Beckfoot

A Level Business	Causes and Effects of Change	3.6.1

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Change in a Business

Key Idea	Business work in a dynamic market, and cant rely on a constant streams of customers, the same production process or selling the same product over a long period of time. The must constantly change.
Causes for Change	Changes in organisational size Poor business performance New ownership Transformational leadership The market and other external factors (PESTLE)
Effects of Change	4 main effects on a business for an change are: 1. Competitiveness 2. Productivity 3. Financial Performance 4. Stakeholders

Causes and effects

Org Size	Change: The size of a business changes as the business grows. Growth is a key objective as it allows a firm to satisfy shareholder. It can change organically or inorganically. Effects of change: Economies of Scale Brand Recognition Financial Security
Business Performance	Change: If there is poor business performance the organisation will look to change elemenets to increase customers, regain sales and reputation. If this needs to happen then change will normally be quick and focus on business objectives Effects of change: Increased competitive Increased productivity Reduce liquidity Increase shareholder confidence and therefore reduce chances of shareholders leaving the business
Ownership	Change: This may happen from internal growth, transition from Ltd to PLC. This can also happen from external growth as well. Effect of change: Competitiveness may increase Productivity eventually increases Acquisitions can be very expensive and should the venture fail this can result in losses for the buyer.
Transformational Leadership	Change: Occasionally change occurs as a result of a change in management or leadership. When a new CEO takes over it is often because the previous one has retired. The new CEO brings his own ideas and vision to the business. Effect of change: Can be motivational Can stimulate sales Can be overwhelming for staff
PESTLE	P – Political E – Economical S – Social T – Technological L – Legal E – Ethical/Environmental

Change in a Business

Key Idea	
Causes for Change	
Effects of Change	

Causes and effects

Org Size	
Business Performance	
Ownership	
Transformational Leadership	
PESTLE	

Managing Change

Key Idea	Change management is the process of organizing and introducing new methods of working in a business. This changes can be driven from within the business, or as a result of responding to external factors (PESTLE)
Key Idea	These are the key factors in managing change: 1. Organisational culture 2. Size of the organisation 3. Time/speed of change 4. Managing resistance to change

Factors of Change

Organisational culture	In its simplest form this is described as 'the way things are down around here'. Customs and practices are embedded in systems that reflect the norms, values and beliefs of the organisations. Although this might give stability, it also gives problems with rigidity when a business needs to change.
Size of the Org	Growth is a key objective of most businesses and organisational change comes about as businesses merge or grow. However, the size of a business can significantly affect its ability to manage successful change. Generally the larger the business the harder it is to be advadptable and flexible. This is quite often because there is more to change to manage change, or because it takes longer to make the changes happen. Also, decision making in a big firm takes longer and the number of people needed to make the change happens are bigger so it slows the process. Contrary to this, in a small business changes can happen quickly, and with fewer stakeholders.
Speed of change	Size is one factor that can determine the speed of change in a business. There are other factors: Natural progression with the success of the business New products Technology New processes All of these factors can affect the speed of change to a business
Resistance to change	Businesses are likely to experience a resistance to change from different parts of the workforce. <u>Employees</u> Fear of the unknown – people feel safer with what they know Changes to employees job roles – new tasks Redundancies Changes to colleagues so working with people they dislike <u>Owners</u> they may have similar fears as employees <u>Customers and suppliers</u> They might not want to change their own practices - for example moving stock management online. If the supplier is not prepared to work this way then the business would need to change suppliers.
General resistance to change	1. Disagreements with the reasons for change 2. Fear of the impact of change 3. Lack of understanding for change 4. General Inertia – happy with the way things are

Managing Change

Key Idea	
Key Idea	

Factors of Change

Organisational culture	
Size of the Org	
Speed of change	
Resistance to change	
General resistance to change	

What is scenario planning

Key Idea	Many businesses undertake scenario planning in an effort to help plan with unforeseen circumstances. Examples might be fire that destroys the building, breakdown of IT systems, or sudden unexpected changes like COVID.
Benefits	• Clarity some of the future uncertainties in business • Identify risks and opportunities • Prepare for eventualities • Teach managers how events may transpire and affect the business • Understand the causes and effects of change and how to manage it

Steps to scenario planning

Key Idea	There may be different approaches to scenario planning but there are a number of important steps in any process: • Identify possible trends and issues • Build possible scenario • Plan responses • Identify the most likely scenario and practice • Capitalise on scenarios
Risk assessment	When a business has identified a possible scenario it then needs to risk assess the scenario and the outcomes. This involves what might cause harm to people and then identify the precautions that could protect them
Key Possible Scenarios	Natural disasters IT systems failure Loss of Key staff

Planning for risk mitigation

Key Idea	Risk mitigation is to identify, assess and prioritise tasks, as well as planning responses to the risk and minimize impact on businesses.
Key Idea	A business can use a number of mitigating strategies to reduce damage caused by serious disruptive events. For example: Plan to work out of a secondary location if the building was to burn Have backup IT systems in case there is a cyber attack Ensure data is stored on computers as well as ‘the cloud’
Business continuity	When an incident occurs a business will need to minimise disruption. After safeguarding human life, on the most important priorities is to get the business ‘up and running’ again. This is laid out in a Business Continuity Plan.
Continuity Plans	There are 4 stages to this plan: 1. Carry out a business impact analysis 2. Formulate recovery strategies 3. Plan development 4. Test and Training staff

Succession Planning

Key Idea	Part of scenario planning is identifying and developing current employees who have the potential to fulfill critical roles if needed. This is important because it helps a business deal with the problem of losing key staff, and having people in place to replace them.
Key Idea	Without succession planning it is possible to end up promoting the wrong person who is not equipped to do the job. This increases the risk to the business which could increase costs.
Steps	1. Identify the characteristics a successor should possess 2. Decide how the successor will be found 3. Undertake a rigorous selection process 4. Make the decision 5. Communicate the decision 6. Implement the training plan

A Level Business	Scenario Planning	3.6.3

What is scenario planning

Key Idea	
Benefits	

Steps to scenario planning

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Risk assessment	
Key Possible Scenarios	

Planning for risk mitigation

Key Idea	
Key Idea	
Business continuity	
Continuity Plans	

Succession Planning

Key Idea	
Key Idea	
Steps	