

Management of change processes in a global world
Module 2, week 1 – The psychology of change management

Task – Restructuring the procurement function

1. Read through this short case study of a change:

Restructuring the procurement function

Hot Wheels is a small automotive supplier company with 3,000 employees in five different locations all over the country. Up to last year, the procurement function was decentralized. Every site of the company used to handle the purchase of contracts, equipment, and supplies on their own, using their own tools and procedures.

In the beginning of this fiscal year however, the decision was made to set up a centralized structure. This was due to the gross inconsistencies in vendor selection criteria, monitoring of purchasing expenses and management oversight. Sub-offices were not following the proper ordering and procurement procedures, and there seemed to be no accountability to follow procurement standards.

As the head of the newly created procurement department in the headquarters, you are responsible for all procurement activities in the sub-offices and the headquarters. To simplify this process, your team has come up with a new IT system that will automate and simplify procurement transactions. A major benefit of this system is that it will still enable sub-offices to quickly procure the goods and services they need, while at the same time allowing for improved management and tracking.

The announcement of this new system went out one month ago. There has been considerable pushback from the sub-offices. Several local managers (heads of the local procurement teams) have publicly denounced the new system as one more unnecessary initiative from headquarters in an effort to control the field where the “real” work is taking place. They see it as a decrease in their authority and rapid responsiveness to field needs. As a result, the sub-offices that have not even used the new system are already resistant to the idea. Influenced by their managers, the procurement staff in the sub-offices seems to be very reluctant to use the new system. They haven’t really spoken up against it, but apparently still use their old systems.

The senior management has been somewhat supportive in establishing this new structure. They have provided you with adequate staffing and expertise. They have provided training budgets for each sub-office. They have even sent out a couple of written communications early in the project expressing their support.

The issue, however, is whenever they are in forums where negative talk of the new system arises, they refer staff to talk to the procurement department because, “they know best.” This has truly undermined your ability to get sub-office management staff to own the system. You are now concerned that you are not going to meet your project goals.

After reading through the case, answer the following questions:

2. Why is this change needed? What organizational issues/problems does this change seek to address?
3. Who are the most important stakeholders (people involved in the change)? What is their attitude towards the change?
4. What types of resistance do you see? Please give reasons for your opinion, by listing specific behavioral examples.
5. What could you as Head of Procurement do in order to overcome the resistance? Name specific actions, and link them to one of the models you have learnt in the module.

The final result should be a Word document with max. 2 pages. Please work together on the questions and hand in one document per group.