches, Lewin’s model can be considered to be the most popular one. In order to address the requires changes in an organisation, this model divides the entire process of change into three needful and appropriate steps. Those steps are unfreezing, making changes and refreezing.



**Figure 3: Lewin’s model of change management**

(Source:Cameron & Green, 2015)

**Unfreeze the perceptions and process of the organisation: Based on the realisation, that it requires to address a change in the organization, first, it needs to unfreeze the current organisational process. According to** Cummings et al., (2016) i**n this stage, it requires to analyse every step, every segment of the organisation, human reaction etc in order to determine the potential improvement. Through this process, it becomes easy to eliminate the organisational mistakes that are commonly accepted currently. It helps to identify the root of the problems instead of the symptoms. According to** Cameron & Green, (2015) t**his stage mainly aims at making people aware of the changes that are required. It is important to convey the employee how the changes are adding value to the organisation as well as to the individuals. The leaders should take initiatives in order to motivate the employees to welcome the change.**

**Make the required changes: It is the transitional stage, where the employees, being unfrozen start to accustom with the changes in the organisation. According to** Hossan, (2015) i**n this stage, the stage actually takes place. The people, through various struggles, welcome the organisational changes. According to** Cameron & Green, (2015)**, this step is no important as, during this phase, the people learn new** processes, behaviours and new ways to think. It should be mentioned here that thought the entire process of this stage, it is highly required to make employees remind the significance of the change repeatedly.

**Refreeze the revised status: Though this stage has been named as refereeing, based on the process of this stage, it can be named as reforming, as it stabilises and solidifies a new and revised stage which is required for the organisation as well as the employees. According to** Cummings et al., (2016) t**his stage is highly crucial to be taken care off as in this stage, it should maintain to see whether people are reverting back to the old system and according to take necessary steps to recover that. However, in this respect, it should be mentioned that many scholars have argued against this model considering it as outdated to be effectively applied in the organisations.**

# Evaluation of possible change strategies required to improve the situation

The above mentioned changed strategies are significantly effective in order to address any needful change in an organisation. In the case of Woolworths as well, those models can be applied. By applying McKinsey 7-S model, the company will be able to understand what the needful changes in the organisation are required according to the organisational purpose (Ravanfar, 2015). It will make a clear conception regarding the changes that would be the most beneficial for the company. Therefore, the application of The McKinsey 7-S model would be most effective in this respect, as it proves a detailed assessment of all the important segments of an organisation. Again, on the other hand, Lewin’s model of change **will make it easy to eliminate the organisational mistakes that are commonly accepted currently. It will help to identify the root of the problems instead of the symptoms. In the unfreeze stage the management of the organisation will be able to make people aware of the changes that are required (**Cameron & Green, (2015)**. The leaders of the organisation will convey the employee how the changes are adding value to the organisation as well as to the individuals. Along with that by applying this model, the employees will be reminded repeatedly regarding** the significance of the change and thus the changes will be understood properly and welcomed by the employees.

# Recommendations of the most suitable strategies

Implementing digital supply chain in the organisation will be highly beneficial to Woolworths. By the help of digital supply, chain company will be able to save time as it is technology re significantly high at speed (Korpela et al., 2017). Again, it addresses less human interaction which is so beneficial especially in the matter of cost-cutting. Along with that, technological training can also be recommended. It is important to make the employees training in the matter of technology as the market competition is rising high day by day and it demands innovation on production (Büyüközkan & Göçer, 2018). Innovation is also highly necessary to attract customers more. However, in order to address those changes, company might apply Lewin's model of change as by applying its company will be able to **identify the root of the problems and will take initiatives to change and improvements. This model will help the leaders to make the employees understand the significance of the changes and they will feel the necessity of taking the modern trainings.**

# Required resources for implementing the identified suitable strategies

In order to address the change in the matter of technology especially for implementing digital supply chain the required resources include necessary and modern software, the skilled and trained technology experts who will be able to train the other employees as well.