Change Management in APS Group BV

Tiivistelmä

Tekijä(t)	Julkaisun laji	Valmistumisaika
Santasalo, Mikael	Opinnäytetyö, AMK	Kevät 2021
	Sivumäärä	
	40	

Työn nimi
Change Management in APS Group Bv

Tutkinto
Tradenomi (AMK)

Toimeksiantajan nimi, titteli ja organisaatio
Mike Overduin, Client Services Director, APS Group Bv

Tiivistelmä

Opinnäytetyössä selvitettiin, miten olemassa olevia muutoksenhallintamalleja ja organisaation analyysityökaluja voidaan soveltaa Case Companyn tilanteeseen. Sen tavoitteena oli tutkia, mitä Case Companyn on tehtävä organisaation näkökulmasta varmistaakseen, että tilitiimit seuraavat ja hyväksyvät uuden strategian. Lisäksi tutkimuksen toissijaisina tavoitteina oli vertailla Case Companyn nykytilannetta haluttuun tulevaan tilanteeseen ja analysoida kilpailuetujen lähteitä.

Opinnäytetyössä käytettiin kvalitatiivista tutkimusmenetelmää, erityisesti deduktiivista analyysiä. Tämä tarkoittaa, että se käytti olemassa olevaa teoriaa ja sovelsi sitä Case Companyn tilanteeseen. Kirjallisuuskatsauksen aikana valittiin ajantasaiset muutoksenhallintamallit ja käytettävissä olevat organisaation analyysityökalut.

Tämän seurauksena opinnäytetyö loi luettelon Case Companylle suosituksista, joita voidaan käyttää varmistamaan, että tilitiimit omaksuvat uuden strategian. Lisäksi opinnäytetyö loi listan avainkysymyksiä, joita voidaan käyttää tiimin kokoonpanon hallinnassa ja strategisen muutoksen seuraamisessa.

Lisätutkimussuositukset sisälsivät pilottitiliryhmien tulosten huolellisen analysoinnin annettujen suositusten ja avainkysymysten avulla. Lisäksi Case Companyn kilpailuedun ja organisaation tehokkuuden lähteitä suositeltiin tarkemmin analysoitaviksi.

Asiasanat
Muutosjohtaminen, muutosten hallinta, strategia, tilitiimi

Abstract

The thesis researched how existing change management models and organizational analysis tools can be applied to Case Company's situation. Its objective was to find out what does the Case Company need to do from an organizational perspective to make sure the new strategy is being followed and adopted by the account teams. Additionally, secondary objectives for the research were to compare Case Company's current situation to its desired future situation and analyze its sources of competitive advantage.

The thesis utilized qualitative research methodology, more specifically deductive analysis. This means that it used existing theory and applied it to Case Company's situation. During the literature review most up to date change management models and organizational analysis tools available were chosen.

As a result, the thesis created a list of recommendations for the Case Company that it can use in ensuring that the new strategy is successfully adopted by the account teams. Additionally, lists of key questions that could be used in managing team composition and in tracking the strategic change were created.

Further study recommendations included carefully analyzing the pilot account teams results using the recommendations and key questions provided. Additionally, Case Company's sources of competitive advantage and organizational effectiveness were recommended to be further analyzed.

TABLE OF CONTENTS

1 INTRODUCTION

1.1 Background

Today's business environment is rapidly changing. Thus, the ability to react to new emerging trends is important to any organization because, without change, businesses would lose their competitive advantage and their ability to meet the needs of their clients. So, a company that wishes to succeed must first learn to lead and manage change. (smallbusiness.chron.com 2017.)

The main trend in business during recent years has been that offline is moving more and more towards online activities. Especially in Case Company's case, offline productions such as print, and Point of Sale are not considered to be core anymore and are moving towards being complementary to the online activities. These online activities include, for example, creative and studio services and Case Company's ERP-system. (Interviewee 1 2021a.)

Due to the COVID-19 pandemic, digitalization has progressed even faster, as was found out in the macro economic analysis in the report written for Case Company (Santasalo, 2020). This, coupled together with the fact that the customers have higher demands for Case Company to be able to provide these services, has led to Case Company having to reconfigure their strategic goals to meet the requirements of the changed business environment (Interviewee 1 2021a).

Case Company's new strategy and its strategic goals focus on increasing its creative services capabilities. Also, Case Company's future goal is to be a tier 2 supplier (Interviewee 1 2021a) Which, in this case means that it would instead of being a strategic agency, be more focused on picking up a concept and design and move them into production (Liegl 2020).

Along with the new strategy, Case Company, which is an operational controlled organization that has in the past acted mostly reactively to customer's requests, wishes to transform into a more proactive organization. This is because Case Company has identified that they need to think ahead of its clients to deal with the changes in the market. (Interviewee 1 2021a.)

To reach this strategic goal, Case Company has hired new staff especially for their Creative Services with relevant backgrounds. These include Art Directors and Senior Designers. Currently, they are also looking for a Creative Account Director who can work in cooperation with Case Company's key accounts. This means that the changes in Case Company's strategy most heavily impacts its account department as most its employees' backgrounds are not in agency, but instead in production services and print. (Interviewee 1 2021a.)

This has raised a need for change management, which means creating change within an organization by affecting the way the individuals within it think and act. The goal of change management is to improve the business implementing it in some manner, for example, by reshaping the strategy as in Case Company's case. (Prosci 2021b.)

1.2 Thesis Structure

The thesis is divided into four parts. The first part of the thesis covers the background for research as well as the research questions and methods. Furthermore, the limitations to the research question will be discussed in this section.

The second part of the thesis is set to create an overview of the literature framework used in the thesis. This means going through the analysis methods such as McKinsey's 7s analysis and the VRIO framework as well as Kotter's 8-step model, ADKAR model and Mintzberg's theory on management.

The third part of the thesis is the empirical part where the case company's current situation will be analyzed through McKinsey's 7s analysis and then compared to the desired future situation. Additionally, the resources possessed by the case company will be analyzed through the use of the VRIO framework. Furthermore, within this section the case company's account teams are fit into the Kotter's 8-step model to better understand their situation. These analyses use the interviews with a director from the case company as the base for their data.

In the final part of the thesis the author gives recommendations for the case company based on the data gathered in the previous section as well as uses deductive approach to use the pre-existing data to create viable recommendations on what the case company should do with their account teams to make sure they are able to follow their strategic changes. Finally, this section analyzes the reliability and validity of the study, provides further research suggestions, and concludes the study, ending the research in the fourth part.

1.3 Objective and Delimitations

The aim of this thesis is to help Case Company analyze the current state their company is in through various internal analysis methods, such as McKinsey's 7s and VRIO analysis. This will then be backed up with Kotter's 8 step model of change, ADKAR model, and Mintzberg's theory of management. This aims to create an understanding of the current state of the company and to find out what changes Case Company needs to do to reach their strategic goals. This leads to the objective of the thesis being to find out what Case

Company can do to make sure that the account teams are able to follow the new creative services focused strategic changes.

The research question of the thesis is the following:

"What does APS Group Bv need to do from an organizational perspective to make sure the new strategy is being followed and adopted by the account teams?"

The thesis sets on answering the research question from the perspective of the employees, with the focus being, as mentioned before, on the account management teams. This is because they are going to be the ones that will be affected the most due to a large portion of their employee's backgrounds being in print and manufacturing instead of agency services (Interviewee 1 2021a).

In addition to the main research question, there are two sub-questions that are used to help answer the main research question. These are:

"How does APS Group Bv's current organizational situation compare to the desired future situation?"

"What resource-based sources of competitive advantage does APS Group Bv have available?"

As a research result, this thesis creates a list of recommendations on how to make sure the account teams can follow Case Company's strategic changes based on Kotter's 8-step model and Hiatt's ADKAR model. Additionally, the analyses on Case Company's current situation and available resources will be used to provide more accurate recommendations for the case company. Furthermore, the thesis creates two lists of key questions, first of which Case Company can use as help in managing team composition and the second to track the change process.

The research is delimited to creating an overview and understanding of Case Company's current state and finding out what they need to do to their account teams to reach their strategic goals. This is done by using existing theory and analysis methods available. Also, the thesis focuses only on the employee's perspective of organizational operations, more specifically on the account teams. Thus, it will not analyze how a company should lead their change initiative on a larger level within the organization.

1.4 Research Methodology and Theoretical Framework

This thesis applies qualitative research methodology, which is a method of scientific research. It seeks to understand the quality, properties, and meanings of an object holistically. (Jyväskylän yliopisto 2015a.)

The main method of gathering data is secondary research, meaning that data and theories used in this thesis, will be gathered from pre-existing sources (Jyväskylän yliopisto 2015b). To back the secondary research and to ensure the viability of the data addressed in this thesis, primary sources such as interviews with a director in Case Company are used to gain a better understanding of Case Company's current situation and its future strategic goals.

The data that has been gathered in the thesis will then be analyzed through means of deductive approach. This means that the findings made in the research will be tested based on existing theory and then will be put into practice. In other words, the idea is to reason from the general to the particular. (Business Research Methodology 2021.)

Figure 1 illustrates the application process of the deductive approach.
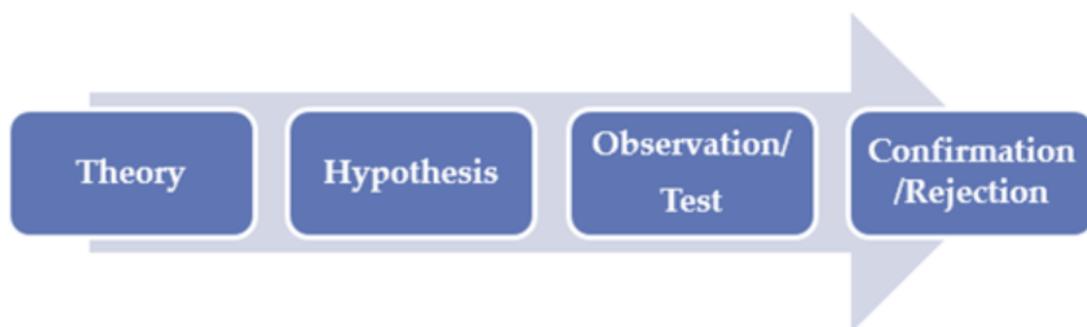
Figure 1. Application Process of the Deductive Approach (Business Research Methodology 2021)

As can be seen from the Figure 1, the deductive approach starts with defining which theories will be based on the research. A hypothesis will then be formulated based on the existing theory. This hypothesis then will be observed or tested against data available, creating an outcome that is examinable to the author. This theory can then be modified in case the hypothesis is not confirmed. (Business Research Methodology 2021.)

Since this thesis aims to analyze the Case Company's internal situation and provide them solutions on what they can do from an organizational perspective to make sure the strategy is being followed and adapted by the account teams. The thesis utilizes a McKinsey's 7s analysis backed by a VRIO analysis to understand the internal factors affecting Case Company's strategic changes. These findings will then be reflected on existing theories such as Kotter's 8-step process for leading change, ADKAR model, and Mintzberg's theory on management. These are then used to provide recommendations for Case Company and an answer to the thesis's research question.

To summarize, this thesis uses the following books and articles as the base for its theory:

1. McKinsey & Company. 1.3.2008. Enduring Ideas: The 7-S Framework. McKinsey Quarterly

2. Vuorinen, T. 2013. Strategiakirja – 20 työkalua

3. Kotter, J. 2012. Leading Change

4. Hiatt, J. 2006. ADKAR: A Model for Change in Business, Government and our Community

5. Mintzberg, H. 1989. Mintzberg on management: Inside the Strange World of our Organizations

These books and articles have been chosen as the thesis' theoretical base because they provide an extensive review to the models and analyses used in the thesis. Additionally, the books and articles used in the theoretical base are the most up to date versions available to the author. Furthermore, as the models used in the thesis, such as 7s framework and Mintzberg's model of management have remained unchanged over the decades, the author has decided to include them into the theoretical base.

McKinsey & Company's article is about the 7s analysis and its parts. Vuorinen, in his book, discusses the various strategies companies can use to implement change. One of which is the VRIO analysis used in the thesis. Kotter's book Leading Change discusses the 8-step process for leading change. Furthermore, Hiatt J's, ADKAR model will be used back the 8-step model and to build a deeper understanding of the elements that successful change requires. Finally, Mintzberg's book introduced the Mintzberg's model of management, which's theory is used in writing recommendations for the case company.

2   ORGANIZATIONAL EFFECTIVENESS

2.1   McKinsey's 7s Analysis

One of the most traditional frameworks of analyzing how well a company has been posi-
tioned to be able to reach its strategic goals is the McKinsey's 7s analysis framework. It was
developed in 1970's by two consultants of the McKinsey & Company. The model creates
an overview of seven key elements that a company needs to align to be able to become
and/or remain successful. (Mindtools 2021b.) The seven key elements of the 7s framework
are: Structure, Strategy, System, Superordinate Goals (known as Shared Values in the con-
temporary version), Skills, Style, and Staff. The McKinsey's 7s framework also emphasizes
coordination over structure in organizational effectiveness (Waterman, Peters, Phillips
1980, 18, McKinsey & Company 2008).

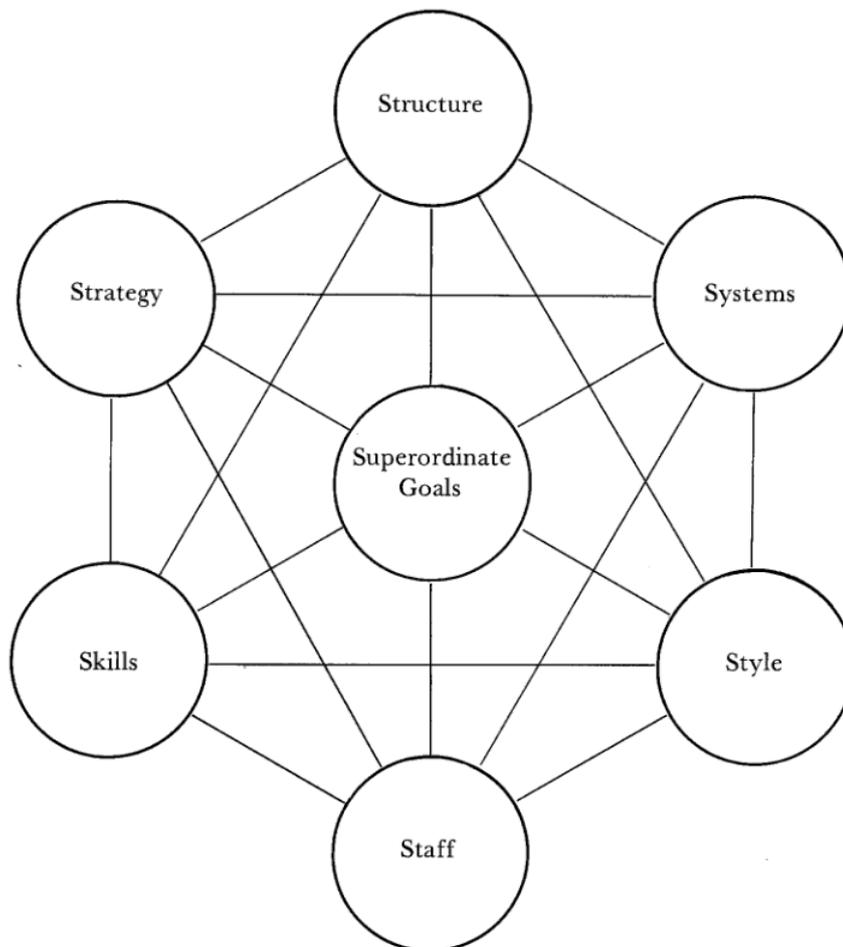Figure 2 shows these elements and their interconnectedness.

Figure 2. Original 7s framework (Waterman, Peters, Phillips 1980, 17)

2.2 Elements

These seven elements are then further divided into hard and soft elements. The hard elements are Strategy, Structure and Systems, while the soft elements are Shared Values, Skills, Style, and Staff. Hard elements are usually the ones that can be identified by the management with relative ease, but when it comes to the soft elements it is not as simple. This is because the soft elements are usually less tangible and harder to identify. They are also usually more influenced by the company's culture. (Mindtools 2020b) More information on what these elements consist of can be found in the following Table 1.

Strategy	Structure	Systems
How the organization plans to reach its goals and how to build and maintain its competitive advantage. Also, strategy tells how the organization plans to improve its position in the market.	The organizational structure of the company. Eg. Who reports to whom and how the various departmens are structured within the organization.	All the procedures the company uses to keep its business going. These include, for example, ERP-systems used, email systems, training systems and accounting and budgeting procedures.

	Shared Values	
	The core values and the fundamental ideas the organization is built upon. Used to create meanings for people.	

Style	Staff	Skills
General style of leadership of the managers. Also includes the power hierarchy of the organization as well as the general culture within it.	All of the employees, including their demographics and capabilities. Also, involves softer elements such as morale, attitude, motivation and behavior.	Actual skills, skillsets and competencies of the employees. Includes the employees capabilities to adopt new strategic approaches.

Table 1. Various Elements of the 7s Framework (Based on and modified from Waterman, Peters, Phillips 1980, 19-25)

Strategy

At its simplest, strategy means how the organization plans on reaching competitive advantage and how its available to adapt to change (McKinsey & Company 2008). Strategy

analysis also includes research on the competitive pressure, customer demands and environmental issues (Mindtools 2021b).

Structure

Traditionally structure in 7s's context meant analyzing authority relations (McKinsey & Company 2008). However, in the contemporary version of the 7s analysis its focus has shifted towards analyzing the way the departments and teams are structured. Also, the structure also contains analysis on the lines of communication of the organization, how the decision making is done and how the team members organize and align themselves. (Mindtools 2021b.)

Systems

Systems covers all the process within the organization. These can, for example, be human relations, risk management and technical processes such as ERP systems. The basic idea is to analyze the way the work is done within the organization (McKinsey & Company 2008). Additionally, systems analyze where the system controls are and how they are monitored and evaluated as well as if there are any internal rules to keep them in place and to keep the teams on track (Mindtools 2021b).

Shared Values

Shared values element is aimed to analyze what the organization is trying to achieve with the emphasis on the softer elements. This entails what the organization is trying to achieve, its social missions and their effects on the organization's reputation (McKinsey & Company 2008). Additionally, it contains the general work ethic of the organization and how the cultural elements reflect the organizations core values (Mindtools 2021b).

Style

Style can also be considered to mean culture and the informal rules of conduct; thus, it is hard to diagnose (McKinsey & Company 2008). It also means the style of the organization's leadership, team structure and the general behavior of its employees (Mindtools 2021b).

Staff

The staff section analyzes the demographics of the staff members as well as their intrinsic talents. It also contains analysis on the staff skill diversity (McKinsey & Company 2008). Additionally, the analysis of the monitoring and assessment of the staff's skills belongs in this element (Mindtools 2021b).

Skills

This section analyzes the institutional and individual skills of the staff members. This includes the analysis of, for example, skill acquisition strategies and outsourcing capabilities (McKinsey & Company 2008). Furthermore, analysis on the positions and specializations that are represented within the teams belong in this section (Mindtools 2021b).

3 RESOURCE ANALYSIS

3.1 VRIO Analysis

The VRIO analysis' framework was developed by Jay B. Barney in 1995. The idea behind it is to seek competitive advantage through resource development, not by market position-ing. (Vuorinen 2013, 150-157.)

VRIO framework is built on resource-based thinking, which in essence, is founded on the thought that the performance differences of companies are determined by resources, not by the specificities of the industry or any temporary distortions of the competition. Addition-ally, creating a sustained competitive advantage depends on how well the company is able to exploit its unique resources and capabilities in its business environment. (Barney 1995, 49-60.) In VRIO's context, resources cover all possible factors of production, such as ma-chinery, staff skills, patents, information systems and even corporate culture (Vuorinen 2013, 150).

3.2 Resources in VRIO Framework

Using the VRIO framework requires the organization utilizing it to be able to broadly analyze its resources. According to Vuorinen in his book Strategiakirja – 20 työkalua (152), this means categorizing the organizations resources in the following way:

1. Valuable resource – based on the ability to lower costs and to increase profit. Re-source cannot be deemed valuable unless it brings added value to the customer's process.

2. Rare resource – these are resources that can be acquired by only a few companies.

3. Costly to imitate – these are resources that the competitors cannot imitate, buy, or substitute. For example, an effective R&D team or knowledge in supply chain man-agement.

4. Organization – means that the company that is exploiting its resources is organized in a way that it can take advantage of their resources and use them to create added value.

For better understanding of how these resources work within the VRIO framework, see the following Figure 3.
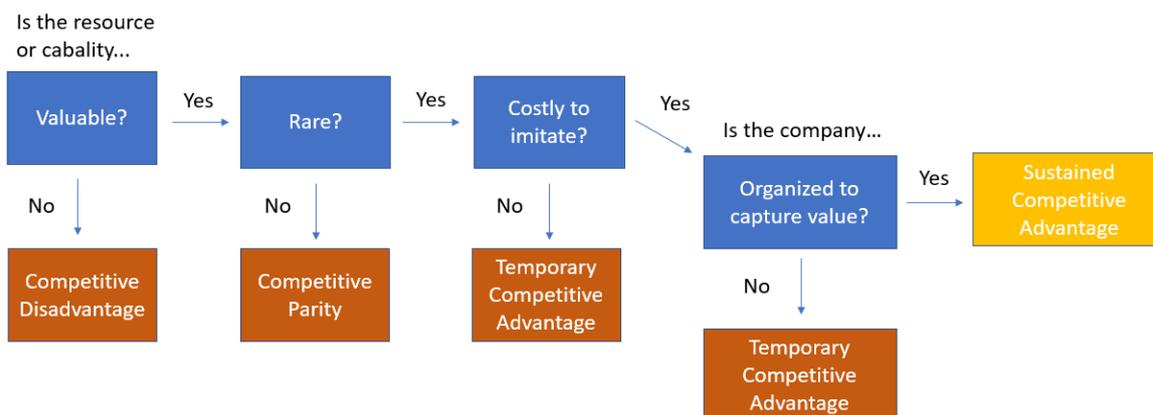
Figure 3. Resources Within VRIO Framework (Adapted and modified from Rothaermel 2013, 91)

As shown in the Figure 4, by using the VRIO framework, the organization can identify valuable resources that they can exploit to create a sustainable competitive advantage and to pursue their desired strategic goals. When VRIO framework is used, it is important to remember that the resources can only be considered valuable if they can lower the operating costs and/or increase profits when compared to a situation where the organization is operating without said resources. When rarity is concerned, a resource is rare when competitors in general do not have access to it. Additionally, for a resource to be costly to imitate, it needs to be complex and connected to the organization in multiple ways. Finally, for a company to be organized to capture its value, it needs to be able to exploit it in its operations, for example, by lowering costs or increasing profits. (Vuorinen 2013, 150-157.)

4 CHANGE MANAGEMENT MODELS

4.1 What is Change Management?

Change management is the process, tools, and techniques to manage the people side of change to achieve the required business outcome. (Prosci 2021b.)

In the Prosci's article "Definition of Change Management" there are two aspects of change management: project management and change management. Project management aims to change the organization by applying a technical approach, when change management focuses on the people side of things. Both, however, are aimed to move the organization to the futures desired state by, for example, increasing efficiency. (Prosci 2021a.)

The key to successful change management is to focus on the people within the organization. This means, supporting and guiding each individual within the organization that are impacted by the change. In practice, this means that the persons running the change initiative need to make sure that the people that are needed to participate the change make the required adjustments to their day-to-day tasks. Thus, enabling the organization to reach its desired goals. (Prosci 2021a.)

4.2 Kotter's 8-Step Model of Change

Kotter's 8 step model of change is a multi-step change management model developed by John Kotter in 1995. The idea behind it is that the process of change within an organization can be divided into 8 steps that need to be followed and completed in right order to ensure successful change management (Kotter 2012, 22). These steps are illustrated in the following Figure 4.

Figure 4. 8-Step Model (Adapted from Kotter 2012, 23)

Create Urgency

The first step of the process of change is to create a sense of urgency within the organization. (Kotter 1996, 21) This is done to build the required motivation to get the change started. This step can include processes such as identifying potential threats and developing scenarios accordingly. Also examining the opportunities that can be exploited and starting discussion about what needs to be done are viable parts of creating urgency. (Kotter 2012, 37-51.)

Form a Powerful Coalition

After creating a sense of urgency within the organization, it is time to make sure that the leaders and the key people of the organization are aware of the incoming changes and are working together to lead them. (Kotter 2012, 53-68) These people should include the popular leaders of the organization as well as the key stakeholders. However, the change coalition does not necessarily have to consist of leaders from your organization, but it can also include people who are respected and listened within the implementing organization. However, the coalition should be made up of people from different teams and levels to ensure that the potential weaknesses are minimized. (Mindtools 2021a, Kotter 1996, 57.)

Create a Vision for Change

When starting to conceptualize the change, it is important that it is tied to a vision that is easy to understand and communicate further. (Kotter 2012, 69-86) This is because a clear vision will help the employees understand why exactly they are doing what they are asked to. During this phase, it is useful to determine the values central to the change. Additionally, it is worth it to summarize the strategic goals of the company. Finally, to make sure that the vision is clear enough, it should be made sure that the change coalition can describe it in a very brief time. (Kotter 1996, 72.)

Communicate the Vision

It is not enough to create a vision for the company, but it needs to be made sure that it is communicated across the organization as well. (Kotter 2012, 87-103) The created vision should also be incorporated to the day-to-day decision making and problem solving to keep it fresh in everyone's mind. This is done to make sure that they will remember it and respond to it. Furthermore, leading by example is a very useful tool of communicating the vision. (Kotter 2012, 87-103.)

Remove Obstacles

Removing the obstacles means, in this case, identifying and removing all obstacles that stand in the way of achieving the company's vision. (Kotter 1996, 21) These can range from processes to systems as well as to staff members that are unwilling to change. In practice this can mean hiring new staff members that are capable of driving the process of change within the organization or remove or offer training to the ones that are not. Also, during this step, the company that is undergoing change should also identify the processes and systems that are an obstacle and alter them to be in line with the vision. (Kotter 2012, 105-120.)

Create Short-Term Wins

Creating short-term wins is a viable strategy for keeping the staff motivated on keeping up with the change. (Kotter 1996, 21) It can also be an effective way to reduce the number of critics and negative thinkers that may hurt the process. Additionally, it is also useful to create multiple short-term targets for the employees instead of one long-term goal to keep them focused and motivated. (Kotter 2012, 121-136) Finally, the company should not choose important targets early on in the change process, because a failure there can potentially de-motivate the staff members or even hurt the whole change initiative. (Mindtools 2021a.)

Build on Change

According to Kotter in his 1996 book Leading change, a lot of the organizations fail because of declaring victory too early (Kotter 1996, 12-13). When implementing change, it is important to remember that the early wins are only a small part of the long-term change. During this step it is important to analyze every victory and loss to define what went right, what went wrong and what needs improving. This is done to make sure that the company is building their change based on success. (Mindtools 2021a.)

Make the Changes Stick

To make sure that the changes are lasting, it is important to make sure that they become a part of the core of the company (Kotter 2012, 153-165). This is because the corporate culture often determines what gets done and how. Additionally, it is important that the change is made seen in day-to-day life in the company, because this way it better reinforced within the organization. Furthermore, it is important to make sure that the members of the change coalition and other leaders keep supporting the change to make sure that the things do not start slipping towards where they began. Methods of making the changes stick include

making sure that the successes are known and including the ideals of the change in new hiring decisions. It is also worth keeping in mind that it is useful to have a plan in place in case any of the key implementors of change decide to leave the company. (Mindtools. 2021a.)

4.3   Why Transforming Organizations Fail

In addition to discussing successful change implementation, it is worth looking into why transforming organizations fail. According to Kotter in his 1996 book Leading Change (1-16), organizations can fall victim to a number of pitfalls while implementing change initiatives.

The first listed reason for failure, and according to Kotter, the biggest mistake people make when trying to change organizations is to plunge ahead without establishing enough sense of urgency. This means allowing too much complacency for the staff members, who then will refuse to go out of their way to change their habits due to no sense of urgency. (Kotter 1996, 4-5.)

Another source of failure is not creating a sufficiently powerful change coalition (Kotter 1996, 6). This because if the guiding coalition is not strong enough, there may be some changes to the organizational structure, but they will not stick. Also, if the head of the organization is not actively supporting the guiding coalition, it risks that the corporate culture will remain unaffected. (Kotter 1996, 6.)

In addition to these, underestimating the power of the vision is another cause for failed change initiatives (Kotter 1996, 7). This is because without an appropriate vision the transformation effort can easily dissolve into a list of mutually incompatible, time-consuming, and confusing projects. Without a clear vision, these projects also risk taking the company into the opposite direction the change initiative originally intended (Kotter 1996, 7). For example, without a clear vision company might spend multiple hours of worktime on projects that do not matter, taking away worktime from places it actually matters. Also, a muddy vision increases the risk of miscommunication, making the directions too complicated, ineffective, or even impossible to follow (Kotter 1996, 8).

Under communicating the vision is a major cause for failure in implementing change (Kotter 1996, 9). This is to do with the patterns of ineffective communication developed in more stable times. Kotter used an example of a situation where a manager under communicates their vision, by only holding a few meetings about it, not explaining it clearly and then being surprised then people do not understand it (Kotter 1996, 9) Another way of how under communicating vision might cause failure is when the head of organization spends a lot of time

communicating the vision, but management remains silent. Meaning, that the information of the change does not reach the workers. Finally, even if a lot of effort is put into communicating the vision, the change initiative might fall short if the key personnel do not act according to the changes, thus undermining the whole effort (Kotter 1996, 9).

Another reason for failed change initiatives is permitting obstacles to block the new vision. This can mean anything from a manager reluctant to change or actively communicating against the vision to problems in the corporate structure. These corporate obstacles are, for example, too narrow job categories that do not allow the employees enough space to successfully implement the changes. (Kotter 1996, 10.)

Furthermore, the failure to create short-term wins is a common cause for failed change initiatives (Kotter 1996, 11). According to Kotter, most people will not show long-term commitment unless they can see tangible evidence of the success in short-term which, in this case, means within 6-18 months. Also, without short-term wins, many of the employees may lose trust on the change initiative or even join its active resistance. (Kotter 1996, 11.)

Moreover, even though the organization may have achieved a few short-term successes, declaring victory too soon will ultimately cripple the change initiative (Kotter 1996, 12). For example, if the victory is declared too soon the first improvements may have only caused minimal effect on the operations and left the corporate culture untouched. This means that the changes will not stick and the company will revert to its old state. (Kotter 1996, 13.)

Finally, neglecting to anchor the changes firmly into the corporate culture is another common source of failure (Kotter 1996, 14). This means not making sure that the managers and the other staff members understand and personify the new approach (Kotter 1996, 15). In addition to this, Kotter warns about ignoring the importance of culture even though its softer than financial data as it may cause the organization to revert to its original state if the new generation of managers do not personify the company's change (Kotter 1996, 15).

4.4   ADKAR Model

The ADKAR model was created by Prosci's founder Jeff Hiatt. It is a change management model aimed at guiding individual and organizational change (Prosci 2021b). ADKAR is an acronym of five elements that need to be achieved to successfully implement change: awareness, desire, knowledge, ability, and reinforcement (Hiatt 2006, 2). As is the case with Kotter's 8-step model, ADKAR models' elements are interconnected with one another and all of them need to be in place for change to happen and to be successful (Hiatt 2006, 4).

Awareness

The first step in ADKAR model is awareness. It is achieved when the person is aware of the change and understands the nature of it. Meaning, why it is needed and what are the risks included with not changing. (Hiatt 2006, 5) The most common factor to cause failure in an organization's change initiative, or resistance to it, is its employees lack of awareness of why change needs to be made (Hiatt 2006, 5-16). A key factor in building awareness in an organization is communicating why the change is absolutely necessary, meaning, providing compelling reasons for change and highlight the risks of not changing (Hiatt 2006, 6).

Desire

After establishing awareness on why the change is necessary, a desire to change needs to be built for the employees of the organization. According to Hiatt, the individuals within the organization need to want to be a part of the change and endorse the change for it to become successful. The desire, in this context means the motivation and the willingness of the individuals to support the change initiative and the changes that come along with it. This level of desire has been traditionally hard to build as it is very hard for an organization to control the choices of individuals (Hiatt 2006, 18-22).

Opposite to building awareness, creating the desire to change cannot be controlled by the management as it has to start with individuals themselves. For example, the individual can be aware of the change, but because of different factors, they can choose not to participate in it. Hiatt lists misunderstandings, lack of communication and even the personal situation and intrinsic motivations of the employee as possible causes for refusing to participate in change. (Hiatt 2006, 18-22.)

Furthermore, it is important to make sure that the employees are aware of the nature of the change. Meaning, what it means in specific and how it will affect them (Hiatt 2006, 18). It requires constant communication and reinforcement to keep the desire levels up and not let the employees slip into resisting the change (Prosci 2021b). This is done because if the employees' attitude towards the change initiative is negative, the outcome is usually negative as well (Hiatt 2006, 20-21).

Knowledge

In addition to being aware of the change, willingly participating in the change, and having the desire, the individuals of the organization need to have the required knowledge for any change initiative to be successful. This means, that the individuals need to be aware of what

needs to be done to successfully implement the change as well as what are the processes required (Hiatt 2006, 23-30). The required amount of knowledge can be achieved, for example, by providing training as well as information on the new roles and responsibilities brought on by the changes. Additionally, it is important to make sure that the individuals within the organization have the required skillsets to handle the processes, systems, and potential structural changes. These need to be ensured so that the individuals are ready to start the change process (Hiatt 2006, 23-30).

Ability

After making sure that the individuals have obtained the level of knowledge needed to be able to foster the change, the next step is to find out if the individuals have the ability to change. According to Hiatt, ability is achieved when the individual can implement the change and achieve the performance level required to achieve that change. (Hiatt 2006, 31-36) When comparing ability to the previous step, knowledge, it can be thought like this: knowledge is the theory that change requires and ability is putting said theory into practice (Prosci 2021b). To successfully implement this step, the organization needs to make sure that the pace of change is not too fast, its employees are trained accordingly and that feedback from them is being gathered. (Prosci 2021b. Hiatt 2006, 31-36.)

Reinforcement

Just as in Kotter's 8-step model, the final step in ADKAR is to make the changes created stick (Kotter 1996, 21. Hiatt 2006, 37). In ADKAR it specifically means making the change part of the organization implementing it and constantly reinforcing the change to make sure it is sustained (Hiatt 2006, 37-39). Additionally, reinforcement builds momentum during the transitioning period as well as works as a tool to create history that individuals remember when changes happen again in the future. The change needs to be reinforced and celebrated in order to increase the readiness and capability for change. Finally, the reinforcement can be thought to be successful if it is meaningful to the employees. To create meaning, reinforcement can be linked to tangible accomplishments used in creating an absence of negative consequences for desired behavior and to place mechanisms of accountability accordingly. (Hiatt 2006, 41.)

5   MINTZBERG'S MODEL OF MANAGEMENT

5.1   Definition

Another theory the thesis relies on is the Mintzberg's model of management. It was first discussed in Henry Mintzberg's 1989 book Mintzberg on Management: Inside the Strange World of our Organizations. By definition, the Mintzberg's model of management is a list of different roles that managers within an organization fill and how they are interconnected with one another. (Mindtools 2021c.)

According to Mintzberg, the management within an organization can play ten different roles. These roles are figurehead, leader, liaison, monitor, disseminator, spokesperson, entrepreneur, disturbance handler, resource allocator, handler (Mindtools 2021c). In addition to defining the roles of the managers, Mintzberg discusses how they are interconnected with one another, meaning, that the roles cannot be separated and they form an integrated whole (Mintzberg 1989, 21).

In his book, Mintzberg emphasized that the real difficulty of team management lies within the informational roles. This means that if full sharing of information is not possible, the team management will break down. (Mintzberg 1989, 22.)

Mintzberg's ten managerial roles can be divided into three categories, which can be seen in the following Table 2.

Category	Roles
Interpersonal	Figurehead, Leader, Liaison
Informational	Monitor, Disseminator, Spokesperson
Decisional	Entrepreneur, Disturbance Handler, Resource Allocator, Negotiator

Table 2. Mintzberg's Managerial Role Categorization (Adapted and modified from Mindtools 2021c)

5.2   Role Categories

Interpersonal Roles

There are three team roles within the interpersonal category according to Mintzberg's theory. These are figurehead, leader, and liaison. Managerial roles in this category are the ones that are providing information. The figurehead is a person in a managerial position that is a source of inspiration and looked up by people as a source of authority. The leader is a person who provides leadership to their team, department, or organization. (Mintzberg 1989. 15-17) They manage the performance and responsibilities of their team members. When the liaison can be considered to be the networker and communicator that handles both internal and external communications (Mindtools 2021c).

Informational Roles

Again, there are three roles within this category. Their main job is to process information. The roles in informational category are monitor, disseminator and spokesperson. The first role in this category is monitor. They are the ones that seek information within the organization, whether it be looking for changes or monitoring their team's performance. (Mintzberg 1989. 18) The second role is disseminator. According to Mintzberg's theory, they are the ones that communicate the useful information across the organization to the various teams. Final member of this category is the spokesperson. These are the people who speak for their organization and transmit information about it and its goals to the external stakeholders. (Mindtools 2021c.)

Decisional Roles

The decisional category consists of four team roles, all of whose jobs are to use information. These roles are entrepreneur, disturbance handler, resource allocator and negotiator. The entrepreneur is a manager who creates, and controls change within the organization. This means solving problems and generating new ideas as well as implementing them. Another role within this category is the disturbance handler. They are people who take charge when the organization hits an unexpected opportunity. In other words, they are the problem solvers of the company. (Mintzberg 1989. 20) The resource allocators are also a member of this category. Their job is to determine where and how the organization can use their resources most efficiently. Finally, negotiators are the managers who take part in various negotiations that may arise within the organization. (Mindtools 2021c.)

6   CASE COMPANY ANALYSIS

6.1   Case Company Introduction

APS Group was founded in 1961 as a mailing business in Manchester United Kingdom (UK). Through the years, they have grown into a print management and creative services company that is employing over 900 people. APS's mission is to make more possible for its clients. The core values of the company are open, honest, transparent, and passionate. In the year 2017, APS Group was awarded the Queens Awards for Enterprise: International Trade prize. (APS Group website 2020.)

APS has built their operations on a manufacturing background. This has led them to possess detailed knowledge of various steps through their supply chains. Additionally, the growth that APS has experienced is mostly organic and not built on acquisitions. (Interviewee 1 2020.) This thesis, however, focuses on APS Group Bv, which is an Eindhoven based office operating under the parent company APS Group.

Traditionally APS Group has been operating mostly within the field of print management. However, due to the changes in their business environment, such as increased speed of digitalization, they have started shifting their strategy away from manufacturing to creative agency and studio services. (APS Group website 2020.)

Today, APS Group Bv's key operations consist of print management and production as well as content and creative services. In addition to these, they provide their clients branded environment services, delivery and fulfilment, secure communications, and marketing technology. (APS Group website 2020.)

6.2   McKinsey's 7S Analysis on APS Group Bv

McKinsey's 7s analysis aims to analyze the internal environment of the organization based on 7 internal elements that the organization needs to align to be successful in implementing in its strategy. These are Superordinate Goals (called Shared Values in the contemporary version (Mindtools 2021b)), Strategy, Structure, Systems, Style, Staff, and Skills. (Waterman, Peters, Philips 1980, 18.)

Shared Values

The core values of APS Group are open, transparent, and passionate. These reflect APS's mission statement well, which is "Make more possible for our customers (by combining our production heritage with creative talent)." These values are strongly represented within APS

as their staff works on making more possible for the client and to deliver the desired result (Interviewee 1 2020). These values also support APS's new strategic goal, which is to increase its creative service capabilities and to become a tier 2 supplier for its clients (Interviewee 1 2021a). Also, due to the APS's background being in manufacturing, it has been able to etch the importance of relationships with both clients and suppliers into its corporate culture (Santasalo 2020).

APS's corporate culture is relatively informal. Also, the power hierarchy within the company is low, meaning, that employees can get in touch with managers with ease. Furthermore, APS makes sure that everyone is reachable to everyone and works on putting people first. (Interviewee 1 2020.)

Strategy

The changes in the external environment, mainly the increased pace of digitalization and the declining print volumes have forced APS to make changes into their overall strategy. The new strategic approach puts APS in a position of a managed service provider or in other words, a tier 2 supplier, instead of their older position as a print management company. Tier 2 supplier means in this case picking up from concept and design and rolling out to production. Additionally, APS aims to become an end-to-end partner to their clients as well as to increase the marketing of its digital services and client awareness. (Interviewee 1 2021a.)

Furthermore, the new strategic approach brings changes to the way APS group operates as it aims to reposition itself as a more proactive than a reactive service provider. In practice this means that APS is analyzing what is happening within its clients' businesses, where they have issues and provide them solutions accordingly. These solutions are provided increasingly by creative services, instead of print management as was done in the past. (Interviewee 1 2021a.)

When it comes to the account teams of the APS, they are shifting into a more commercial approach, for example, the traffic managers that have traditionally handled the workflow from account services to production departments are now focusing more on being the link between APS and the client. Additionally, the structure of the account teams is seeing some changes as well as their account managers are picking up a more tactical approach while the traffic managers focus on the more operational tasks. In short, meaning that the higher ups in the company bring in the strategic view while their subordinates focus on the more immediate operational tasks. These changes are being currently piloted within one of the APS Group Bv's account teams. (Interviewee 1 2021a.)

Additionally, due the publics heightened concerns about the environmental friendliness of the businesses' operations, APS has taken steps to adjust their strategy to be more environmentally sustainable. This means reducing the amount of print and emphasizing the digital and creative services, since they are more environmentally friendly than the traditional print. (APS Group 2018.)

The printed products that APS still currently provides are being reviewed to see how their CO_2 emissions can be further reduced by, for example, through the use of substitute materials and production methods. Furthermore, APS has certifications such as ISO14001 in place, which means the use of an Environmental Management System (EMS) to minimize their environmental impact. Finally, APS also requires their suppliers to meet certain ISO's to make sure that their operations are on par with APS's standards. (Interviewee 1 2020.)

The way APS intends to reach its strategic goals is by acquiring new clients with the help of the business department and by quarterly revising their strategic goals in existing client relationships. The revising of client relationships is done by creating and analyzing account plans based on each client's needs. Furthermore, along with the new strategic approach APS's account teams are working in close contact with the clients to investigate which services they could provide them to best be able to solve the issues they are facing. This, however, does not end with the account teams, but all of the various departments are working together to reach the pre-set strategic goals. (Interviewee 1 2020.)

APS's new strategy deals with competitive pressure by aiming to becoming a long-term strategic partner rather than aiming for the cost-leadership position. In short, they aim to become the best service provider available to their clients. The way APS decides if they want to proceed to a long-term business relationship with a client is through a discovery session, which means using their project solutions and account teams and their knowledge to determine if the partnership is beneficial for both parties. (Interviewee 1 2020.)

Moreover, the changes in customer demands are handled through regularly held meetings with the clients. These meetings are aimed to find out where the client is headed as a company and what services APS can provide them to help them reach their goals. Furthermore, APS's managers constantly follow what is happening internally as well as on the market to keep up with whatever trends may arise that affects APS's operations. These findings will then be analyzed through account plans and further discussed in the commercial meetings. (Interviewee 1 2020.)

Structure

APS Group as a company, is divided into seven different areas, Technology Services, Creative Services, Secured Solutions, Project Solutions, Logistics & Fulfilment, and Print Management. The head of the company is the CEO Nick Snelson. Below him there is the executive board. Below that there are the Directors of Operations that are responsible for their own regional markets, both operationally and financially. (Interviewee 1 2020.)

The case company APS Group Bv is operating under the APS Group's UK headquarters and reports to them. The APS Group Bv is split with the Creative Services Director, who is responsible for all the studio work done and with the Client Services Director, who is commercially responsible for the set of clients. Additionally, the Group IT Director, who is responsible for all the IT departments with the APS Group operates from APS Group Bv in the Netherlands. (Interviewee 1 2020.)

The way these departments coordinate their activities vary by the size and scope of the project. On the larger projects, the project solutions team is involved to keep a helicopter overview of the project. This usually happens when implementing new clients or new internal business features. In case of single or smaller project that has technology, creative and/or print involved, it is handled by the account and traffic managers and their team members who are coordinating all the activities. This happens for example in case of managing client budgets, planning, execution, and delivery. Additionally, to keep everyone involved in the projects on track and to keep it ongoing, regular updates are being given. (Interviewee 1 2020.)

Along with the new strategy comes some changes to the way APS's departments coordinate their activities. The older, decentralized country-based model is being replaced with a more centralized client-based model. This means, that one account team is going to handle one client's projects in various countries instead of the old way of dividing their clients on a regional basis. (Interviewee 1 2021b.)

Systems

The main system APS Group Bv uses is the ERP-system called Marketing Operations Suite. It is a comprehensive system that covers all steps of the supply chain from the suppliers end to the client's store. It is made up of nine modules that can be used by APS's staff members as well as their clients. However, the module that the account teams that this thesis focuses on mostly use MOS's module, Operations Manager. (APS Group 2021.)

The Operations Manager is a general production and supply chain management module that allows its users to manage them across all relevant channels. In other words, it is a platform to manage and control production projects and to centralize communications and project costs. It is also used by APS's clients for e-procurement from approved vendors. (APS Group 2021.)

Currently APS has new technological systems in development that are designed to meet the requirements of the new strategic approach, including increased centralization (Interviewee 1 2021b). In addition to this, APS Group Bv currently uses an accounting software called Exact, while rest of the APS Group uses Sage for their accounting needs. The aim is to shift to using Sage in all areas of APS's operations.

The centralized system that APS is using in addition to Marketing Operating Suite is their email system HelpSpot, which is currently in use in DACH, BE and NL regions. They also have a system called ClickUp in implementation phase, which when ready will be used for centralized data capturing, planning, and assigning tasks. (Interviewee 1 2021b.)

APS is currently planning on making the Operations Manager more creative focused to better match their new strategy. Furthermore, in addition to the existing operating procedures in place, APS is planning on increasing the alignment of its various departments and projects. This includes increasing the amount of monitoring and tracking that cash flows receive. (Interviewee 1 2021b.)

Style

The leadership style of APS is participative as their managers work to make their team members part of their decision-making process (Santasalo 2020). Additionally, APS's managers use a coach leadership style (Interviewee 1 2021b), which means that the leader, or in this case manager, is directly involved in the development of their subordinates to increase their personal and professional growth (Considine 2019).

When it comes to the pre-existing teams within the organization, there are no changes planned to the style of their leadership. The only thing, from current knowledge, that might change is added staff members. (Interviewee 1 2021b.)

Staff

The current staff members of the APS's account management teams all have the relevant marketing and supply chain management skills to perform their tasks. However, there is a gap in the team's skillset of handling and analyzing data. (Santasalo 2020.)

To fill the gaps in the current skillsets and the required future skills APS has decided to hire new staff members. The new staff is for studio and thus, is agency based. According to an interview with Interviewee 1, a director in APS Group Bv, this is because the lower-level employees do not need the agency related knowledge to be able to perform their tasks, whereas the managers and higher-ups need it to have the required strategic skills. (Interviewee 1 2021b.)

Skills

Perhaps the strongest skillsets represented within APS have to do with their supply chain management. This is due to their background as a manufacturer and because they have worked with a large number of suppliers for a long time. Additionally, APS is great at keeping up good relationships with existing clients. (Interviewee 1 2020.)

Furthermore, the employees that APS currently has are well qualified to perform the tasks necessary to keep their operations going. However, since APS is planning on shifting their business more into the direction of digital, creative and studio work, it is useful to hire managers and director's familiar with such topics. (Interviewee 1 2021a.)

In addition, APS monitors their employee's skills to determine if they need additional training. An external system is used for skill monitoring. It tracks the employees work and compares it to the yearly company goals that are based on the strategy. The same system is also used to track the personal goals and development of individual employees. (Interviewee 1 2020, 2021b.)

Finally, in addition to the skill tracking system, APS holds monthly meetings on progress and goals with their employees. This is then backed by bi-annual meetings that are designed to review how things are going. In addition to this, APS has a yearly end-of-the-year performance review, which is an official review in which the employee's performance is discussed, and necessary measures are taken. (Interviewee 1 2020.)

6.3   McKinsey's 7s Analysis Results

When comparing the current situation to the desired future situation brought on by the changes in strategy gaps APS's strategy implementation become visible. These gaps are mostly related to their systems, skillsets, but there are also some gaps in the staff of the organization. The following Table 3. illustrates the gaps with X marking a match and O marking a mismatch.

	Shared Values	Strategy	Structure	Systems	Style	Staff	Skills
Shared Values		X	X	X	X	X	X
Strategy	X		X	O	X	O	O
Structure	X	X		X	X	X	X
Systems	X	O	X		X	X	X
Style	X	X	X	X		X	X
Staff	X	O	X	X	X		O
Skills	X	O	X	X	X	O	

Table 3. McKinsey's 7s Matrix (Adapted from Mindtools 2021b)

As can be seen from the graph, APS has a gap in how their strategy and systems work together. This is, because their new strategic approach brings a more centralized system structure, but currently their systems remain decentralized. For example, different countries may use different accounting and emailing systems.

Furthermore, when it comes to the account teams, they do not have the level of centralization required by the new strategy. This can be noticed when looking at the clients that the account teams are responsible for. Currently, different teams may be responsible for the same clients in different areas, on the contrary to the new strategy's approach.

In addition to these, the account teams are also lacking when it comes to the required staff members as their management has gaps in their agency knowledge. Moreover, if the traffic managers are expected to perform more operational tasks in the future, it should be made sure that they have the required training to do so. Finally, there is a gap visible in the systems that the account teams use. Thus, further training is required so that they will be able to use the new systems effectively.

6.4   VRIO Analysis

Traditionally, VRIO analysis has been used to create an understanding of the sources of the firms sustained competitive advantage (Vuorinen 2013, 151). Some of the resources analyzed are based on the analyses conducted in the authors previous research for APS Group Bv (Santasalo 2020).

The resources analyzed in VRIO can be divided into four sub-categories. Physical resources, economical resources, organizational resources, and staff resources. Physical resources mean equipment, tools, raw materials etc. Economical resources mean, for example, capital and liquidity. Organizational resources are organizational structure, processes, patents, contracts, reputation etc. Finally, staff resources are, for example, employee skills, motivation, and their capability to learn and adopt new methods. (Vuorinen 2013, 151) When looking at the sources of APS's competitive advantage, most of them fall into the category of organizational resources or a mix of organizational and staff resources.

Capability to Develop Own Technology

One of the largest sources of APS Groups competitive advantages is the capability to develop its own technology. It is to be categorized as an organizational resource, although its closely connected to the skills of APS's staff members (Vuorinen 2013, 151). This source of competitive advantage and how it fits into the VRIO framework is illustrated in Figure 5.
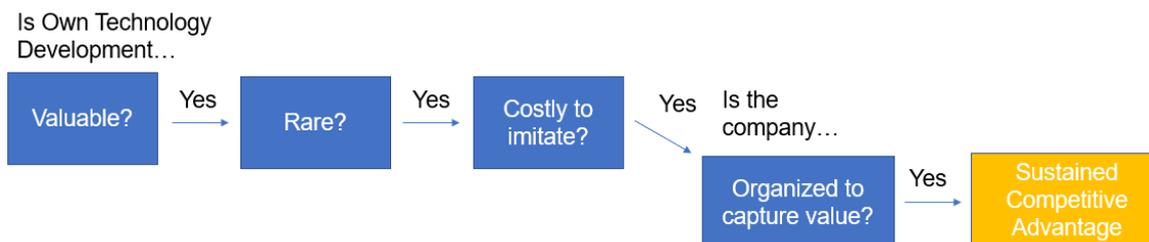

Figure 5. Own Technology Development in VRIO Framework (Adapted and modified from Rothaermel 2013, 91)

Own technology development can be considered to be a valuable resource because it allows APS to conceive and implement strategies that increase its efficiency and effectiveness (Barney 1991, 106). Also, the resource is to be considered rare because the same strategy is not implemented by a large number of other firms (Barney 1991, 106). Furthermore, own technology development is also very costly to imitate since it is very closely connected to APS Group as a company and is created over a long period of time. Finally, APS Group is organized to capture its value as they are developing the software they are using, thus improving their cyber security and their customization capabilities. (Vuorinen 2013, 153) These capabilities are made possible by APS Groups extensive network of partners and specialist staff and their hardware (Interviewee 1 2021b).

APS Group Bv's Reputation

According to an interview with a director in APS Group Bv's, one of the APS's sources of competitive advantage is its reputation as a trusted, open, and transparent partner (Interviewee 1 2021b). This falls into the category of organizational resource, although it is reinforced by the skills and actions of APS's employees (Vuorinen 2013, 151). To further illustrate how it fits the VRIO framework, see Figure 6.
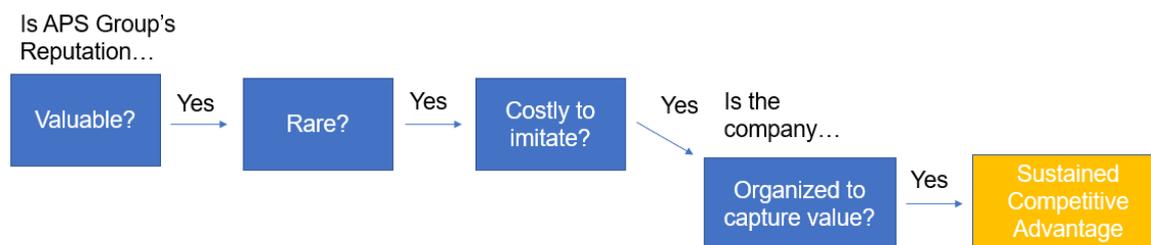
Figure 6. APS Groups Reputation in VRIO Framework (Adapted and modified from Rothaermel 2013, 91)

Although reputation is an intangible aspect of business, it is to be considered a valuable resource as it allows APS to exploit opportunities and neutralize threats in their environment (Barney 1991, 106). Moreover, the resource is to be considered rare as, according to an interview with a director in APS, it causes potential clients to choose APS over its competitors (Interviewee 1 2021b), further reinforcing its position as a rare resource. APS's reputation is also costly to imitate as it has been created and refined over a long period of time and under unique historical conditions (Barney 1991, 107). Finally, APS is organized to take advantage of their reputation as its whole organization is founded on the values of openness, honesty, transparency, and passion. (Vuorinen 2013, 153.)

Supply Chain Knowledge

Another source of competitive advantage is the supply chain knowledge that APS Group has developed over the years of its operations. It falls into the category of organizational resources (Vuorinen 2013, 151). The supply chain knowledge is further illustrated in the following Figure 7.
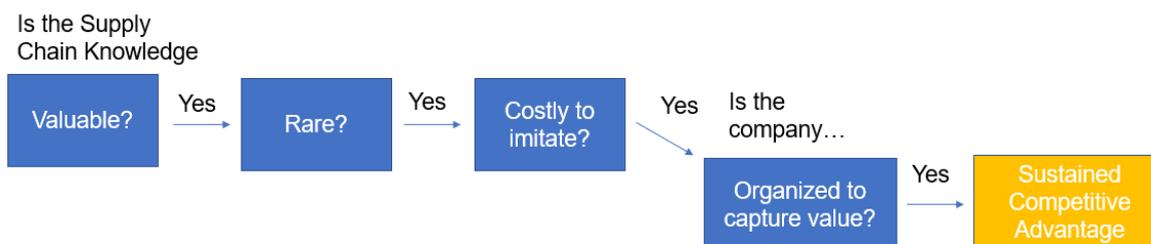

Figure 7. Supply Chain Knowledge in VRIO Framework (Adapted and modified from Rothaermel 2013, 91)

The supply chain knowledge, in APS's case can be considered to be a valuable resource because it provides them the chance to increase profits and lower costs (Vuorinen 2013, 152). Furthermore, it is also a rare resource because other competitors do not have access to such knowledge developed over years of experience (Barney 1991, 106). In addition to

this, the resource in question can be thought to be costly to imitate due to being developed over a long period of time, or in other words, under unique historical conditions (Barney 1991, 107).

Also, APS's company structure is organized to capture the value of the supply chain knowledge due to their background of manufacturing. Furthermore, the managers of APS's account teams are closely linked into managing of the supply chains, further reinforcing the classification as a source of sustained competitive advantage (Barney 1991, 115).

Large Base of Suppliers

Another source of competitive advantage is the large base of suppliers that APS has acquired during its years of operation. However, since APS Group is moving from physical print towards a more digital approach (Interviewee 1 2021a). The importance of their large supplier base may diminish as they may not be able to respond to changed demand of APS Group Bv. Again, this is categorized as a valuable resource due to the reason that it provides added value to the clients and lowers costs as well as increases profits (Vuorinen 2013, 151). To illustrate, see Figure 8.
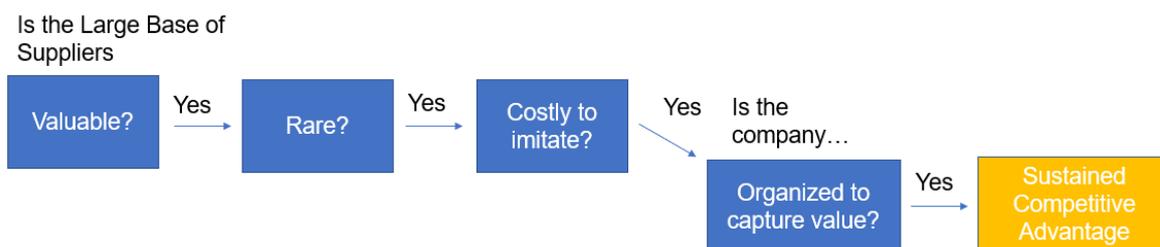

Figure 8. The Large Base of Suppliers in VRIO Framework (Adapted and modified from Rothaermel 2013, 91)

Again, the large base of suppliers is to be considered a valuable resource because it creates added value to APS and its clients. Also, it is to be considered a rare resource because APS's competitors do not have access to such a vast number of suppliers. The large base of suppliers is also considered a resource that is costly to imitate because it is a complex, intangible and in many ways connected to the organization. Additionally, the fact that its closely connected to APS's staff members further reinforces its categorization as a costly to imitate resource. (Vuorinen 2013, 151) Finally, due to APS being organized to capture its value by, for example, including the suppliers in their ERP system, it brings the company a sustained competitive advantage. (Vuorinen 2013, 153).

Diverse Client Base

Furthermore, the diverse client base of APS's account teams can also be thought to be a valuable resource because it improves the account teams' efficiency and effectiveness (Barney 1991, 106). This is to be categorized as an organizational resource (Vuorinen 2013, 151). This resource, however, is difficult to fit into the VRIO framework. See Figure 9 for further illustration.
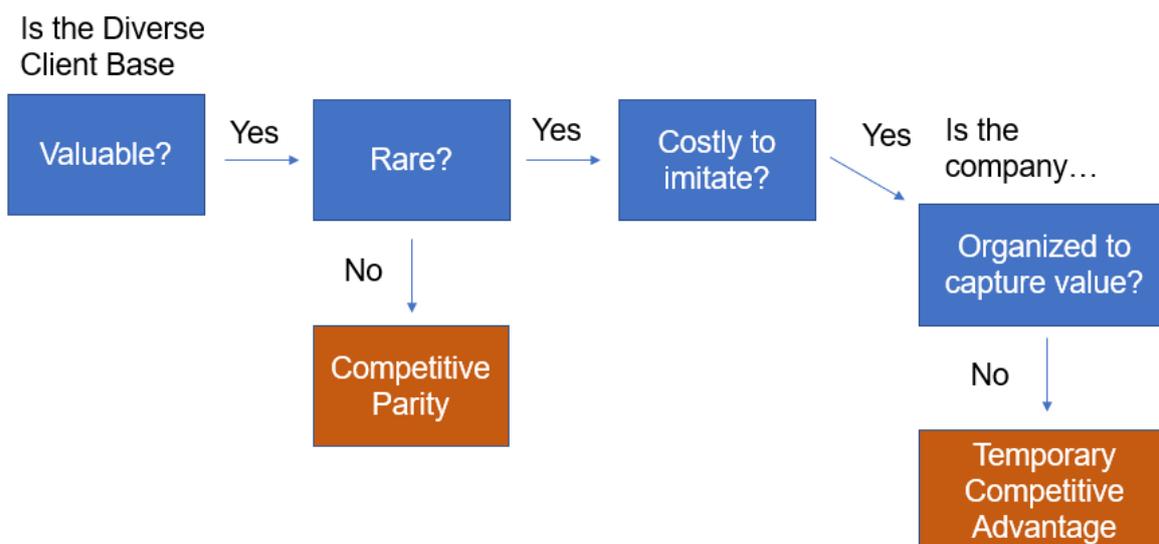

Figure 9. The Diverse Client Base in VRIO Framework (Adapted and modified from Rothaermel 2013, 91)

As mentioned, the diverse client base is a valuable resource as it improves the efficiency and effectiveness as well as creates economic stability for APS Group Bv's account teams (Vuorinen 2013, 152). Fitting the diverse client base within the VRIO framework gets tricky when rarity of the resource is considered as many of the APS's competitors have access to a similarly diverse client base. This would leave the categorization as a resource that provides competitive parity (Vuorinen 2013, 154).

However, since the resource is costly to imitate and APS Group Bv and its account teams are organized to capture the value of their diverse client base. Although, they currently make most of their profits from print management services (APS Group 2019), thus not being a perfect fit to the new strategic approach. This leaves it categorized as a source of temporary competitive advantage instead of a sustainable competitive advantage. (Vuorinen 2013, 153.)

Ability to Insource Staff at the Client

Another source of competitive advantage for APS is its ability to insource staff at the client. This means having a dedicated account management team, on-site studio team or a combination of both with the client (Interviewee 1 2021b). This is a mix of both organizational and staff resources as it relies both on the flexibility of APS's company structure as well as the skillsets of their employees (Barney 1991, 106). However, for the sake of clarity it is to be considered an organizational resource as it is a better match to that category. Following Figure 10 further illustrates how the ability to insource staff at the client fits into the VRIO framework.
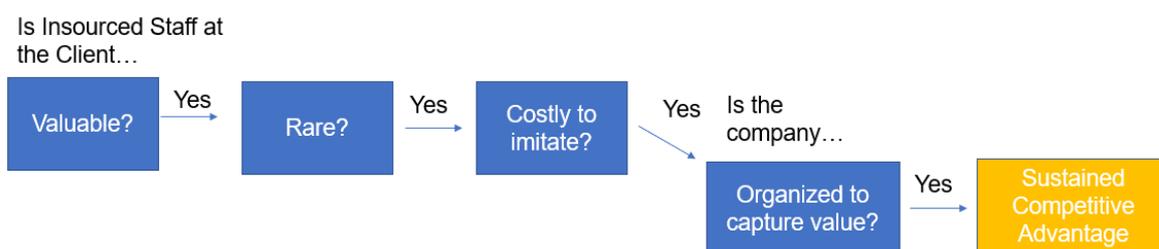

Figure 10. Insourced Staff in VRIO Framework (Adapted and modified from Rothaermel 2013, 91)

Again, the capability to insource staff is to be considered a valuable resource as it allows APS to improve its effectiveness and efficiency (Barney 1991, 106). The resource can also be considered rare because competing firms do not possess this capability (Barney 1991, 106). Additionally, insourcing capabilities are costly to imitate as they require the company to shape their structure and strategy over the long run to be able to implement it successfully (Barney 1991, 107). Finally, APS Group has organized itself to capture the value of insourced staff as they have proven to be able to form long-term client relations with such solutions (Vuorinen 2013, 153). These capabilities are made possible by APS's flexible corporate structure and the skills of their employees.

6.5 APS'S Account Teams in Kotter's 8-Step Framework

The change initiative in case company APS Group Bv started when it identified the need to increase the amount of creative and digital services as well as move into a more proactive approach when it comes to dealing with clients. This has led to APS hiring new staff members, such as art directors and senior designers to bring the required skillsets to the account teams. Additionally, APS Group is currently piloting the new strategy within one of their account teams. (Interviewee 1 2021a.)

APS Groups account teams can be thought to currently be between the fourth and the fifth step of the Kotter's 8-step framework. This is the case, because the first step, creating a sense of urgency (Kotter 1996, 35), has been completed by APS as they have had challenges that are visible to their employees (Kotter 1996, 43). Also, since APS Group Bv is already piloting its strategic changes in their account teams it means that they have created a guiding coalition to drive the change as well as developed its new vision and strategy. This means, that the case company has already completed the second and third steps. (Kotter 1996, 51,67.)

When looking at the steps four and five, communicating the vision and empowering employees on broad-based action (Kotter 1996, 85, 101), it can be seen that APS's account teams are currently going through these. This is because piloting the strategic changes is part of communicating the vision and leading by example that are part of the fourth step (Kotter 1996, 85, 95). However, APS Group Bv has already completed parts of the fifth step as well. For example, to pilot a strategic change it means that they have started to align their systems to fit the new vision and removing obstacles to change (Kotter 1996, 109, 112).

To reinforce the classification of the account teams being in between the fourth and the fifth step, their situation can be compared to the sixth step, generating short term wins (Kotter 1996, 117). Since APS has only recently started piloting the strategic changes it means that they cannot have started creating short-term wins yet as they, according to Kotter, are generated during the first 6-18 months. Additionally, if there have been wins, it is too early to say if they are related to the change effort (Kotter 1996, 122), further strengthening the classification of being between the fourth and fifth steps.

7 CONCLUSIONS

7.1 Recommendations

The 7s analysis on APS Group Bv's organizational effectiveness revealed gaps in their current and future desired situation. One of the most noticeable being that their systems used do not match the new strategic approach. This is seen in, for example, decentralized email and accounting systems. So as a recommendation, if APS wants to increase the chances of their successfully implementing their strategic change, these should be fixed.

Additionally, the new strategic approach aims to centralize the accounts that the account teams are responsible for, meaning, that the same teams should be responsible for the same client, no matter the region. Currently, this is not the case. To fix this, APS needs to increase the effort they put to their centralization to achieve the desired results.

Furthermore, APS Group Bv needs to make sure that the staff members within the account teams have the required skillsets to be able to participate in the strategic change. This means that APS needs to hire new staff members or provide required training to the existing ones to fill in the gaps in current and future strategic situation.

A number of sources of competitive advantage were identified for APS Group Bv, most of which fall into the organizational resource category. Meaning, that they are enabled by, for example, organizational structure, processes, patents, contracts, or APS's reputation (Vuorinen 2013, 151). Even though some of the sources of competitive advantage that were identified during the VRIO analysis are closely connected to APS's employees. For example, the supply chain management.

This means that APS Group Bv should make sure that the sources competitive advantages are sustained even with the ongoing strategic changes. When taking the account teams perspective, a possible solution to this is to consider having specialist team or staff members responsible only for their areas of expertise, for example, supply chain management. These then could be used to work with all of the APS's clients, further reinforcing their new strategic approach of increased centralization and becoming a long-term proactive business partner and solution provider.

Additionally, the VRIO analysis identified the ability to insource staff members to the client's end as a source of competitive advantage. Meaning that APS group should exploit this and hire or train staff members to better be able to perform this task, leading to their new strategic approach being reinforced.

The analysis' on APS Group Bv's organizational effectiveness and sources of competitive advantage identified a possible need for restructuring the teams for them to be able to perform optimally during and after the ongoing strategic changes. The author consulted Dyer, Dyer, and Dyers 2013 book Team Building – Proven Strategies for Improving Team Performance (16) to create a list of key questions that APS Group Bv can use while planning the possible restructuration of the teams and managing their team composition.

To help manage the team composition use the following list of key questions:

1. What kind of a team is needed?

2. What kind of processes can APS Group Bv use to select individuals for the teams that are skilled and motivated?

3. What kind of processes can APS Group Bv use to develop the technical and interpersonal skills of team members as well as their commitment to achieving the team's goals?

4. What are the skills the team needs to achieve its goals?

5. Are there any individuals within the teams that lack the required skills or motivation?

6. Is the team of right size to carry out its tasks? Is anything lacking or is there something that is not needed?

7. Does the team's leadership match the tasks and team composition? If not, what changes need to take place?

When the team leadership and general management is considered, the author recommends using Mintzberg's theory on management to find the set of managers that allows the optimal flow of information. This means that the mixture of managers in the future should be structured so that there are managers from all three categories, interpersonal, informational, and decisional. The emphasis should in APS's case be on the informational roles as the team management easily breaks down if there cannot be a full sharing of managerial information (Mintzberg, 1989. 22).

Additionally, the importance of informational roles is emphasized especially in the first step of Kotter's 8 Step Model for Change as establishing the sense of urgency requires that the employees understand how big the problem is (Kotter, 1996 37). These roles remain as important through the various steps of the ADKAR model (Hiatt. 2006, 6-41), meaning that they should not be overlooked.

Using the perspective of Kotter's 8 Step model for change calls for re-evaluation of how the vision is communicated. The author recommends that APS Group Bv makes sure that the vision statement is short and easily understandable by all of the staff members relevant to the change initiative. This is because successful communication of the vision is key for successful change (Kotter 2012, 69-86). Additionally, without a clear and easily communicable vision, the transformation effort can easily dissolve into a list of incompatible and time-consuming projects that lead the change initiative in the wrong direction or nowhere at all (Kotter 1996, 7).

APS Group Bv should also make sure that their guiding coalition is strong enough and actively participates in tracking the pilots progress and results. When determining whether the guiding coalition is adequately strong and able to participate in analyzing the results, APS Group Bv can consult the same list of key questions used in managing the team composition. In addition to this, when designing the guiding coalition APS should make sure that it is in a position of power, meaning, enough key employees are on board (Kotter 1996, 57). Furthermore, it should made sure that the guiding coalition consists of credible members that are respected within the organization. This is done to ensure that pronouncements made are taken seriously by the employees (Kotter 1996, 57).

In addition to creating a strong guiding coalition the author recommends APS to build more awareness and urgency for change. This is done to make sure that the change initiative does not stagnate or revert its direction.

The author then recommends APS Group Bv to follow through with their account team pilot project and further build on its results once they are thoroughly analyzed. The actions APS should take after the pilot are removing all obstacles in the path to the desired strategic situation whether they are staff members or systems in use. After that, the author recommends APS to generate short-term wins for the account teams to build and keep their motivation for change. Furthermore, the author recommends APS to make sure the changes stick by creating a detailed plan or roadmap on how to incorporate the changes to day-to-day activities of the staff members.

Additionally, the author recommends APS Group to make sure that the individuals within the account teams are taken into consideration. This means that APS Group Bv should raise awareness of why the change is needed and to ensure that the individual team members know why it is necessary. Moreover, APS is recommended to identify if the required knowledge to create and sustain change is in place and which team members have that knowledge before further expanding the change initiative.

Furthermore, the author recommends creating interviews based on the ADKAR model to track process. Also, APS Group Bv should carefully listen to the feedback from the team members and make changes accordingly. This is done to ensure the account teams are and remain on track with the planned changes. The author prepared the following set of key questions APS Group Bv can use to track the change and to create the interview template.

Key questions to track the change process:

1. Are the staff members aware of the change, why it is needed and what are the risks of not going through with the changes? How is it communicated?

2. Are the staff members aware of how the change will affect them? Can any obstacles be identified to be in the way of team members desiring change?

3. How can the team members be trained to have the required knowledge to change? Also, do the newly hired team members need training to be able to effectively fill their role and reinforce the change initiative?

4. How is the change coalition going to monitor the change process?

5. How are the strategic and operational changes going to be entrenched to the day-to-day activities of the account team members?

Finally, the author recommends using the account teams as a test ground for the strategy implementation before moving into a larger scale. This is because the account teams due to their smaller scale are more easily controlled than an organization wide strategic change initiative.

7.2   Validity and Reliability

The validity of the research describes the applicability of the chosen research method to the studied subject. Validity also aims to evaluate how well the chosen research method is able to answer the research question. When the research results are considered, evaluation of validity refers to whether the material used, the research methods and the results obtained give a justification for the claims made (Hiltunen 2009, 3-7.) Reliability indicates how well the chosen measurement or research method measures a certain phenomenon. Reliability can be assessed, for example, by repeated measurements. (Hiltunen 2009, 9.)

Since the thesis utilized interviews as a form of collecting data from primary sources, it can lead to issues with validity. This is because poorly constructed interview questions as well as the interviewee giving the interviewer answers they want to hear can cause bias. To prevent this, the author used questions directly aimed to answering the primary or the

secondary research questions. Additionally, because there is genuine interest for the research results from APS Group Bv's side, the interviewee had no reason not to give truthful answers to the best of their knowledge.

The thesis utilized deductive approach based on a source critical and diverse theoretical base as its primary research method. The theoretical framework of the thesis uses multiple peer-reviewed sources with their utility and timeliness being taken in consideration. Some of the used theories are old, but the author has deemed them valid as they are still in use today. The research only used models that have been proven useful in performing the relevant analyses or creating the guidelines for change initiatives as this confirms their validity and reliability.

The results and the conclusions of the thesis pay attention to theoretical framework of managing change and thus it was able to apply the theory to the case company's context and provide applicable recommendations. The recommendations provided were matched to the theoretical models used, meaning that the research methods validity can be justified.

The research was made specifically for the case company APS Group Bv. The recommendations on how to perform change management in APS's account teams were tailored to match the APS's situation as well as possible. This was ensured by analyzing the company's current and future situation as well as their sources of competitive advantage. Meaning that the research results are reliable.

7.3   Suggestions for Further Research

The thesis was delimited to creating an overview and understanding of APS's current state and how it compares to the desired future state. Additionally, its objective was to create suggestions on what APS Group Bv should do to make sure their account teams reach their strategic goals.

As further research, the author recommends APS Group Bv to carefully analyze the results of their pilot program and use the suggestions provided in the thesis to help build a more detailed change implementation plan. In addition to this, APS should create a new 7s analysis 12-18 months from now to track the strategic change. The same matrix as the one in the thesis can be used.

Furthermore, APS Group Bv should further look into the sources of competitive advantage and determine how they are formed and what can be done to promote them. Moreover, the key staff members connected to the sources of competitive advantage should be identified. Finally, since most of the sources of competitive advantage identified for APS Group Bv

were organizational, the author recommends to further analyze the relationships between APS and its suppliers, clients, and competitors. This is done because generally a great deal of company's value is generated outside of the organization borders (Vuorinen 2013, 157). Thus, it is essential to identify the most important business partnerships and extend the strategic management to external resources.

8   SUMMARY

The purpose of the research was to provide a solution for the Case Company APS Group Bv on what they can do from an organizational perspective to make sure their account teams are able to follow the strategic changes. This was achieved by analyzing APS Group Bv's organizational effectiveness, sources of competitive advantage and comparing the account teams' current situation to existing theory.

During the literary review books and articles on analyzing organizational effectiveness, sources of competitive advantage, successful change implementation and managerial styles and roles were chosen as the theoretical base of the thesis. These were backed by interviews with Interviewee 1, a director in APS Group Bv. Due to the nature of the data available, the author decided to conduct the study as a qualitative research that is utilizing deductive approach.

The analysis on APS Group Bv's organizational effectiveness revealed gaps in their current and desired future state. These gaps were identified in systems, staff, and skills. Meaning that APS's systems do not have the desired level of centralization. Additionally, they lack some of the employees and employee-related skills to achieve the strategic change. The sources of competitive advantage that were identified were mainly organizational, such as the ability to develop their own technology. However, many of them, like supply chain knowledge were closely connected to APS's employees. Furthermore, since the strategy implementation is already ongoing, and the changes are being piloted in the account teams. They were identified to be in between the fourth and the fifth step of Kotter's 8-Step Model of Change.

Thus, the author recommended APS Group Bv to increase the centralization of their systems and to hire new staff members and to provide additional training to the existing ones to fill in the gaps in implementation of their strategy. To successfully implement their new strategy, the author recommended APS to further analyze their sources of competitive advantage to make sure none of them are lost during the change initiative. Furthermore, APS was recommended to make sure that the coalition guiding the change is strong enough and is able to communicate the required information effectively. To help achieve this, the author created two sets of key questions. First of which APS can use in managing team composition and the second to track the change initiative within the account teams.

Since the research results were very account team specific. It is recommended that APS carefully analyzes their pilots results and plans changes according to them as well as further analyzes their sources of competitive advantage to make sure that they are sustained.

LIST OF REFERENCES

APS Group BV. 2018. Financial Report 2018

APS Group. 2020. Marketing Technology. Accessed 28.1.2021 Available https://www.theapsgroup.com/en-us/marketing-technology

APS Group BV. 2019. Revenue Report 2019

Barney, J. 1991. Firm Resources and Sustained Competitive Advantage. Accessed 10.3.2021 Available https://search-proquest-com.ezproxy.saimia.fi/docview/215258436?pq-origsite=primo&accountid=202350

Barney, J. 1995. Looking Inside for Competitive Advantage. The Academy of Management Executive. Accessed 1.2.2021 Available https://search-proquest-com.ezproxy.saimia.fi/docview/215258436?accountid=202350&pq-origsite=primo

Business Research Methodology. Deductive Approach (Deductive Reasoning) Accessed 18.1.2021 Available https://research-methodology.net/research-methodology/research-approach/deductive-approach-2/

Considine, M. 7.4.2019 GUEST BLOG: Why is Coaching a Popular Leadership style?. The Panel. Accessed 28.1.2021 Available https://thepanel.com/blog/guest-blog-why-coaching-popular-leadership-style

Dyer, W.G. Dyer, J. Dyer W. 2013. Team Building – Proven Strategies for Improving Team Performance. San Francisco: John Wiley & Sons, Inc.

Hiatt, J. 2006. ADKAR: A MODEL FOR CHANGE IN BUSINESS, GOVERNMENT AND OUR COMMUNITY. Prosci.

Hiltunen, L. 2009. Validiteetti ja reliabiliteetti. Jyväskylän yliopisto. PowerPoint Presentation. Accessed 25.2.2021. Available http://www.mit.jyu.fi/OPE/kurssit/Graduryhma/PDFt/validius_ja_reliabiliteetti.pdf

Jyväskylän yliopisto. 2015a. Laadullinen tutkimus. Accessed 18.1.2021 Available https://koppa.jyu.fi/avoimet/hum/menetelmapolkuja/menetelmapolku/tutkimusstrategiat/laadullinen-tutkimus

Jyväskylän yliopisto. 2015b. Aineistonhankintamenetelmät. Accessed 18.1.2021 Available

https://koppa.jyu.fi/avoimet/hum/menetelmapolkuja/menetelmapolku/aineistonhankintamenetelmat

Kotter, J. 1996. Leading Change. Boston MA: Harvard Business School Press.

Kotter, J. 2012. Leading Change. Boston MA: Harvard Business Review Press.

Liegl, P. 14.7.2020. What is a tier supplier? Accessed 18.1.2021 Available https://eco-sio.com/en/blog/what-is-a-tier-supplier/

McKinsey & Company. 1.3.2008. Enduring Ideas: The 7-S Framework. McKinsey Quarterly Accessed 15.2.2021 Available https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/enduring-ideas-the-7-s-framework#

Mindtools. 2021a. Kotter's 8-Step Change Model – Implementing Change Powerfully and Successfully. Accessed 20.1.2021 Available https://www.mindtools.com/pages/article/new-PPM_82.htm

Mindtools. 2021b. McKinsey 7s Framework – Making Every Part of Your Organization to Work in Harmony. Accessed 19.1.2021 Available https://www.mindtools.com/pages/article/newSTR_91.htm

Mindtools. 2021c. Mintzberg's Management Roles – Identifying the Roles Managers Play. Accessed 21.1.2021 Available https://www.mindtools.com/pages/article/management-roles.htm

Mindtools. 2021d. Belbin's Team Roles – How Understanding the Teams Can Improve Team Performance. Accessed 21.1.2021 Available https://www.mindtools.com/pages/article/newLDR_83.htm

Mintzberg, H. 1989. Mintzberg on Management – Inside Our Strange World of Organizations. New York: Free Press.

Interviewee 1. 2020. Interview.

Interviewee 1. 2021a. Email Interview.

Interviewee 1. 2021b. Email Interview.

Prosci. 2021a. Definition of Change Management. Accessed 21.1.2021 Available https://www.prosci.com/resources/articles/change-management-definition

Prosci. 2021b. What is the ADKAR Model? Accessed 11.2.2021 Available https://www.prosci.com/adkar/adkar-model

Rothaermel, F. 2012. Strategic Management: Concepts and Cases. Europe: McGraw-Hill Education.

Sarajärvi, A. & Tuomi, J. 2018. Laadullinen tutkimus ja sisällönanalyysi. Accessed 18.1.2021 Available https://www.ellibslibrary.com/reader/978952040011

Santasalo, M. 2020. Internship Assignment – APS Group Bv

Smallbusiness.chron.com. 2017. Why is Change Important in an Organization? Accessed 24.1.2021 Available https://smallbusiness.chron.com/change-important-organization-728.html

Vuorinen, T. 2013. Strategiakirja – 20 työkalua. (Barney, J. Arikan, A. 2001. Barney, J. 1991. Barney, J. 2007. Barney, J. Hesterly, W. 2008) Helsinki. Talentum. Accessed 19.1.2021 Available https://bisneskirjasto-almatalent-fi.ezproxy.saimia.fi/teos/CAC-BEXDTEB#/kohta:OSA((20)2((20)STRATEGIATY((d6)KA-LUT((20)JA((a0)MENETELM((c4)T((20)ERI((20)TILANTEISIIN((20)(:3((20)STRATE-GIATY((d6)KALUJA((20)RESURSSIEN((20)KEHITT((c4)MISEEN((20)(:VRIO-MALLI((20)/piste:b2355

Waterman, R. Peters, T. Phillips, J. June 1980. Structure Is Not Organization. Business Horizons. Accessed 19.1.2021 Available https://tompeters.com/docs/Structure_Is_Not_Organization.pdf