

Organizational Change Management

Executive Summary

The report discusses the change management in Nokia because of the downfall it faced after the launch of Smartphone. The report is based on the Memo named Burning platform launched by Elop CEO Nokia in response to the conditions they were facing after the shift in consumer behavior. The report below majorly identifies the issues, problems and situations that the organization encountered during the past years along with the recommendations that are suggested for the purpose of reducing these challenges. Estimated conclusion and Subsequent to the conclusion, researcher addressed some recommendations for Nokia so that organization can improve its action plans.

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Section 1: Introduction of the Report

1.1 Introduction

The report below aims to identify the organizational change management in Nokia and for this the memo named Burning Platform launched by Elop the CEO of Nokia after the situation the organization experienced in 2010 majorly after the launch of Android, Apple and iOS phone. The report below majorly identifies the issues, problems and situations that the organization encountered during the past years along with the recommendations that are suggested for the purpose of reducing these challenges.

The memo of Elop explored the factors that are the root cause of the drawback in the sales of Nokia products. Nokia is a well known company that deals in the telecommunication industry, the past studies and income statements shows that Nokia had a significant position in the market but somehow some calamities and mismanagements affected the position and made Nokia to experience low sells (Lai, 2008). The report aims to assess those challenges and problems that the organization has suffered during the last years. Since the downfall that had been observed by Nokia instigated in 2007, the main reason that made the reputation of Nokia affected is the launch of Android and iOS phones.

According to the study of Lam (2013), Nokia was a global leading brand and a marketer leader but somehow the instigation of the new phones and brands like Android and iOS made the firm to battle hard for its survival in the market. According to Lai, (2008) the overall view of the condition that was experienced by Nokia depicts that some internal and external factors were there that affected the position and reputation of the organization. Hence, the collective influence of both internal and external factors made Nokia lose its position. According to the Memo named as Burning Platform provided by Elop which is considered as the case for this report has highlighted several reasons and issues including internal and external both are defined below:

1.1.1 External influence affecting Nokia

Nokia suffered serious influences from external factors because the downfall of the organization started when the market shifted the behavior of the customers. Basically, the launch of

Smartphone industries affected the position and reputation of the organization. According to the Memo, the instigation and shipment of Apple's iPhone in 2007 gave rise to the downfall of the firm.

The memo declares that Nokia was not able to match that position of the market constructed by Apple because this product made a rapid shift in the behavior and concerns of consumers which further brought a decline in the preferences of Nokia's product worldwide. The external factors further included the quick launch of similar phones that assured the development of application software in the mobile and phones. Thus, this progression turned out to be the source of reduction in the customers of Nokia because the organization even faced a condition in which the customers of areas where Nokia had a strong hold namely; Russia, Germany, Indonesia and Germany started shifting their preferences towards other brands. Furthermore, Apple was not the only brand that gave Nokia such a tough competition because several new entrants in market such as Android and iOS as well made Nokia face the hard times.

1.1.2 Internal influences affecting Nokia

The external factors demanded a change in the internal environment so as to maintain the equilibrium with the market. Therefore, Nokia required best leadership maintenance within the organizations because the organization needed change. Somehow, the internal maintenance lacked accountability and leadership because the decision made at the time of the launch of first iPhone depicts that the burning platform which was experienced by Nokia was served with gasoline by the internal environment which further brought reduction in the annual profit of the corporation. Actually, the situation in 2007 demanded a proper aligned plan that directs the company in moving further for the accomplishment of desired goals. However, the organization of the report includes the in-depth analysis of problems faced by Nokia subsequent to the findings and recommendations.

Section 2: Background

On the basis of analysis of case study depicts that Nokia required a change with which it can manage to maintain their position in the market. The in-depth investigation suggests that following are the reasons that make the requirement of change esse4stila for Nokia:

- The development of market in the direction of innovation made Nokia go for change.
- Missing the shipment and Smartphone revolution also requires Nokia to bring Change
- For the development of product life and effectiveness
- Management of poor leadership and accountability
- Development of strategic decisions for the launch of similar products

These are the factors that require the organization to implement change management; somehow, these implementations can as well turn out to be challenging for the corporation (Aspara, Lamberg, Laukia and Tikkanen, 2011). Furthermore, the problems findings that can Nokia encounter during the implementation of change are discussed below:

2.1 Problems-findings

Even Burtonshaw – Gunn and Salameh (2007) claimed that change can bring several problems and challenges that requires to be resolved for the better execution of strategies because sometimes change can shatter the processes of the corporation and bring even worst situation for it. The estimated problems and challenges for the firm during the change management are defied below:

- ❖ First of all, the organizational can fail in understating the problem.
- ❖ Similarly, lack of management while addressing the change can also affect the change and processes of the firm
- ❖ Actually, change management problem is mainly raised due to the lack of understanding of gravity of the situation.
- ❖ Lack of understanding among employees and seniors can as well occur during the processes of change management

- ❖ Leadership differences and opinion differences can arise that states both agreement and disagreement with the change
- ❖ Decision maintenance and workforce maintenance is the major issue that can arise during the change management

2.1.1 Change Management Model

The discussion above shows that change management can cause several problems and challenges that require to be addressed; however, in the case of Nokia, Kotter's model of change management is found to be influencing because the model includes the practices and strategies that an organization can apply so as to maintain and manage the change within the organization.

2.1.1.1 Kotter's Change Management Model

This model of change management was created by the professor of Harvard University John Kotter in 1966 (Cameron and Green, 2012). The model includes eight different stages that are actually the processes requires to be implemented so as to manage and execute a fruitful change (Winkler, 2009). These are defined below:



Figure 1: Kotter's Change Management Model

(Source: Winkler, 2009)

Step no1: Understand the Exigency of Change: This is the first step in which identification of change emergency takes place because this identification will accelerate the processes of change. However, Nokia requires conducting an in-depth analysis so as to quote the urgency of change. For this purpose, assessment of market and competitive organizations can help in managing the procedures and processes of change. This identification can actually enhance the progression in the change implementation.

Step no 2: Maintenance of Team dedicated to Change: The second step of the model depicts that so as to manage the change, organization requires managing the workforce for the change so that their operations and functions can limit to that certain change only. However, in the case of Nokia as well the organization requires the maintenance of the proper workforce that work only for the development of change.

Step no 3: Establishment of Idea for Change: The identification and development of a clear idea is essential for the execution of change. Nokia as well requires the execution of a clear vision about the implementation of change. Maintaining innovation should be in the clear approach and vision of the Nokia because this is the actual factor where the change is required.

Step no 4: Sharing Necessitate of Change: The fourth stage of change model includes the communication of change within the organization. Similar to this, Nokia as well requires the communication of change internally so as to make the employees aware about it through which they can further improve the processes of change.

Step no 5: Empower Staff for Change: The fifth step of change management model helps in empowering staff so that they can contribute in the development of actual change. Nokia as well needs to incorporate the empowering culture for the staff so that they can manage the change.

Step no 6: Settlements of Objectives: The maintenance of objectives is also a major step of change management model; Nokia requires executing the settlement of objectives for the change so that it can manage it gradually.

Step no 7: Maintaining Persistency: Persistency maintenance is also essential for the management of change; thus, Nokia requires maintaining the persistency with the operations and

function. This should be maintained after extracting the fine results in the face of accomplishment of short term objectives.

Step no 8: Change implementation lastingly: The whole management lastly requires the implementation of actual change which in Nokia exhibits as the execution of innovation in the products.

2.2 Solution for the Problems Faced by Nokia: Organizational Development Strategies

Since Nokia faced a major challenge after the instigation of innovative Smartphone, the conditions and situations required Nokia to bring the change internally. Execution of change within the internal environment of organization was actually influenced by the external pressure on Nokia. As stated by Todnem (2005); Burke, (2013) changes require proper management so as to produce fruitful outcomes or the results because no change can affect the organization if it is managed properly. However, the model above reflected a proper format that can help in managing the procedures of the firm. The change management requires the solution initiated from an organizational development technique. Furthermore, the organizational change management requires the organizational development strategies so as to maintain the change effectively (Schyns and Schilling, 2011; Schyns and Meindl, 2005). Estimated possible solutions about organizational development for change management in Nokia are discussed below:

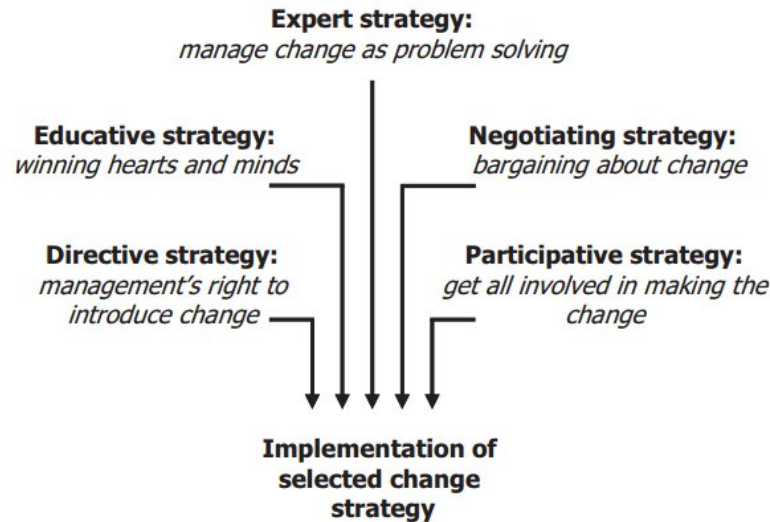


Figure 2: Organizational Development Strategies for Change

(Source: Palmer, Dunford and Akin, 2008)

On the basis of figure 2 the estimated organizational development strategies concerning to change are further demonstrated below (Palmer, Dunford and Akin, 2008).

2.2.1 Directive Strategy

Directive strategy involves the development of authority and seniors because seniors are the actual person that requires adjusting and declaring the change. Actually, if seniors are attuned with change they can automatically prepare the workforce for the execution of a change in the organization (Meyer, 2009; Ensley, Hmieleski and Pearce (2006). Since the downfall of Nokia was enhanced due to the lack of leadership and accountability among the seniors of the organization, directive strategy can help in managing the change. For instance, Nokia can provide the authority to the senior authority to impose change after developing a clear vision for that. Advantage of this approach for Nokia can reduce the resistance.

2.2.2 Expert Strategy

The expert strategy is actually interlinked with the development of IT and technical development because it prepares the technical aspects to shift with the change (Palmer, Dunford and Akin, 2008). Since Nokia required a quick change so as to bring technology and change in their

products, man aging expert strategy can benefit the firm. This strategy solves the problem concerning to technology through giving charge to the IT and R&D department of an organization.

2.2.3 Participative Strategy

The people are the core part of an organization; thus, their involvement and resistance to the change declares that whether the change is to be implemented or not (Hitt, Ireland and Hoskisson, 2012). This strategy should be included in the organizational development strategy because it enables the participation and sharing of other people during the implementation of change. In Nokia, this strategy is extremely important because the position and scenario that Nokia was facing required a team work.

2.2.4 Negotiating Strategy

Identifying and discussing the issues with the people who are either involved or affected with the change is crucial because it helps in marinating a fine environment for the workforce to work in (Meyer, 2009). This strategy involves the discussion with the specific department and people that got affected with the change so as to establish the adjustment. Nokia requires applying negotiating strategy so that they can reduce the resistance that can occur in the direction of change implemented.

2.2.5 Educative Strategy

Making people understand the change through giving them training and education about the change can help in successful execution of change within an organization (Fiss and Zajac, 2006). The condition and circumstances of Nokia required a shift among the values and beliefs of people involved in change so that they can easily accept and adjust with the change. Development of communication, persuasion and training can help Nokia in attracting the interest of people with which the organization can enhance the performance in the society.

These are the estimated solutions that can help Nokia in attracting the position that it had in past times because the change requires the organizational development strategies mainly. Managing

these strategies and implementing effectively can contribute into the change implemented in Nokia.

Section 3: Conclusion

Summarizing the above report it has been estimated that Nokia faced tremendous issues and challenges after the launch of Smartphone series. Nokia was known to be a global brand that was found on the leading position in the market. Somehow, the instigation of Apple I phone in 2007 brought misfortune for Nokia because the execution of innovation and Smartphone made Nokia lose its position. Similar to this, the entrance of several new products as well turned out to be harmful and effective for the market reputation of Nokia. Nokia actually faced such drawbacks only because it failed in fulfilling its customers need and demand. Since the instigation of Smartphone shifted the views and concerns of consumers the market as well shifted strategies in relation to the innovation and creativity. The organization required an effective and quick strategy so as to maintain and retain the customers because the shift in the market caused Nokia to lose the customers from the area where it had the strong hold. On the basis of overall view of the study, it has been estimated that Nokia critically required the change that can provide the execution of the proper position in the market.

The action plan of Nokia assessed that innovation is the basic techniques that can help the organization in attracting the customers back. Actually, the change is of utmost importance and significance only because the market value of Nokia is observed to be decreasing and the estimated impact is recorded from both internal and external disorder. The external shifts and impacts affected internal environment of Nokia also because the management failed in understanding the action plan. The summary depicts that internal influences were also there because the case study highlights that Elop believed that lack of management and leadership added fuel to the fire in which the organization was burning.

However, execution of an appropriate change can help in managing the position of Nokia; the development of a specific criterion for the change is found to be essential. Somehow, the management of change as well requires a major observation and consideration because failing in change management can affect the productivity and performance of the business. Initially,

summary also depicts that management of change is also effective and operative for the attainment of similar position in the market. Lastly, the suggested techniques for the change management are stated as the Kotter's model of change. The model can be applied so as to attract a proper in line process for the execution of change. The maintenance of this model can provide an opportunity for the organization with which it can re-establish its position in the market.

Section 4: Recommendations

Subsequent to the conclusion, researcher addresses some recommendations for Nokia which are briefly discussed below:

- ❖ So as to attract similar position in the market, the management of Nokia requires implementing the strategies that includes the change. However, change further requires an effective leadership processes because this is a functioning approach that can result in the extreme productivity. Basically, it has been recommended to the organization that execution of new leadership can turn out to be effective for the development of an organization. The execution of an outer leadership strategy can make it helpful for the organization about executing the proper and operative strategy.
- ❖ Similar to this, it has been recommended to Nokia to execute an innovative corporate planning through maintaining the strategic decision. This strategy can help in managing the performance of the business because it brings the decision making ability for the firm.
- ❖ Retrenchment is also recommended for Nokia because this is can help in maintaining the loss that has been addressed by the organization. The reduction in extra expenses can as well develop the opportunity for the development of an organization.
- ❖ It has been recommended to Nokia to maintain a clear view about the factors that are concerned with the development of change. Basically, maintenance of change with respect to the technology should be followed with consistency. Therefore, managing the proper view point with the urgency of execution of change can help the organization in attracting reputation and status.
- ❖ Furthermore, it is also recommended to Nokia to change the strategic direction because the discussion above depicts that the condition started getting worse when the internal

environments after the launch of I-phone took the wrong strategic direction. Furthermore, the execution of an effective strategic direction can contribute into the development of an organization.

- ❖ It has been recommended to Nokia to change the objective to globalization of markets because this can further expand the business and productivity of the organization.

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