Challenging Strategic Change in a Multinational Company

- A Master Thesis Evaluating the Implementation Process of a New Corporate Strategy

Malin Kruse
Annika Nilsson

Abstract

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Authors: Malin Kruse, Technology Management and Business Administration, Lund University

     Annika Nilsson, Technology Management and Chemical Engineering, Lund University

Supervisors: Christer Kedström, Department of Business Administration, Lund School of Economics and Management/Lund University

     Jan-Erik Rendahl, Department of Design Sciences, Lund School of Technology/Lund University

     Fredrik Groth, President of ABS Group

Issues: ABS Group has a history of being a product oriented industrial company with decentralized subsidiaries; all with different structures working with different systems and routines. In order to gain a better competitive advantage within the mature market of wastewater technology solutions, a new customer oriented strategy has been designed. The complex situation within ABS Group complicates the implementation of the new strategy.

Purpose: The main purpose with this master thesis is to identify the issues affecting a strategic change in general with emphasizes on the issues within ABS Group. We will examine how well the implementation process has succeeded in ABS Group in terms of how well the employees have understood and accepted the new strategy. Based on our findings we will give recommendations to the management team of ABS Group on how to proceed with the implementation process.

Method: This master thesis is based on a qualitative and quantitative study of seven subsidiaries in five different countries; Sweden, USA, Poland, Italy and Germany. In order to understand the prevailing conditions in respective country and how they have affected the employees' level of understanding and acceptance, we conducted a case study at each subsidiary. The case studies

are based on a questionnaire distributed to all the employees and complemented by interviews and observations.

Conclusions: It appears extremely difficult to manage a strategic change successfully. Our empirical findings have taught us that it is a really complex context to consider, influenced by people's feelings, attitudes and capabilities. It demands a comprehensive view over the whole situation and a good understanding about the system of factors that affects the change process. We argue that the three factors; corporate culture, national cultures and people's resistance towards changes strongly influence the strategic change process for a multinational company like ABS Group. Structured change processes like a step-by-step method can be used as an effective tool when complex situation like a strategic change is managed. In a multinational company like ABS Group, there are a lot of differences among the employees and in the way they work. These differences are crucial to understand when communicating a new vision and strategy.

Key Words: change management, step-by-step methods, communication, relations, change agent, national cultures, corporate culture, resistance towards changes, wastewater technology

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Preface

To get the opportunity to study a global company in change has really been an educating journey filled with valuable knowledge, experiences and many surprises. When we started out with this project we had quite vague ideas what our work should result in. We have continuously been forced to stop ourselves in our work in order to reformulate and concretize our mission and working methods. This is very much alike the change process in it self – the constant need of qualified guessing about the future of the company and a flexible mentality to improvise and abandon plans that appeared unproductive. The feeling of both anxiety and curiosity in the beginning not really sure of the goal or how to get there.

We have been taught a lot from the management and the employees at ABS Group through our meetings, interviews and observations. Swedish, Americans, Polish, Italians and Germans have together contributed important input to our master thesis. We want to thank all of you for taking your time, while sharing thoughts and experiences with us.

Thank you Fredrik Groth for giving us the amazing opportunity to travel around the world investigating such an interesting topic as a strategic change at ABS Group. We are very grateful for all the time and money that you spent on our project and for all valuable wisdom that you have provide us with.

Without our advisory Peter Aru, this project would have been impossible in many aspects. With joy we remember our interesting conversations and the introduction Peter gave us in the company and in the strategic change process. His values, motivation, energy and good advice has really inspired us for our future working-life.

Our tutors Christer Kedström and Jan-Erik Rendahl have improved our master thesis a great deal with their criticism, knowledge and experiences. They have advised us in critical moments and helped us with structuring our issues.

The initial discussion we had with Per-Hugo Skärvad and Lars Bruzelius, at the management consultant firm BSI, gave us a lot of motivation, confidence and great input in this state of the project. It meant a lot for us to be able to discuss our issues and research questions with these two experienced and busy gentlemen.

An extensive empirical study demands a lot of administration. Wiveca Ericsson at ABS Group have helped us more than enough in this matter. Her availability and good mood has made this part so much easier for us.

Last but not least we want to thank each other for managing this master thesis so well. Despite lost baggage, late arrivals, lack off food and energy, delayed flights, many hours waiting at airports etc. we have always encourage each other to laughter.

Together we have not only been acting in a professional way but we have also experienced the most amazing things together travelling around the world!

Lund in May 2006

Malin Kruse and Annika Nilsson

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1 Introduction

In this chapter we intend to give the reader a good understanding about the background and the purpose to our master thesis. Further, we will present the delimitations within the research area and finely describe how our findings will be presented in the following chapters.

1.1 Background

> *"Culture beats strategy, attitudes beats skill"*
> Peter Aru, President at Cardo AB

Fifty years ago, managers would have laughed out loud if they were told that the managers in the 21st century would have to increase productivity with 50%, improve quality with 100% and reduce lead-time for new products with 80%, within one year.[1] Many business managers and researchers mean that the pressure arguing for; renewal, change and development of organizations never has been higher than today. The increasing globalisation, changed customer demands, stronger competition and rapid technology development that exists in almost every market today highly demands a good ability to change an organization to be able to stay competitive and effective.[2] The changes needed in order to gain a competitive advantage are often large-scale changes like reengineering, restructuring, acquisitions and mergers and cultural and strategic change. Some companies have been very successful in this aspect and have adapted really well to the existing conditions and succeeded to gain a competitive advantage, but many more have failed. Those companies that have failed during the necessary change process have ended up with wasted recourses as well as scared and frustrated employees.[3]

The methods that are connected to and used in successful changes are all based on the same basic assumption; it is for many reasons very difficult to accomplish a large-scale change. Even if it is obvious that; the costs are too high, the competitors too far ahead, the quality is too poor and the customer satisfaction is too low this necessarily will not bring out the changes needed. This depends on many different factors such as too much bureaucracy, a low level of trust, lack of teamwork, negative attitudes and a lack of the required leadership and management.[4] The process of a strategic change is also made more dynamic and complex by other factors. Tichy identifies three systems; political, cultural and technical systems that affect the result of a strategic change. The technical system consists of the customers and the resources needed to satisfy these customers. The political system describes the formal power structure in the organization and the cultural system contains of the values and leadership style in

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[1] Kotter (1998) *Leda förändring*, p 26
[2] Bruzelius & Skärvad (2004) *Integrerad Organisationslära*, p 416
[3] Kotter (1998) *Leda förändring*, p 11
[4] Ibid, p 28

the organization and how the employees are socialized into the organization. He argues the importance of viewing the change process from different perspectives and that strategic management is the task of keeping the systems aligned with the new strategies.[5]

As mentioned above, many of today's companies are forced to struggle with demanding, difficult and complex but necessary change processes. Industry companies in mature markets have a history of competing mainly with their products but have been forced to differentiate their business offers to gain or even keep market shares. Many companies have therefore put a lot of effort in developing and reinforcing their services and customer relations; ABS Group is one of them.[6] ABS Group is a Swedish global supplier of pumps, mixers, aerators, compressors and control and monitoring systems for wastewater treatment applications and the construction market. The company is a division in the international industrial group Cardo AB, operating within the former business area Cardo Pump. In 2004 Peter Aru became the president at ABS Group. With him an extensive exposition of the company started, which led to a strategic change process. The company had a history characterized by many acquisitions, decentralized subsidiaries all with different systems and routines, an unstructured product portfolio and week organic growth. Historically the managers' of the company had been product orientated. Aru were of the opinion that the company had to be customer orientated in order to gain a better competitive advantage. Many of the large actors in the market had restructured their organizations and differentiated their business offers several years before. The market for wastewater solutions is mature and it was crucial for ABS to restructure and differentiate to be able to stay in the market and gain market shares. A new customer focused strategy was designed by the new management team and communicated towards customers as well as employees. Many new projects were started in order to adjust and align the organization with the new strategy. The ABS pump brand was repositioned and other pump brands were integrated under the same brand name; ABS. New support systems were designed, sales channels were merged and the focus of market segment was narrowed down to wastewater technology solutions for selected customers. This was a totally new way of thinking for ABS Group.

ABS Group in short
President: Fredrik Groth
Employees: 1664
Turnover: 2.317 billion SEK
Sales abroad: 96 %
Head office: Malmoe
Part of Cardo Group AB

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[5] Tichy (1983) *Managing strategic change*, p 7
[6] Fredrik Groth, 2006-04-11

1.2 Issues

According to Tichy there are a variety of problems, crises and/or opportunities that force companies into strategic changes.

Change of *environment* can trigger a strategic change due to increasing competitive pressure, changes in the economy such as shifts in commodity prices, energy costs, resources, inflation and legislation. *Diversification* of an organization into new areas of business generally requires a strategic change. Rapid shifts in *technology* impose new data and behaviour requirements in organizations. A fourth trigger for a strategic change is the change of people. New *people* entering an organization may change in terms of education, expectations or status. The current employees may also change as the result of education or shift in attitudes and expectations.[7] The environment of the wastewater solutions market is stable and for many years there have been no shifts in technology. The force for change within ABS Group was due to new people entering the organization. As mentioned above several actors within the market had carried out strategic changes several years ago. ABS Group was in a crisis with declining market shares and no organic growth. The new management team realized the necessity of an extensive change in order to survive. The awareness of the crisis and vital changes was a first step but they still had a long way to go. In order to succeed they had to manage to implement these ideas through out the whole organisation and motivate the employees to work accordingly with the new strategy.

Kotter state that many mistakes are often made in the change process that keeps the companies from reaching its goal. These mistakes are not unavoidable if one is aware of them. A competent leader can avoid them or at least mitigate the consequences considerably. The solution is to understand why the organization may oppose to the change, understand what leadership that is necessary and to find a change process that can overcome the inertia successfully.[8]

The complex situation within ABS Group, with subsidiaries spread all over the world each with a different structure, working with different systems and routines further complicates the implementation process. Over 1600 employees with different national and corporate cultures need to understand, accept and also learn to act in a way that supports the new strategy. As Bruzelius and Skärvad points out it is vital to make the purpose of the strategic change clear to everyone within the organization in order to succeed with the change process. They also discuss the importance of direct and personal contact with the employees that are affected by the change.[9] Obviously the management team at ABS Group was standing in front of an immense challenge to be able to reach out to the whole organization in an effective way.

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[7] Tichy (1983) *Managing strategic change*, p 18
[8] Kotter (1998) *Leda förändring*, p 23
[9] Bruzelius & Skärvad (2004) *Integrerad Organisationslära*, p 433

It is a fact that people often are aversive to change. The resistance is commonly due to; a lack of knowledge, a mistrust towards the people bringing out the changes and a lack of understanding the force for change. Change processes often generate a feeling of insecurity among employees that has an impact of their willingness to align with the changes.[10] The employees in ABS Group will most likely be no exception. The company has many employees with a long history within the company who are used to a special way of thinking and working. These habits and beliefs are not changed over a night.

We find ABS Group to be an interesting company due to the difficulties and challenges characterizing their change process. Our main purpose with this thesis is to identify the issues affecting a strategic change in general with emphasizes on the issues within ABS Group. We also aim to examine how well the strategy implementation has succeeded at ABS Group. As the success of a strategic change implementation mainly is due to the reactions among the employees we want to evaluate how well the new strategy has been understood and accepted by the employees. There are many factors that have an impact on the result of a strategy implementation, though in this thesis due to time limitations we will mainly consider those factors related to the ability of the management team to communicate the new strategy into the organization. Other fields will be explored; however these are only to give the reader a better understanding of the situation. As ABS Group mainly operates abroad we have chosen to include seven different sites representing five different countries; USA, Germany, Italy, Poland and Sweden. The sites in these five countries have different conditions that affect the change process and are chosen in cooperation with Fredrik Groth to better represent the ABS Group as a whole and reflect different difficulties with the implementation process. The study includes all employees in every department at each site. There are three different groups of sales personnel within ABS Group; distributors, indoor sales personnel and field sales personnel. Since the distributors are not actual employees of ABS and it is difficult to reach the field sales personnel they are not included in this examination.

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[10] Gill (2003) "Change management – or change leadership?", p 308-309

The discussion above has led to the following research questions that we will investigate in this master thesis;

- What systems of factors are most important to consider during a strategic change in an organization like ABS Group in order to succeed with the change process?

- How well has the management of ABS Group succeeded with the strategic change in terms of how well it has been understood and accepted by the employees in the organization?

- How should the management of ABS Group proceed with the implementation in order to succeed with the strategic change?

1.3 Reader's Guide

The report will consist of seven chapters. Each and one of them present vital parts of our findings;

Chapter 1: presents the background, issues and purpose of the thesis.

Chapter 2: presents the methodology that has been used in order to answer the research questions stated in chapter 1.

Chapter 3: presents the theoretical framework that has been used as a foundation for the analysis. The chapter contains theoretical areas within the field of change management such as; the essentials of a strategic change process, factors that influence a strategic change process, different change strategies and the role of a change agent.

Chapter 4: presents the company ABS Group and the situation at the different subsidiaries in Sweden, USA, Poland, Italy and Germany. It also describes the new strategy and the strategic change process.

Chapter 5: presents the state of the art of the implementation process through the results from the questionnaire.

Chapter 6: discuss what system of factors that is most important to consider during a strategic change in an organization like ABS Group in order to succeed. It will also describe how well the management team of ABS Group has succeed with the strategic change in terms of how well it has been understood and accepted among the employees in the organization.

Chapter 7: presents our recommendations in how ABS Group ought to proceed with the strategic change process. It will also present the final conclusions from this master thesis and suggest interesting areas for further research.

2 Methodology

This chapter defines and describes the methodological approach of this master thesis. We do this in order for the reader to understand and critical assimilate the discussions of the thesis. Further we will describe how the theoretical and empirical studies have been conducted to bring this thesis forward.

> *"Lacking a systematic framework...we are like a ship's crew, trapped in a storm and trying to navigate between dangerous reefs without compass or chart"*
>
> Alvin Toffler

2.1 Methodological approach

All people have a superior framework or perspective that contains conscious or unconscious assumptions about the reality. The system of assumptions that consists of a person's framework decides what the person considers to be relevant or irrelevant, good or bad or right or wrong. It is important to be aware of the frameworks' boundaries for what you see, how you think and how you act.[11] It is hardly possible to choose a framework, even though the framework hopefully develops in pace with increased knowledge and experiences. Though, it is completely possible for the aware investigator to choose a perspective.[12] When you look at a change process it is necessary to look at all interrelated components from different perspectives in order to understand the outcome of the process. Our perspective in this thesis can therefore be associated with the systems perspective, where the presumption is that the totality does not equal the sum of the parts.[13] A system can be defined as a number of interdependent components and a social system is defined as a system where people interact with each other. It is a holistic perspective that emphasizes the necessity of looking at a system from different perspectives in order to be understood. The system has to be put in relation to its environment and its interaction with this environment has to be examined. When studying a system it is evident to take in consideration the systems development and how the current structure is dependent of its history. The researcher has to define the system and its subsystems that are chosen for further studies.[14] The system in this study, ABS Group, has an overall influence on the studied subsystems. The subsystems contains of the seven subsidiaries that are all individually affected by different basic conditions and history. The actors in the subsystems and their presumptions, understandings and attitudes affect the change process in each subsystem.

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[11] Lundahl & Skärvad (1999) *Utredningsmetodik för samhällsvetare och ekonomer*, p 60

[12] Ibid, p 63

[13] Arbnor & Bjerke (1994) *Företagsekonomisk metodlära*, p 66

[14] Lundahl & Skärvad (1999) *Utredningsmetodik för samhällsvetare och ekonomer*, p 185-186

System studies influenced by the actors within the system are often conducted as case studies. This form of case studies has its foundation in qualitative philosophy of methodology and often also contains quantitative data.[15] Qualitative focused research means research using verbal analysis methods. This method is normally used while studying processes and the interaction between different individuals and groups which leads to an understanding of social processes and their context.[16,17] The quantitative method however is more structured and formalized and is based on statistical measurements and analysis.[18] The combination of these two methods gives the researcher a possibility to validate the results of empirical findings. If the results from the two methods correlate it indicates a higher validity of the findings instead of the results being a consequence of the chosen methodology.[19] In this thesis we have used a combination of the two methods in order to increase validity. Case studies have been conducted at the different companies where we have interviewed the manager at each company to get an understanding of their basic conditions. All employees at different levels in the companies have participated in a survey measuring their attitudes, understanding and acceptance of the change process. During our visits at the offices we have made observations and had informal interviews with some of the employees.

Historically there have been two distinct approaches to systematically examine social conditions; deduction and induction. Deduction is when the researcher, from general principles and existing theories, draw conclusions of separate occurrences. From the existing theory, hypotheses are deduced and empirical tested. Induction however is more of a discovering method where the researcher is studying an object and from the gathered information formulates a theory.[20] Alvesson & Sköldberg combines the two approaches to a third; called abduction. This is a common approach in case studies and it brings understanding to the study, which distinguishes it from the two other approaches. Using this approach the empirical area of study is developed and the theoretical framework is adjusted and refined through out the study.[21] During this thesis we have conducted our empirical study in form of case studies and continuously interpreted and adjusted our theoretical foundation. Thus the approach in this thesis is abductive.

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[15] Lundahl & Skärvad (1999) *Utredningsmetodik för samhällsvetare och ekonomer*, p 187
[16] Patel & Davidson (1998) *Forskningsmetodikens grunder*, p 12
[17] Lundahl & Skärvad (1999) *Utredningsmetodik för samhällsvetare och ekonomer*, p 101
[18] Patel & Davidson (1998) *Forskningsmetodikens grunder*, p 12
[19] Holme & Solvang (1997) *Forskningsmetodik*, p 76
[20] Patel & Davidson (1998) *Forskningsmetodikens grunder*, p 21
[21] Alvesson & Sköldberg (1994) *Tolkning och reflektion: vetenskapsfilosofi och kvalitativ metod*, p 42

2.2 Theoretical framework

The theoretical framework is based on theories within the field of change management, which is a well-explored field with a vast amount of researchers presenting successful strategies of change. The search for articles and research reports was conducted using the search engines, Lovisa and ELIN at Lund University Library. We also found applicable articles from the reference lists of other articles and master theses.

To narrow down the theoretical area of study our tutors introduced us to leading researchers within the area of change management. To review and evaluate the gathered information we have used the Social Sciences Citation Index. The SSCI is an international database that provides information about authors and the quotation frequency of their work. While using the database it is vital to take in consideration that more recent published material naturally will not be cited as much as establish material.

The framework considers aspects of the complex context while implementing a new strategy; corporate culture, national culture and resistance towards change. Different views on strategic change methods will be discussed with emphasize on structured step-by-step methods from researchers such as Kotter, Wissema and Miller.

2.3 Empirical study

The empirical study started in December 2005. We went to ABS Group's sales offices in Brussels and Maastricht to observe two strategy presentations and workshops held by a member from the head office together with the local manager. Since a similar strategy presentation and workshop had been preformed at all the offices in our study and were the first contact with the new strategies for the employees we wanted to observe the participation and reactions among the employees. Svenning defines an empirical study in forms of a case study as an intensive investigation reaching over a longer or shorter period of time. During a case study the researcher is collecting different types of data concerning one or a few cases. The data input can consist of qualitative as well as quantitative information, and since there normally are no well defined boundaries between the studied cases and their contexts, several methods, such as interviews, observations and surveys, are used to collect the information.[22&23]

In order to evaluate the implementation process of the new corporate strategy, we chose to conduct a deeper case study at seven sales offices in five different countries. The purpose was to study the implementation process and identify different issues concerning strategic change in a global organization. The aim was to examine the impact of the implementation process in terms of how well the new strategy has been

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[22] Svenning (2003) *Metodboken,* p 95
[23] Yin (1985) *Case Study Research Design and Methods*, p 23

understood and accepted by the employees. In order to do so we distributed a questionnaire to employees at all levels at each office. The questionnaire was enhanced by interviews with the manager at each office and observations to clarify respective office's presumptions, attitudes, context and basic conditions. The seven sales offices are located in Sweden, USA, Poland, Italy and Germany and the selection is made in cooperation with Fredrik Groth based on similarities as well as differences. All offices have their own history and context that have an impact on the implementation process. It is important to evaluate the implementation process at all sites within the company but the time frame for this study limited the area of research. We chose to focus at sales offices since they operate closest to the customers and since they have similar working methods and processes in line with the new strategies. The different sales were chosen to illustrate different difficulties while implementing the new strategy in ABS Group; such as the offices in USA with a geographical distance to head office, the offices in Italy and Poland with language barriers and the polish office that is a former family company. The office in Germany that has been characterised by problems for many years but is now back on track and the Swedish office that has had two turbulent years due to changes in the organisation further captures the difficulties with the implementation process at ABS Group.

2.3.1 Questionnaire

The survey is a quantitative study based on a standardized questionnaire where the same questions have been distributed to all employees at the seven offices, translated into respective native language. A high level of standardization is a prerequisite while comparing individuals and populations. In our empirical study we were dependent on the employees to participate in the survey. An important matter while distributing a survey is to motivate the respondents. The structure in the questionnaire has to be clear, make a serious impression and the language has to be easy to understand. Since there is a dissonance in the relationship between the researcher and the respondent it is important for the researcher to gain trust and emphasize the importance of participating.[24]

The questionnaire in this survey is based on the new strategies and its purpose was to evaluate to what extent the information has reached the employees and to what extent they have understood and accepted the changes. The questionnaire is structured, where the majority of the questions have multiple choice answers and the design and order of the questions are specified in advance. The questionnaire is based on seven groups of questions or variables; "General knowledge about ABS Group", "Amount of information", "Quality of information", Knowledge of the core values", "Understanding", "Acceptance" and "Relations to head office". These variables were selected in cooperation with Fredrik Groth and questions were created to each variable. In order to secure the validity of the questionnaire we worked in cooperation with a communication and statistics consultant firm. To measure and evaluate different aspects of the change process the interdependence between variables and

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[24] Holme & Solvang (1997) *Forskningsmetodik*, p 173-174

populations were tested. The variables in the questionnaire are solely qualitative and were coded into quantitative variables during the work process. The survey took on both a descriptive and explanatory perspective; which facilitated a possibility to not only capture the opinions and judgements of the respondents but also to try hypotheses between the different populations. This was the first time an evaluation of the change process was done in the organization. Since the questionnaire was the same for all employees it was important to avoid misinterpretations of the questions due do different function belongings.

During the development of the questionnaire we continuously had it evaluated by the management team at the head quarter and by a pilot group at the sales office in Arlöv. To ensure the validity we have strived to reflect the purpose of the survey in our method of investigation. While formulating the questionnaire we wanted to capture the answers we are looking for with the questions and make them synonym with the purpose. To increase the reliability of the survey we wanted to create similar conditions for all respondents. In order to do so we have both standardized the questionnaire and the data collection. To reduce the risk of misinterpretations and misunderstandings we have minimized the use of questions with open answers and avoided the use of negations and complicated words. In those cases we have used management terms they have been explained separately. In order to create similar conditions for the employees while participating in the survey we distributed the questionnaire during our visits to respective office. Before the distribution we gathered as many as possible and held a short introduction about ourselves, the master thesis and about the purpose of the questionnaire in our report. During this presentation we emphasized that the participation was voluntary and that all the answers would be handled strictly anonymous and only by us. We wanted to underline that this was also an opportunity for them to express their opinions about the change process and make requests for the future.

As a part in answering the research questions we have formulated hypotheses that are tested by measuring liaisons between the variables. In order to investigate the hypothesis that there is a liaison between received information and acceptance we have performed a statistic test, a so called "Chi two-test". The test is based on the variables "Information amount/Information quality" and "Acceptance", where the first variable is a combination of two groups. The variable "Information amount/Information quality" is a binary variable where the answers connected to the two groups are divided into two subgroups; high and low, in a two-way process. During the two-way process a few respondents that primarily were classified in the high- respective low-group were eliminated. The purpose is to create as heterogenic groups as possible to obtain good conditions while interpreting the results. The answers related to the variable "Acceptance" has also been divided into the subgroups; high and low.

The "Chi two-test" is used to establish a dependence or independence between the variables. The test is based on observed and expected frequencies where all the

frequencies have to be absolute numbers, for instance the number of individuals with a certain quality.

The formula for Chi two is:

$$\chi^2 = \sum \frac{(O_i - E_i)^2}{E_i}$$

Where O_i is observed frequencies and E_i is expected frequencies. The calculated test value is compared to a critical value from a predetermined level of significance with (r-1)(c-1) degrees of freedom. The dependence between the variables is significant if the test value is higher then the critical value[25].

2.3.2 Interviews

Before we visited the offices we contacted the local manager to explain our purpose and arrange a personal interview. Our aim was to get a better understanding of the local conditions at each office and their impact on the change process. We choose to do the interviews with the managers since their actions have an influence on the employees. We wanted to get a better understanding of the managers' understanding and attitude towards the change process. Holme and Solvang (2001) emphasizes that the strength with a qualitative interview is that the situation is similar to a day-to-day situation and a common conversation. The researcher does not try to control the respondent, but strives to let the respondent lead the conversation. The researcher only sets the frames of the theme but still has to make sure that all questions are covered.[26]

During the interviews we did not use a standardised questionnaire, but all the respondents were asked to describe their local situation within the frames of the theme we had decided. During the interviews both authors attended and took notes to ensure the quality and to avoid misunderstandings. In some cases we have contacted the respondent afterwards to complement or confirm the information from the interviews.

2.3.3 Observations

Observations often mean spending time with or in the surroundings of members of the social system being studied. By seeing, hearing and asking questions the researcher gets an understanding of what is really happening.[27] According to Reily (1963) this method can capture a network of actions and reactions between the members and expose feelings, attitudes and perceptions.[28] To prepare for our empirical study and to

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[25] Thomas Arildsson 2006-04-12

[26] Holme & Solvang (1997) *Forskningsmetodik*, p 99

[27] Ibid, p 110

[28] Reily (1963) *Sociological Research,* p 167

get more familiar with the actions taken in the change process we made observations during strategy presentations and workshops with the employees at two sales offices. We also visited the production site in Vadstena to increase our understanding about the products and the application solutions.

During our empirical study we stayed two days at each office to take part of their day-to-day actions. Our observations during this time were open since all the employees knew our purpose for being there. In an open observation the researcher needs to be accepted and trusted by the studied group. To build that trust and acceptance it is important to start with one or a few respected persons with a higher position within the group. Being accepted brings out a larger freedom as an observer.[29] Since we already had been in contact with the manager at each office we could move freely around the offices. We took part of different activities at each office during the two days to get a deeper understanding of the culture. We also took the opportunity to ask questions about their feelings and thoughts of the changes in the organization. Our gathered impressions during these observations have served as a foundation to interpret the status of the change process at respective office.

2.4 Sorting the empirical study

The answers from the questionnaires were compiled using a survey online tool. The qualitative answers were coded into quantitative measures and divided into the seven variables. The results of the variables are presented separately divided into countries and through tests of interdependence between variables. Some of the tests illustrate an interdependence that represents all respondents and some tests highlights a comparison between two countries.[30] The questionnaire also includes questions with opened answers; a summary of the results from these questions are presented separately The interviews with members from the local management teams were compiled and presented as company presentations describing the history and current conditions in each subsidiary. The observations from work-shops and visits at the subsidiaries are presented as our over all impressions of the employees' thoughts, attitudes and questions concerning the implementation process.

2.5 The analysis

Before we started our analysis we sorted all our empirical findings as described above. During the analysis we compared the countries and interpreted the results from our empirical study with our theoretical framework. This in order to understand how the implementation process in each subsidiary was influenced by its history and prevailing basic conditions.

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[29] Holme & Solvang (1997) *Forskningsmetodik*, p 113
[30] See appendix 2 for classification and interdependence tests of the answers to the questionnaire

After we sorted and interpreted our findings we started to analyse and answer our research questions. The analysis will be presented in two chapters. In chapter 6 we present the analysis and our answers to the first two research questions. In chapter 7 we will present our answer to the final research question in forms of recommendations to ABS Group. This chapter will continue with our conclusions and our suggestions to further research.

3 Theoretical framework

In this chapter we will present the theoretical framework that together with the empirical studies are the foundation for our analysis and conclusions. The chapter includes essential areas within the field of change management taking important concepts and different authors opinion as a starting point.

3.1 What is strategy?

When the strategy concept came into use in the vocabulary of business administration it was mainly in the sense of the art of utilising the company's goal. The strategy concept is strongly influenced by American and Anglo-Saxon attitudes to business and company management. In 1965 Ansoff, recognized worldwide as the pioneer and father of strategic management, said "The longer the effect of a plan and the more difficult it is to reverse, the more strategic it is. The more functions of an organisation's activities are affected by a plan the more strategic it is." Tactical planning is concerned with selecting means by which to pursue specific goals.[31]

The contents of strategy primarily answer the question of how a company should create and maintain competitive advantages and reach its goals.[32] In the literature of business administration the concept strategy is divided into different levels. In big organizations with different business areas a separate strategy is developed for each area, the business area strategy. The combination of different business area strategies becomes the company's overall strategy, the corporate strategy.[33]

3.2 Strategic change and its driving forces

Strategic change is more than just tactical or operative changes. Strategic changes are important, critical and often crucial for the development of the company as a whole. It can apply to changes in owner structure, business idea and business directions, use of resources, organizational structure etc.[34] There are many different driving forces behind the strategic changes within a company. The variation of *environment* can trigger for a strategic change with increasing competitive pressure, changes in the economy such as shifts in commodity prices, energy costs, resources, inflation and legislation. The *diversification* of an organization into new business areas generally requires a strategic change. Rapid shift in *technology* impose new data and behaviour requirements on organizations. A fourth trigger for strategic change is the change in *people*. New people entering an organization may change the organization in terms of education, expectations or status. Or the people already in the organization may

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[31] Nilsson, Rohlin & Skärvad (1998) *Strategic Leadership in the Learning Society*, p 132
[32] Ibid, p 137
[33] Bruzelius & Skärvad (2004) *Intergrerad Organisationslära*, p 159
[34] Nilsson, Rohlin & Skärvad (1998) *Strategic Leadership in the Learning Society*, p 139

change as the result of education or shift in attitudes and expectations.[35] It is common that a new leader in an organization often introduce a new type of management style to give the organization a face-lift[36].

3.3 To consider a complex context

Change management practice is often limited because managers and consultants tend to focus attention on a restricted set of organizational change levers. Regardless of the nature of the problem they tend to employ the same levers. Some always restructure the organization; others always focus on improving communication or alter production and control systems. The tendency to view the change process from only one perspective to the exclusion of others often leads to unanticipated negative consequences. Different dominant traditions have guided thinking about organizations and the practise of change. These traditions need to be brought together in order to provide managers with the necessary set of strategic tools.[37] In order to succeed with the change process managers have to take the different systems of factors that are interrelated in the organization in consideration.[38] Most change management researchers agree that it is a complex context to understand what different factors that affects a change process. Many factors affect each other and the change process at the same time. Because of the time limitation of this study we chose to only present three factors below that are important to consider for a multinational company before and during a strategic change process; *corporate culture*, *national cultures* and *people's resistance towards changes*.

3.3.1 Corporate culture

> *"Culture is to a human collective what personality is to an individual"*
> Geert Hofstede

The corporate culture can be described on the basis of different perspectives. It is impossible to find one uniform definition of corporate culture but many authors have agreed in some characteristics;[39]

- The culture is holistic, a collective phenomenon that cannot be traced down the specific individuals.
- The culture is determent by the history of a company.
- Concepts like habits, rituals and codes are important to highlight the culture phenomenon.
- The culture is soft and qualitative and is not possible to measure or classify.
- The culture is often inert and hard to change.

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[35] Tichy (1983) *Managing strategic change*, p 18
[36] Wissema (2001) "Offensive change management with the step-by-step method", p 332
[37] Tichy (1983) *Managing strategic change*, p 57
[38] Ibid, p 10
[39] Bruzelius & Skärvad (2004) *Integrerad organisationslära*, p 318

To be able to understand a corporate culture it is necessary to dig deeper down to the different layers that together shape the culture. The base of a corporate culture is the fundamental assumptions within the organization, which is so deeply rooted that none will reflect over them. They are in other words taken for granted. These fundamental assumptions generate the highest value to the corporate culture but also sometimes the biggest problems to the organization. For example, it can be very difficult for employees to adjust to a new situation that demands new fundamental assumptions. Other important layers to understand of the corporate culture are behavioural patterns, norms and values.[40]

It does not matter if the corporate culture is strong or weak it still influence the organization in many aspects and have a great impact on the organization's performance and success. Most companies with strong corporate cultures have managed to create strong company loyalties, common goals and a low employee turnover. It is not often rules that form a corporate culture; instead corporate cultures are often characterized by informal systems.[41]

A culture has to be developed in a way that aligns with the mission and strategy of the organization. A company's culture needs to support the kind of business the organization is in and its strategy for getting there. Sub cultures needs to be developed to support the various subcomponents of the organization design, for example production and R&D, and then these sub cultures need to be integrated to create a companywide culture. If the subcultures are too strong, then R&D, sales or production might each be working at odds, and will not have any wider identification with the company.[42]

3.3.2 National cultures

In global companies it is not just important to consider the corporate culture when planning and implementing a strategic change. In the cases of global organizations the national cultures also plays an important role. The increasing globalization demands standardised organizational systems. In the same time companies are forced to adapt the organization to local market conditions. The balance between adaptation and consistency is crucial in order to succeed as a global actor.[43]

It is essential to understand how the cultural aspects affect how the organization and individuals act.[44] There are several different ways to organize an organization; some are more culturally appropriate than others. Many different people, leaders as well as other employees, influence the corporate culture. Even if one big global company has

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[40] Bruzelius & Skärvad (2004) *Integrerad organisationslära*, p 319
[41] Deal & Kennedy (1984) *Företagskulturer*, p 29
[42] Tichy (1983) Managing strategic change, p 57
[43] Trompenaars (1993*) Riding the waves of culture – understanding cultural diversity in business*, p 3
[44] Ibid, p 20

the same vision, strategy, logo and name foreign subsidiaries are often fundamentally different in their structure and the meanings they bring to the shared activities. In order to be a successful global company, parts of the different national cultures have to be adopted and reconciled into one. To achieve desired results the parent corporate culture must often be adapted to local national cultures.[45] The national culture implies in many different aspects on an organization such as budgeting processes, reward systems, control systems and decision-making. This means that when designing these types of system one has to be familiar with the local conditions and what impact the national culture may have. The main issue for global companies in this matter is to what extent the company should centralize and thereby impose the national culture, or decentralize and thereby letting each local company act in their own cultural way.[46]

Hofstede argue that multinational organizations which have a dominant "home" culture are much easier to run than organizations that lack a common frame of references. In a multinational organization with a dominant culture, the values and beliefs of the home culture are taken for granted and serve as a frame of references even for persons from other cultures who make a career in that organization.[47]

3.3.3 Resistance towards changes

The possibility to change an organization depends outmost on people's willingness and ability to change. Without people it makes no sense in talking about organizations. No matter the extent of the change the change will almost always face some kind of resistance. The resistance can be both valuable and problematical and is a reasonable and basic human behaviour regarding to changes. The resistance against a change should therefore not be seen as an expression for people's laziness or stubbornness to maintain status quo. It is a psychological behaviour and a completely natural way to react towards the deviant or the unknown.[48] Another view on this perspective is that most people certainly have a resistance towards change their behaviour, but more important an inherent willingness to changes. This power is something that managers should take note of since changes occur continuously, either we want it or not and either we are aware of it or not. This view of resistance believes that people has an inherent will to develop instead of wanting to limit their own or others potential. That makes strategies for development and change of the working life more meaningful.[49]

During a transition stage change managers have to deal with resistance from both individuals and the organization itself. First of all habits and inertia have a vast impact on individuals resistance to change. The resistance may not correlate with the

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[45] Trompenaars (1993*) Riding the waves of culture – understanding cultural diversity in business*, p 162

[46] Ibid, p 168

[47] Hofstede (1980) Culture's Consequences – International differences in work-related values, p 391

[48] Bruzelius & Skärvad (2004) *Integrerad Organisationslära*, p 418-419

[49] Rendahl (1996) *Att leda och förändra morgondagens arbete*, p 44

change itself, but rather to unawareness of alternatives and individuals being locked into old patterns of behaviour. The uncertainty of what a new job or set of tasks will bring can create anxiety and fear in some people and the resistance is due to fearing the unknown. Another immense reason of resistance is due to individuals' lack of skills to carry out the tasks in the desired state.[50]

Organizations are generally structured to ensure predictability and reduce uncertainty and similar to the individuals' resistance due to habits and inertia the organization as a hole can react in the same manner. A sunk cost mentality can affect an organizations resistance to change. Even when a rational calculation of the costs and future benefits of a change are worked out the sunk cost mentality prevents an organization from cutting their losses and reinvesting in a better future alternative.[51] The reaction in an organization depends on the change culture that varies between organizations. Some organizations are used to constant changes and have more experiences in handling change processes.[52]

The extent and strength of the resistance depends on the cause and scope of the change itself and how the transition stage is handled. The resistance tends to increase during circumstances of radical and sudden changes, when people believe that they loose something in the process and when the purpose and reasons for changing are unclear and diffuse. A history of negative change experiences will increase the resistance towards the new change process.[53]

3.4 The essentials of an effective change

According to Rendahl, changes can principally be described in three dimensions; *what* is going to be changed, *how* the change is going to be carried out and how *extensive* the change is.[54] Effective change can be described as how well the people have understood the purpose of the change, how well the people have accepted the change and how qualitative the change is. The understanding and acceptance is related to the *how*-aspects and the quality of the change is related to the *what*-aspects.

Overall the understanding for the change is a necessary basic condition if the employees should be able to prioritize the right change. Only if the employees understand the company's business situation and know how to act in order to improve this situation effective changes can be achieved. It makes no sense to improve the production flow if the property of the products does not suit the customers' requirements.

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[50] Bruzelius & Skärvad (2004) *Integrerad Organisationslära*, p 418-419
[51] Tichy (1983) *Managing strategic change*, p 344-345
[52] Bruzelius & Skärvad (2004) *Integrerad Organisationslära*, p 420
[53] Ibid, p 419
[54] Rendahl (1996) *Att leda och förändra morgondagens arbete*, p 13

The acceptance for the change is also crucial in order to succeed with the change process. Only if people are willing to adopt the business strategy and work aligned with it the change will give positive results. Real acceptance only comes if the people participate in the development of the change. Forced or faked acceptance can admittedly be achieved by threat and coercion but since the threat has to be held alive the effectiveness in the change process will gradually be undermined.

Thus, one can identify a strong relationship between the *what*-and the *how* aspects in a change process. What a company has potential to achieve depends on how the change process will be designed. The later aspect is commonly underestimated.

The third dimension is how extensive the change is. This dimension can simply be described as improvements or renewals. Improvement or renewal is often dependent on the situation; companies with mature products can for example be in need of renewal while other companies can be in need of improvements in order to better satisfy different customers' needs.

3.5 Different change strategies

Change processes can be carried out in different way depending of type of change and type of organization. Some processes are more incremental and some has a more radical approach to change. Either way, structured methods plays an important role preventing a common interface to the change process. Wissema argue that there are basically four change strategies; *gradual, quick-and dirty, turn around, and step-by-step method*. The gradual strategy is used to continuously make the company reach its internal and external goals. This strategy can be both defensive and offensive. It is often normal business practise and the affect on the organization is limited. The quick- and dirty and the turn around strategies are used when there is a big strategic gap that a company wants to bridge. The step-by-step strategy is used when a company decides to go through with a strategic stretch process to gain competitive advantage. This means that the business definition will change and consequently also the organization's function towards its customers.[55] Since ABS Group is working with a strategic change process the step-by-step strategy is interesting to investigate further and it will be described more thorough below.

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[55] Wissema (2001) "Offensive change management with the step-by-step method", p 333

3.6 The change process step-by-step

Many authors emphasize the importance of well-structured change processes. In this sub chapter a step-by step-method is presented, which is based on Kotter's eight-step model.[56] Many other authors have interesting models and opinions, which we have also considered in this study. Therefore, we have complemented Kotter's model with these perspectives and opinions in the model below.

1. Establishing a sense of urgency
The first step in the change process is to establishing a sense of urgency in the organization. If the self-righteousness is too high the changes will lead nowhere. To increase the level of urgency it is necessary to decrease the causes to self-righteousness for example; lack of a visible crisis, lack of feedback from external sources, low performance norms, too many visible resources, too much of embellishing talk from management etc.

2. Creating a powerful guiding coalition
One single individual cannot alone create a vision, mediate it to an extensive amount of employees, eliminate all key obstacles, create fast success etc. It is therefore important to create a strong coalition that together can handle the change process. It is very crucial that the members of the coalition are active supporters to the change. They need to have strong positions, wide knowledge and high reliability in order to gain trust among the people affected by the change.[57] Reinforce existing resources for change instead of resistance. It is preferable to start by identifying leaders who already hold inclusive values – a diverse group of pioneers, top management and other members of the original culture. Help strengthen their commitment and competences for supporting the change throughout the organization through coaching, education, networking and mentoring efforts.[58]

3. Developing a vision and strategy
Creating a clear and sensible vision serves two important purposes. First a good vision simplifies the decision making process in the company through clarify the general direction of the change process. Second, it motivates people to take the right actions in order to align with the change. The vision needs to communicate a real and clear idea about the future, be viable, easy to communicate and be in the interest of the employees, customers, suppliers and stakeholders. A rule of thumb is; if you are not able to describe the vision that is the driving force for the important change and get a reaction that indicate understanding and interest – you have problems. Without a clear vision the change project has a high risk of failing.

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[56] Kotter (1998) *Leda förändring*, p 41-151
[57] Ibid, p 41-151
[58] Miller (1998) "Strategic culture change: the door to achieving high performance and inclusion", p 152

4. Communicate the change vision

The real power of a vision can only be generated if the people concerned have gained a good understanding of the vision and its goal. They therefore need information about the purpose of change in order to be motivated. They also need to understand that a change process is necessary and how the implementation will be carried out. During the first communication it is essential that the employees hear from the president personally why the change is necessary and what it is all about.[59]

The time and energy that is needed to communicate the vision is directly related to the simplicity and legibility of the message. Concentrated information free from jargon can be communicated to a large group of people to a fraction of the cost for a clumsy, complicated communication. The communication works best when it is as simple and direct as possible.

For companies with many employees working in different locations this comes down to organizing a kind of "road show" in order to meet everyone.[60] Visions are communicated the best if several different communication channels are used for example; group meetings, PM, magazines, posters and informal personal meetings. When the message is communicated in different ways it is more likely that it has been understood and accepted. The most well formulated message will almost never be rooted in the receiver the first time it is communicated because of all the communication we receive every day. That is why it is also important to repeat the vision in order to gain attention for it.

The most powerful way to communicate is through the behaviour of oneself. The management have to "walk the talk" in order to gain trust and respect for the new vision among the employees. If the management act according to the vision the employees will understand it better than through hundreds of articles in the company magazine.

In successful change processes the communication is a two-way project; top-down and bottom up. A two-way communication helps to answer all questions arising regarding the change process. To ask questions, discuss and argue gives another dimension to the communication of a vision.

It is never an easy task to gain understanding and commitment for a new vision. It is very common that the management is not communicating the new vision enough. Managers often blame a failed communication of a change or vision on limited intellectual capability among employees at a lower level and also the resistance against the change. Even if these factors are relevant they do not touch the basic problem. It can be a demanding, intellectual and emotional task to accept a new vision for the future. Many questions arise such as; how will this change affect my

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[59] Wissema, (2001) "Offensive change management with the step-by-step method", p 339
[60] Ibid, p 339

colleagues, the company and me, what other alternatives are available or will I even manage the change?

During the second communication phase the employees need training in the new vision, strategy and culture in order to better understand what it is all about. Group activities are preferable were the employees have the opportunity to ask questions and discuss around the change process. In this phase it is common that consultants give the training to set some other perspectives to the organization.[61]

In this communication phase the training is more extended. More specialized trainings in different levels of the company are necessary. In this phase the managers should give the training since it is more effective than training by consultants and the knowledge about the company's situation is in general better. Not all managers are educated to be trainers so it could be crucial to take some help from consultants even in this step.[62]

Failed communication: How a change vision drowns in trash
1. The total communication volume to an employee during a period of three month = 2 300 000 words or figures.
2. The typical communication of a change vision during a period of three month = 13 400 words or figures (approximately one 30 minutes long talk, one hour meeting or a 600 word long article in a business magazine and a PM of 2000 word)
3. 13 400/2 300 000 = 0,0058. The change vision occupies not more than 0,58 percent of the total amount of communication.
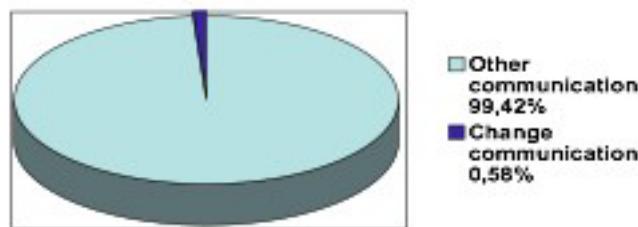
Figure 1: *Failed communication - How a change vision drowns in trash[1]*

5. Empowering broad-based action
There are always obstacles that have to be removed in order to succeed with a change process. There are particularly four important obstacles to consider; *structures, skills, systems and managers*.

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[61] Wissema, (2001) "Offensive change management with the step-by-step method", p 340-341
[62] Ibid, p 341-342

The structures within the company need to be compatible with the new vision in order to support the change otherwise it may obstruct necessary acting.

It is important to give the employees necessary training. Without the right knowledge and skills the employees will feel powerless.

Information- and personal systems have to be adjusted to the new vision.

Managers that oppose to necessary changes ought to be confronted. A bad manager can give a strong feeling of powerlessness.

6. Generate short-term wins

Major changes take time, often a lot of time. Despite that, people demands good results fast especially those people mistrusting the change activities. It is therefore very risky to manage a change process without showing short-term wins. Short-term wins will undermine cynicisms and will create an energy among the employees encourage them to believe and work harder in the change process.

One idea can be to establish a team or a group committed to the change, equip them with the skills and resources that they need to work together and let them prove that the change works. Their success will then be the standard others will want to emulate, and they can become a core of internal change agents as well as role models.[63]

7. Consolidating gains and produce more change

As a major change takes time it is important to not declare victory too early and to risk momentum in the transformation. It is a fact that the competitors always wait for a change to strike back.

8. Anchor new approaches in the organizational culture

The change has succeeded when the new way of doing thing has become the common way to do it and used in daily work. The new things of doing things do not use to sink in to the organization before they are proved to be better than the old way.

3.7 The role of a Change Agent

The business development of today and tomorrow demands successful leadership and management. The leader must continuously run and develop change processes in order for the company to stay competitive.[64] Researchers often distinguish between "transactional leadership" and "transformational leadership". The transactional leadership is defined as using the existing resources and organizational structure in the best way in order to reach the organizational goals. The transformational leadership is characterized by the capability and willingness to change or recreate

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[63] Miller (1998) "Strategic culture change: the door to achieving high performance and inclusion", p 152

[64] Rendahl (1996) *Att leda och förändra morgondagens arbete*, p 108

new visions and strategies. This transformational leadership becomes more and more important in times that demand adaptation to changed market conditions.[65]

The leadership research constantly introduces new important aspects to consider in order be a successful leader. It is important to not forget that leadership research is based on certain situations or contexts. Each and every time period has its own "best practise leadership".[66] Some researchers have studied the lives and accomplishments of influential successful leaders. The common characteristics among these leaders are their ability to express their vision in a pedagogical way and enthusiastic stick to this vision. These studies also show that people need to easily be able to identify themselves with the leader. The leader must therefore act in a way that agrees with the employees' values, needs and wishes.[67] Leadership is a relation between the leader and the employees and not the leader's personal characteristics.[68]

The most recent leadership research emphasizes the importance of understanding people, employees as well as customers. Today's leaders must therefore understand people's driving force and values in order to be able to meet the expectations of employees, customers and suppliers. To communicate visions in an effective way the leader must understand the receivers' personalities. The relationship between the leader and the people being led has now become more important than ever. We know that attitudes against changes can vary between different people; to some people a change can mean something positive and a chance to develop, to others the change comes like a threat that leads to chaos. A third person can see a change as the beginning to something bigger and look forward to that something finally will happen. If a successful change agent should be able to motivate his or her employees to act in the right way he or she has to understand and accept the values and interest of the employees.[69]

A good organization for relations and creative activities will generate high productivity among people. It is also important to create an organization and a leadership that sees every individual and respects people's differences. This means that as a leader it is important to accept people's differences instead of feeling threatened by them. Leaders as well as employees need to work together in order to understand how they can develop the resources needed to accomplish sustainable changes.[70]

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[65] Rendahl (1996) *Att leda och förändra morgondagens arbete*, p 115
[66] Ibid, p 116
[67] Ibid, p 117
[68] Edström, Norbäck & Rendahl (1990) *Förnyelsens ledarskap*, p 88
[69] Rendahl (1996) *Att leda och förändra morgondagens arbete*, p 119
[70] Ibid, p 120

3.8 The Theoretical Framework

The theoretical framework chosen in this study is useful for multinational companies working with strategic changes. The framework highlights three factors that affect the implementation process of a new vision and strategy; *corporate culture, national cultures* and *people's resistance towards changes*. Although, it is necessary to consider the complex system of many other factors as well in order to fully understand what may affect the outcome of a strategic change process.

In order to create an understanding and acceptance among the employees, this theoretical framework suggests that a structured step-by-step model should be used as a tool for communicating the change vision. The presented step-by-step model is created by combining different authors' opinions and models. By cross-fertilizing different theories about step-by-step processes the model presents important steps to follow for multinational companies during a strategic change process. The last sub chapter add one last perspective to the discussion of a strategic change process; *the role of a change agent*. It is the change agent's responsibility to understand and handle the complex context in the right way. The step-by-step model can serve as a tool and be used by the change agent to master the change process and to assure the quality.

4 A new strategy and the implementation process

In this chapter we will present the company ABS Group and the situation at the different subsidiaries in Sweden, USA, Poland, Italy and Germany based on facts that we have been given through interviews with different managers. Further we will describe the new strategy and the strategic change process based on interviews with the top management team at ABS Group. The chapter will end with a presentation of the observations we have done during our visits at the different subsidiaries. This chapter will give the reader a good comprehension of the basic conditions within the company in order to understand the analytical part of this thesis.

4.1 A company presentation of ABS Group

ABS Group is a part of the international engineering group Cardo AB. Cardo has strong positions within the fields of wastewater technology solutions, pulp and paper solutions and door and logistic solutions. Since January 2006 the company is divided into four different divisions; Door & Logistic Solutions, Wastewater Technology Solutions, Pulp & Paper Solutions and Residential Garage Doors. These four divisions have replaced the two former business areas; Cardo Pump and Cardo Door.[71]

Door & Logistic Solutions is one of the world's largest manufacturers of industrial doors and the leading supplier of loading equipment in Europe. Wastewater Technology Solutions is a global supplier of pumps, mixers, aerators, compressors and control and monitoring systems for wastewater treatment applications and the construction market. Pulp & Paper Solutions is a global leader in the production of measuring instruments and a supplier of pumps, agitators and aerators for the pulp and paper industry. Residential Garage Doors is one of the largest manufacturers of garage doors in Europe. Cardo is listed at the Stockholm Stock Exchange A-list and has approximately 6000 employees. The head office is located in Malmoe, Sweden but 90% of net sales are related to customers outside of Sweden.[72]

The division of Wastewater Technology Solutions is based on the company name ABS Group that operates within the former business area Cardo Pump. ABS Group has two major brands; ABS and Pumpex. ABS is used for a wide range of products like pumps, control- and monitoring equipment, aerators, mixers and turbo compressors. Pumpex is used for dewatering pumps within the construction market. Until the turn of the year 2004/2005, Pumpex was also used as a brand for certain wastewater pumps, but these products have now been consolidated under the name ABS. The ABS Group has approximately 1600 employees and had a net turnover of 2.3 billion SEK 2005. 96% of the total sales revenues at ABS are sales abroad. The

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[71] www.cardo.com, 2006-03-04, update 2005-03-05
[72] www.cardo.com, 2006-03-04, update: 2005-03-05

production is located in six different sites, five in Europe and one in Brazil. Since 2005 Fredrik Groth is the manager of ABS Group.[73]

ABS Group, former Cardo Pump with the history of being an investment company, consists of a lot of acquisitions made over the past 150 years. The company origins from JMW (Jönköpings Mekaniska Verkstad) founded in Jönköping, Sweden in 1860 and from ABS Pumpen founded in Schederhöhe, Germany in 1959. Scaba AB a manufacturer of agitators for municipal wastewater treatment and pulp and paper industry, Swedmeter AB experts on control and monitoring and the Finnish company Nopon Oy providers and suppliers of aerators, mixers and turbo compressors are other companies acquired during the years and consolidated under the new ABS Group.[74]

The wastewater market

The company is globally represented with sales subsidiaries in 20 European countries and in the USA, Canada, Brazil, Japan, China, Malaysia, Singapore and Thailand. Sales activities in other countries are handled through distributors.[75] The marked is divided into two different businesses. The first, Engineered Products and Treatment Solutions, contains of individual solutions based on ABS products and application knowledge. The smallest order within this business can for example be a pump station in a wastewater net containing two pumps in a pump chamber. The order value in this case would approximately be 250.000 SEK. ABS knowledge consists of choosing the right pump configuration for a specific flow in order to minimize the operating costs and the risk of unwanted operating stops. A big order can consist of several cooperative products in a wastewater treatment plant. In this case ABS Group provides not only the different products but also control and monitoring systems and service. The order value in this type of project is approximately 1 to 5 MSEK. 90% of the customers are public customers and the business cycle ranges from 6 months to 2 years. This business is the main focus according to ABS Group's new strategy.[76]

The second business, Standard Products, contains simple local applications that are solved with pumps directly from stock. The products are mainly wastewater pumps in or close to residential buildings and dewatering pumps for construction sites. A normal order value for these products ranges from 10.000 to 100.000 SEK. The dominating customer group in this business is building contractors. The margins within this business are high but more and more low cost suppliers are now dominating the market. Although, this business is considered to be the cash cow of ABS Group. The sales ratio is 50/50 between these two businesses.[77]

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[73] Cardo AB Annual report 2005

[74] www.absgroup.com, 2006-03-04, update: 2005

[75] Cardo AB Annual report 2005

[76] Fredrik Groth, 2006-04-11

[77] Ibid, 2006-04-11

ITT Flygt, also a Swedish company, is ABS Group's main competitor and the world leader in the wastewater segment. Other strong competitors are the German company KSB and the Danish company Grundfors. The pump industry is characterized by a big amount of strong local pump suppliers. Within the markets of aerators and compressors the competitors are mainly the American company Sanitaire and the Danish company HV-Turbo.[78]

4.1.1 ABS Sweden

Stockholm

The Swedish company, called ABS Pumpex AB, is a consolidation of three different companies; ABS, Pumpex and Swedmeter, all three of them earlier owned by Cardo Pump AB. In every other country the name of the companies is now ABS but in Sweden the name is ABS Pumpex since Pumpex is a stronger brand in Sweden compared to other countries. Year 2005 the turnover was 92 MSEK and the sales company has 42 employees, most of them located in Stockholm.[79]

The Swedish market is a very mature market and the market growth can be considered as low. Most of the wastewater in Sweden is already going into wastewater treatment plants. In other words there are few new initiated building projects of wastewater treatment plants. Due to the market situation most of the income is related to the replacement business and service activities.[80] ABS Sweden does not use distributors as many other countries do, but cover their market through direct sales. The main competitors are Flygt in wastewater equipment, Grindex in the dewatering segment and finally Grundfors for smaller pumps. ABS is number two in these three segments on the Swedish market.[81]

The manager Charlie Hahne has a demanding year behind him when he a year ago accepted the position as managing director of the Swedish sales company. He was then facing the initial phase of integrating the three companies mentioned above into one. This was a challenging task since the three companies had worked separated from each other and all had different cultures, knowledge and routines.[82] Before Charlie entered the company there had been a lot of changes due to the new strategy. The company was affected by major downsizes and many employees from the original ABS office were dismissed. The employees from the original Pumpex office, a proud well-known company in Sweden, felt that they lost some of their identity due to the repositioning of the ABS brand and the closing of one of their factories. The downsizing in personnel led to a lack of competence at the new office. This created a lot of turbulence in the company with many unsatisfied employees. ABS Sweden is now in progress trying to stabilize the organization. They want to reduce the

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[78] Cardo AB Annual report 2005
[79] Charlie Hahne, 2006-03-09
[80] Ibid, 2006-03-09
[81] Ibid, 2006-03-09
[82] Ibid, 2006-03-09

segregation between the employees and try to and create a stronger "we-spirit" within the company.[83]

4.1.2 ABS USA

Meriden

1990 Cardo Pump AB acquired the sales company in Meriden. Before that the German businessman Albert Bloom, founder of ABS Pumpen, owned this sales company. The office in Meriden is the head office for the North- and South American market. Johan Sandström is the managing director and is situated in Meriden since 2003. During these three years the company has grown organically without any acquisitions and 2005 the company made its best result ever with a turnover of approximately 408 MSEK. The American market is geographically the biggest market for ABS Group. The company is number two in this market with ITT Flygt as their main competitor. The market is divided into three different regions; East, West and Central USA and South America. ABS USA has 123 employees and approximately 40 of them are located in Meriden.[84]

During the 90's ABS had a really weak growth and where no threat to neither Flygt nor the other competitors in the market. The yearly economic growth in the USA is now approximately 10%, which gives ABS the opportunity to grow. Despite that, ABS has not invested in the American market for different reasons and their premier competitor ITT Flygt has been able to operate quite uninterrupted to strengthen their market position.[85]

With the new strategy ABS are now acting more offensive in the American market. The major focus is wastewater technology and customers within that segment. The company has a history of working with distributors and sales agents but has now developed their own direct sales. While working with direct sales synergies arise as a result of a closer relation with the customers and a better understanding of the customers needs. Distributors and sales agents often also sell competing products, and are therefore not the ultimate sales channel in the long run. Although, the use of distributors is still needed in the USA since it is impossible for ABS to cover the whole geographic area by them selves. In an attempt to tie the distributors closer to ABS they have reduced the number of distributors and tried to build long term relations with the ones left. ABS has identified the service business area as a profitable segment with a lot of potentials and they are putting a lot of effort in the American market trying to develop that area.[86]

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[83] Charlie Hahne, 2006-03-09
[84] Johan Sandström, 2006-03-16
[85] Ibid, 2006-03-16
[86] Ibid, 2006-03-16

Florida

The sales company in Orlando, Florida was acquired in 1988 by Cardo Pump AB. Paul Robinsson who is the manager today joined the company in 1997. At that time the company had no structure concerning pricing systems or selecting customers. Therefore, Paul devoted a lot of time in bringing some structure into the company. Since 1997 the company has grown steadily and is now the third largest pump supplier within the wastewater segment in Florida. Last year they had a turnover of about 128 MSEK and represents thereby approximately 30% of the total turnover in USA within the wastewater segment. [87]

The geographical conditions in Florida are pretty much the same as in the south of Sweden where it is very flat which enhance the need of pumping water. Until now the company has been a pure pump supplier. Accordingly to the new strategy they have started education within the other product segments of the product portfolio. In this way they hope to soon be able to provide their customers with integrated product solutions.[88]

The staff turnover has been very high the last year and about 80% of the employees have been there shorter than a year. The office in Orlando is relatively small with only eleven employees and the high staff turnover has been a real challenge. A lot of competence and knowledge has to be rebuilt in order to manage the customers' demands. Besides the eleven employees Paul also has five outdoor salesmen that are working out of the office. They are not ABS's employees but are working fulltime selling ABS's products. In some regions of Florida that is not yet exploited they use distributors as a sales channel. The outdoor salesmen have rather small areas to cover so they can work in close collaboration with the customers within that area. Paul has noticed that with more focus and smaller geographic areas to cover the salesmen become more effective and close more deals. The business closure has gone up from approximately 15% to 40% the last couple of years.[89]

4.1.3 ABS Poland

Warsaw

In 1997 Cardo Pump AB acquired a polish pump distributor in Warsaw. The polish company was founded in the beginning of 1970 and has been an ABS distributor since 1992. The former owners; Maciej Lewandowski and his father Marek Lewandowski are still managing ABS Poland. The company has 21 employees and most of them have worked in the company for several years. ABS Poland is the most profitable company of ABS and had a turnover of approximately 45 MSEK in 2005. ABS Poland covers the polish market by direct sales and distributors. ITT Flygt is, as in many other markets, the market leader in Poland. ABS is the second biggest company with approximately 13% in market shares. ABS Poland has a lot of

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[87] Paul Robinsson, 2006-03-14
[88] Ibid, 2006-03-14
[89] Ibid, 2006-03-14

knowledge and experience in different technologies and provides their customers with a wide verity of ABS's products.[90]

The strategic change process has not affected the polish company to the same extent as in many other companies with reorganizations, new routines and changed market focus. The polish company has historically focused on the wastewater market so that part of the strategy change was not new to them.[91]

4.1.4 ABS Italy

Milan/Bologna
ABS Italy has been a part of Cardo Pump AB since the 70's. With the two sales offices in Milan and Bologna ABS Italy covers the Italian market. The company has 45 employees and a turnover last year of approximately 150 MSEK.[92]

As in USA a major part of their sales are handled through distributors. The company has a history of depending on their distributors. Since 2002 ABS Italy has reduced the amount of distributors and has built up their own direct sales channels in order to get closer to the customers. Today they have reduced their distributors to 14. The company tries to build strong relations with their distributors and demands that they continuously have to prove themselves through good results. In Italy the market is also characterized by many small local pump manufacturers. They are increasing the competition since they have their production closer to the customers. They are able to shorten their lead-times and can keep lower prices due to the lack of transport costs. ABS Italy has to import all their products from Ireland and Germany and therefore can't keep the same lead-times and low prices as the local suppliers.[93]

Roberto Castelnuovo is the managing director of ABS Italy and he joined the company in 2002. The last years he has reorganised the company in quite the similar way as the new strategy requires. He brought a new way of running the company and emphasized the shift from product orientation to customer orientation.[94]

4.1.5 ABS Germany

Bonn
The history of ABS Germany begins back in 1959 when Albert Bloom founded ABS Pumpen. The long history is one of the reasons that Germany is ABS Group's biggest market in Europe. The sales office in Bonn covers Germany, Austria and Switzerland and had a turnover of approximately 270 MSEK last year. ITT Flygt is the main competitor in Germany but KSB and Grundfors are also strong actors in certain segments. 120 employees are working for ABS Germany and many of the current

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[90] Maciej Lewandowski, 2006-03-23
[91] Ibid, 2006-03-23
[92] Roberto Castelnuovo, 2006-03-28
[93] Ibid, 2006-03-28
[94] Ibid, 2006-03-28

employees have worked in the company for many years. Due to a very strong union, employees with the longest history within the company are the ones surviving employee reductions. As a result of that the middle age is quite high at this office.[95]

The past years have been a real challenge for the sales office in Germany. The organization has been characterized by a lot of internal conflicts and negative results. Members from the top management team in Sweden have spent a lot of time with the management team in Germany in order to get the company back on track.[96]

The market in Germany is very mature, with similar conditions as in Sweden, which is why the market growth can be considered as low. 96% of the wastewater in Germany is already going into wastewater treatment plants. As in Sweden, few new wastewater treatment plants are under construction and the earnings are made in the replacement and service businesses.[97]

The new strategy has been taken very seriously in Germany for many reasons. Udo Panenka, the sales manager in Germany gave us three reasons for this. First, Germans always takes an important task serious, it is the German culture. Second, the management team is quite new. Many members in the management group have not worked within the company for more than four years and are still looking at the company with new eyes. Third, the market conditions in Germany force the company to differentiate their business in order to stay competitive in this mature market. ABS Germany has worked actively with implementing the new strategy among their employees. They have held many different trainings and seminars in order to align the organization with the strategy. Historically ABS Germany has been a very bureaucratic; product oriented engineering company with a lack of trust for the management team. Now they have learned to be more market oriented and they have a more open climate with collaboration between the different departments.[98]

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[95] Udo Panenka, 2006-04-03
[96] Ibid, 2006-04-03
[97] Ibid, 2006-04-03
[98] Ibid, 2006-04-03

4.2 The development of the new strategy

The new strategy for ABS Group can be seen as a common generic strategy and many companies in the wastewater market have been forced to generate a similar strategy in order to differentiate themselves against low cost producers. According to Fredrik Groth, this was for many companies within ABS Group a completely new way of thinking and working. Fredrik described that the new strategy established by Peter Aru in 2004 is built on three cornerstones;[99]

- *From product focus to customer value*
  The company wants to go from being a pure pump supplier to a wastewater technology solutions company, offering solutions to selected customers based on products or combination of products and service agreements. ABS Group wants to build closer relations to their customers especially key account customers in order to better understand customer needs. Earlier the power was tied to the factories and the sales companies' task was to find a market for the products produced. They never asked what the customer really wanted or needed, the demand was identified as a need of a product not a solution.

- *Consolidation of production and sales channels*
  Earlier ABS had nine production sites, all of them working independent towards the market through common sales companies or own distribution. The factories and sales companies were managed strictly financial and had their own responsibility for financial results. The product portfolio was wide with a lot of different brands. On the four most important markets the company had sales companies and different brands competing against each other. The reason for this was often because acquisitions were not integrated within the company. As the owner of many different brands the company was not perceived as being one group. Today ABS Group has two well-defined brands, ABS and Pumpex. The brands are represented on different markets and are not competing with each other anymore. The production sites have become more integrated and narrowed down to five factories. The responsibility for financial results is gathered to one ABS company per country and with a new transfer pricing system the factories are no longer profit centres. Profitability is only measured in the sales functions. Recently the company has also consolidated some countries in order to gain larger and more cost effective sales companies.

- *Geographic expansion*
  Today the ABS Group has most of its employees located within the European Union/West Europe. This market is expected to have a yearly growth of 3-4%. It mainly consists of reconstructions and upgrades of the

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[99] Fredrik Groth, 2006-04-11

> existing wastewater net and wastewater treatment plants driven by hard regulations from The European Union. The long-term potentials exist in the Asian, Eastern- and Southern Europe and Central American markets where the extensive work of infrastructure is in progress. Today several agents and distributors handles sales in these geographical markets for ABS but the next step is to establish local presence through acquisitions of sales and service companies in order to gain closer relations with the customers.

During interviews with Peter Aru, he illustrated a clear picture of the vision, strategy and core values. The new ABS corporate brand vision is "To become the No. 1 challenger in the area of wastewater technology by providing integrated solutions or packages". This demands ABS Group to strive against the highest quality standard, the most reliable deliveries and to provide the best services.[100]

With the new strategy the new tag line "we know how water works" was introduced. This tag line underlines the concentration on customers and the vision of providing customized solutions. It should also reflect the experience and competence of the company within the wastewater market.[101]

In order to support the new vision and strategy guidelines for a new corporate culture was introduced. Peter has choose to base these guidelines on the three core values; ***Challenger, Caring and Cleaning water***. Peter emphasized that each core value requires **input** from the organizations of ABS in order to yield the desired **output** that the company wants to be associated with.[102]

Challenger is the core value that should capture the spirit of ABS. It describes the feeling the company wants to evoke among their customers and other important stakeholders. The output from this core value, or in other words what ABS Group want their customers to say or think are:

- "They bring expertise in wastewater technology"
- "They know my process and contribute to our success"
- "They walk the extra mile for me"

The input, what the organization must do in order to gain the output of Challenger, is to create a feeling of ONE company working towards a common goal, they must all feel solidarity and share ONE view of what they do. To dare to challenge they must focus on results and have a desire to win. To be able to contribute to well-being of people and environment around them, they must be steadfast and humble.

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[100] Peter Aru, 2005-11-14
[101] Ibid, 2005-11-14
[102] Ibid, 2005-11-14

Caring reflects their relationship to their customers, the world around them and the way they work together within the ABS Group. A good product, service or solution is not sufficient to create a successful brand. It also has to have a powerful personality and inspire confidence. ABS wants to be known for being caring, offering a brand that can be trusted. The output from this core value, that is what they want their customers to say or think are:

- "I like them. They are service-minded and give good advice"
- "I have a working deal with ABS over time"
- "I trust them. They tell me what has happened, will happen, and can happen.

The input, what the organization must do in order to gain the output of Caring, is to work passionately with their customers. They must be willing to listen to them and gain insight into their world. To be able to exceed their customers' expectations and add value to them they must show interest and listen to their customers. To be able to commit themselves personally to their customers they must demonstrate initiative and be able to follow through with what they have promised.

Cleaning water is what ABS Group does. All their products, services and solutions are one way or another related to cleaning water. In short it is the company's market offer. Output from this core value, or in other words what ABS Group wants their customers to say or think are:

- "They have reliable, vital products and solutions for our process"
- "They provide good service at a low life cycle cost"
- "They offer one package and one deal"

The input, what the organization must do in order to gain the output of Cleaning Water, is to reach excellence in their operations. They must strive for simplicity and cooperation, both inside and outside the company. In order to develop process knowledge and application expertise they need to be curious and understanding. To be able to design and then select the optimal solution they must make use of their competence and experience.

The three core values Challenger, Caring and Cleaning water represent three different dimensions to the brand ABS; pathos, ethos and logos. Something that arouses feelings and emotions (pathos), something that inspires confidence (ethos) and something that appeals to a reason (logos). See figure 2 that illustrates the relationship between the three core values.
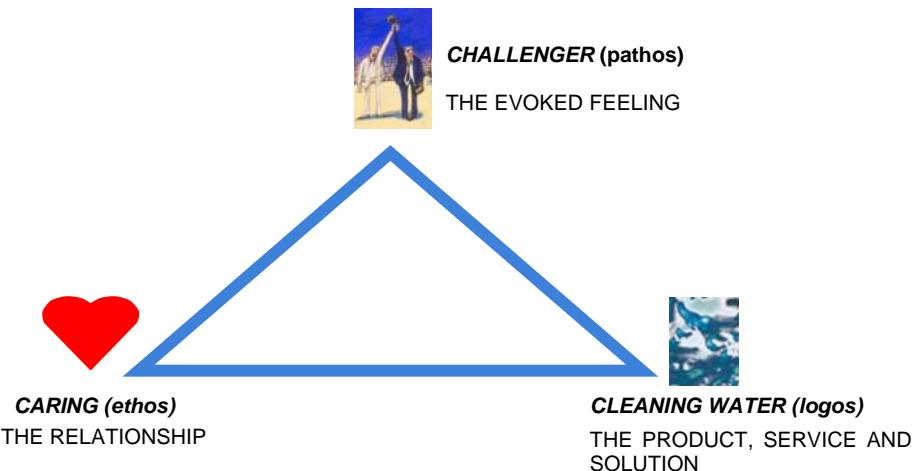
Figure 2: *The relationship between the three core values; Challenger, Caring and Cleaning water*

4.3 The implementation process

In collaboration with Maria Bergving, group communications director at Cardo AB, we have in this sub chapter tried to map important happenings and actions during the implementation process.

In March 2005 ABS Group introduced the new strategy to their managers through a **management kick-off**. Managers representing all countries participated in the kick-off where Peter Aru, former president of ABS Group, presented the new strategy. He explained the strategy and the purpose and goal of the new strategy implementation. The managers were also told that they had an important role in the implementation process as local communicators in order to succeed with the implementation. This was the initial step for the new ABS Group. The managers had several trainings and assessment tests in order to be good communicators of the new strategy. They were told that they are the key persons in this important process and that they are the ones bringing out the message to their employees.[103]

The "new ABS" was launched in public in April 2005 during the world's biggest trade fair for wastewater technology; IFAT in Munich. For the first time the complete range of products, service offerings and the accumulated skills in wastewater technology were presented under one brand. This was the first step in introducing the new ABS brand to the market.[104]

During 2005 the management team of ABS Group decided to do a "**world management tour**" as a step in communicating the new vision and strategy into the

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[103] Maria Bergving, 2005-11-21

[104] Ibid, 2005-11-21

organization. The aim of the activity was for representatives from the head office to visit all sales offices in order to inform the employees about the change process. At the world management tour one representative held a presentation together with the local manager about the "new" ABS and the new strategy. After the presentation a workshop was organized, which opened possibilities for the employees to discuss the new strategy and what it really meant in more specific terms. They needed to understand how they should act in their daily work to be able to support the new strategy. During the workshop they worked together in smaller groups discussing what they should stop, start and continue doing to act according to the strategy. In the end of the workshop one representative from each group presented their findings to the rest and final discussions were held.[105]

The management team has also tried to reach their employees with information about the new strategy through different internal information channels;[106]

"**White book**" – is a small handbook with short information about the company, vision and core values. This book is translated to all local languages and distributed to all employees. It is made in two versions; the smaller "white book" described above and a bigger version called "brand book", which contains more information and has been distributed to all managers.

"**Internal news**" – is coming to all employees through their e-mails ones a month. This newsletter often starts with some words about the strategy from Fredrik Groth and continues with information about what has happened in the company. In the "Internal news" the management team has also advertised an internal contest, the Challenge. The companies compete about which unit has acted in the best spirit according to the core values; *Challenger*, *Caring* or *Cleaning water*. Every month a winner is announced that receives money to spend on a group activity.

"**The Intranet**" – is another communication channel for distributing information about the new strategy. All employees with a computer have access to the Intranet.

"**Cardo Magazine**" – is distributed to all employees four times a year and summarizes what has happened in all four divisions within the Cardo group. The strategy has got a lot of space in this magazine as well.

Supportive training sessions – has been arranged for sales and service employees to increase the knowledge about the product portfolio and applications.

Apart from communicating the new strategy through different channels the management team has also initiated projects with new IT-systems and reorganizations in order to support the organization to work aligned with the new strategy. The time-table for the change process is to be in "great shape 2008".

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[105] Maria Bergving, 2005-11-21
[106] Ibid, 2005-11-21

4.4 Observations

4.4.1 Corporate culture

Until the new strategy was introduced 2004, ABS Group's overall corporate culture can be described as very product oriented with a great focus on technical aspects. They considered themselves to best know what the customers wanted and required without actually asking them. The factories produced products that were considered the most suitable for their customers. In other words, the customer focus was almost non-existent. The organization has also been characterized by a blaming culture where no one took the responsibility for important issues. These assumptions are deeply rooted on the organization.

At the moment the corporate culture is rather difficult to identify at ABS Group. Even the managers we have talked to during our visits at the different offices had a lot of difficulties when they tried to describe the corporate culture and the basic assumptions in their organization. Despite that, we got the feeling that different sub cultures had been established in the organization. During our visits these different sub cultures had impact on the way we were treated. In offices with a more open mind and positive attitude towards the changes we were treated with enthusiasm and curiosity. The employees were eager to participate in the survey and answered all our questions. In other organizations we were treated with a lot of scepticism and the employees were reserved. We got the impression that they felt supervised by us and were insecure of our intentions with this thesis. In these cases we experienced a lot of resistance, which resulted in a lot fewer respondents. Some of the companies have been negatively affected due to the strategic change, which naturally has led to a more negative attitude. In other cases we got the impression that the resistance was caused by the uncertainty of the individual's future within the company. They also expressed an uncertainty of their competence and their ability working according to the new strategy.

4.4.2 National cultures

We experienced evident differences in national cultures between the five countries included in our study. The differences were often revealed in communication difficulties. Naturally the different languages complicated the communication but that was not the only reason. In the USA, Swedes got critique for communicating unclear and for taking certain things for granted in a discussion without actually saying it strait out. The Americans wanted more clear directives and not so much indistinct messages. They also requested more financial directions and goals from the management team that could illustrate the direction of the strategic change process. Other countries wanted more information about how to actually act in the daily life to be able to support the strategy. At several occasions we experienced differences in decision-making and difficulties in coming to an understanding. There were also obvious structure differences between the countries, where some were characterized by a strong hierarchical structure and other with a more flat organization.

4.4.3 People's resistance against changes

Our impressions of the employees' attitudes towards the new strategies and the change process vary between the offices. Generally there was a more positive attitude in the offices with newly employed staff. These employees were hungry to get to know more about the company and about the new strategy, but had the opinion that they had received too little information. The employees that had been in the company for a longer period gave a more sceptical and negative impression. Many of them expressed mistrust in the new strategy. They were uncertain if this was right for the company and how it would affect the employees. They had the experience of several strategic changes in the past that never succeeded and were under the impression that history would repeat itself. The year before the new core values; challenger, caring and cleaning water was introduced, Cardo's former CEO presented his "five S" strategy. During the workshops we attended to we experienced that it was difficult for the employees to define and concretizes what the new strategy meant in more specific activities. Although the general impression was that the employees valued their meetings with members from the management team during the implementation process.

4.4.4 The project work

During this master thesis we have noticed that the responsibility for the change process has been rather vague. It has been unclear who has the responsibility for what. Many different projects have been initiated and have project owners but we still miss an overall responsibility for the project. The energy level in the change process has also varied during the past year. In the beginning we got the impression that the project was run with high intensity and a lot of energy, but has lost its momentum over time.

5 State of the art of the implementation process

In this chapter we present the results from the questionnaire distributed at the selected subsidiaries. The presentation illustrates the impact of the strategy implementation at each subsidiary divided into different groups of questions. This chapter will give the reader a good understanding for the analytical part in this thesis.

5.1 Presentation of the results

In order to interpret and measure different aspects of the strategy implementation process a major part of the questionnaire were divided into seven groups; General knowledge about ABS Group, Amount of information, Quality of information, Knowledge of the core values, Understanding (customer oriented vs. product oriented, partner vs. pump supplier and package deals vs. multiple products), Acceptance and Relations to head office. The groups are used as variables to measure the level of understanding and acceptance among the employees and to test the interdependence between different variables. The results of the variables are presented separately divided into countries and through tests of interdependence between variables. Some of the tests illustrate an interdependence that represents all respondents and some tests highlights a comparison between respondents from two countries. The results from the questions not divided into a group will be presented separately.[107]

5.1.1 Presentation of the seven variables divided in countries

Figure 3 presents the results of the variable "General knowledge about ABS Group" and illustrates how well the employees are familiar with information such as number of employees, number of global competitors and the company's position on the market compared to competitors. The results in figure 3 are collected from questions 5-7 in appendix 1.

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[107] See appendix 2 for classification and interdependence tests of the answers to the questionnaire

General knowledge about ABS Group
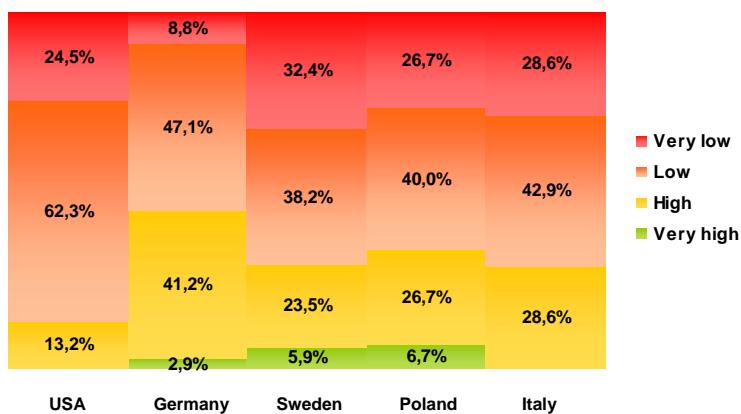
Figure 3: *Results from the variable "General knowledge about ABS Group" divided in countries*

Figure 4 presents the results of the variable "Amount of information" and illustrates to what extent the employees have received information about the new strategy and the purpose of the strategy. The results in figure 4 are collected from questions 11a and 12 in appendix.

Amount of information
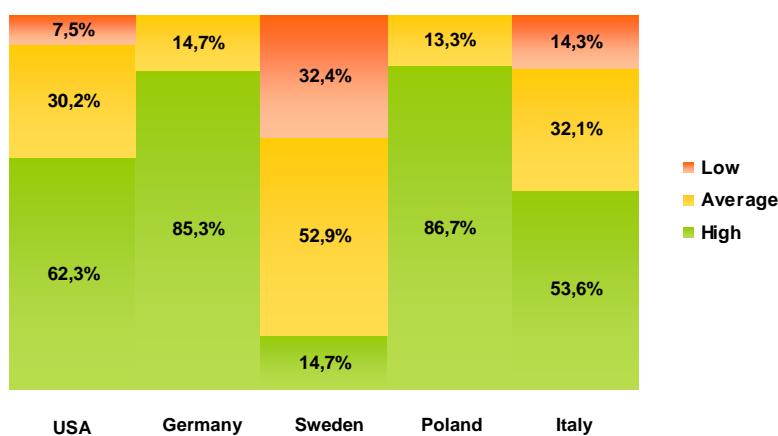
Figure 4: *Results from the variable "Amount of information" divided in countries*

Figure 5 presents the results of the variable "Quality of information" and is based on the variable above. The figure illustrates the employees' perception about the quality of the received information. The results in figure 5 are collected from questions 11b, 14, 17 and 18 in appendix.

Quality of information

	USA	Germany	Sweden	Poland	Italy
Very low					4,2%
Low	8,5%	3,1%	4,8%		
			28,6%	46,7%	29,2%
High	74,5%	68,8%	66,7%		45,8%
				53,3%	
Very high	17,0%	28,1%			20,8%
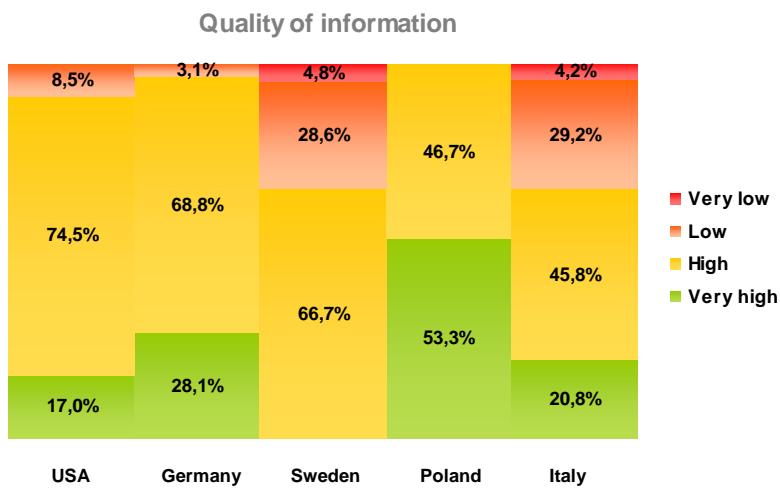
Figure 5: Results from the variable "Quality of information" divided in countries

Figure 6 presents the results of the variable "Knowledge of the core values" and illustrates how well the employees are aware of the core values; *Challenger*, *Caring* and *Cleaning water*, that are a corner stone in the new strategy. The results in figure 6 are collected from questions 30-31 in appendix 1.

Knowledge of the core values

	USA	Germany	Sweden	Poland	Italy
Very low	19,6%		63,3%	21,4%	42,9%
Low	15,7%			28,6%	
High	21,6%	5,9%			32,1%
		94,1%	10,0%	28,6%	7,1%
			6,7%		
Very high	43,1%		20,0%	21,4%	17,9%
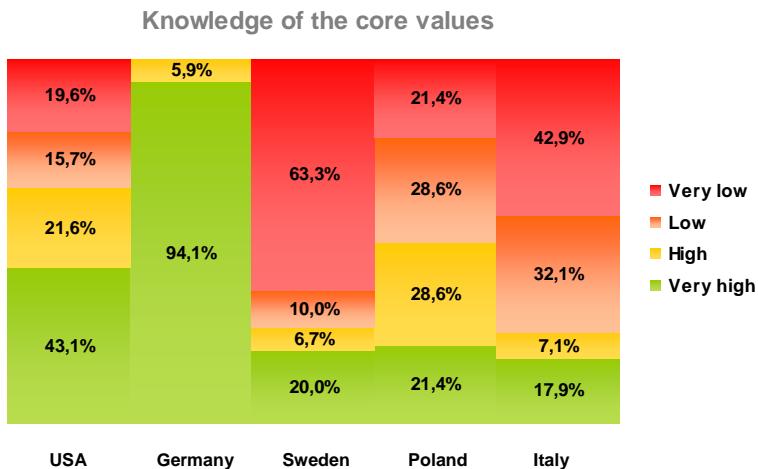
Figure 6: Results from the variable "Knowledge of the core values" divided in countries

Explanation to the bar charts in the figures; 7, 8, 9 presenting the variable "Understanding":

The three following figures illustrate the employees' understanding of important goals with the new strategy. The three illustrations are based on the employees' perception of the main focus of ABS Group according to being customer oriented vs. product oriented and how ABS Group wants to be perceived by their customers

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according to partner vs. pump supplier and as a provider of package deals vs. many products.[108] The bar charts are divided in countries and illustrates to what extent the employees have understood these goals and their perception of how far they have reached these goals.

Green bar – the employees' perception of achieved results so far compared to the goal with the strategy.

Red bar – the employees' perception of what the goal is with the strategy reduced with the employees' perception of achieved results so far (green bar).

Yellow bar – the difference between the employees' understanding of the goal with the strategy and the management's goal with the strategy implementation.

Green + Red bar – the employees' understanding of the goal with the strategy. (The employees' perception of 100% implemented).

Green +Red + Yellow bar – the management's goal with the strategy. (100% implemented).

Figure 7 presents the results of the employees' understanding of the goal to be customer oriented (green + red bar) and their perception of how far they have reached the real strategic goal (green bar). The yellow bar describes the gap between the management's goal with the strategy and the employees' understanding of this goal. The results in figure 7 are collected from question 25 in appendix 1.

Understanding
(customer oriented vs. product oriented)

USA	61,7%	20,9%	17,3%
Germany	72,4%	15,9%	11,6%
Sweden	46,7%	30,3%	23,0%
Poland	62,2%	25,6%	12,2%
Italy	55,7%	27,2%	17,1%

■ Achieved result

■ Recognized gap

□ Objective gap
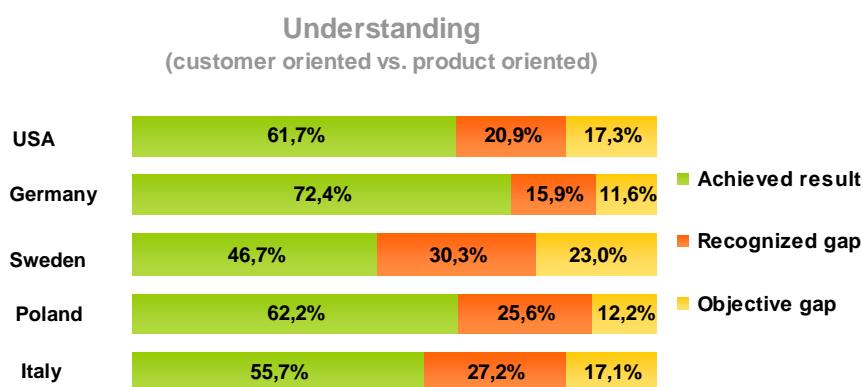
Figure 7: *Results from the variable "Understanding" concerning the goal to be customer oriented divided in countries*

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[108] For further explanation see appendix 2 under the variable "Understanding"

Figure 8 presents the results of the employees' understanding of the goal to be perceived by their customers as a partner (the green + red bar) and their perception of how far they have reached the real strategic goal (the green bar). The yellow bar describes the gap between the management's goal with the strategy and the employees' understanding of this goal. The results in figure 8 are collected from question 26 in appendix 1.

Understanding
(partner vs. product supplier)

Country	Achieved result	Recognized gap	Objective gap
USA	51,0%	24,3%	24,6%
Germany	61,3%	31,1%	7,6%
Sweden	42,5%	26,7%	30,8%
Poland	64,3%	29,6%	6,1%
Italy	59,7%	28,6%	11,7%

■ Achieved result
■ Recognized gap
■ Objective gap
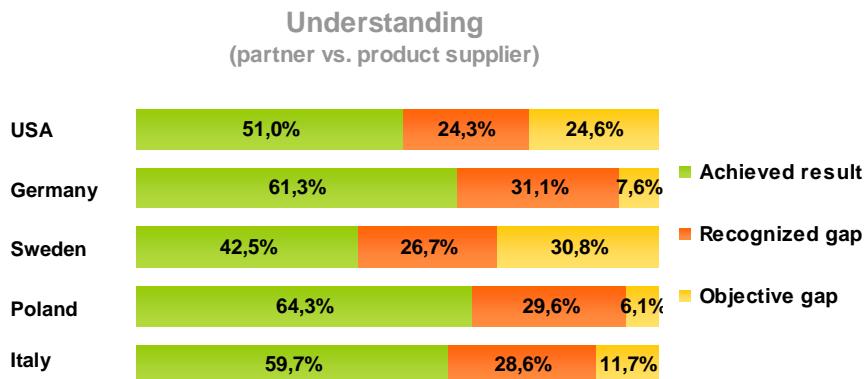
Figure 8: *Results from the variable "Understanding" concerning the goal to be perceived by their customer as a partner divided in countries*

Figure 9 presents the results of the employees' understanding of the goal to be perceived by their customers as a provider of package deals (the green + red bar) and their perception of how far they have reached the real strategic goal (the green bar). The yellow bar describes the gap between the management's goal with the strategy and the employees' understanding of this goal. The results in figure 9 are collected from question 27 in appendix 1.

Understanding
(package deals vs. multiple products)

Country	Achieved result	Recognized gap	Objective gap
USA	54,8%	15,8%	29,4%
Germany	60,5%	32,8%	6,7%
Sweden	40,0%	54,6%	5,4%
Poland	64,3%	27,6%	8,2%
Italy	54,6%	21,9%	23,5%

■ Achieved result
■ Recognized gap
■ Objective gap
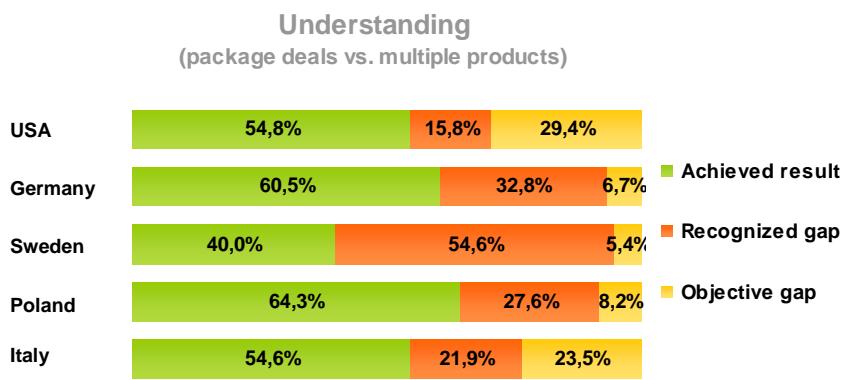
Figure 9: *Results from the variable "Understanding" concerning the goal to be perceived by their customers as a provider of package deals divided in countries*

Figure 10 presents the results of the variable "Acceptance" and illustrates the level of acceptance of the new strategy among the employees. The results in figure 10 are collected from questions 19-22 in appendix 1.
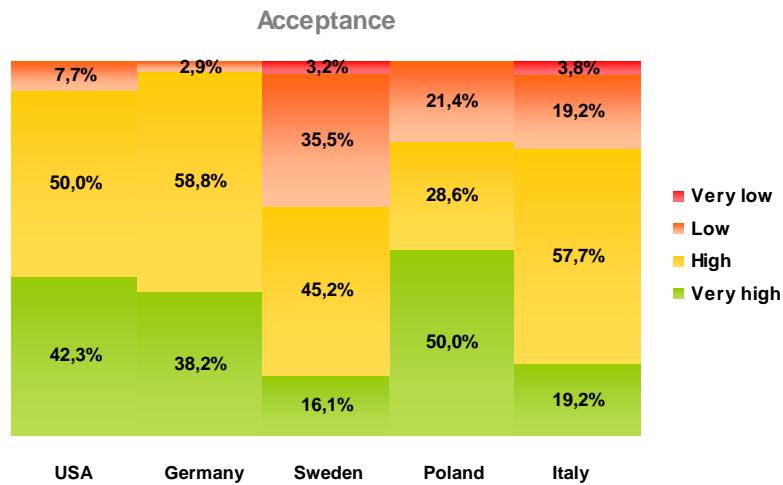
Figure 10: *Results from the variable "Acceptance" divided in countries*

Figure 11 presents the results of the variable "Relations to head office" and illustrates how the employees perceive their relation to members of the management team at head office. The results in figure 11 are collected from questions 36-39 in appendix 1.
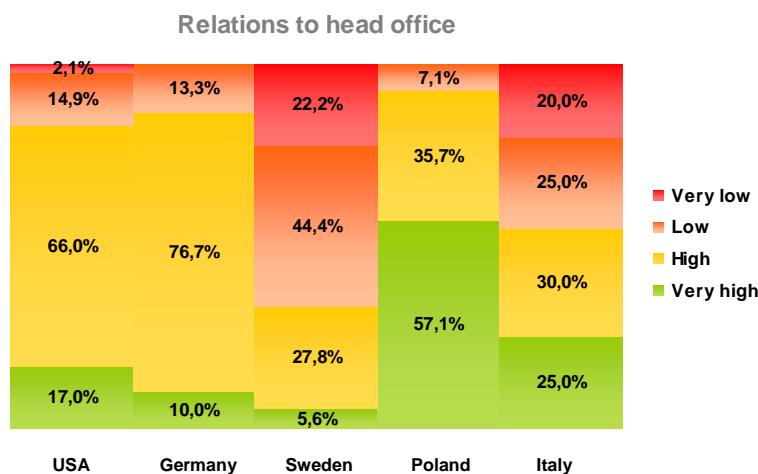
Figure 11: *Results from the variable "Relations to head office" divided in countries*

5.1.2 Does information pay off?

Below follows the result of the interdependency test between the variables "Amount of information/Quality of information" and "Acceptance". To establish if there is interdependence between the variables a statistic test called "Chi two-test" have been performed. The variable "Amount of information/Quality of information" is a

combination of two variables. The answers connected to these two variables are divided into two subgroups; high and low, in a two-way process. During the two-way process a few respondents that primarily were classified in the high- respective low-group were eliminated. The purpose is to create as heterogenic groups as possible to obtain good conditions while interpreting the results. The answers related to the variable "Acceptance" has also been divided into the subgroups; high and low.

Classification of the variable "Amount of information/Quality of information"
Primary classification:
The primary classification is based on the questions 11a and 12, where the respondents answering "yes" to these questions were put in the primary high group.

Final classification:
For a final classification the questions 11b, 14 and 17-18 were taken in consideration. The qualitative answers ranging form "I don't know" to "Yes, definitely" were coded into quantitative variables from 0 to 4. Respondents primary in the high group has to receive an average above 2,5 on these questions to finally be classified into this group and respectively for the respondents primary classified in the low group they had to receive an average below 2,5. After the two-way process 109 respondents of 164 were classified, 70 in the high group and 39 in the low group.

Classification of "Acceptance"
The qualitative answers from the questions 19-22 (ranging from "I don't know" to "Yes, definitely") were coded into quantitative variables in the same way as in the final classification above. After the classification each respondent's average of these questions were connected to an acceptance level ranging from "very low" to "very high". Table 1 illustrates the distributions received after the final classifications.

"Information amount/ quality" & "Acceptance"	Very high	High	Low	Very low
High	27	32	9	2
Low	3	7	16	13

Table 1: *Distribution of the respondents after the final classifications*

In this case the Chi two-test returned the test value 39,642, which with margin exceeds the critical value 11,345. This signifies a strong dependence between "Amount of information/Quality of information" and "Acceptance". The respondents declaring that they have received information and considered the information to be qualitative have in a greater extent accepted the changes.

5.1.3 A powerful provider of package deals?

The matrix below illustrates to what extent the employees believe in ABS Group's ability to provide their customers with complete package deals and to what extent they believe in their own ability as a provider. The results in figure 12 are collected from questions 32-33 in appendix 1. These questions are not divided in any of the variables described above.

Explanation to figure 12:
All set – high perception both of ABS as a provider of package deals and of the respondent's own abilities.

Require competence – high perception of ABS as a provider of package deals and low perception of the respondent's own ability

Disillusioned – low perception both of ABS as a provider of package deals and of the respondent's own ability

Lack trust – low perception of ABS as a provider of package deals and high perception of the respondent's own ability
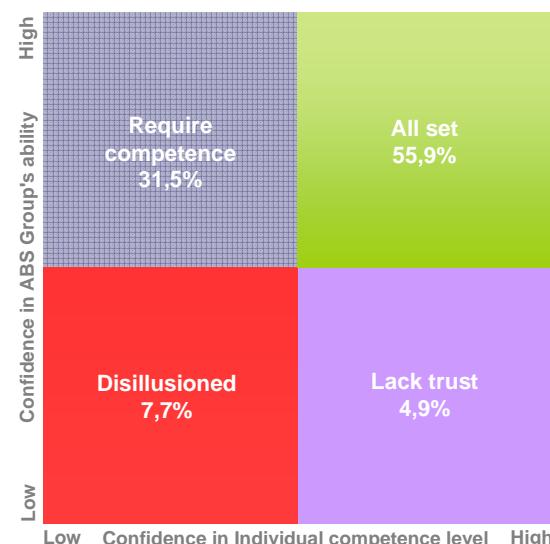
Figure 12: Results of the over all employees' confidence in ABS Group's ability as a provider of package deals and their individual competence level

The result above illustrates the employees' confidence in total. Based on the results presented above we chose to highlight the Swedish results from the matrix. The results from Sweden tend to stand out from the rest of the countries and that was also the case concerning the confidence matrix. The respondents in Sweden have a remarkable lower confidence compared to the rest of the respondents. In Sweden the

results was distributed as follows "All set" (20%), "Require competence" (48%), "Lack trust" (16%) and "Disillusioned" (16%).

5.1.4 Relations vs. Acceptance

In order to investigate how the employees' relations to members from the top management team affects their attitudes towards the new strategy an interdependence test were performed between the variables "Relations to head office" and "Acceptance". In the test respondents from Sweden that considered their relations to head office as weak and respondents from Germany that considered their relations to head office as strong were compared. Figure 13 illustrates the interdependence between the variables "Relations to head office" and "Acceptance" in the case of Sweden and Germany.

Figure 13: *Results from the interdependence test of the variables "Relations to head office" and "Acceptance" comparing respondents from Sweden and Germany*

5.1.5 Is the need of information saturated?

Table 2 illustrates the percentage of employees requiring more information and activities in order to increase the understanding of the new strategy. The results in table 2 are collected from questions 12 and 14 in appendix 1. These questions are not divided in any of the variables described above. The result in the alternative "Including I do not know-answers" represents all respondents answering the questions. The result in the alternative "Excluding I do not know-answers" only represents the respondents answering "Yes" or "No".

Countries	More Activities	More Information	More activities and More information
USA			
Including ("I do not know" answers)	43,4%	30,8%	35,8%
Excluding ("I do not know" answers)	59,0%	48,5%	51,4%
Germany			
Including ("I do not know" answers)	26,5%	17,6%	14,7%
Excluding ("I do not know" answers)	34,6%	21,4%	19,2%
Sweden			
Including ("I do not know" answers)	42,4%	48,5%	33,3%
Excluding ("I do not know" answers)	82,4%	80,0%	56,3%
Poland			
Including ("I do not know" answers)	61,1%	66,7%	44,4%
Excluding ("I do not know" answers)	62,5%	75,0%	50,0%
Italy			
Including ("I do not know" answers)	42,9%	37,0%	22,2%
Excluding ("I do not know" answers)	66,7%	45,5%	42,9%
All countries	More Activities	More Information	More activities and More information
Including ("I do not know" answers)	40,4%	40,3%	28,6%
Excluding ("I do not know" answers)	58,6%	50,8%	45,5%

Table 2: *Results of the respondents requiring more information and activities in order to increase their understanding of the new strategy*

In the questions illustrated above the respondents answering "Yes" to these questions were asked to specify what kinds of activities and information they required. Concerning the request for more information the most frequent answer was *general information* about the implementation process. Depending on their functional belonging many respondents asked for more specific information in various areas such as sales, marketing and products. Another frequent request was to be continuously informed about the results being made in the implementation process.

Concerning the request for more activities the most frequent answers were *workshops* and *seminars*. Another repeated request is that the local companies arrange more local meetings and hands on activities to help the employees to better understand how to work accordingly to the new strategies. There were also special requests concerning more education in the products.

6 Analysis of the strategic change

On the bases of the theoretical framework and our empirical findings we will in this chapter discuss the first two research questions in this thesis. The chapter will begin with a discussion about what system of factors that is most important to consider during a strategic change in an organization like ABS Group in order to succeed. This subchapter is mainly based on observations made at the different subsidiaries together with the theoretical framework. Thereafter we will describe how well the management team of ABS Group has succeed with the strategic change in terms of how well it has been understood and accepted among the employees in the organization. This part of the analysis is primarily based on results from the questionnaire.

6.1 System of factors to consider during a strategic change process

Through our theoretical and empirical studies we have realised that different factors create complex systems that influence the outcome of a strategic change process. To be able to carry out a successful change process these factors need to be mapped, understood and handled in a correct way. In the case of this master thesis three specific factors have been distinguished as important to consider especially in big global companies like ABS Group; *the corporate culture, the national cultures* and *people's resistance towards changes.*

6.1.1 Corporate culture

For ABS Group a change in corporate culture is necessary to fully support the new strategy. The old basic assumptions are not aligned with the new vision and need to be replaced with the new ones. These assumptions are often deeply rooted in an old industrial organization like ABS Group and are really demanding to change. The corporate culture can be complicated to define and many of the managers we have talked to during this study had a lot of difficulties when they tried to describe the corporate culture and the basic assumptions in their organization. It is therefore important to introduce the new culture and the new basic assumptions to all employees in an understandable way. It is also crucial to illustrate what the company could benefit from the new corporate culture and why the old culture has to be replaced. Without this awareness in the organization a change in corporate culture will most likely fail. Thus, it is important to remember that a change in corporate culture does not happen over a night.

Another interesting perspective to this discussion is that the different sales offices within ABS Group have been managed completely decentralized until now, which have added many different sub cultures in the organization. The many mergers that have been carried out through the years have contributed the formation of a heterogenic corporate culture since every acquisitioned company brought its own

culture. Multinational companies like ABS Group would benefit from a more harmonised corporate culture. Implementing changes in an organization with a homogenous culture is far easier than in an organization with many different cultures. In the case of ABS Group, it would simplify many thing especially things regarding the new strategy such as; working together as one team and showing one face towards the customers. While more and more companies expand over the borders due to the increasing globalisation, both organically and through mergers, this is an important aspect to take into consideration.

6.1.2 National cultures

National culture is another aspect well worth mentioning since it has strong influence on change processes for global actors. While ABS Group is operating in more than twenty different countries it is obvious that this aspect need to be considered while implementing a new strategy. The observations made during our visits in the five countries included in this study shows that the national cultures differs a lot and have a great impact, especially in the way of thinking, taking decisions, communicating and organizing. Some countries do certain things in a more appropriate and efficient way than others. Global companies need to be capable to see where desired activities are performed and be able to learn from these subsidiaries. The "best practise" examples then need to be visible to and adopted by the rest of the organization. With this approach a global company can really be able to benefit from all their different nationalities. When the change process is carried out we think that the implementation needs to be adapted to local conditions. The research shows that the results of the implementation vary between the different countries. This can depend on many factors as mentioned above and the national culture is probably one of them. People representing the different countries we visit clearly expressed different views in how they wanted their leader to act in the change process. People in some countries wanted clear directives from the management and others requested more individual decisions. Some wanted more financial directions and goals and others wanted more information about how to actually act in the daily life to be able to support the strategy. Differences in national culture require different approach in the implementation process in order to incorporate the new vision, strategy and new culture into the organization.

6.1.3 Resistance towards changes

The need of different approach in the implementation process is also connected to people's resistance to change. The resistance to change can definitely vary between countries but also between different individuals. This makes the change process even more complex. The studied theories emphasize the importance to understand the psychological factors behind the phenomenon of resistance. The fact that people feel anxiety and sometimes fear to a change must be taken seriously. During our observations in this study we strongly felt that most resistance depends on the lack of information and explanations about what the new strategy will generate and how it will affect the employees. During the workshops we attended to we experienced that

it was difficult for the employees to define and concretizes what the new strategy meant in more specific activities. Forums like these workshops are extremely important in order to invite the employees to discussions. This will hopefully erase some of the employees' question marks and also generate a better understanding among the management team about what the employees feel uncertainty for and what they think are difficult regarding the change. This is also an activity that can generate a feeling among the employees that every individual is seen and listen to by the management.

Rendahl emphasize that people has an inherent will to develop instead of wanting to limit their own or others potential. He thinks that most people certainly have a resistance towards changing their behaviour, but more important an inherent willingness to changes. Through this perspective it is important to, not only remember the employees that are in fact positive towards the change, but also to have a positive attitude towards the employees' capability to adopt the change. During this study we got the chance to meet employees that had worked within the company for many years but also those who was newly employed. It was a noticeable difference between these two groups of employees. The newly employed people were hungry to get to know more about the company and about the new strategy, but had according to their opinion got very little information. The people that had been in the company for a long time had a more timid attitude towards the change process and were more active in questioning it. Both of the two groups are very important to the company. The newly employed people can often generate a new way of thinking and more enthusiasm and energy to the company. The older people can often generate expertise and experiences. The power of employees wanting to change need to be taken care of and handled in the right way. If every individual's resources can be identified and encouraged through involvement and contribution during the change process, the understanding and acceptance for the change will improve.

When resistance towards change is discussed it is crucial to highlight that the history of a company affects the implementation process. The company in this study has a history characterized by innumerable attempt to introduce new strategies. The year before the new core values; challenger, caring and cleaning water was introduced, Cardo's former CEO presented his "five S" strategy. During this study the employees have strongly expressed their doubts towards new strategies. Their opinions are that with every new year it comes a new strategy, so why change this time when it will come new directives within short. This demands not only excellent communication skills but also a qualitative vision and strategy in order to convince the employees about the new direction.

6.1.4 Benefits of a structured change process

It is clear that a change process is one complex demanding task to handle. It is a numerous of things to consider in order to succeed. Well-planned process could serve as a tool in order to structure the implementation process and also highlight important step that cannot be forgotten. The step-by-step model based on Kotter's eight-step

model is a suitable tool when a strategic change process is handled. The study of ABS Group has shown what steps in the implementation process that have been appreciated among the employees but also what the management has forgot in this work. If all steps are worked out properly and in the right order the quality of the implementation can be secured. It minimizes the risk of forgetting important steps and the risk of failing the change process. A step-by-step model can also make it easier to set a reasonable time frame and to stick to it. This can result in a more time effective implementation process. If the change process is carried out in different steps the responsibility can easier be ascribed to different project leaders. The involvement of key persons within the different steps can in this way become much easier. In ABS Group the responsibility for the change process has been rather vague, which is why they should benefit from a more structured process. The energy level in the change process has also varied in the company during the past year. For companies like ABS Group a more well-defined process could continuously initiate the change process with new energy through different project leaders that can bring new enthusiasm and expertise into the different steps.

6.2 Analysis of the seven variables divided in countries

During our visits at the different sales offices we have realized that there are a lot of differences between them besides the obvious fact of national differences. Each office is characterized by its own complex context, which affects the impact of the strategy. As Tichy emphasizes it is important to view the change process from different perspectives in order to succeed. Since our aim is to measure and compare the status quo of the strategic change implementation we have taken the context of each office into consideration.

6.2.1 "General knowledge about ABS Group"

There are many critical matters for ABS Group in the process of aligning all subsidiaries with the new strategy. The corner stones in this process are the three core values; *Challenger, Caring and Cleaning Water*, which purpose are to support the vision and guide the organization into the right direction. Each core value requires an input from the organization in order to generate the desired output in terms of what their customers say and think about them. In order to become a challenger they have to create a feeling of being one company working towards the same goal. Each individual must feel solidarity in their work and they must all share one view of what they do. To be able to generate the desired output from the core value challenger they have to overcome their differences in structure within the company. The organization has been characterized by decentralised subsidiaries, all working towards individual goals with a lack of a comprehensive picture about the organization.

The results from the variable "General knowledge about ABS Group" show that it is the only variable with a homogenous result across the countries. The majority of all the employees have a low or very low knowledge about ABS Group. To be able to create the feeling of being one company it is important for the employees to be aware

of some basic circumstances in ABS Group. It is striking how many of the employees that are unaware of the number of employees at ABS Group. Many of the employees are also unaware of ABS Group's position compared to its global competitors. These results indicate the difficulties of breaking habits and routines in the way of working and thinking and many of the employees still consider their office as separated from the rest of the company. Although, we got the impression that there is a will among the employees to work closer together and a will to learn more about the company. In order to become "one-face" towards the customers they have to reduce the gap between how they want to be perceived by their customers and the perception of the employees.

6.2.2 "Amount of information"

As Rendahl points out, one of the essentials of an effective change is to understand the purpose of the change. Basically the understanding of the change is a necessity if the employees should be able to feel committed to the new strategy. The key is to communicate information about the purpose and also in what way the change will be carried out. The critical issue is to make sure that the communicated information reaches out to the employees in order to bring the process forward.

During 2005 ABS Group took the first steps in communicating the new vision and strategy into the organization. They used different communication channels in order to reach all employees and to make sure that the information was received repeatedly. The results from the variable "Amount of information" show that this has been accomplished with various successes. This variable illustrates to what extent the employees have received information about the new strategy and the purpose of the strategic change. The outcome clearly displays the difficulties to communicate information and to make sure that the information has been incorporated into the organization. A powerful way to communicate is through the behaviour of oneself. In order to change the employees' behaviour the management has to set a good example. In the case of Germany a majority of the respondents considers to have received a large amount of information. Due to the problems in the past the new strategy has been seen as a turning point for ABS Germany. The local management in collaboration with the management team from head office has put a lot of effort in communication. This effort has turned out to be rewarding and is an explanation to why they have achieved a better result to incorporate the information compared to the other countries.

ABS Sweden has not worked to the same extent with communicating the strategy and in return a minority of the respondents considers to have received a large amount of information. The conditions in Sweden are more complex than in the other countries due to the turbulence of reorganizations and downsizes. The results from the other countries vary but clearly the information has not fully been incorporated into the organization.

6.2.3 "Quality of information"

Information overload is a problem in many larger companies. There is no time for the single employee to capture the volume of information communicated in the organization. Kotter has a striking example of failed communication and how a change vision can drown in trash. During a period of three months the change vision represents no more than 0,58 percent of the total volume of communication during the same period. To avoid failed communication it is important that the information is as simple and direct as possible. The term strategy is for many people complicated and vague, which makes it even more important to simplify the message. The result from the variable "Quality of information" is homogenous among the countries and the majority of the respondents consider the quality of the information to be high or even very high. This indicates that the management team has been able to clarify the meaning of the strategy. Although the results from this variable have to be connected to the respondents considered to have received the information. The results only represent the respondents considered to have received any information at all but there is a clear pattern between the results. The countries considered to have received a lower amount of information also have a lower perception of the quality of the information.

6.2.4 "Knowledge of the core values"

The foundation of the new strategy is the three core values; *Challenger, Caring and Cleaning water.* Their purposes are to support the new vision and serve as guidelines for bringing out the new corporate culture. Trying to create a homogenous corporate culture is not easy and it is difficult to find one uniform definition of corporate culture. The terms corporate culture and core values are for many people diffuse and difficult to grasp. It is one thing to talk about creating a new culture with new values but another thing to root it in the organization. The culture is dependent on the history within the company and it is difficult for employees to adjust to a new situation that demands new fundamental assumptions. To enable homogeneity of the corporate culture within ABS Group it is important that the employees are familiar with the new core values. The results from the variable "Knowledge of the core values" show that the employees in Germany are highly familiar with the core values. There is a remarkable difference compared to the other countries were many employees are unfamiliar with the concept of core values and nevertheless the core values of ABS Group. Especially the employees in Sweden and Italy have a lack of knowledge concerning the core values. The information has not been communicated enough and in order to harmonize the culture between the organizations the employees in total need a better understanding of its basic assumptions.

6.2.5 "Understanding"

Communicating the information in a simple and understandable manner is a prerequisite to gain understanding and commitment for a new strategy. It is a difficult task and in many cases the vision and strategy is not communicated enough. The employees' perception of the goals with the strategy may not always be the same as

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the actual goals. The variable "Understanding" illustrates the gap between the perceptive and actual goals at ABS Group. It also indicates the employees' perception of how far each country has reached the goals. The level of understanding is similar concerning the goals to become customer focused and to be perceived by their customers as a partner. Though the level of understanding and the perception of how far they have reached these goals vary between the countries. There is a smaller gap between perceptive and actual goals in those countries considered to have received a larger amount of information concerning the strategy. These countries also perceive that they have come closer to reach these goals compared to countries with a lower level of understanding. The reason for lack of understanding is in many cases as mentioned above; the vision and strategy is not communicated enough. We agree but think that it is of necessity to evaluate each case separately. Besides from Germany the different countries have more or less received the same amount of information. To make sure that the information is incorporated in every organization it is important to consider the prevailing circumstances in respective organization. Due to their conditions some organizations are not ready to adopt and prioritize the strategic changes to the same extent as others.

The level of understanding concerning the goal to be perceived by their customers as a provider of package deals follows the same pattern as above in all countries except from one. The level of understanding in ABS Sweden is strikingly higher concerning this goal compared the other two goals measured. The results show that ABS Sweden has the highest level of understanding although they have the lowest perception of reaching this goal compared to the other countries. The perception of being far from reaching that goal is a reflection of the confidence within the company. To reach that goal the employees have to believe in the products and ABS Group's ability to provide package deals. They also have to feel confident and believe in their own competence. In ABS Sweden the employees' confidence in both their own and the company's ability are lower compared to the other countries. The Swedish confidence has been impaired due to the affects of the changes within the company. ABS Sweden has experienced a great loss of knowledge due to downsize and there is a distance between the employees from the three merged companies. Today they are in a project trying to stabilize the organization and reduce the segregation between the employees. It is essential for ABS Sweden to work closer together in order to increase their confidence and come closer to reach the strategic goals.

6.2.6 "Acceptance"

The acceptance of the change is the next crucial step in order to succeed with the change process. During a change process it is natural to encounter a certain amount of resistance. Accepting a new vision is a demanding task, both intellectual and emotional and the process gives rice to many questions for the individual employee. They question how the future will be, if they will manage to change accordingly to the new strategy and if it really is the right strategy for the company. People that mistrust the change activities need to see good results fast. By displaying short-term wins the scepticism will be undermined and instead create a motivation to engage in

the change process. To soothe people and attain acceptance during the process it is important to elucidate all the steps and achieved results during the change. In general the results from the variable "Acceptance" indicate a high level of acceptance in all countries. The respondents considered the quality of the information about the strategy to be low were represented by employees from Sweden and Italy. These employees also have expressed a lower level of acceptance compared to the other countries. They may not have reached as far as the other countries and require special attention. The lack of acceptance is a huge problem during the change process but it does not require any complicated solutions. Once again it comes down to information. The employees inquire information about the process and a continuous update of the results made in the process.

6.2.7 "Relations to head office"

Well-communicated information is a prerequisite to attain acceptance but there are other factors affecting the level of acceptance among the employees. Strategic changes often are top-down processes without much room among the employees to influence. Either you accept the changes or eventually you have to leave, voluntary or not. Sometimes a company has no other choice but to dismiss in order to prevent the spreading of negative attitudes. Naturally that is not a desirable outcome of the process. To reduce the risk of resistance the employees must have confidence in the management team communicating the new strategy. The employee have to trust the management team to do what is best for the company and in extension what is best for the employee. The results from the variable "Relations to head office" indicate a connection between perceived relations to members from the head office and acceptance. Respondents from Sweden and Italy who had a lower level of acceptance than others also perceive their relations to members from head office as weaker than respondents from the other countries. In the Swedish company it can be seen as a natural effect with a weakened relationship to members from head office due to the recent changes within the company. As a result their confidence in the management team has been damaged. When it comes to the employees from Italy they don't consider their relationship with the management team to be as week as the Swedish employees do. Though it is a remarkable difference compared to the other countries.

In a comparison between the Swedish company and the German company the affect of the employees' relations to members from head office becomes more evident. The majority of the employees in Germany value their relationship as stronger than the Swedish employees do. They have also reached a remarkable higher level of acceptance concerning the new strategy. During our visits in the different countries we got the chance to talk with the employees about their connection to head office. Those who had been in contact with members from head office valued these meetings highly and expressed a positive attitude towards the changes. Naturally it is not possible for the management team to talk personally to each individual employee but it is important for the management team to not underestimate the power of visibility.

6.3 Information; a profitable investment

Despite the different opinions of how to accomplish an effective strategic change most leading researchers within the area of change management agree on the importance of information. From our results we draw conclusions based on the amount of information received in each organization. There is a direct connection between the level of acceptance within an organization and the amount of information received. To further strengthen this argument a "chitwo-test" was made in order to statistically secure the interdependence between the variables concerning information and acceptance. As the result of the test returned a value that clearly exceeded the critical value the interdependence is confirmed.

It is both time consuming and expensive for a company to communicate information through different channels in order to incorporate a new strategy into the organization. The important issue to keep in mind during this process is what it will cost the company if several parts within the organization are working against the new strategy. All prior investments in communicating the information will be wasted if the company doesn't make sure that the information is fully incorporated. In ABS Group the investment so far is paying off but it requires more investments to fully incorporate the information.

6.4 Lack of confidence

As mentioned above to be able to reach the goals with the new strategy the employees have to believe in ABS Group's ability. They have to believe in the products and the knowledge within the company. Above all each employee has to believe in his- or herself. They have to feel confident and believe in their own ability. If the employees don't believe in themselves or in the company why should the customers do? During the two workshops we attended to many employees expressed insecurity and lack of confidence to work accordingly to the new strategy and their ability to provide the customers with complete package deals. The insecurity is a combination of ignorance about the strategy and how to actually work accordingly to the new strategy.

The results from the questionnaire show that half of the employees in the different countries feel confident in both ABS Group's ability and their own ability. Though it is a large group that doesn't think they have the sufficient competence in order to provide their customers with complete package deals. Many respondents requested education in the products in order to feel more confident. This result has to be seriously taken in consideration and acted upon. It is not all together a bad thing but implies great opportunities for ABS Group. The large group of employees with a lack of confidence has a strong belief in the company and a will to increase their own ability. This group needs to be focused on in order for ABS Group to become a powerful provider of package deals.

6.5 A hunger for knowledge

For more than a year ABS Group has been communicating the new strategy into the organization. As the results from the variable "Amount of information" show the success has varied between the different countries. In some organizations only a minority of the employees have taken part of the information or in the activities arranged to learn more about the strategy. The communication is the first crucial step in the strategy implementation and it is of essence to increase the knowledge about the strategy among the employees. Both our observations and results from the questionnaire indicate that taken together a majority of the employees inquire more activities and information concerning the strategy. In Germany fewer employees inquire more information compared to the other countries. This is a natural affect due to their active work with the strategy implementation, but it is remarkable that there still is a large group inquiring more information. There are two sides of the coin concerning the total results. Obviously the downside is that many employees don't have enough knowledge about the new strategy. The information has not been completely incorporated into the organization. Certainly they have made progress but there still needs more effort in order to succeed. On the positive side, since a majority of the employees inquire information there is a curiosity and a motivation to learn more about the new strategies. This is important to keep in mind during the continuing process.

7 Recommendations and conclusions

In this final chapter we will present our conclusions of this master thesis. First we will present our recommendations in how ABS Group ought to proceed with the strategic change process. These recommendations are based on the analysis of our two first research questions in chapter 6. By highlighting the most important findings and giving our recommendations to ABS Group, we attempt to answer our purpose. In the end of the chapter we will suggest interesting fields for further research.

7.1 Recommendations to ABS Group

It is impossible to describe a generic method of how to successfully carry out a strategic change process. To begin with, it is a question of how extensive the change is going to be. Sometimes small improvements can be enough but when a more extensive change is required, the answers in how to succeed with the change will be more complex and comprehensive to understand. Further on, the structure of an organization affects the options of suitable implementation methods. A more complex structure also demands a good comprehensive view in order to manage a change process. In the case of ABS Group the desired change is extensive and due to differences among the many subsidiaries the organizational structure can definitely be considered as complex. These complexities are not rare and many companies are or have been in the same situation as ABS Group. However, at the end of the process few companies reach their desired outcome with the strategic change.

With this study we aim to give recommendations to ABS Group in how to proceed with the strategic change process. In order to do so we have studied a system of factors that is important to consider during a strategic change process. We have also measured the state of the art among the employees concerning the new strategy implementation. Due to the limitation of this study, only a restricted number of factors are distinguished and a limited number of employees have participated. Therefore these recommendations are not to be seen as a complete solution to reach the strategic goals, but rather as a help that emphasizes issues to consider when the process is continued.

In the case of ABS Group we strongly believe that it is essential to use a well-structured change process in order to control the different steps and avoid disregarding decisive steps. We think that the step-by-step method presented in the theoretical framework is a useful tool for ABS Group. A more structured process will generate many benefits and serve as both a quality assurance as well as an evaluation tool.

Our empirical findings reveal that ABS Group has carried out many important activities during their implementation process but there are certain activities that need more action. In our recommendations we will pinpoint those steps we consider need more attention or that ABS Group has overlooked.

To bring out and establish the new vision in the organization it is important to *create a powerful coalition.* ABS Group needs active supporters of the strategy in every organization in order to motivate the employees and push the process forward. It is impossible for the top management team to continuously be globally active in the change process. This is why the top management team has to work closer with the local management teams. The local management teams are crucial in order to incorporate the strategy into the organization. Every organization needs motivators that have to set a good example and "walk-the-talk". The positive results from respondents in Germany clearly illustrate the benefits of a close collaboration between the top management team and the local management team. We strongly recommend the top management team to proceed in the same manner with the Swedish sales office. This office suffers form lack of trust and confidence in how to adopt the new strategy, and needs compassion, understanding and positive influences from the top.

To reinforce the power of a strong change-coalition we also suggest that the top management create a team consisting of employees that are positive to the change process and that represent different departments and countries within ABS Group. This group ought to meet each other frequent in order to discuss the development of the change and issues concerning the implementation. A diversified group will probably generate many interesting perspectives that will improve the outcome of the strategic change process. The team will work as change agents within their own organizations but also set good examples in how the company can benefit from more cooperative work over the boarders.

When *developing a vision and strategy*, a good vision simplifies the change process by clarifying the direction of the change. It should also motivate employees to take the right actions in order to support the change. We are under the impression that the communicated direction of the change is on a too abstract level. The vision is clear but our opinions are that the employees need more concrete information in how to actually act in their daily life. Perhaps it would be preferable to design an activity plan that could state important activities to the different departments. An activity plan could work as guidelines towards the objectives with the new vision. It could also serve as an evaluation tool when evaluating the company's performance. While being more concrete it is important not to only highlight what they have to change or begin with but also emphasize what they should continue to do.

One of the most important steps is to *communicate the vision* in the right way. The results from our empirical study show that the majority of the employees at ABS Group both need and want more information. We believe that the different organizations need different kinds of information depending on how far they have come in the process. The results made it clear that many of the organizations don't even have the knowledge of who ABS Group is. This basic information is a

prerequisite to be able to create a feeling of being one company. The communicated information has to be adapted to the prevailing conditions in every organization.

We also want to highlight what potential the company has in their newly employed. In Florida we met many newly employed people that hungered for more information about the company and the new strategy. These people have no history within the Group that influence their opinions about the change process. Instead, they have an optimistic attitude towards the project. In this case we suggest the company to invest in these new people in terms of more information and activities to make use of their positive energy.

The fifth step in the step-by-step model, *empowering broad-based action*, highlights the importance of supportive structures, skills, systems and managers. In the case of ABS Group the company has initiated projects in changing the organization in many different ways, everything from IT-systems to manager assessment tests. The organization is really on the right track in many of these cases. In this aspect we want to make the top management team aware of that the employees generally want more training in different aspects. A noticeable number of employees do not feel that they have the right competences to fully work according to the new strategy. This issue needs to be solved, which is why we stress the importance of suitable training sessions. Many of the employees have expressed their frustration over not being measured in other values than sales and found it hard to identify incitements for spending time on the change process. Therefore, we also think that ABS Group needs to specify how and in what extent the employees need to work with the new strategy in their daily work. The company needs to design systems that reward actions that support the new strategy. Without clear incitements the strategic change will most likely not be successful.

The employees, especially in USA, requested more information about results of the change process. They wanted more figures in how they are doing and what figures they are aiming for. To create and retain motivation and energy during the change process it is crucial to *generate short-term wins*. The company has started with various activities like this such as the competition, *the challenger*. This is a good start but we suggest more activities like this especially in those subsidiaries where it is requested.

Right now ABS Group can be considered to be in the beginning of their strategic change process. They aim to be in great shape 2008 but have to be aware of that there will continue to be a continuously pressure to change. The competitors will in fact always wait for a change to strike back. The organization need to develop a more effective way to handle changes since they will appear perhaps even more frequent than ever. As a major change takes time it is important to not declare victory too early and to risk momentum in the transformation. The change has not succeeded until the new way of doing things has become the common way to do it and used in the daily work.

7.2 Conclusions

7.2.1 Overall conclusions

When we studied theories within the field of change management we found it rather simple and clear to understand what a change process demands. Most of it seemed more like common sense than nothing else and in the beginning we did not find any in particularly surprising news. We could hardly call this research area a rocket science. Despite that, it appears extremely difficult to manage a strategic change successfully. Our empirical findings have taught us that it is a really complex context to consider influenced by people's feelings, attitudes and capabilities. It demands a comprehensive view over the whole situation and an understanding about the system of factors affecting the change process. A strategic change process also demands a lot off insight in psychological factors related to actions of the single individual and interactions between individuals.

It is difficult to define the corporate culture in each subsidiary but for certain the culture varies between the organizations. It is important for the top management team to get an understanding of the different cultures and beliefs before they try to change prevailing behaviours and assumptions. A more harmonized corporate culture between the organizations is evident to bring the vision forward of being one company working in close collaboration over the boarders. A more harmonized culture will also facilitate the integration of future mergers. However, we strongly believe that it is important to not totally erase the prevailing cultures but rather to add new elements in order to align the cultures with the new strategy. It is evident to find a balance of keeping the working elements of the culture and adding new elements that are missing. In the case of national cultures it is evident to find a balance of adaptation and consistence. The top management team has to decide to what extent the organizational systems should be standardized or adapted to local market conditions. Being more familiar with the different cultures could benefit the implementation process by learning from each other and use best practices examples.

To manage a change process, creating and caring for relations becomes crucial. Different kinds of relations need to be created with different kinds of people. A change agent must be visible to the employees concerned in order to gain trust among these people. Since all people are different this requires a great deal of awareness about how to handle all these differences. One way of building relations to one person does not work in the same way with others. A lot of the change agent's time will be spent in just creating and caring for these relations, especially in global companies where the change agent needs to travel a lot to be able to meet everyone. In this study it has been obvious that many employees appreciate direct contact with the change agent, in this case the CEO, and find it an important source for motivation and trust.

The acceptance of the strategy among the employees has strongly been influenced of their relations to the top management team. To further stress the importance of

looking after and nurture relations with the employees; a strong relationship reduces the resistance towards the change. We experienced a more positive attitude towards the change among those employees that felt confidence and trusted in the top management team. In the case of ABS Group it is exceptionally important in the implementation process to mediate the seriousness of the new strategy due to the history of frequent strategic changes within the company. Otherwise there is a risk the strategy will be dismissed as just being one in a row. This puts highly demands on the communication skills within the company.

Communication has been a frequent returning topic throughout this thesis. We have studied different aspects in communication and believe that this is one of the most critical steps in an implementation process. One obvious conclusion that we can draw from this study is that people communicate in totally different ways. What you say will not necessarily be understood as you mean it. In the case of ABS Group it is not just the different languages that could generate difficulties and misunderstandings, the different cultures and personalities also create difficulties in order to reach consensus. It is necessary to be aware of these difficulties when communicating a new vision and strategy, especially since these matters use to be quite ambiguous messages. Corporate visions and strategy sometimes tend to be expressed through something that could be called corporate bullshit[109], fancy words that together should express the vision and the strategy in a short nice way. This tends to be hard for others than the management to understand. We emphasize the importance to keep messages like this as simple as possible and not make it more complicated than it is.

We also want to highlight the difficulties in finding a balance between how much time the change process can occupy from the daily work. Many of the employees expressed their frustration over not being measured in other values than sales and found it hard to identify incitements for spending time on the change process. The daily work has to continue because in the end of the day the main goal is still to make money. This is why it is crucial that the management team can manage to create a strategy that supports the vision but also align all necessary daily measures with the strategy and vision.

7.2.2 The theoretical contribution

The theoretical contribution in this thesis is primarily the presented step-by-step model, cross-fertilized by various opinions from different authors. The original steps in Kotter's eight-step model are complemented with more substance, especially about communication since this has been a frequent topic throughout this study. Structured change processes can definitely help an organization with structuring, implementing and evaluating their change process. When complex situations like a strategic change process is handled a tool like the step-by-step method presented in this thesis is preferable. It will minimize the risk of failing or forgetting important steps. The step-by-step model does not alone constitute the total theoretical contribution in this case.

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[109] Management high-sounding empty phrases

By the theoretical framework we have intended to create an overview of the issues concerning a strategic change process. Through presenting three factors that may affect the outcome of a strategic change, highlighting the importance of understanding and acceptance among employees and describing the role of a change agent we argue that this together creates a good overview in many ways. The most significant message that these theories contribute is that the complexity of a change process needs to be considered and mastered if it should be successfully implemented.

7.2.3 Method discussion

In this final stage of the master thesis it is interesting to discuss how well we fulfil the purpose of the study. Overall, we consider the three main research questions to be answered in a proper way. We have highlighted important factors that influence a strategic change process in a multinational company like ABS Group. We have been able to support the arguments of why and how these factors influence the implementation with both theoretical and empirical findings. Due to the fact of the time limited study we have not been able to map a complete system of factors affecting the strategic change process. Although, we have discussed this complex context and that it needs to be taken in consideration when managing an extensive change process.

We believe that our choices of methods in this study have been appropriate for the purpose of the thesis. Our continuous cooperation with Fredrik Groth and the communication and statistics consultant firm, Q-mind, have increased the validity of our survey that is the foundation of the thesis. By complementing the questionnaire with interviews and observations and thereby combine a qualitative and quantitative research approach we have further increased the validity of the study. In order to increase the substance of the survey we would have preferred to conduct structured interviews with the employees; due to the time limitations this was not possible. The conditions at each site were to a great extent similar for each respondent participating in the survey which increases the reliability of the study. Neither of the respondents had seen the questions before our visit but we could not demand each respondent to fill in the questionnaire while we were present. This fact made it possible for some of the respondents to talk to each other before filling in the questionnaire and this fact could have an influence of the reliability of the result.

Through the different variables that we decided to investigate among the employees at ABS Group, we are satisfied with the outcome. The answering frequency was very high; above 70 per cent in each country. The questionnaire, interviews and observations made at the company have generated interesting conclusions and important aspects. We think that ABS Group will benefit from taking this outcome in consideration when they proceed with their change process.

The recommendations we give ABS Group in this thesis are far from a complete package of solutions, but we have pinpointed where they have potentials to improve the implementation.

7.3 Further research

In this master thesis we have only studied a few of many factors that affect a strategic change process. To fully understand what system of factors that influence an implementation of a new strategy it is necessary to map and understand the whole context. A complete research of this will take long time and also vary between different companies since every company is characterized by its unique situation. It is impossible to create a framework that fits all organizations and situations, but we are convinced that further research in this area will help to clarify this complex context in many cases. Because of the limitation of this study we also recommend further study of the three factors we chose to highlight in this thesis; corporate culture, national cultures and people's resistance towards changes. A deeper research needs to be done on these three factors in order to fully understand how they affect each other and the change process.

It is also interesting to further investigate to what extent the strategy implementation needs to be adapted to local conditions in order to be incorporated successfully throughout the whole organization in a company like ABS Group. To what extent can the process be the same in every subsidiary and what parts need to be locally adapted?

Since ABS Group is in the beginning of an extensive strategic change process it was difficult for us to study the change in behaviour among the employees at this point of the project. At this state it was more crucial to study the level of information, understanding and acceptance in the organization. A prerequisite for a successful implementation of the new strategy is to align the employees' behaviour with the new strategy. Therefore, we strongly recommend further research in how the behaviour has changed as a result of the implementation process. This kind of research will not be required until later in the change process when a more stable foundation has been created within the company.

In this master thesis we only investigate the employees' opinions about the change process, but it is also important to consider the customers' view in this aspect. This is the reason for us to suggest a follow up in terms of a customer satisfaction survey. To be able to work in a more market oriented way it is necessary to understand how to satisfy the customers' demands. ABS Group has clearly expressed how they want to be perceived by their customers and can quite easily do a follow up on how well they have reached these goals. This kind of study will help the organization to better understand what their customers want but also how well they are managing to satisfy these needs. The needs can also vary between different customer groups, which are why we emphasize further research on customer segmentation. A systematic segmentation of the customers can probably generate more knowledge about what different customers require and how to act in order to satisfy different segments. Perhaps this could also result in identifying and separating more profitable customer groups from unprofitable ones.

To strengthen our arguments that it is important to gain high acceptance among the employees for the new strategy, it would be interesting to further examine weather the level of acceptance has an impact on the customers' perceptions of ABS Group. Do the employees with a higher level of acceptance face their customers in a better way according to the new strategy? Does the level of acceptance affect the customer satisfaction? In the case of this master thesis we can not draw any conclusions about this matter.

Last but not least we suggest further research in driving forces for motivation. The employees need to be given the right incitements for working and acting accordingly with the new vision and strategy. What are the factors for motivation in this case?

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Interviews

Aru Peter, President Cardo AB, Sweden, Malmoe.

Bergving Maria, Group Communications Director Cardo AB, Malmoe.

Castelnuovo Roberto, Managing Director, ABS Italy, Milan.

Groth Fredrik, President ABS Group, Sweden, Malmoe.

Hahne Charlie, Managing Director, ABS Sweden, Stockholm.

Levandowski Maciej, Sales Manager, ABS Polen, Warsaw.

Panenka Udo, Sales Manager, ABS Germany, Bonn.

Robinsson Paul, Sales Manager, ABS USA, Orlando.

Sandström Johan, Managing Director, ABS USA, Meriden.

Electronic sources

www.absgroup.com, 2006-03-04, update: 2005
www.cardo.com, 2006-03-04, update: 2005-03-05

Appendix 1

QUESTIONNAIRE: Strategy implementation at ABS Group

BACKGROUND VARIABLES

1) Which year was you employed? _____

2) Which department do you work for?
(*service, administration, sales etc.*) _____

3) Do you have a managing role?

☐ Yes

☐ No

GENERAL QUESTIONS ABOUT THE ABS GROUP

4) Do you have any idea of how many people are working for ABS Group today?

☐ About: 50 ☐ About: 2000 ☐ About: 5000 ☐ About: 10 000
☐ I do not know

5) Estimate how many global competitors ABS Group has today:

☐ About: 5 ☐ About: 10 ☐ About:50 ☐ More than 100 ☐ More than 500
☐ I do not know

6) Estimate how ABS Group is ranked in comparison to its competitors in regards of turnover:

☐ Number 1 ☐ Number 2-4 ☐ Number 5-10 ☐ Number 11-20 ☐ Other

☐ I do not know

INFORMATION

Strategy generally means how an organization is supposed to reach its goals. Strategy can be defined as a company's long range goals and how well the company uses its resources to reach these goals. When we use the word strategy in the questionnaire we refer to how ABS wants to position itself on the market, how ABS wants to compete with its competitors and what ABS wants to offer its customers.

7) Are you aware of the fact that ABS Group headquarters distribute the newsletter INTERNAL NEWS?

☐ Yes ☐ No

8) How often do you to read this newsletter?

☐ Every edition ☐ Sometimes ☐ Very seldom ☐ Never

9a) Have you received the White Book ("In full flow")?

☐ Yes ☐ No

9b) If not, are you aware of the White Book?

☐ Yes ☐ No

10a) Have you received information about why ABS Group has implemented new strategies?

☐ Yes ☐ No

10b) If yes, do you understand the reason for implementing the new strategies?

☐ Yes, definitely ☐ Yes, somewhat ☐ Not really ☐ Definitely not

☐ I do not know

11) Have there been any special activities (seminars, workshops etc.) with the purpose to help you better understand the strategy of ABS Group?

☐ Yes   ☐ No   ☐ I do not know

If yes, can you say what kind of activities_____

12) Do you wish that the company had arranged more activities concerning the implementation of the strategy?

☐ Yes   ☐ No   ☐ I do not know

If yes, can you say what kind of activities_____

13) Has the information concerning the ABS Group's strategy been easy to grasp?

☐ Yes, definitely   ☐ Yes, somewhat   ☐ Not really   ☐ Definitely not

☐ I have not received any information

14) Do you wish that you had received more information concerning the implementation of the strategy?

☐ Yes   ☐ No   ☐ I do not know

If yes, can you specify what kind of information_____

15) Is there any special activity concerning the implementation of the strategy, that you consider particularly good or bad? If so, please specify what kind of activity:

……………………………………………………………………………………………………

……………………………………………………………………………………………………

………………………………….............................

16) Would you say that you have a clear view of the strategy of ABS Group?

☐ Yes, definitely   ☐ Yes, somewhat   ☐ Not really   ☐ Definitely not

☐ I do not know

17) Do you believe that the ABS Group's chosen strategy is the right one?

☐ Yes, definitely ☐ Yes, somewhat ☐ Not really ☐ Definitely not
☐ I do not know

INTEGRATION

18) Do you believe that the integration of the multiple brand names, used previously, into the brand name ABS Group will increase the team spirit between the different companies?

☐ Yes, definitely ☐ Yes, somewhat ☐ Not really ☐ Definitely not
☐ I do not know

19) Do you believe that forming the ABS Group brand name will enhance the understanding of your business proposals?

☐ Yes, definitely ☐ Yes, somewhat ☐ Not really ☐ Definitely not
☐ I do not know

20) Do you believe that the ABS Group management has been good at promoting the new strategy throughout the organization?

☐ Yes, definitely ☐ Yes, somewhat ☐ Not really ☐ Definitely not
☐ I do not know

21) Would you say that you generally have a positive attitude towards the new ABS Group?

☐ Yes, definitely ☐ Yes, somewhat ☐ Not really ☐ Definitely not
☐ I do not know

VISION, IDENTITY AND CORE VALUES

The corporate identity can be described as the values, practices and branding an organization uses in their work internally and towards their customers and suppliers.

22) Do you feel that ABS Group has a clear identity?

☐ Yes ☐ No ☐ I do not know

23) Do you believe that people outside ABS Group think that the company has a clear identity?

☐ Yes   ☐ No   ☐ I do not know

24) How would you shortly describe the identity of ABS Group?

…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
………………

Questions 25-27 are so called opposite questions. Please fill in the box that you believe is equivalent to what ABS Group wants to be perceived as, and also fill in where on the scale you believe ABS Group is today. Please note that you only shall mark each question with *one* mark.

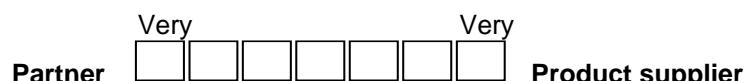**25 a) I believe that ABS Group wants to be perceived as being:**

Very   Very

Customer oriented ☐☐☐☐☐☐☐ **Product oriented**

25 b) Where on the scale do YOU think that ABS Group is today?

Very   Very

Customer oriented ☐☐☐☐☐☐☐ **Product oriented**

26 a) I believe that ABS Group wants their customers to see them as:

Very   Very

Partner ☐☐☐☐☐☐☐ **Product supplier**

26 b) Where on the scale do YOU think that ABS Group is today?

Very   Very

Partner ☐☐☐☐☐☐☐ **Product supplier**

27 a) I believe that ABS Group wants to be known to offer:
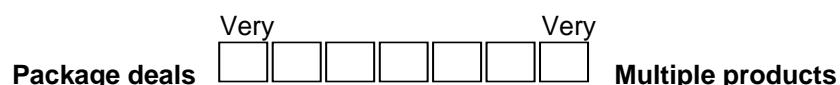
Very   Very

Package deals ☐☐☐☐☐☐☐ **Multiple products**

27 b) Where on the scale do YOU think that ABS Group is today?

Very   Very

Package deals ☐☐☐☐☐☐☐ **Multiple products**

28) Do you know the concept of corporate core values?

☐ Yes   ☐ No

29) Does ABS Group has core values?

☐ Yes   ☐ No   ☐ I do not know

30) If you answered yes to the question above, please mark the three words you believe are ABS Group's core values:

☐ Caring   ☐ Challenger   ☐ Fresh Water   ☐ Contestant

☐ Competitor   ☐ Understanding   ☐ Interest   ☐ Cleaning Water

☐ Considerate   ☐ All about Water

31) Do you experience good cooperation between the different companies within ABS Group?

☐ Yes, definitely   ☐ Yes, somewhat   ☐ Not really   ☐ Definitely not
☐ I do not know

32) Do you believe that ABS Group is able to offer competitive package deals to the customers?

☐ Yes, definitely   ☐ Yes, somewhat   ☐ Not really   ☐ Definitely not
☐ I do not know

33) Do you believe that you have enough knowledge to be able to offer/serve package deals to the customers?

☐ Yes, definitely   ☐ Yes, somewhat   ☐ Not really   ☐ Definitely not
☐ I do not know

34) Do you believe that the ABS Group personnel engage themselves in their customers?

☐ Yes, definitely   ☐ Yes, somewhat   ☐ Not really   ☐ Definitely not
☐ I do not know

RELATIONS

35) Do you believe that the representatives of the ABS headquarters are available to the extent that you wish?

☐ Yes, definitely ☐ Yes, somewhat ☐ Not really ☐ Definitely not

☐ Cannot decide

36) Do you believe that the headquarters show understanding to your company's situation?

☐ Yes, definitely ☐ Yes, somewhat ☐ Not really ☐ Definitely not

☐ Cannot decide

37) Has anyone from the headquarters visited your company?

☐ Yes ☐ No ☐ I do not know

38) Do you believe that the representatives of the headquarters take time to listen to your opinions?

☐ Yes, definitely ☐ Yes, somewhat ☐ Not really ☐ Definitely not

☐ Cannot decide

39) Do you have any opinions on the change process that is not covered by our questions?

…………………………………………………...
....
....
....
....

40) Please leave your e-mail address below if we are allowed to contact you for further complementary questions. This is totally voluntary and you will stay anonymous in our results even if we contact you for complementary questions:

....

Thank you for your participation!

Annika and Malin

Appendix 2

Knowledge and Yes/No questions:

"General knowledge about the ABS Group"

Answers and classification:

All wrong or I don not know answers	= very low
1 correct answer	= low
2 correct answers	= high
3 correct answers	= very high

Included questions:
- Do you have any idea of how many people are working for ABS Group today?
- Estimate how many global competitors ABS Group has today:
- Estimate how ABS Group is ranked in comparison to its competitors in regards of turnover:

"Knowledge of the core values"

Answers and classification:

Respondents that have answered either that ABS Group doesn't have any core values or that they don't know are placed in the very low category.

All wrong, I do not know and ABS group

doesn't have any core values	= very low
1 correct answer	= low
2 correct answers	= high
3 correct answers	= very high

Included questions:
- Does ABS Group have core values?
- If you answered yes to the question above, please mark the three words you believe are ABS Groups core values:

"Amount of information"

Answers and classification:

2 x No   = low
1 Yes   = average
2 x Yes   = high

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Included questions:
- Have you received information about why ABS Group has implemented new strategies?
- Have there been any special activities (seminars, workshops etc.) with the purpose to help you better understand the strategy of ABS Group?

Questions based on opinion:

An average point is calculated for each respondent. The score is ranged from 1-4 and the boundaries are set so that the respondent is required to have more than half of the same answers to be placed in a class ranged from very low-very high.

Answers	Points	Boundaries	Classification
No, absolutely not	1	1-1,5	Very low
No, not really	2	1,51-2,5	Low
Yes, somewhat	3	2,51-3,5	High
Yes, absolutely	4	3,51-4	Very high
I do not know	*	*	Excluded

"Quality of information"

Included questions:
- Has the information concerning the ABS Group's strategy been easy to grasp?
- Do you believe that the ABS Group management has been good at promoting the new strategy throughout the organization?
- Would you say that you have a clear view of the strategy of ABS Group?
- If yes, do you understand the reason for implementing the new strategies?

"Acceptance"

Included questions:
- Do you believe that the ABS Group's chosen strategy is the right one?
- Do you believe that the integration of the multiple brand names, used previously, into the brand name ABS Group will increase the team spirit between the different companies?
- Do you believe that forming the ABS Group brand name will enhance the understanding of your business proposals?
- Would you say that you generally have a positive attitude towards the new ABS Group?

"Relations to head office"

Included questions:
- Do you believe that the representatives of the ABS headquarters are available to the extent that you wish?

- Do you believe that the headquarters show understanding to your company's situation?
- Do you believe that the representatives of the headquarters take time to listen to your opinions?

"Understanding"

Answers and classification:

Green field   = Achieved result/max
Red field   = (Perceived goal/max) - Achieved result
Yellow field   = 1-Perceived goal

Scale: 1-7 1= min and 7 =max

Perceived goal   =   26a, 27a, 28a.
Achieved result   =   26b, 27b, 28b.

To obtain the categories Achieved result and Perceived goal the sum of the respondents answers is divided by the maximum (7x number of respondents).

When comparing the employees with the management the same method was used.

- To obtain weights representative to the number of employees and management in each country the following weights were applied.

$$\left(\frac{Management_{\;USA}}{Management_{\;Al}}\right) \times Score_{\;USA} + \left(\frac{Management_{\;Gemany}}{Management_{\;Al}}\right) \times Score_{\;Germany} + \left(\frac{Management_{\;Sweden}}{Management_{\;Al}}\right) \times Score_{\;Sweden}$$

$$+ \left(\frac{Management_{\;Poland}}{Management_{\;Al}}\right) \times Score_{\;Poland} + \left(\frac{Management_{\;Italy}}{Management_{\;Al}}\right) \times Score_{\;Italy}$$

- The same weighs has been used for the employees

Included questions:
The goal to be customer oriented:
- I believe that ABS Group wants to be perceived as being:
- Where on the scale do YOU think that ABS Group is today?

The goal to be perceived by their customers as a partner:
- I believe that ABS Group wants to be perceived as being:
- Where on the scale do YOU think that ABS Group is today?

The goal to be perceived by their customers as a provider of package deals:
- I believe that ABS Group wants to be perceived as being:
- Where on the scale do YOU think that ABS Group is today?

Questions presented separate from the variables

The confidence matrix
The matrix is based on the questions about ABS Group's ability and the individual's ability to deliver package deals. The combination of answers decides were in the matrix the respondent is placed. Depending on the level of confidence the respondent is classified in one of the groups "Disillusioned", "Lack trust", "Require competence" or "All set".

Answer	Classification
No, absolutely not	Very low
No, not really	Low
Yes, somewhat	High
yes, absolutely	Very high
I do not know	Excluded

Disillusioned	Lack trust	Require competence	All set
Very low	**High**	**Very low**	**Very high**
Very low	**Very low**	**High**	**Very high**
Very low	**High**	**Very low**	**Very high**
Low	**Low**	**Very high**	**High**
Low	**Very high**	**Low**	**High**
Very low	**Low**	**High**	**Very high**
Low	**Very high**	**Low**	**High**
Low	**Very low**	**Very high**	**High**

Included questions:
- Do you believe that you have enough knowledge to be able to offer/serve package deals to the customers? *(Marked in red in the table)*
- Do you believe that ABS Group is able to offer competitive package deals to the customers? *(Marked in blue in the table)*

Information and activity table

Included questions:
- Do you wish that the company had arranged more activities concerning the implementation of the strategy?
- Do you wish that you had received more information concerning the implementation of the strategy?