Business Process Improvement Through Change Management.

A case study

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ABSTRACT

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Change is a constant companion in today's business world. Organizations face more and more complex changes at a higher speed. To stay competitive and achieve more profit, organizations are forced to adapt and adjust to the changes in their environment or find more possibilities to operate their processes in a more efficient approach. To operate in a more cost efficient way, organizations have to adjust and adapt to changes, but also need to improve their internal processes. The case company is operating in the paper market sector, which faces currently a negative trend due to the digitalization.

This research had two complementary objectives, first to gain a common understanding of change management and business process improvement and the possible correlation between both terms. Secondly, to find out whether the case company implemented the process changes effectively enough to increase cost efficiency and what improvements can be carried on to similar transitions. Both, primary and secondary data were used in this research. First, primary data was collected from literature to establish a basis for the research and to provide a deeper understanding of business process improvement and change management. Secondary data was collected in form of the project itself and survey results of the participants in the transition project. These results have been analysed and put into relation to the primary data collected.

At the end, the conclusion was drawn that the case company has managed to implement the business process changes effectively enough to achieve the targeted cost efficiency. The research also concluded that both change management and business process improvement share a common factor – change. While business process improvement is focusing more on the identification and implementation of change, change management focuses more on the soft factors of change – people and the organization's culture. Aligning and linking both methodologies together, allows organizations to achieve and sustain real business process improvement required to face more complex changes at a higher speed in today's business world.

Confidential information are excluded from the public version of this research.

Key words: business process improvement, change management, change, process improvement

CONTENTS

ABBREVIATIONS AND TERMS

AC	Accountant
BC	Business controller
BPI	Business Process Improvement
BPR	Business Process Reengineering
CEPI	Confederation of European Paper Industry
FA	Financial Accounting
FSC	Finance Service Centre
MA	Management Accounting
PAF	Prevention, Appraisal, Failure model
PI	Process Improvement
RBS	Risk Breakdown Structure
ROI	Return On Investment
SSC	Shared Service Centre
TQM	Total Quality Management
U.S.A	United States of America
UPM Paper ENA	UPM Paper Europe & North America
WBS	Work Breakdown Structure

1 INTRODUCTION

1.1 Background

I do not know, if it becomes better when it changes. All I know is that it has to change to become better. (Georg Christoph Lichtenberg)[1].

Already Georg Christoph Lichtenberg knew that change is necessary in order to become better, meaning that changes are needed for improvements. This statement also applies to organizations and their processes. Changes and improvements in daily businesses and processes are the key to success in today's business world. The past years have shown that change is a constant companion in organizations. Not a day goes by without technological growth, increased speed of information exchange, a new competitor entering the market or changes in the political or economic environment.

Changes force organizations to adapt and adjust to their environment almost on a daily basis. Failing to or not being willing to adapt leads to failure of staying competitive, in the worst case a loss of customers or the failure of the business itself. Therefore organizations have to embrace change to be more competitive, develop and produce better products than their competitors, find new market gaps and customers or be more cost effective. Change is crucial for organizations, not only to secure relationships with their stakeholders, but mostly to be able to function in a most efficient way to make as much profit as possible. It is a known fact that change itself is fast, permanent and continuous. Businesses face increasing changes to their organizational environment every day, which force businesses to react faster. Besides having to deal with the increasing speed of upcoming changes, organizations are confronted with more complex changes within their daily processes.

Georg Christoph Lichtenberg's quote can be adopted to fit to organizations. It is not a guarantee that organizations become better when changes are introduced, but organizations have to change in order to become better. The only question remaining is how to implement change successfully to achieve business process improvement?

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[1] "Ich weiss nicht, ob es besser wird, wenn es anders wird. Aber es muss anders werden, wenn es besser werden soll. " (Georg Christoph Lichtenberg)

1.2 Case Company

The case company, UPM-Kymmene Oyj (UPM), is a Finnish company producing pulp, labels, paper and timber with its head office located in Helsinki, Finland. UPM was founded by the merger of Kymmene Oy and Repola Oy in 1996. The company employs about 20 000 people around the globe. Besides production units in thirteen different countries UPM has two Shared Service Centres, in Tampere Finland and Changshu, China. UPM is divided in six different business areas: UPM Biorefining, UPM Energy, UPM Raflatac, UPM Paper Asia, UPM Paper ENA (European & North America) and UPM Plywood. (UPM 2015b, 1-2)

UPM PENA is focusing on magazine paper, newsprint and fine papers production in 17 different paper mills in Europe and United States, with a production capacity of 9.4 million tonnes annually. The primary customers are publishers, cataloguers, retailers, printers and distributors. Currently the business area focuses on maximizing cash flow by focusing on cost leadership and improved profitability. (UPM 2015b, 2).

UPM focuses on sustainable operations which lead to competitive advantages and growth in the business sectors. The company uses high performing employees to achieve constant economic, social and environmental performance improvement. It is important for UPM to create added value by focusing on stakeholder engagement. UPM puts high focus on stakeholder needs and each approach is individually designed based on the business focus, region and stakeholder group during decision-making and strategic development processes (UPM, 2015b, 10, 31).

UPM claims that customer focus and market based global sales, high quality and excellent service, efficient and cost competitive production, as well as environmental and technical expertise and consistent product development makes the company stronger than their competitors (UPM 2015a, 1). Like all other paper and pulp companies, UPM Paper ENA also faces an increase of challenges in daily production. Increasing trade barriers make import of raw materials more expensive and more difficult. High recycling rates demand better sorting and recycling technologies to improve quality and availability of recycled paper usage as a raw material. Rising energy and gas prices in Europe make paper production more expensive compared to other countries like North America or China. In

addition to the already mentioned challenges, the European paper market is also facing a decrease in graphic paper consumption and demand (European Commission 2015, 1).

Currently newsprint paper consumption in Europe is declining steadily due to the advance of digital technology, whereas in Asian countries paper demand has increased by 10 % in the past ten years. Paper consumption is still expected to grow at an annual rate of 2.4 % over the next five years. The increase will be visible only in Asian area, as urbanisation in Asia tends to increase the demand for hygiene products, toilet tissues, hand towels and cleaning wipes (Brandt 2014, 1).

CEPI (Confederation of European paper industry), a non-profit organization representing 93% of the European pulp and paper producing industries with members from 18 different European countries (CEPI.ORG 2015, 1), confirms the negative trend in the paper industry for magazine and newsprint paper production. In their annual key statistics report 2014, CEPI shows a continued negative trend in the paper industry. Annual produced tonnes have decreased in total by -0.2 % in 2014 compared to 2013. Newsprint paper production has decreased the most with a total of -6.9 %, which can be the result of a decreasing demand in the newsprint market. Even though the total consumption has increased by 0.9%, figures show that consumption of newsprint decreased by -2.7 % .

CEPI Paper & Board Production and Consumption

	PRODUCTION			CONSUMPTION		
'000 Tonnes	2013	2014	% Change 2014/2013	2013	2014	% Change 2014/2013
Newsprint	8 157	7 594	-6.9	7 255	7 061	-2.7
Uncoated Mechanical	5 871	5 634	-4.0	4 843	4 646	-4.1
Coated Mechanical	7 439	7 050	-5.2	5 172	5 143	-0.5
Uncoated Woodfree	8 957	9 108	1.7	7 175	7 247	1.0
Coated Woodfree	7 667	7 536	-1.7	5 163	5 083	-1.5
Other Graphic Papers	29 934	29 328	-2.0	22 353	22 119	-1.0
Total Graphic Papers	38 091	36 922	-3.1	29 608	29 180	-1.4
Sanitary and Household	6 972	7 001	0.4	6 700	6 702	0.0
Case Materials	25 633	26 204	2.2	24 167	24 879	2.9
Carton Board	8 588	8 546	-0.5	5 658	5 721	1.1
Wrappings	4 021	4 235	5.3	2 901	3 123	7.7
Other Paper & Board for Packaging	4 183	4 267	2.0	3 873	3 833	-1.0
Total Packaging Papers	42 424	43 251	1.9	36 599	37 556	2.6
Other Paper & Board	3 780	3 892	3.0	3 512	3 642	3.7
Total Paper & Board	91 268	91 067	-0.2	76 419	77 080	0.9

FIGURE 1. CEPI Paper and Board Production and Consumption (CEPI.ORG 2015, 11)

2 METHODOLOGY

A research studies a scientific phenomenon from different aspects, which is converted into a research problem. Research questions are generated out of the research problem, for which the research seeks and presents an answer using gathered research material and different research methods like presented in figure 2 (Kananen 2015, 31).

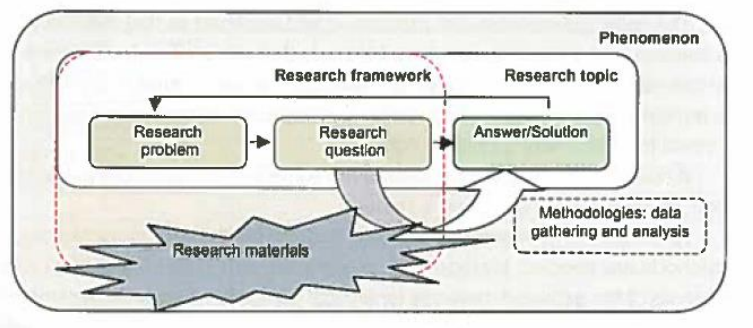


FIGURE 2. The phases of a research (Kananen J. 2015)

Research can be conducted with different research approaches. To solve proposed research problems, different research methods are required to gather reliable information. Research methods (figure 3) define how the gathered data is analysed. Each research approach has its own methods for analysing and gathering data, as research approaches differ depending on the aspect the research is conducted upon (Kananen 2015, 31).

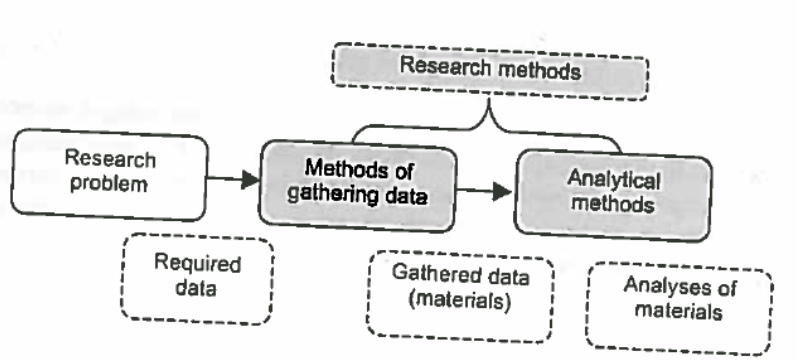


FIGURE 3. Research methods (Kananen 2015)

Research approaches can be classified into qualitative, quantitative or mixed approaches, where the last one is a mixture of both qualitative and quantitative. A quantitative research

approach supports the testing of theories in the form of hypotheses. Research data is collected and analysed, which either supports or refutes the proposed hypotheses. Different experimental (surveys or experiments) designs are used to assess attitudes before and after the research process. These collected attitudes are then measured and result in information, which is analysed with statistical procedures and tests the hypotheses. A qualitative research approach is used to research the meaning of a phenomenon from the participants point of view, for that the development of shared patterns of behaviours of an identified group is studied over time. In qualitative research approaches data is collected in form of participants behaviour observation, researcher engagement or interviews. Applying the mixed research approach allows the researcher to collect diverse data to understand the research problem, using both qualitative and quantitative data (Creswell 2009, 16 – 17). Table 1 summarized the most important bullet points of each approach.

TABLE 1. Quantitative, Mixed and Qualitative approach (Creswell 2009)

Quantitative Methods →	Mixed Methods	← Qualitative Methods
• Pre-determined • Instrument based questions • Performance data, attitude data, observational data, and census data • Statistical analysis • Statistical interpretation	• Both pre-determined and emerging methods • Both open- and closed-ended questions • Multiple forms of data drawing on all possibilities • Statistical and text analysis • Across databases interpretation	• Emerging methods • Open-ended questions • Interview data, observation data, document data, and audio-visual data • Text and image analysis • Themes, patterns interpretation

2.1 Research problem

In order to be competitive and cost efficient, UPM centralized its finance department in Finland and established Financial Service Centres in Tampere and China, in 2006. A shared service centre (SSC) is an independent business unit, providing common and defined services to several units belonging to the same organization. It takes the advantage of the existing organizational culture and knowledge, to centralize support processes, cutting duplicate support processes and non-strategic activities. It focuses heavily on internal customers (Ulbrich 2006, 191 – 205; Schulz & Brenner 2010, 210).

Tasks executed in a SSC are usually not core business related and from a competitive point of view not too critical. Like all Shared Service Centres, UPM's Financial Services do not produce any profit, even though their implementation is driven with a cost cutting and high quality focus. As business portfolio in UPM is so versatile, it is very important to be able to provide target services to all UPM business. The need to reduce costs, by improving and adjusting the services according to the organization's needs, usually results in an attempt to achieve faster execution of processes with increased focus on quality and an elimination of costs (Ulbrich 2006, 191 – 205; Schulz & Brenner 2010, 210 – 219).

As earlier mentioned, Shared Service Centres typically do not produce any profit, therefore their main goal is to be more cost efficient by cost reduction. Typically these are costs, which occur due to the lack of quality, also known as "costs of quality". COQ is the sum of costs incurred in preventing poor service quality, ensuring and evaluating quality requirements or other costs resulting from poor quality during the production process. Poor quality is understood as waste, errors or failures to meet customer needs and requirements (Beecroft, Duffy & Moran 2003, 32 – 33). The cost of quality model, also known as PAF (Prevention, Appraisal, Failure) model, is shown in Figure 4 with explanation of each type of costs.

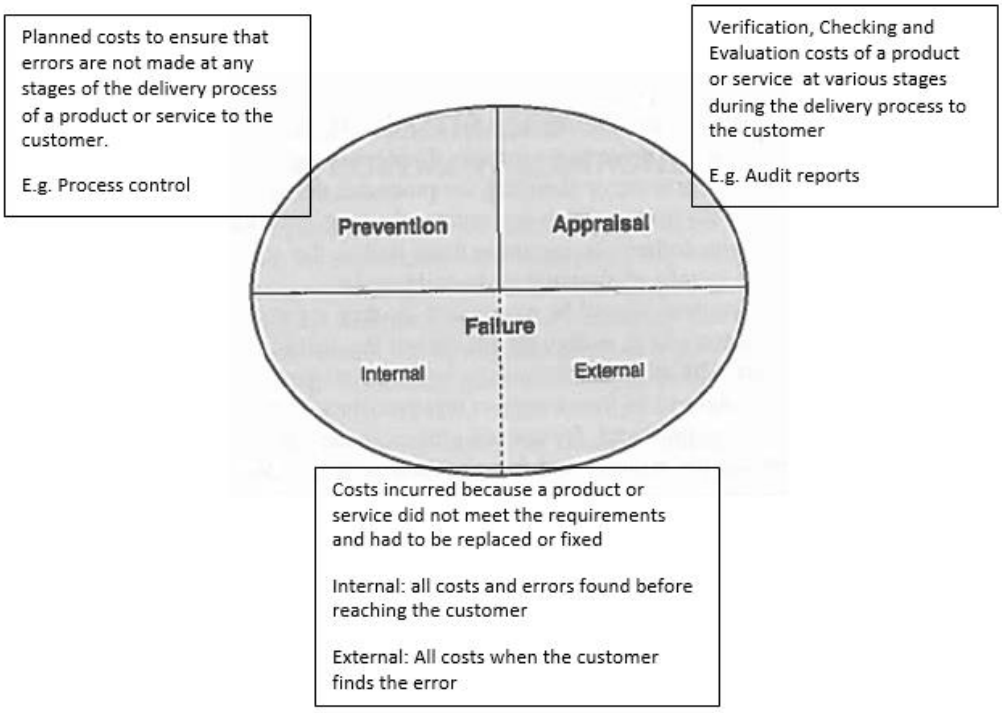


FIGURE 4. PAF MODEL (Beecroft, Duffy & Moran 2003, 32 – 33, modified)

The focus in this model is on driving process- and failure costs down to zero and to reduce appraisal costs to a minimum, as these are costs, which do not add value to the product or service. Instead, higher attention should is paid to prevention activities. Improved prevention activities reduce appraisal costs to a minimum. Even though organizations know how their processes should be improved to be more cost efficient, it is has proven difficult for them to improve current processes and change their organizational behaviour in order to move from the initial (current) position to the ideal position (figure 5), in order to be more be more cost efficient (Beecroft, Duffy & Moran 2003, 32 – 34).

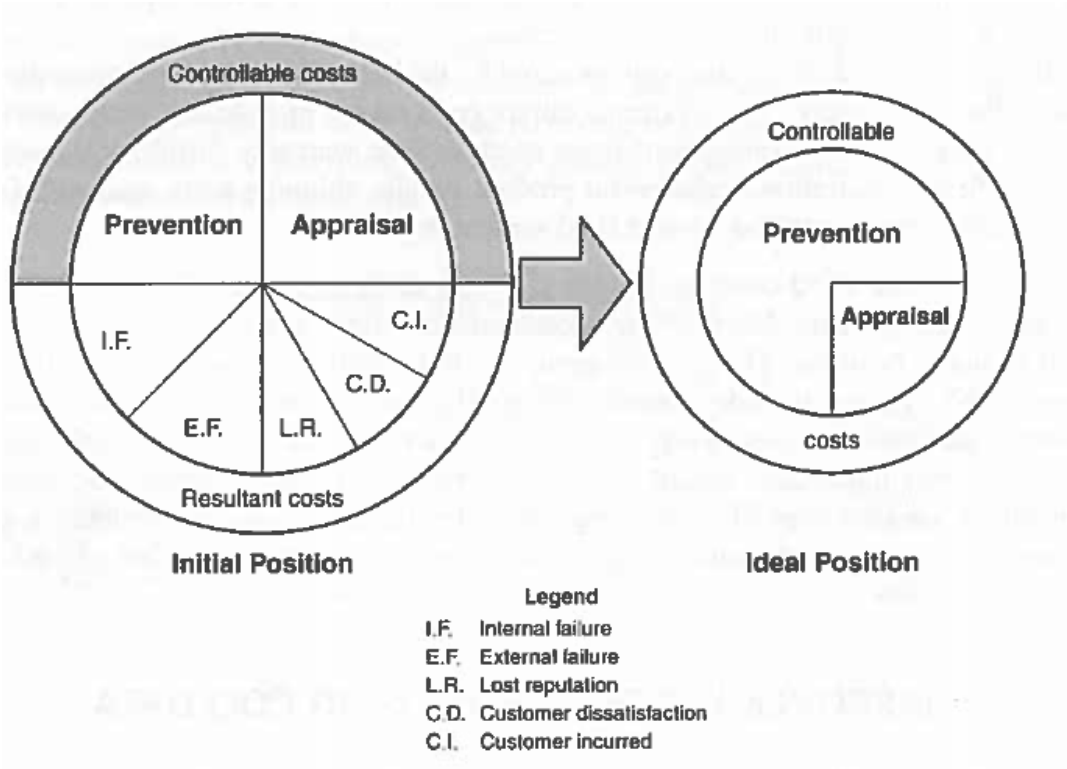


FIGURE 5. Cost of Quality Model (Beecroft, Duffy & Moran 2003)

In 2014, UPM re-organized its Financial Service Centre (FSC) in Finland and China as part of a change program for profit improvement. Outsourcing of recurring transactional tasks provided the Financial Service Centre with the possibility to streamline and simplify ways of working and to build a platform for more cost-efficient work (pulppaper-news.com 2013). This new way of working enabled Financial Services to focus on current and future business needs. Between 2014 – 2015, UPM targeted the transfer of all month end closing related activities from business controller, located in the production mills, to the Financial Service Centre in Tampere. The main goal for the transition project was cost

reduction and establishing cost efficient processes in the organization by taking transactional processing month end tasks away from productions units and to build up and deepen the business mind set in FSC. Deepening business understanding of the accountants, strengthening of stakeholder relationships and communication, expand analytical skills to support internal stakeholders in the decision making process are supporting the achievement of the main project goal. After a stabilization period remaining business controller month end tasks will be insourced to the Financial Service Centre Tampere.

2.2 Research objective and questions

This research concentrates on the transition project of the case company. Therefore this research has two different aims, which complement each other. The first aim of the research concentrates on conducting business improvement through change management. In order to reach this aim a common understanding of what change management and business improvement processes have to be established.

The second aim of the thesis is to give an overview of whether the transition project (Centralization of business controller month end tasks to financial services) increased business understanding, harmonized ways of working and cost efficiency , and what improvements can be taken to similar project to achieve cost efficiency through business process improvement and change management.

In order to support the research to meet its research objectives the following two research questions have to be answered:

1) *Can business process improvement be achieved through change management?*

2) *Have business process changes been implemented effectively enough to achieve higher cost efficiency or is there a need to implement future similar transitions projects differently in the case company?*

The following sub-questions have been formulated to help to answer the above raised research questions.

1) What does business process improvement mean in theory and how is it implemented?
2) What is the definition of change management, how is it implemented and does it affect the organization ?
3) Is there a correlation between business process improvement and change management?
4) Has the transitions project of the case company impacted the business processes positively?
5) Have the expectations of the project been fulfilled?
6) What improvements and lessons learned can be taken from the transition project and applied to similar future projects?
7) Should the next possible transition project be executed in the same way or do changes need to be made to the execution of the process?

2.3 Research scope, limitations and validity of the research

Both, change management and business process improvement are wide area topics and covering every point would exceed the dimensions of this research. This research therefore provides only an overview of business process improvement and change management concepts to create a baseline understanding required before the actual research is conducted. This research is a case study, therefore the validity and the scope of this research are limited to the case company and to the transition project discussed. Suggestions, results and conclusions cannot be transferred to other case studies or transition projects, as each organization's situation and improvement needs have to be individually evaluated and analysed.

Even though insourcing of business controller's month end task to the Financial Service Centre have been done throughout all UPM business areas. The focus of this research is on UPM PENA business area, because of the current struggles in the paper market. This means the main focus will be on Central Europe (Austria and Germany), Western Europe (United Kingdom and France), as well as Northern Europe (Finland). The research should

provide an insight into advantages and disadvantages, what risks the transition brought along and what kind of expectations business controllers and accountants have. Lessons learned and improvements to the process in relation to the new insights of business process improvement and change management should improve the success of similar projects in the case company.

This research will not cover any of the case company's internal processes and financial results, as these are confidential and have no influence on the execution or outcome of the transition project nor to the outcome of this research. It should be pointed out that the survey sample was limited to participants of the transition project within UPM PENA, as the focus area of this research is on UPM PENA business area. Approximately thirty employees have been involved in the transition project and are therefore subject to the research. Therefore valid survey results are achieved when twenty five or more survey participants respond to the questionnaire.

Furthermore, even though the author of this research has taken part in the transition project, the author will not take part in the survey. The author will stay neutral during the complete research process. The research will be conducted from a neutral point of view and does not take the author's own opinion into consideration. Evaluation and analysing of the survey result will be done from a neutral position.

2.4 Research structure

The research will be structured as follows to provide the reader with a better understanding of the research process:

Chapter One: Chapter one is an introduction to the study. It provides an overview of current situation of the paper business, as well as the relevance of the topic and why it has been chosen. It also introduces the research statement and objectives and provides an overview on the research scope, limitations and validity of the research.

Chapter two provides an overview of the research methodology and data collection. This includes an introduction to the research method chosen, the overall research process and additionally contains details of how the research data was collected and analysed.

Chapter three covers the theoretical part of this research. It contains a literature review of different concepts of business process improvement. It briefly explains key principles, various implementation tools and techniques and provides a short overview how BPI impacts organizations. Furthermore, the chapter will provide an insight to into change management, its different strategies, tools for implementation as well risks and challenges and how it affects the organization. In addition, this chapter will demonstrate a possible correlation between the concepts of business process improvement and change management.

Chapter four delivers an insight into the transition project itself. First, processes before the transition project has taken place are reviewed. Then it is explained how the project has been executed and how processes developed after the transition project has been completed. This chapter also provides the results of the survey.

Chapter five focuses on major findings and the discussion of the research results. It also contains recommendations for other potential transition projects and ends with a summary of the research process.

2.5 Research method and diversity

This research is a case study concentrating on a transition project in the case company. Therefore the research has two different, but complementary aims. First the research concentrates on conducting business improvement through change management and secondly, it provides an overview, of whether the transition project (Centralization of business controller month end tasks to Financial Service Center) increased business understanding, harmonized ways of working and cost efficiency, and what improvements can be applied to similar transition projects to achieve cost efficiency through process improvement and change management. Both quantitative and qualitative research methods (mixed research approach) are used to support reaching the stated objectives of this research.

2.6 Data collection and analysis

First, primary data is collected to establish a starting point for the research and to provide a deeper understanding of the research content, of business process improvement and change management. This knowledge is gained through the use of text books, research papers and articles related to the research topic. Secondly, the process before the transition project, project execution and the process after the transition project are described to provide a better understanding of the importance of the transition project and its influence. It also provides knowledge about common practicalities, like the project participants, project duration, how the project has been executed and where the project has taken place. Both, primary data and the understanding of project execution and processes, create the basis of the survey for the project participants. A survey is a research method to collect information describing, comparing and explaining individual knowledge, feelings, behaviour and values (Fink 2006, 1).

This research uses a survey to gain an insight into to the aspects of the research phenomenon. Survey questions were formulated to establish an understanding, of whether business process improvement has increased cost efficiently and if similar transition projects should be conducted the same way or if changes to BPI and change management methods used need to be done. The survey is built up to receive an insight of the risks, improvements, lessons learnt from the transition project. Furthermore, the outcome of the survey should bring up undetected advantages, disadvantages, risks and should clarify the business controller's and the accountant's expectations towards the project execution, and also if business mind-set and understanding have been achieved. The survey questions can be found in appendix 1.

All survey questions have been pilot tested to ensure a high response rate to the survey. Pilot testing is important to clarify the language of the questions, to reveal if questions are understandable and that survey participants are able to follow the direction of the questionnaire. It also ensures that people are able to respond to the questions (Fink 2006, 6). The survey sample is limited to participants of the transition project. Thirty employees are subject to the survey and results are considered as valid when twenty five or more survey participants respond. After the survey questions have been formulated, the survey will be created with the research software called Qualtrics. A link to the survey will be distributed by email (appendix 2), as the survey participants are located around Europe

and email distribution is a more efficient way to directed the survey to the correct participants. The survey recipients addresses have been add to the blind copy field to ensure that survey participants remain anonymous.

The duration of the survey will be a month to establish a deadline enabling a quicker collection of survey responses. This research uses descriptive statistic, correlations and regression analysis methods. Using these methods helps the understanding of the relationships, correlation between the answers and also proportions, variation and/ or frequencies to ensure the best possible research outcome (Fink 2006, 70). The analysed data will be presented with the help of bar graphs and pie diagrams to provide visual proportion of the survey results.

3 BUSINESS PROCESS IMPROVEMENT & CHANGE MANAGEMENT

3.1 Business process improvement

Everybody remembers their first Walkman. The Walkman made it easier to listen to your favourite tape wherever you went. Soon streets were overflowing with people walking around listing to music coming from cassettes. However, it did not take long before the Discman was introduced to the market and whoever was able to afford it, switched from a Walkman to a Discman. Listening to music on the Discman was even cooler, but traveling around created some logistic problems, as compact discs carried around in back bags took a lot of space and street bumps had to be avoided to prevent the Discman to stop playing for some 10 seconds. New technology inventions of hard drives and flash memories brought MP3 players into the stores. MP3 players made it possible to carry and replay hundreds of different music titles in a small compact form. When introduced to the markets, MP3 players were expensive and not everybody was able to afford one. With the years passing, the increased number of competitors entering the MP3 player markets drove technology development with a high speed in the entertainment industry. Soon MP3 players became affordable to the masses and not long after it was even possible to listen to music from your mobile phone. Carrying around additional devices to listen to music became useless. Nowadays consumers are waiting longingly to see what is coming next, always ready to purchase the newest innovations.

The above example shows that consumer's service and product expectations are growing with an increased speed. Organizations have to exceed consumer's expectations to lead the market segment and stay competitive, they also are constantly required to re-think their business processes to ensure cost efficient and continuous improvement of performance standards. Without improvement organizations are less cost effective, lose competitive advantage and allow other competitive businesses to enter their market segment.

Business processes, which are only maintained but not improved, ensure that an organization's current performance level is kept up, but does not allow any real process improvement and renewal. Organizations should aim towards continuous improvement of their processes, organizational structure and culture to stay competitive and cost effective.

Continuous improvement is not a skill available for hire, but it needs to be learned, practiced and sustained (Andersen 2007, 3 – 4).

Before looking at various aspects of business process improvement (BPI), it first should first be understood how organizations work. An organization's main goal is to deliver a service or a product to a client. Organizations follow business processes to deliver end items on a cost efficient and high quality level, by working with input requirements (customer needs and requirements) to achieve the output products (service or an item), as demonstrated in figure 6.

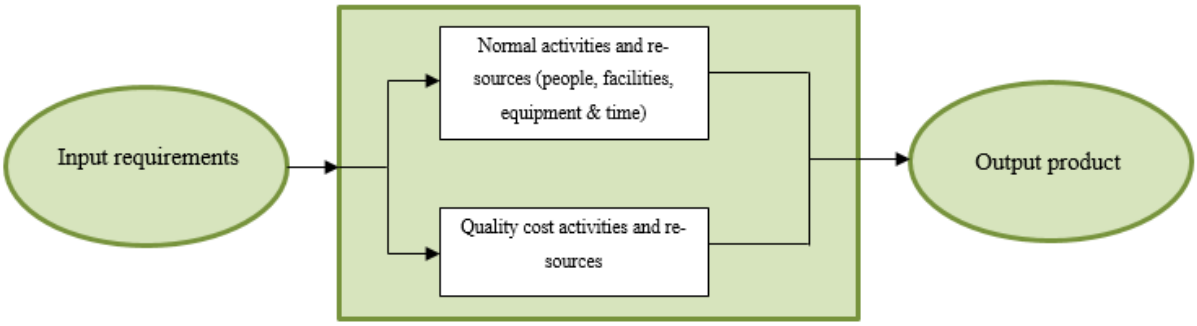


FIGURE 6. Process model (Beecroft, Duffy & Moran 2003, modified)

In order to achieve that goal, organizations hire employees, which are organized into departments of their expertise. Departments support employees to specialize in their own field, it provides organizations with possibilities to lower costs (centralization of tasks), creates more clear and defined organizational structures and provides a sense of community for employees (Andersen 2007, 28). Processes, within organizations built up this way, run horizontally through vertical departments creating an organization environment of boundaries (figure 7). It creates limited or no communication between departments, it leaves employees focusing on their own department processes and does not support harmonization of cross department processes. Keeping departments separated produces a conflict in objectives and actions between the departments, as each separately focuses on performance level optimization, in addition to increasing its influence and authority within the organization (Andersen 2007, 29 – 31).

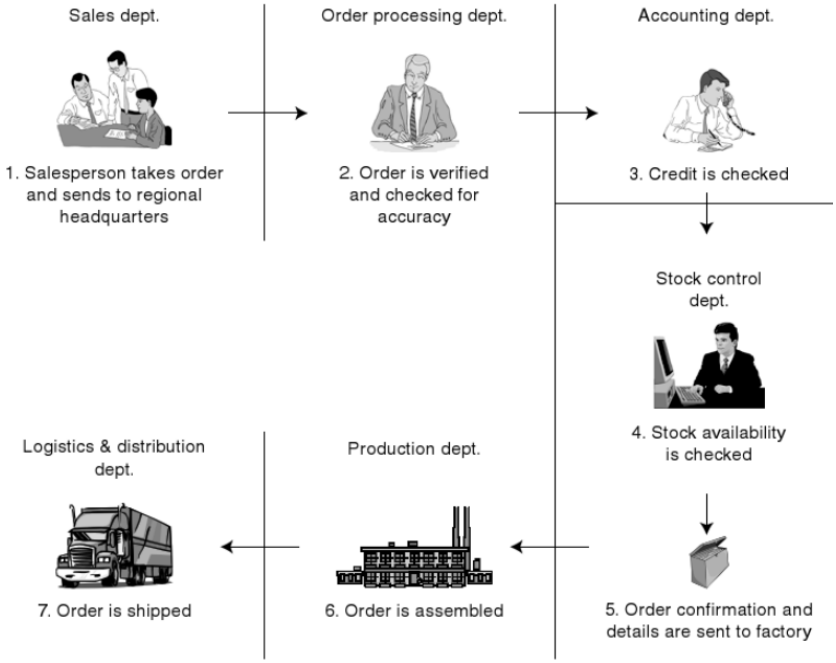


FIGURE 7. Simple business process with department boundaries (Andersen 2007)

Organizations nowadays understand that independently working departments are not beneficial in today's business environments. In today's business world the focus is shifting from individual departments to organization's business processes as a whole. This shift enables organizations to focus better on external and internal customer satisfaction, as each business process has its own individual customer. Better customer and supplier understanding and an increase on the end-to-end process is achieved by focusing on complete business processes throughout the organization instead on individual department levels. Process focus generates more value to products and services, but also creates a better environment for resources, costs and time control (Andersen 2007, 31 – 32).

Business Dictionary (2016) defines a business process as " a series of logically related activities or tasks (such as planning, production or sale) performed together to produce a defined set of results." In other words a business process consists of a sequenced and linked set of activities, transforming inputs into outputs to produce value for the business and customer satisfaction. Business processes can be divided into 3 different high level class processes:

- Operating processes
- Support processes
- Management processes

Operating processes are commonly known as processes in which companies focus on developing, making, selling and delivering products and services to create, add or deliver value for paying customers. These are typically reflecting an organization's business strategy. Unlike operating processes, support processes do not directly create services or products, but assist operating and management processes, for example maintenance, procurement, finance, sales or human resources. Management processes focus more on performance measurement and quality control to maximize performance outcome through decision making, problem solving and facilitating collaboration, accountability and responsibility within organizations (Lehmann 2008 – 2012).

Andersen (2007, 35) simplifies this division even more and combines the above mentioned business processes only into primary and support processes, as shown in figure 8. Operating processes belong to primary processes, as they are the core and value adding processes, meaning creation processes of an organization. Supporting processes do not only include activities needed to support operating processes, but also management processes. He claims further that parts of the support processes can nowadays be extracted into a new process area called development processes. Development processes should achieve an increase in performance level of primary and supportive processes by product development, personal training or supplier/vendor development (Andersen 2007, 36).

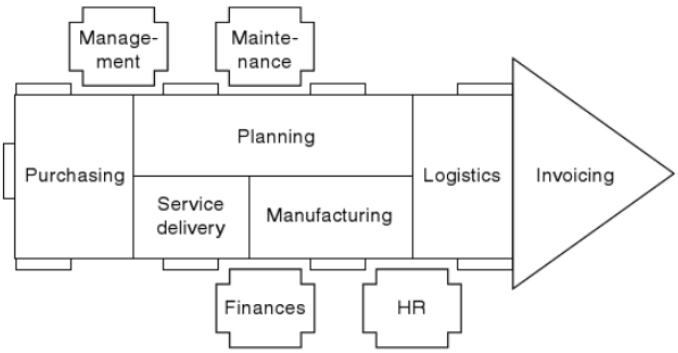


FIGURE 8. Primary and support processes (Andersen 2007)

Different interpretations might exist, regarding which departments belong to which business processes, but most important for an organization is to be able to identify its own business processes correctly. Defining business processes within the organization can be achieved by listing processes as these appear or by understanding the dependencies between strategies and stakeholders. Figure 9 highlights the interaction of an organization's strategy, its stakeholders, expectations of product or service delivery and the production processes. The lack to support the organization's strategy and stakeholders, as well as clearly defined business processes results in over-processing, waste and dissatisfied stakeholders. Understanding interactions between these segments allow organizations to build up their processes backwards, starting from stakeholders ending at the production processes, to ensure that unnecessary processes are eliminated and only crucial processes remain (Andersen 2007, 36 – 27).

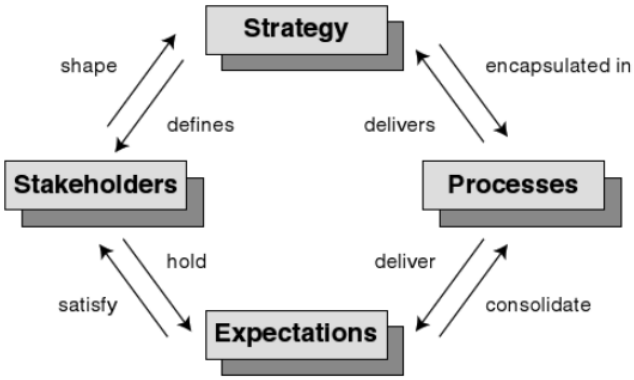


FIGURE 9. Business processes derived from strategy and stakeholders (Andersen 2007)

Elimination of unnecessary processes and understanding of own business processes provide organizations with the competitive advantage they need to survive in today's business environment. Nowadays, doing business as usual is more damaging to organizations than five years ago. More challenging and faster changing business environments force companies to re-think and improve their business processes. Business process improvement becomes more and more the focus point in organizations. By improving their processes, organizations try to achieve cost reduction, lead time reduction, quality improvement and risk reduction. Process improvement also tends to create more transparency, profitability increase, creates a common organizational language, allows faster reactions and responses to policy changes in the business environment, it sets a steady basis for benchmarking and most importantly increases stakeholder relationships (Andersen 2007,

3 – 4). Redesigning and improving current processes to achieve improved organisational performance is also known by the term: business process improvement.

3.1.1 Business process improvement, drivers and key principles

Business process improvement (BPI) is a broad term, which can cover process optimization from continuous improvement to radical reengineering. The main objective of BPI is the identification and implementation of improvement needs in an organization's business processes. There are many different BPI drivers in existence, such as cost reduction, development of efficient processes, responses to policies or simply an increase in customer satisfaction. (Andersen 2007, Kallio, Saarinen & Tinnilä 2002, Samia & Saad, 2008)

Kallio, Saarinen & Tinnilä (2002) identified that BPI is needed to create two different changes; business changes and business process changes. While BPI drivers for business changes relate more to external changes, such as an uncontrollable and unpredictable industry, tighter economic conditions, new legislation, advanced technologies and change in customer and supplier requirements; internal inefficiency due to high costs and low quality organizational processes are drivers for changing business processes (figure 10)

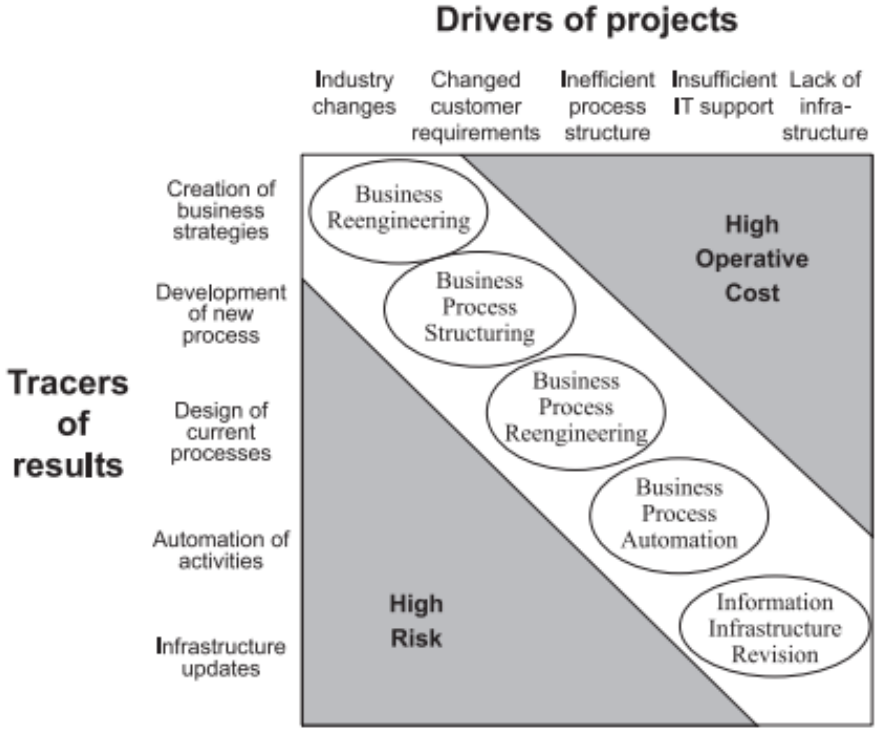


FIGURE 10. Efficient drives and tracers (Kallio, Saarinen, Tinnilä, 2002)

Executed as a long term program, BPI has its focus point on the entire organizational business process as one, which is composed of a series of cross-functional processes within the organization. Even though BPI is more focused on systems and manufacturing environments, its methods can be utilized also in service organizations (Povey 1998, 27 – 28). Povey (1998) defines BPI in a short summary as "the process of assessing, analysing and improving the business processes that are important to an organization's success".

According to MacDonald (1995, 21 – 22) BPI itself contains three difference basic understandings:

- **Process improvement**, which emphasizes mainly on improving existing processes , for example software updates
- **Process redesign** representing rather radical changes, by concentrating on major processes with cross-functional boundaries, like merging processes together.
- **Business process reengineering**, which is the fundamental rethinking and radical redesigning of business processes to achieve dramatic improvements, for example changing processes to achieve a decrease in delivery time from 8 weeks to 3 days.

It should be understood that describing all the different BPI principles and techniques would go beyond the size of this research, therefore only the most widely known key principles are shortly introduced, these are Six Sigma, Business Process Reengineering (BPR), Benchmarking, Total Quality Management (TQM) and Kaizen.

Six sigma is a program used to achieve productivity and probability improvement by implementing different kind of tools, control charts, run charts or process maps. The standardized approach is implement in five phases. First, problems are defined and quantified, then defect levels are determined and a performance measurement is carried out. Once completed, the collected data is analysed and root cause analysis is performed. In the last two phases, the found defects are improved and the improved process is once more controlled to insure that improvements are sustained. Correctly applied, six sigma can help to reduce costs and errors, improve cash management, improve productivity or even help to create standardized processes. Applying six sigma successfully requires special attention to critical factors (such as linkage to the business strategy), ignoring these might not lead to the hoped for improvement effect. Altogether, it has to be understood

that six sigma should be only applied to existing and running processes and does not support the need of process redesign or creative orientation, it is therefore a tool used only for process improvement (Samia & Siha 2008, 780 - 784).

Business Process reengineering, short BPR, is connected to discontinuous improvement and outside the box thinking, it is not a "quick fix" principle. Instead it is time consuming, as applying BPR means dramatic improvements, radical rethinking and redesign of existing business processes. BPR is customer driven, concentrates on key business processes, it is cross functional and requires heavy involvement from senior executive management. The key point of business process reengineering is to think how the organization's processes should be organized, by using the existing knowledge to redesign new processes to meet their needs. Correctly implemented, BPR has benefits such as: lower administration costs, decrease in staff turnover, increase in productivity and decrease in response time. Naturally, it also contains risks, which can lead to failure. Risks are, lack of process knowledge, not providing sufficient time to allow BPR to happen or choosing processes for the redesign with low impact on the core business, which could result in no improvement. (MacDonald 1995, 22 – 24). According to Samia and Siha (2008, 787 - 788) there are currently not many tools available which help to visualize and support an active participation in process redesign. Furthermore they point out the importance of aligning BPR implementation methods to organizations' corporate strategy to suit the redesigned process to the unique situation of the organization and achieve competitive advantage.

Benchmarking is the process of comparing an organization's best practices against other organizations in the same industry to gain valuable information that can be adapted to improve an organization's own business processes (Patterson 1995, 4). Watson (2007) identified four different types and scopes of benchmarking: competitive, functional, internal and generic. This principle is used to improve performance, take advantage of already available information, provides a complete picture what is currently considered as best practice in the market and how the organization's competitors are currently executing the same process. Benchmarking could also be used as a measuring instrument, as it makes an organization's analyse and understand their processes first before any benchmarking can take place. Its objectives are the fast adaptation of the industry's best practices, becoming more competitive, setting and achieving realistic goals (Patterson 1995, 4, 6, 8, 20 – 22). However, as Patterson (1995) points out, organizations should not adopt everything straight from their competitors, instead it should be carefully adjusted to the

organization's own unique processes and systems. Samia and Siha (2008) even go further by arguing that benchmarking does not lead to process improvement, as benchmarking only allows organizations to be as good as their competitors, which might not be the best anymore in the following years.

Total Quality Management (TQM) is a process, management style, technique, a tool and leadership style. The overall goal of TQM is to create an organizational culture which allows achievement of the highest possible quality in products and services. It is a principle based on continuous improvement. Being a complex and wide task, total quality management requires realistic goal setting. Unrealistic unachievable goals will harm organizations more than being beneficial. Only when organizations first align their strategy objectives, competitor performance market and customer demands to the TQM goals, can the implementation add value and quality to the processes. It should be pointed out that TQM is not a principle of achieving product and service perfection, but rather used to achieve the highest quality and products possible for the current state of the organization and it should be remembered that quality is based on customer demands, which are constantly changing (Williams 1994, 1 – 26).

The last principle has its roots in Japan and is known as **Kaizen** or continuous improvement. Kaizen consists of several difference improvement techniques, such as quality circles, total quality control, productive maintenance, Kanban (waste), just-in-time and other different productivity improvements and automations. The method helps to establish, to maintain and improve standards with the focus on high process orientation and seeks root causes of existing problems. Nevertheless, this principle is strongly people-oriented, as it is believed that all processes start with people, because people are the ones who work on the processes and require knowledge/ training to achieve and implement improvement. Techniques of this principle are usually applied in slower growing business environments, as the focus is only on improvement of existing processes rather than on new innovations. Therefore the Kaizen principle is more focusing on improving organization's own processes than placing organizations in a competitive position (Wittenberg 1994, 12 – 13).

These five key principles are only a few examples of business process improvement techniques. Each principle carries its own advantages and disadvantages, all require different implementation methods and achieve different outcomes. There is no single standard

technique suited to be applied to each organizational demand. Instead, to choose the correct principle, organizations have to carefully assess their needs, processes and requirements, aligned with the organization's strategy and customer demands.

3.1.2 Business process improvement and implementation

To carry out improvement efforts effectively, organizations have to understand the entire business process improvement framework. According to Andersen (2007), it consist of different but equally important basic elements such as stakeholders, improvement toolbox, performance measurement, the organization itself and skills for improvement, business process understanding, improvement road map and strategy as presented in figure 11.

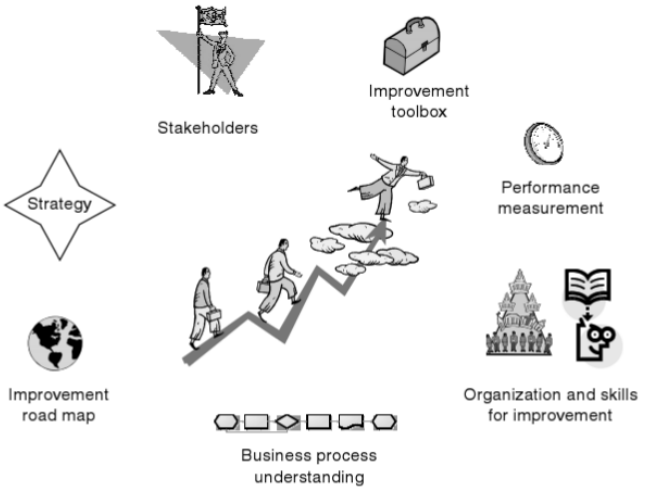


FIGURE 11. Business process improvement framework (Andersen 2007)

The importance of each basic framework element should not be underestimated, but understood and taken into consideration with care, separately and together as one. An organization's strategy and its stakeholders lay the base and define areas for the organization to improve its performance. Understanding of current business processes is another base part of the framework. Without understanding of the current business processes the platform for improvement is taken away already in the early stages. Of equivalent importance is performance measurement, as it draws a clear picture of how processes are

currently carried out and defines which processes are subject to improvement needs. Performance measurement also provides an overview of already created improvement effects and their impact. The BPI map contains more detailed project execution information and is more a road map achieving long term improvement. An improvement tool box allows the setting of improvement directions and guidance and it also ensures the know-how to get process improvement started is in place. Last but not least, another not so insignificant element is the organizational structure, skills and attitude towards improvement. Without this set of basic values supporting the improvement effort, continuous improvement will not be achieved, neither will responsibilities or initiation for improvement be anchored in the organization's culture.(Andersen 2007, 5 – 6).

Andersen's (2007) framework elements enable organizations with the possibility to set improvement directions, establish improvement platforms by creating a current business understanding as well as providing tools and techniques for improvement implementation projects. While the framework contains all important key elements, it does not provide an overview of the business process improvement cycle itself.

Methods used for BPI implementation differ not only from scientist to scientist, but also according to the organization's business needs. It has to be understood that each BPI key principle requires different implementation methods, however the BPI cycle creates the bone structure of each implementation method. It usually consists of 4 parts: assessment, improvement, implementation and monitoring.

For example, McAdam (1996, 65 – 69) describes his Four – phase model as a method that can be used for small process changes to complete reengineering. His model follows a four step idea: process identification, process analysis, process improvement and process improvement implementation. All steps contain different tasks, which should be completed before moving on to the next one, as summarized in figure 12. Leaving out a step in the process can jeopardize successful BPI implementation and might even require starting the process from the beginning.

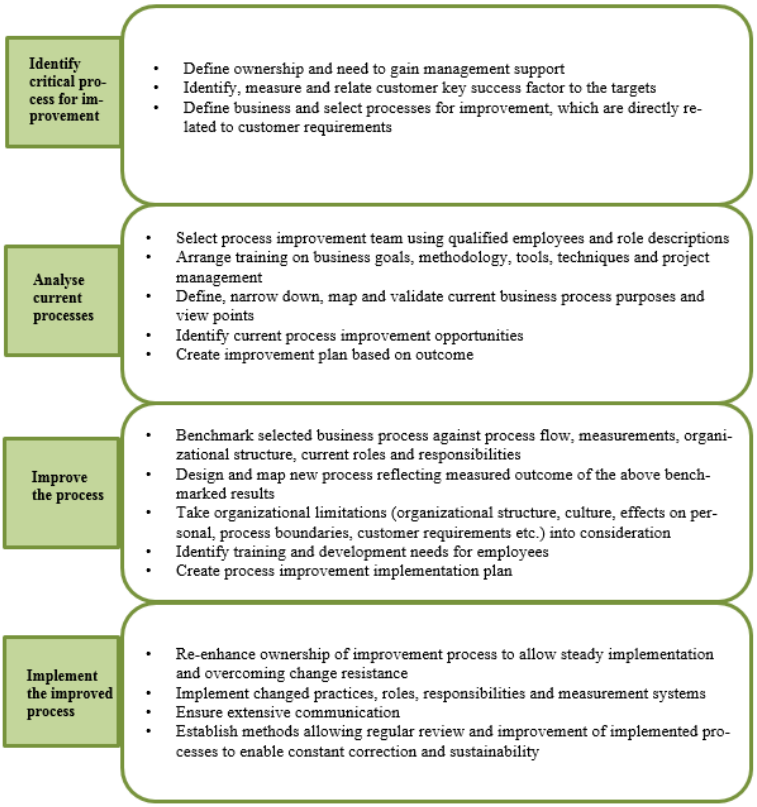


FIGURE 12. Summary of McAdam's Four – Phase Model (McAdam 1996)

Van Loon's 9 Step BPI improvement cycle is a more formal model with detailed guidelines for process improvement implementation. Even though it is possible to leave out or combine some of the steps, van Loon (2004) recommends going through each activity carefully to ensure familiarisation and understanding, which lead to successful improvement results. In the beginning of the implementation process, the organization's needs have to be examined. For successful improvement it is important that business goals and issues are clearly defined. Current business processes should be reviewed and processes with a need for improvement identified (van Loon 2004, 72). This can be done through auditing performance and customer relationship management (Beecroft, Duffy & Moran 2003, 152, 168), as well by using tools like capability determination process and capability gap process assessment (van Loon 2004, 36, 39). Processes with improvement needs should be fine-tuned and set in relationship to the organization's vision, strategy and business plan. Next, a formal business case should be developed with a cost estimation, the time frame and the expected outcome. Already during the starting phase it is important to gain support of senior management, as they play an active role during implementation and for obstacle removal. Heavy management and leadership support is crucial to be in

place to achieve a strong organizational commitment already from the beginning (van Loon 2004, 72 – 74).

The second activity, initiation of process improvement defines more the way how the improvement is achieved. It is managed in the same way as other projects, including a definition of objectives, proper detailed planning, allocation of resources, identification of possible risks and progress tracking, which results in an action plan covering all check points and milestones. Once everything is gathered and planned, this activity begins with a formal kick-off meeting to communicate the initiative, to underline the importance of improvement and to get everybody on board (van Loon 2004, 74 – 76).

Step three and four in van Loon's cycle can be executed together. Performing process assessment, results and risk analysis are crucial before the actual improvement implementation. Before any changes can be done, organizations have to understand how current processes are performed and how they should be performed to achieve the desired results in the future. This is known as process assessment. During the process assessment activity, all processes subject to improvement, must be assessed in order to determine what is required to achieve improvement. These should result in finding process strengths and weaknesses, improvement opportunities and recommendations. Findings should be presented to affected organization units and feedback for further assessment needs should be collected from stakeholders (van Loon 2004, 76 – 78).

Once process assessment has been completed, results and risks should be analysed. The target is to identify the gap between current processes and target processes (improved processes) by listing and tracking unachieved indicators noted during the assessment. Here it is important that processes for which the assessed rating is higher or equal to the desired level, are left out and only processes, which have a clear visible gap are concentrated on (van Loon 2004, 78 – 80). Meaning that processes with an excellent assessed rating work well and should not be subject for improvement. Only processes where the assessed rating was lower than the desired level should be subject for improvement. Tools for process assessment and result analysis are SWOT analysis (for internal strength and weakness analysis), trend analysis, spider chart, performance matrix, criteria testing and quality function development method (Andersen 2007, 76). Risk analysis is a powerful tool in the improvement cycle, as it helps to understand current risks, but can also prevent from future risks, if used correctly. It is not a required step, but correctly applied it can

prevent process improvement failure. Therefore it is recommended to do a risk analysis in order to avoid problems during the implementation phase (van Loon 2004, 80).

Once processes, results and risks have been identified, the next step is to create an action plan. The action plan should be a detailed plan, which identifies step by step actions to achieve the desired outcome. The plan should be communicated to the senior management and other affected stakeholders within the organization, it should contain a summary of the assessment results and detailed outline of the steps to achieve the improvements. Senior management must approve the action plan before moving onto the implementation phase. This usually happens after the business case and improvement ideas, including a calculation of financial benefits after achieved improvements, have been presented. Most common tools used for this activities are the work-break-down structure, cost/ benefit analysis or Return on Investment (ROI) analysis (van Loon, 83 – 87).

As soon as the action plan is approved and communicated throughout the whole organization, it is time to implement the defined actions steps to achieve process improvement. This is done usually by initiating different improvement projects, depending on the size and complexity of the improvements. For higher scale improvement projects, project management processes should be involved to ensure successful implementation. It is also recommended, if possible, to pilot improvement implementations first, instead of implementing changes throughout the whole organization at once, as it allows maintenance and correction of the implementation process (van Loon 2004, 87 – 89). Tools supporting improvement implementations are AT analysis, Tree diagram, process decision program chart, force field analysis, four field matrix or the project plan (Andersen 2007, 237).

After process improvements have been successfully implemented it is critical to confirm improvement actions have been achieved, and also that improvements gained are sustained. It needs to be assessed that earlier assessed gaps between current and target processes have been closed. In the event that desired process targets have not been achieved, the process improvement project should be redefined and corrective actions should be taken, possibly by repeating earlier mentioned steps (van Loon 2004, 88).

Great attention should be placed on sustaining the improved processes after it has been confirmed that process improvement has been taken place. This is done by updating process descriptions, roles, responsibilities, providing training and education on the changed

processes and ensuring that the changed processes perform as expected. After changes are implemented in the organization, further monitoring is required. During the monitoring activity it is not only important to collect lessons learnt from the improvement projects, but also to gather feedback from affected personal. Most critical in this step is monitoring that improvement actions remain in line to the organization's needs (van Loon 2004, 89, 90, 92).

Figure 13 shows the process improvement cycle visually represented. It also illustrates that the process improvement cycle is an continuous process, which requires constant assessment, improvement, implementation and monitoring of improved processes, to meet the organization's needs and to react to changes in the business environment and customer needs.

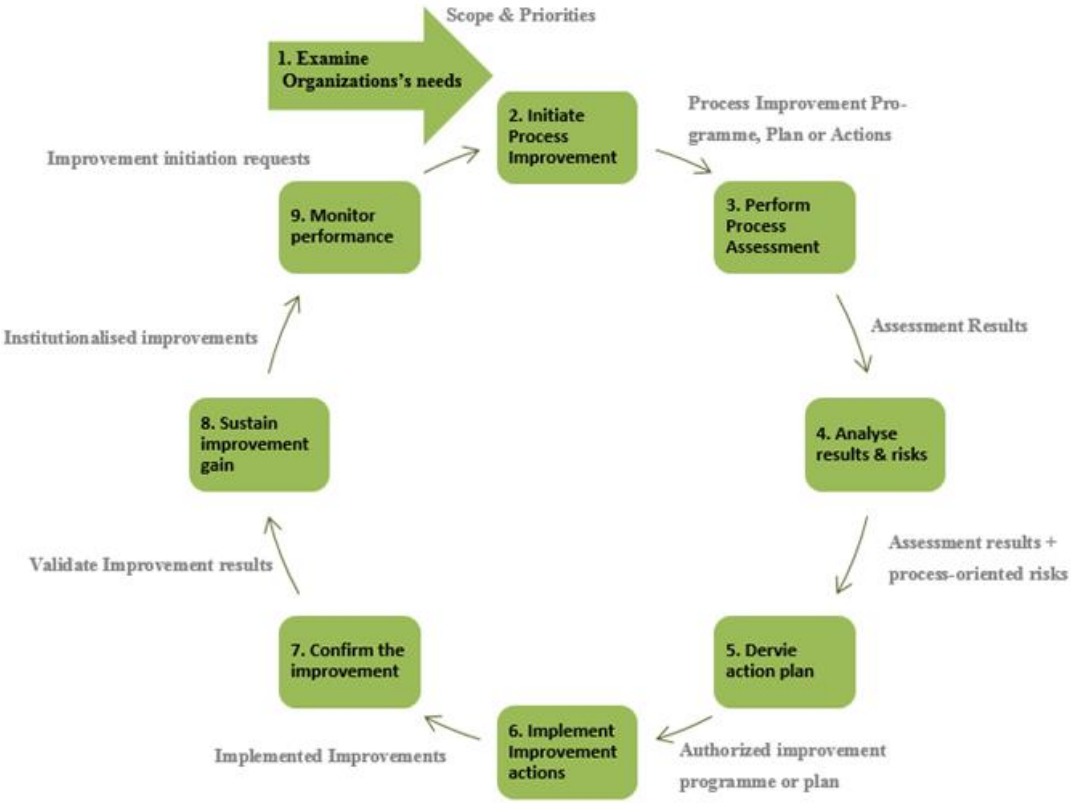


FIGURE 13. Process Improvement Cycle (van Loon 2004, modified)

No matter what implementation model or key principle is chosen, there are always common important implementation factors. Most important is to ensure organizational change readiness, which includes the process review, development of a culture focused on improvements, strong leadership, visible support, strong and effective communication, training and development, as well as resources and time. Most critical, however, is that the new or improved processes are aligned with the organization's strategy, enabling an organizational culture of continuous improvement and supporting a strong understanding of customer/stakeholder requirements and values (Siha & Saad 2008,791).

3.1.3 Business process improvement and people

Mastering BPI methods, tools and techniques does not guarantee successful process improvement or sustainability in organizations (Eaton 2010,129). Van Loon (2004) believes that "successful improvement is driven more by cultural factors within the organization". Organizational culture is understood to be the way things are done in organizations, such as leadership, relationships capability and so on. He concluded that cultural factors are people related and process improvement should start by addressing the people, on personal, team and organizational levels first. Increased employee motivation, leads to an increased willingness to learn, gain and use knowledge to take actions and improve further or sustain improvement (van Loon 2004, 103 - 105).

In the long term, organizations have to understand their employees' needs and get them on board to achieve and sustain process improvement. This is not as simple as it sounds, as the most critical factor prohibiting process improvement is the fear of change. This fear is caused when organizations do not involve people affected by the change, do not provide employees with the space to experiment or when organizations do not ensure that employees are committed to the organization's mission and vision (Power 2012). For Eaton (2010, 30) it is not only the fear of change, but also ignorance, lethargy, committees and inflexibility, which hold people back from progress and does not embed improvement in the organizational culture, as explained in table 2.

TABLE 2. The four main issues facing improvement programs (Eaton 2010, modified)

Ignorance	Ignorance is often accompanied by fear of the unknown. It can be tackled through effective (and ongoing) communications, involving people in the process of improvement and giving them the skills to know how to embed the improvements after they have been put in place.
Lethargy	Improvement programs run out of steam very quickly if there is not an effective ‘‘pace’’ put on the program. A lack of pace is normally indicative of unclear objectives for the program and a lack of a sense of urgency from the senior team.
Committees	Encouraging individual initiative and empowering leaders to make decisions and deal with issues (and then supporting them when they do) will avoid the dominance of committee or group thinking within organizations. If individuals feel threatened or at risk, they will not support it
Inflexibility	The strategy and approach you start with may not be the most appropriate six months or two years later and, being blunt, there is not one single approach to making improvements work. Being prepared to experiment, learn from experience and remain committed is the key to success

Naturally, improvement means also change. Changes mean people have to change the way they are used working. Organizations have to understand the important fact that employees want to be part of the improvement process, as involvement equals commitment and being part of something makes people work harder, as they want to achieve good results, results they can be proud of. Including employees from the early stages of the BPI framework onwards, does not only enable process improvement in organizations, but allows it also to be substained (Eaton 2010, 31 – 33). Table 3 provides an overview how each framework element has an effect on improvement achievement and sustainability.

TABLE 3. Analysing the improvement framework (Eaton 2010, modified)

Framework element	How it affects whether or not improvements embed themselves.
Understand the context (issues, market, customer needs)	If team members cannot see why something has been done they will not care about it and will prefer to stay as they were. This will lead to them going back to their old ways at every opportunity
Manage the gap between current and desired performance	Recognition that things are getting better will help to reinforce the new ways of doing things and encourage further improvement
Maintain stakeholder commitment	Leaders need to maintain their interest in the improvement process until the team moves from process change to behaviour change
Monitor, evaluate, support and improve	Front-line teams who generally support the improvement process will get better results than those who do not. Leaders at all levels are responsible for supporting their teams in adopting new ways of doing things and lead by example
Three-step improvement cycle	Often forgotten from these three is to follow up and improve on what has been done. Improvement is rarely a one-hit wonder and often changed processes will create unexpected issues that need to be dealt with if you do not want the team to revert to the old ways of doing things

Overcoming the fear of process improvement is not the only obstacle to enable and sustain process improvement. Engaging the people, who deal with daily routines and processes to be able to identify improvements needs, providing them with management processes helping to implement their ideas and also introducing an information sharing process to collect and share improvement ideas faster, will enable organizations to have a culture of continuous improvement.

3.1.4 Business process improvement, leadership and management

In order to create an organizational culture of change and process improvement, managers have to start leading by example, instead of just talking about improvement needs. Not showing commitment is interpreted as disagreement with the vision and objectives of the process improvement program and results in no improvement efforts by the manager's subordinates (Eaton 2010, 32 – 33). Managers should focus on establishing good internal and external communication channels, putting strong emphasis on customer needs, should provide visible support and commitment to improvement, but they also should focus on long term corporate strategies instead of short term ROI and should be flexible, responsive to change and but also be able to accept risks to a certain degree (Povey 1993, 37 – 38).

Power (2010a) also believes that there are mindsets and behaviours that managers should bring along to drive process improvement further. First, instead of working harder using workarounds to solve problems and looking for someone to blame, there should be a commitment to work smarter. Processes with problems should be redesigned, checked, root causes identified and permanently eliminated. This way long working hours are decreased and a reduced workforce is needed, which results in costs improvements. For managers, short term financial results are usually the focus of their attention. Instead, managers have to develop a more long term focus on developing organizational capabilities, meaning performing process improvement should not only be done during bad times, but a constant companion. Third, instead of focusing on narrow hierarchical tendencies to design tasks from inside out, managers should rather listen to customer voices and organize tasks according to customer needs, meaning focusing on across functions instead of functional and department excellence. Last, managers should not focus on products, sales innovation or big deals alone, alternatively they should see process innovation as an strategic item, as process excellence allows organizations to achieve high financial performance.

Power (2010b), furthermore claims that managers are typically only focusing on ideas, theories, analysis and future scenarios, to identify where the organization should be heading to in the future, but are not interested how these goals are achieved. Rather, the process people, the middle level of the organization, find solutions to how ideas, theories and future scenarios are achieved in the organization. On the contrary, the process people do not have the ability to assert themselves to the managers and the result is that process improvement implementation is not driven further. Organizations therefore should look operations orientated managers, meaning somebody who can see what needs to be done and is also involved in how it is achieved. Each manager on a different managerial level, has to understand, which important role he or she plays in business process improvement. Table 4, provides a good overview of the involvement of different managerial levels in the BPI process and their tasks.

TABLE 4. Role of managerial levels in Business process implementation (Sikdar & Payyazhi 2014)

Managerial level	Goals and measures	Key tasks
Enterprise level	Define organizational goals and measures of organizational success	Strategic positioning Define process architecture Performance measurement BPM governance planning
Process/ departmental level	Define process goals and measures of process success	Create process redesign and improvement projects Process management Plan budget and schedule Organize resource and define responsibilities Monitor process
Activity level	Define activity goals and measures of activity success	Job design Training development Knowledge management IT application development

Eaton (2010, 32 – 34) adds in addition that managers should remove all communication barriers and emphasis open - honest two way communication, to allow employees to give constructive comments on changes and improvements. Also, missing post-implementation action plans or failing to deal with upcoming problems during improvement projects, will send the message to employees that the tasks achieved are waste of time and it has not lead to any real improvement. Communicating these kind of "silent" messages does not support the embedding of process improvement into the organizational culture. Learning how to use the tools and apply BPI techniques, does not guarantee a successful implementation and understanding of continuous improvement. Instead, managers should ensure that participants have a good knowledge base of existing processes, time, resources and a culture or engagement, commitment and motivation (Lu & Betts 2011, 129).

To achieve business process improvement the whole organization is needed, managers have to understand to use the existing knowledge and skills for improvement and change. Understanding individual employees needs and skills, and how to use them for the organization's advantage to create improvement, make a good leader and manager. Managers who identify and reinforce work well done, have an open communication, identifying resource needs, clarifying responsibilities and being a role model, create an environment for motivated employees, which can lead to benefits like cost reduction, improved quality or even implementation of new practices leading to process improvement (Beecroft, Duffy & Moran 2003, 84 – 85).

3.2 Change management

During his election campaign in 2008 Barack Obama understood the power of "change" and used it to fight his way into the White House. Obama has recognized the importance of change. Change is needed to bring a nation forward. He also highlighted that change requires brave choices and brings up obstacles and challenges during the actual change process. He also noted that he alone will not be able to bring change to a nation, instead he and the whole nation have to work together as a team to make change possible (Barack 2008). During his speech Obama also addressed change factors. Change factors are reasons why change is needed. The addressed change factors can also be applied to organization. These factors can be divided into two different categories: external and internal factors.

External (Macro) change factors:

- Technology changes
- Political changes
- Economical changes
- Ecological change
- Socio-cultural changes

Internal (Micro) change factors:

- Institutional change
- People
- Structural changes
- Process changes

Technological factors demand organizations to change because of improved or new developed methods and techniques, which allow more efficient, faster, cheaper end to end processes. External political changes impacting the organizational environment are laws, regulations, government stability, strikes or taxation. Economical change factors include competitors, interest rates, unemployment rates, gross domestic products, inflation, credit policy, globalization of markets, global crises or even wars and climate changes. Socio-cultural change factors are demographical changes such as aging, unequal distribution of

wealth, norms, habits, attitudes, culture, values, and other demographic changes. It has been scientifically noted that businesses nowadays face more and more challenges of socio-cultural change factors due to today's internationalization (Sutevski 2009).

Internal change factors are institutional changes, people, structural changes or process changes. These change factors include customer orientation, focus on core competences, restructuring, cost pressure, change in the organizational culture, increase in the complexity or an increased pressure to perform. Also employee's work performance, organisational hierarchies, procedures as well as different process within the organization such as the decision making process, communication, management and technological process impact an organisation's environment (Sutevski 2009).

Figure 14 provides an overview of external and internal change factors, which an organization can be influenced by. External and internal change factors can initiate both, a planned or unplanned change. A planned change occurs when change is considered before it actually takes place, for example by planning to change the internal structure of an organization or when new processes are implemented. Unplanned changes, on the other hand, occur when something unforeseen is impacting the organization such as natural disasters or sudden technology problems. The pace of change for internal or external change factors, no matter if planned or unplanned, cannot be visualized, as it is not possible to provide an exact calculation for the change rate of each factor.

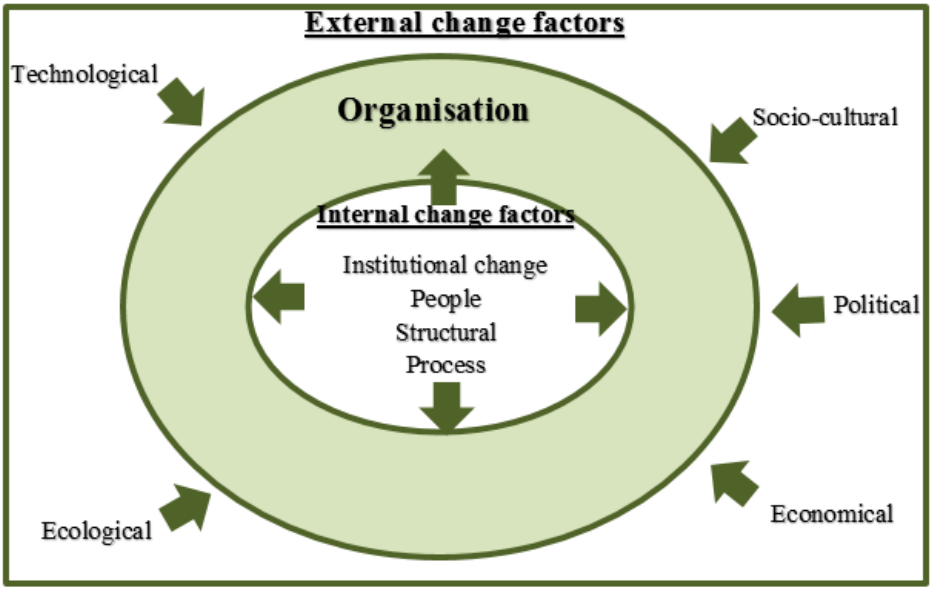


FIGURE 14. External and internal change organisational change factors

Organizations have to keep in mind the external and internal change factors, when setting their own pace for organizational change. To achieve change, organizations have to carefully assess their current as-is state and where they would like to position themselves and the goals they would like to achieve in the future. Naturally, organizations have to take into consideration their competitors and how fast their external environment around them is changing. This can be achieved by analysing different data, staying up to date with the information flow and running through different future scenarios until organizations have reached their desired outcome. Organizations have to consider that too slow or too fast change pace can be harmful too. Organizations risk to stay behind and place themselves in a non-competitive positions when the change pace is too slow, too fast change can cause an increase in errors, which could lead to further severities. To stay competitive and on top of a constant changing in environment it is more critical to understand the importance of steering and managing change than the pace itself (Sutevski 2009).

Clear rapid and increased need of large scale changes in organizational environments require a higher demand for change management than the traditional organizational development (OD). While organizational development leans more toward that attitude and ideas have to change before structural or technological changes can be done, change management requires changes first in structure, systems and human processes, before attitude and behaviour changes are effected. It means, organizational development is a long term continuous effort, which focused on human relations variables like culture, climate, communication, leadership styles and job satisfaction. Whereas change management, compared to traditional organizational development, focusses more on process consultation, work restructuring, human resource planning as well as on the design of information technology solutions. Change management has therefore a wider spectrum than organizational development. Tools used in change management remain the same as those already used in organizational development. Only difference is that tools nowadays are applied in a different context and by different people (Worren, Ruddle & Moore 1999, 273 – 286).

3.2.1 Change management

The Business dictionary (2016) defines change as a process to execute something different, meaning it causes a method, an action or an item to change from it As-Is (current) to the To-Be (future) state. Change management has several different definitions, depending who is looking at the term. It can be either a process how to manage change, an area of professional practice (so called change agents) or a control mechanism. Nevertheless it is mostly known as "the process, tools and techniques to manage the people side of change to achieve the required business outcome." (Creasey 2009, 2).

Figure 15 visualises the difference between change and change management and shows also the interaction of both. While change is the movement from current to future state, change management can be seen as the activity to implement change in processes, methods, tools, techniques to help move people through the change, from the as-is to the desired future state. Both, change and change management can happen on organizational and individual level, from small changes in the daily routine to changes with higher impact on business level.

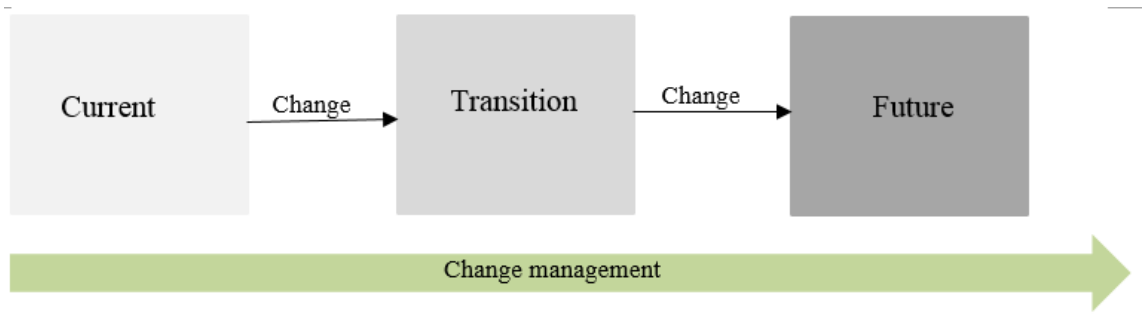


FIGURE 15. Change vs. Change management (Prosci, modified)

The change management process consists of different activities to ensure driving change further and to meet the intended change goals. According to Kirke (2012) this complex process varies depending on the organization's need. Due to different types of organizations, change management approaches differ, however change management fundaments remain similar. To achieve an effective change management, it should have at least the five fundamental steps mentioned below included.

Step 1 – building up the change case provides the bassline for each change management program. Reasons for change have to be identified and clarified to parties involved. This step is only successfully completed when everybody understands the reasons why changes have to be impended. During **Step 2** organization's vision and values should be shared. Also the future vision should already be communicated to everyone to ensure that common goals, where the organizations wants to be after changes are implemented, possible improvements and benefits after the change took places are understood. Communicating the vision will already be the first preparation to make people understand the impact of the change and it creates a good foundation for them to deal with their own individual change process (Kirke 2012).

Planning of resources and information sharing (**step 3**), includes careful planning of resources such as people, finance, facilities, IT tools and other elements, which can affect the successful completion of change management program. Enabling management leadership capability is part of **step 4**. It involves identifying of managers or leaders, which are able to manage change and have the capability of implementing change throughout the entire organization. **Step 5** – Communication, is one of the most important foundation in change management programs. Even though it is listed as the fifth and last fundament, communication is the most important factor in change management. Communication keeps all parties involved, informed and motivated affected by the change during the change process. Good communication can decide already at an early stage, if the change management process will be successfully implemented or if it will fail (Kirke 2012).

Organizations face different types of change such as restructuring by rightsizing, cost-cutting, decentralization, centralization or strategy changes to match market conditions, competitiveness or new strategy implementations. Mergers and acquisitions, to enable growth, synergy, diversification and to achieve economic gains or better services. They also can face IT-based process changes, by new software implementations or cultural changes, which are changes to an organization unique social and psychological environment, like values, products, norms, vision, as well as other principles (Cameron & Green 2009, 189, 224 – 225, 281, 255 – 256). Each change type has its different requirements and risks, some change methods fit more to an organizational change type than others, but the core of the change remains the same.

Before any change strategies can be developed or applied to the organization's need, it is important to first define the type and change scope. Unsuccessful change type and scope identification can already lead to failure at early stages in the change process. Different types require different tools, methodologies, employee engagement and strategies for change implementations (Anderson & Ackerman Anderson 2010).

Three types of changes defined by Anderson (2010) are:

- Developmental Change
- Transitional Change
- Transformational Change

Developmental change is the most common and straight forward type of change. Rather than creating something new, it focuses on improving current situations such as existing skills, processes, methods or performances. Transitional change takes the current situation and replaces it with a completely new one. During the process of designing and implementing a new situation, the organization has to dismantle the old operating methods and let go emotionally till the new state is in place. Examples for transitional change are mergers, acquisitions, creation of new product or services replacing old ones. While developmental change can occur either planned, unplanned (emergent) or continual, transitional change is planned, episodic and radical. Facing transformational change, organizations have to let go of their current mind-sets and behaviours, as new sets of behaviours and mind-sets are needed to shift organizations from current state to the future state to implement change successfully. However, in transformational change the future state is rather unknown at the beginning and the actual change process emerges based on learning, error discovery and visioning (Anderson & Ackerman Anderson 2010). Figure 16 provides a good overview of the different types of change.

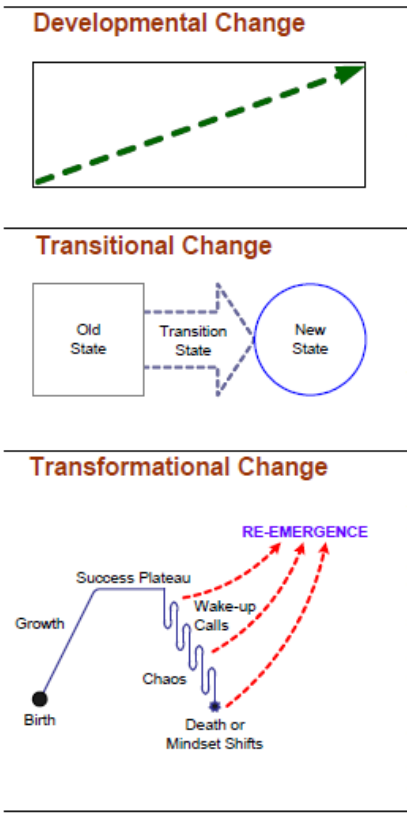


FIGURE 16. Types of change (Anderson & Ackerman Anderson, modified)

3.2.2 Change management and projects

Organizations implement changes through new structures, new processes or tools in form of projects. “A project is a unique entity formed of complex and interrelated activities, having a predefined goal that must be completed by a specific time, within budget, and according to specifications. “ (Artto, Martinsuo & Kujala 2011, 17). Transition projects are seen as a component of projects management instead of change management, but change management module plays an important part in projects. In the context of projects, project management has its focus more on the process to move from the current state to the future state, while change management is more about the actual implementation with the focus on people aspect affected by the change from current to future state and beyond, like illustrated in figure 17 (Alexander 2016).

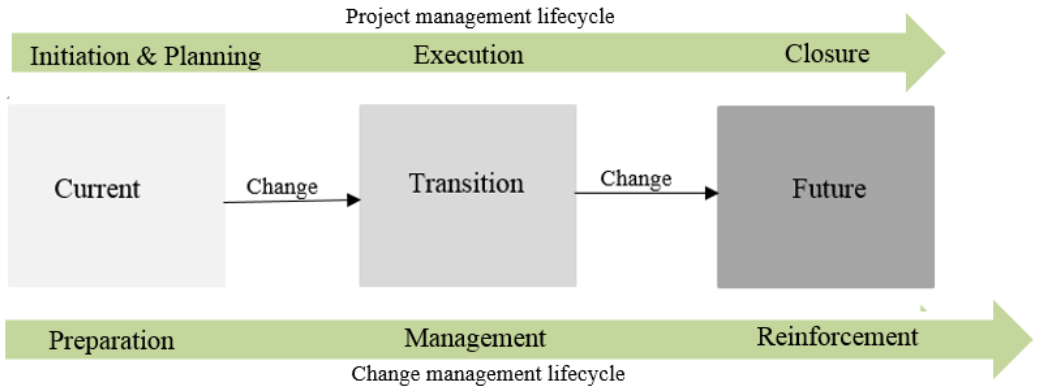


FIGURE 17. Project management lifecycle vs Change management lifecycle during projects

For example, in project management a new tool implementation is completed with uninstallation of the old and successful installation of the new tool. In change management the focus is more on the implementation itself, meaning on moving employees away from the usage of the old tool to the new one. Even both modules are different in their purpose and approach, great attention should be paid to both during projects. Integration of project and change management achieves the actual implementation of the project and not only the execution of the project. Failed integration of change management and project management leads to a higher risk of unsuccessful project implementation even for the most properly executed projects, as they face resistance, apathy and lack of commitment caused by the changes made. Alexander (2016) states that project and change managers should align their work to successfully get desired project outcomes and reduce the heavy impact of projects on individuals affected by the change, to provide an easy transition during the project life cycle as well as after project completion.

3.2.3 Change management key principles and implementation

An organizational structure in its simplest model is build up as followed: Top-Management, Middle management and executive managers and on the lowest level employees, as presented in figure 18. Change implementation in an organization requires well-thought-out strategies. The importance of choosing the correct strategy increases with the organizations size to ensure inclusion of all employees during the change management

process. Therefore it is important that the organization's management is providing the right direction how change is planned and implemented.

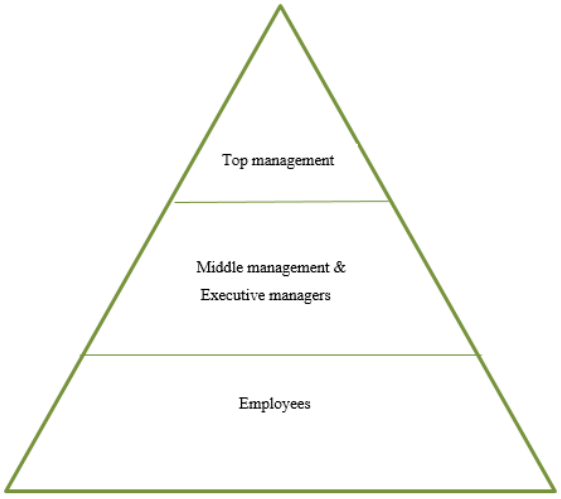


FIGURE 18. Simple organizational structure

There are four different change implementation approaches according to Bornemann (2014):

- Top-down
- Bottom-up
- Both directions
- Multiple-Nucleus

Change management process from top to down is the standard process in most organisations. Top management identifies the need for change and defines the wished outcome, they also present the change requirements to the employees with statements why change is needed, but the execution of the actual change process is passed on downwards (figure 19). Usually change requests, which are received from top-down face heavy resistance, because people do not like change and usually refuse it first. Also disadvantageous is that change requests, which are established by the top management do not arrive at the lower hierarchies or arrive modified and could trigger more resistance. On the other site the top-down approach ensures cost savings assuming it is correctly implemented.The change process is also easier to steer and to evaluate, when top management carries the responsibility of the change outcome (Bornemann 2014).

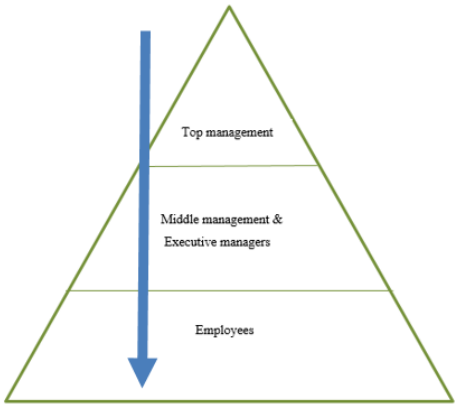


FIGURE 19. Top-down change approach (Bornemann 2014, modified)

The bottom-up change management process (figure 20) approach starts at the lowest hierarchy level and continues to the top. The focus of the bottom-up approach is on the change management plan development by the organization's employees. Employees orientate themselves on given timeframes and conditions to implement the change, by transmitting the change goal onto their current processes. One advantage of this is approach is that the middle management and employees know best, which changes are required and effective. Furthermore it allows to include employees easier in the change process, the resourcing process is cheaper and the communication network between or in lower levels is growing. On the other hand, the speed stagnates as employees are usually not able to get out of their comfort zone to change a process, this could lead that change potentials are not exploit completely. One of the biggest problems in the bottom-up approach is that lower hierarchy levels usually are not trained or do not have the know-how to implement change, which could lead to higher costs during the implementation process (Borneman 2014).

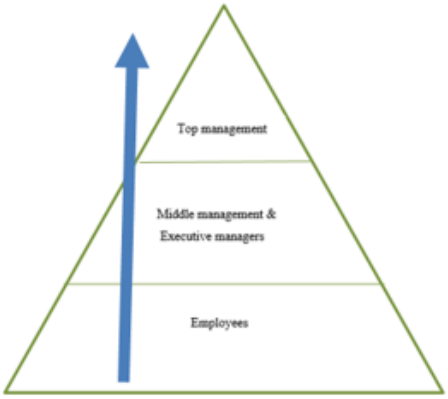


FIGURE 20. Bottom-up change approach (Borneman 2014, modified)

Figure 21 represents the both-direction approach. This approach is a mixture of top-down and bottom-up change management process. It eliminates the feeling of employees to be side-lined as the top management is focusing on the need of change and lower hierarchies on feasibility and impact. Results, wishes and change suggestions communicated by the lower employees are provided back to the top management, who focus on coordination and balancing the suggestions with the organization's desired outcome of the change. The both-direction change management approach is the most promising one, as the change process is implemented from top-down and bottom-up at the same time (Borneman S. 2014).

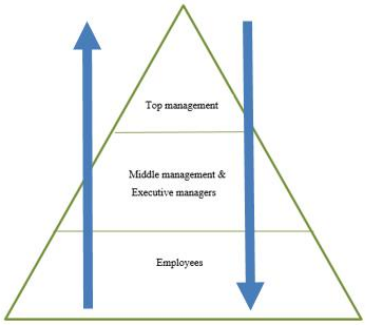


FIGURE 21. Both-directions approach (Borneman 2014, modified)

According to Bornemann (2014) the multiple-nucleus approach is suitable only for team and network type organizations. The change management process in this approach is started simultaneously in different places of the organization and completed after all

teams have implemented their changes. Using the multiple-nucleus approach in more common organization structures can easily end up in chaos, as the overview of the change progress is easily lost and change directions become harder to steer (figure 22).

FIGURE 22. Multiple-Nucleus approach (Borneman 2014, modified)

Each change management approach has to be carefully considered and chosen. The approach should not be forced onto an organization, if it does not fit the organizational culture. There is no rule recommending to use certain change management approaches when transition projects are implemented. Instead each new transition project has to be individually evaluated and implemented with the best suited change management approach.

Managers looking for one success formula are left disappointed, when it comes to finding the one and only change management model fitting to their organizational change need. Changes differ not only by types, sizes but also how these impact organizations. Therefore each new faced organizational change has to be assessed separately and a suited change management model has to be chosen and trimmed carefully based on the needs.

Cameron and Green (2009) point out that several different models have been develop over the past centuries to help implementing change in organizations as part of the change process. During the planning phase organizations can use methods like SWOT, the Boston matrix model and Pestle analysis. With these analysing methods organizations can determine their current market position, legal and environment situations, as well as strengths, weaknesses, opportunities, threats or growth opportunities. Once organizations understood why, what and where changes have to be taken place, they can move onto planning. During the planning impact analysis, organization's design, SIPOC diagrams

and Leavitt's diamond model help to identify potential impact in daily processes, customers, stakeholders, departments and individuals caused by the change. In this stage a good risk assessment of the change process and change outcome can help organizations to prepare for early risk management and risk avoidance.

There are many different change management and transition models existing, such as:

- ADKAR Model
- Beckhard and Harris Change formula
- Bridges Leading transition Model
- Bullock and Batten, planned change
- Carnall, change management model
- Kotter's 8 Step Model
- Lewin's Three Stage change model
- McKinsey 7 S Model
- Seng, systemic model
- Stacey and Shaw, complex responsive processes
- William Bridges, managing the transition

Yet, the most common used models are McKinsey 7S model, Lewin's Three Stage change model and Kotter's 8 Step model, which are introduced below further.

McKinsey 7 S model, introduced in late 1970s, focuses on 7 internal elements to diagnose or analyse organization's operations, facilitate organizational change and tools used for change needs and change interaction determination. The model aligns an organization's soft and hard elements and emphasizes the interaction between each element like illustrated in figure 23.

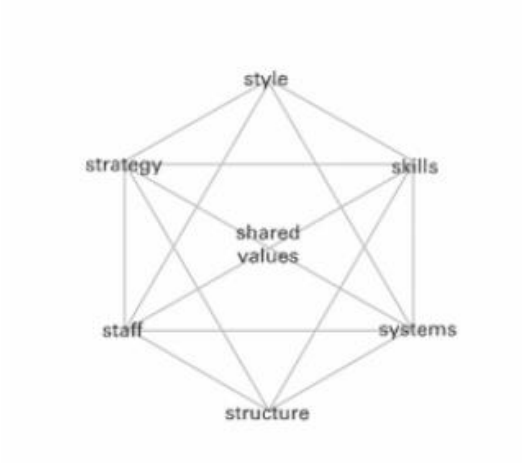


FIGURE 23. The 7-S Framework (McKinsey & Company 1996-2017)

Strategy, structure and systems belong to the hard elements of the model. The organization's strategy reflects the scope and direction the organization wants to go in long-term. It therefore has to be aligned with the other elements of the model, otherwise it will not be effective enough. The structure element reflects the organization's hierarchy and is reflected in the organization's chart, while the element system is more related to the processes, daily activities, it basically reflects how business decisions are made and things run in a company. Both elements, are easy to alter and the most visible elements in an organization (McKinsey & Company 1996-2017).

Style, staff, skills and shared values are the soft skills of the model. These skills deal more with human side of an organization, but are as important as the hard elements. Staff is the workforce of an organizations, it is defining how many and what kind of employees are working for the organization, as well how they are trained, rewarded or recruited. The element of skills goes somehow together with staff, as the staff bring different skills to help the organization to move forward. The element of style is the technique top management uses to interact and lead their employees, it is mostly known as the leadership style of an organization and linked to the organization's culture. Shared values provide a picture of the organization's culture, which reflects norms and standards of how the organization and its employees are supposed to behave and conduct business (McKinsey & Company 1996-2017).

Understanding the seven elements and how these are connected to each other ensures that all elements are aligned and balanced, but also provides support in change implementation throughout the complete organization. Before any change process is started organizations have to focus on effectively aligning these elements to each other to avoid gaps, which can lead that elements interfere each other, for example implementing systems without proper staff training and skill improvements. Identification and analysis help to easy up the understanding of the current situation and where adjustment is needed to reach the wished organization future design. Once the desired future design is known, decisions have to be made where and what changes have to be done to reach the desired outcome. Elements have to be realigned in order to achieve the desired outcome of the change, this is defined in the action plan, which is followed by the implementation of the agreed actions. The 7-S framework in such is an ongoing process, as the organization's environment changes, elements have to be constantly reviewed, if they are still aligned or if new adjustments are needed (Jurevicius 2013).

While McKinsey's model takes several elements into consideration during the change process, Lewin's three stage model focuses on the overall change process. Developed in 1951, Lewin's model is still used in today's change implementations. It follows a simple three step change process: Unfreeze, move (or change) and refreeze, as shown in figure 24.

FIGURE 24. Lewin's Three-Step Change Model

Unfreeze: In the first stage is the initial problem identification, obtaining data and problem diagnosis are carried out to identify the current state and as well as resisting forces and defining the desired end state. Typical change resistance is lowered and change awareness and acceptance are increased in this stage. **Move**: The second stage focuses on moving the organization to the new desired state, by developing new sets of attitudes and behaviours through implementation and participation of new ways of working. **Refreeze**: Stabilization, support and reinforcement of the new achieved state by setting new standards are taking place in the refreezing phase, once the desired future state has been reached (Cameron & Green 2009, 110 – 112).

Even after successful completion of Lewin's change model, organizations have to pay great attention to maintain the new state after the change process has been completed. There is a tendency that organizations drift back into their old habits and ways of working, disrupting changes they implemented. Lewin's Force-field analysis can help diagnosing forces for and against change. In order for change to happen, driving forces must overrule forces against change, which can be either internal or external or an combinations of both otherwise the organization remains in its original state. By focusing on transforming from the current to final stage, Lewin's model receives criticism as being a too linear process -from end to end - while changes are continuously. Some consider it also more as a planning than implementation tool (Cameron & Green 2009, 110 – 112).

If you ask to name one change management model, the most common answer you receive is Kotter's eight-step model. John P. Kotter, a Harvard Professor and well-known leader in leadership and change created the eight-step model from his consulting work with over hundred organizations going through change. Kotter has recognized that change processes feature recurring patterns, which he highlighted as key lessons and later in his book "Leading Change" (1996) turned into his famous eight-step model. The model's attention is more on the need of change to happen (creating urgency) and excessive communication throughout the change process and the actual change steps happen in the background. Kotter's eight-step change model can be divided into three different phases:

The first phase is creating a climate for change and contains the following steps:

1. **Establish a sense of urgency** – Creating a sense of urgency, making employees understand why the organization needs to change is first step in the process. The focus in this step is to increase the "felt-need" inside of the organization. Attention during this step has to be paid that "true" urgency is created, as urgency lets people focuse more on achieving progress (Cameron & Green 2009, 115; Bornemann 2015; RBSGROUP 2013, 1).
2. **Form a powerful guiding coalition** – Once the urge for change has been created, organizations have to set up a team implementing the change. This step is as important as the first one. The team needs to be consisting of the correct members, who are able to lead through the hard times of change, work well together, have a significant level of trust, shared objective and a common goal. More important is that the team reflects not only leadership skills to drive the change, but also credibility, expertise and power (Cameron & Green 2009, 115; Bornemann 2015; RBSGROUP 2013, 1 – 2).
3. **Create a vision** – The last step in the first phase is to create a vision which sticks. The visions should clarify how the future state will be different from the past and it should motivate employees to move into the right direction. A good formulated vision includes strategies, plans and budgets and provides a imaginable and desirable future outlook. The success of the vision depends on the communication, it should be feasible and focused and flexible to ensure that the need for change and its outcome is easily understood by all parties (Cameron & Green 2009, 115; RBSGROUP 2013, 2 – 3).

The second phase, after a climate of change has been created, is engaging and enabling the whole organization into the change process and contains the following steps:

4. **Communicate the vision** – Most organizations during the change process communicated why they have to change, but they do not do it efficient enough. The future vision has to be communicated that everybody understands and accepts it. The vision needs to become a component of all communication channels. Nobody reads long monotone ineffective newsletters. Instead the vision has to be communicated using exciting discussions about transformation, meetings focusing on the new vision and its outcome or other existing communication channels. During this step it is important to emphasise that actions underline the vision. Enhancing the new vision and actions by leadership or management provides a solid base, which sends out a powerful message to the entire organization and its employees (Cameron & Green 2009, 115; Bornemann 2015; RBSGROUP 2013, 3).
5. **Empower others to act on the vision** – This step focuses on engaging and enabling employees to work together to achieve change. Not only do employees have to be involved actively, but also obstacles have to be removed during the change process. Removing obstacles allows organizations to move further in the process and smoothens the way for employees to do their best. Most obstacles faced are within the organization itself, therefore it is important to reflect the change vision frequently by realigning incentives and performance appraisals to accomplish the change (Cameron & Green 2009, 115; Bornemann 2015; RBSGROUP 2013, 4 – 5).
6. **Plan for and create short-term wins** – Change creates errors and mistakes, these stick in employees heads and are demotivating. Achievements are fuel for employees' motivation, therefore it is important to create short-term goals to celebrate achievements and to make improvements visible, no matter how small these are. Doing so provides employees with an increase of urgency and awakens optimism that they are on the right track. By providing positive feedback, employees receive the message that they are going into the right direction, do the correct things and can complete the change process successfully. Creating and celebrating short-term wins can be used also as a force to turn neutral employees into supporters. Celebrating improvements show the last change objectors the need for change and undermines their credibility. The lack of credibility might turn them into supporters helping to achieve the change, as no employee wants to swim

alone against the current (Cameron & Green 2009, 115; Bornemann 2015; RBSGROUP 2013, 6).

The last phase, consisting of implementation and substantiation change, is build-up as following:

7. **Consolidate improvements and produce still more to change** – Change is a long and exhausting process. Employees tend to fall back into their old behaviours or simply give up during the change process. The seventh step focuses on feeding the urge of change need, which declines with time. This is achieved by adding more projects, bringing additional people to support changes, empowering employees, reducing interdependencies, focusing on keeping the urgency on a constant high level and remembering to show that the new ways are working (Cameron & Green 2009, 115; RBSGROUP 2013, 4 – 5).
8. **Institutionalize new approaches** – By deepen the change process into the organization's culture, organizations ensure that the intended change grows deep into its roots and sticks. Changing and embracing the new culture provides the strived long term success. This step usually takes place after the change program has already been completed, nevertheless it still belongs to the change process. Change can only take places after old ways of working and habits are discarded and by making it to a long-term goal, it allows organizations to succeed (Cameron & Green 2009, 115; RBSGROUP 2013, 5).

Kotter's eight-steps is an easy model to follow and incorporate in organization's change processes. It emphasis the need of creating urgency, as well as communication. However, completing the eight-step change program can be rather time consuming and time is scarce in constant changing business environments. Also, Kotter's program does not allow steps to be forgotten, once one step has been forgotten or jump over, successful change implementation is in jeopardy .

There is no secret ingredient how to implement change successfully, as every change demands a different set of requirements and approaches, even if the baseline of the change process is the same for all organizations. There are many different change models existing, helping organizations to understand and to go through the change process. Each change management model has its own pros and cons. They never provide a start to end solution for organizations. Organizations have to assess each change need individually

and select the best suited implementation model. In order to successful implement change, organizations have to be flexible and alter appropriate models for their own needs and organization culture, keeping in mind that change process is a continuous cycle in today's business environment and the importance to carry on the attention of the management through all phases of the change process.

3.2.4 Change management and people

New products, services, new organizational structures or technologies do not only force organizations to adapt to the change, but also the people working within it. In order to adapt to the future environment, employees have to step out of their comfort zone, change habits, routines, behaviours and their way of thinking. Employees know change needs to happen to bring the organization to a more competitive stage forward. However, employees do not understand how the organizational change effects them and their career, instead of immediately understanding the reason behind the change they start to build up fear, either consciously or unconsciously. In 1969, Elizabeth Kübler-Ross published her book "On Death and Dying", which describes five stages of grief. Figure 25 reflects the Kübler-Ross grief cycle and the five stages.

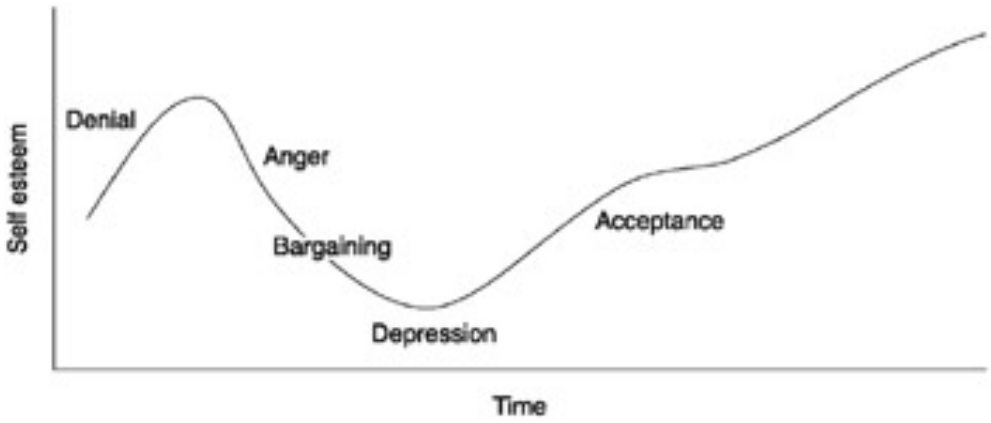


FIGURE 25. The process of change and adjustment (Cameron & Green 2009)

In the first stage, *denial*, people are in disbelieve of what kind of change they are currently facing. They tend to deny first the news of change, moving on to accept it and confront themselves with the pain it brings with it. Denial is closely followed by *anger*. In this

stage people tend to slowly acknowledge the news and the denial turns into anger and questions 'Why is this happening to me or not somebody else?' are starting to come up. During the anger stage people search somebody to blame, it is either themselves or others. Once they have overcome the anger, people move on to the next stage, *bargaining*. In the bargaining stage people usually try to get out of the situation by finding a medium ground bargaining, for example by promising to do certain things differently and as a return the change is not taken place. Once realizing that bargaining does not help to escape the situation they move on into the *depression* stage. People start to grief, because of the loss they are facing, a loss of a pet, a loss of their job, loss of a good outlook into the future or possible the loss of life. During this stage they usually go through a variety of different and intense emotions before reaching the last stage of *acceptance*. People start to accept reality, as they realize the situation fully and accept their anxieties, feelings about the situation as well as hopes and fears (Cameron & Green 2009, 32 – 34).

Several other experts have built up and extended the Kübler-Ross model further over the years. Dr. Walter Menninger has developed a graph showing the process of volunteers who went through the change process in oversea. In this graph the moral over the time of their stay has been measured and the outcome was similar to the graph of the Kübler-Ross model. He realized that the Kübler-Ross's model cannot only be applied to individual responses to changes, but also to change reactions in organizations. Menninger's graph and later versions of it became to know as "the change curve" (Elrod & Tippett 2002, 274 – 280).

A similar change curve or transition curve comes from Adams, Hayes and Hopson's presented in figure 26. Besides the already known five stages of the Kübler-Ross model, Adams, Hayes and Hopson added four more stages and argued that employees go through a total of nine stages during the change process. Before employees tend to go into the denial stage, they first go through a shock, relief or surprise stage. The first reactions to change is usually shock, even if employees suspected something is happening. Changes, which come out of the blue, catch employees even more in surprise and usually accelerates the shock even more. During denial and anger stage, announced changes are at first not accepted or even completely ignored, these reactions are followed by frustration and the experience of anger. During the bargaining and depression stage, people try to first avoid the change in different ways and realize that they cannot undertake anything against the change, which lets them become sad and unresponsive. Employees start to accept the

change as it is, once they have moved in to the neutral stage, but only during the experimentation stage they discover that the change could be also an opportunity for them, which might be worth to take into consideration at least. In the last change process stage, employees enter the discovery- integration stage, here employees tend to realize that change brings actually more opportunities and has not turned out as bad as they thought in the beginning of the process (Cameron & Green 2009, 34 – 35).

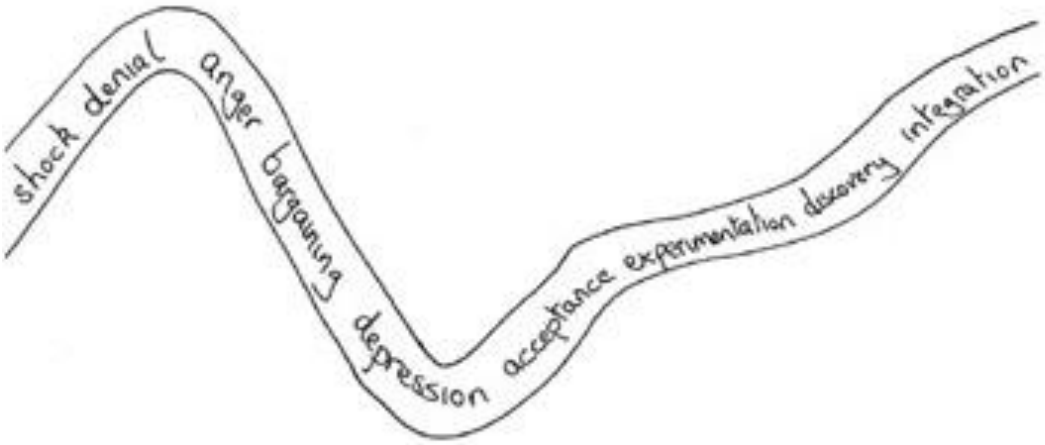


FIGURE 26. Adams, Hayes and Hopson's (1976) change curve (Cameron & Green 2009)

The duration of time spend in each phase depends on each individual, because everybody has their own speed to deal with change. It might be that people do not recognizing what is happening to them during the actual change process. Organizations can utilize the psychodynamic approach to understand the reactions they receive from their employees during the change process. Understanding the change curve and reactions help managers to understand why and how their employees react in certain ways, but it is important to remember that employee is reacting in a different extent and speed to change (Cameron & Green 2009, 34 – 35).

There are several reasons why employees tend to resist organizational change. The most common reason is the focus on own needs and putting their own interest first instead of the organization's interest. Most employees fear also the loss of control, because they fear not being actively involved in the change process, but are only affected by the change.

Ownership, control and power are the key words here, as these tend to bring out employees commitment by making them part of the decision making process during the organizational change process. Employees tend to feel uncomfortable not knowing what the change brings next. It is safer to stay in the current situation, as it is proofed to be working and therefore employees rather tend to resist change (Kotter & Schlesinger 2008; Kanter 1985).

Lack of trust in change agents or management can trigger change resistance too, if they are not clarified rapidly. In general, when change programs are announced managers have more background information available than employees. This information gap can lead to different assessments of situations from manager's and employee's perspective, how the organization benefits from the change. These gaps can easily lead to further resistance. Changes in the processes require employees to develop new set of skills or behaviours to be able to adjust to the future stage. Some employees, already being rather limited in their ability to change, are afraid not to manage to learn these new skills as fast as it is required from then and they are left with the feeling of incompetence. This is also known as the fear of "loss of face" and is another reason why employees might resist to organizational changes. It is important to understand why and how employees resist change and to provide them with help through the change curve. Managers need to understand that employees always worry about changes, especially when they are not told early enough what is happening or false promises are made to them (Kotter & Schlesinger 2008; Kanter 1985).

Understanding the change curve and reasons why employees resist change can provide managers with an advantage and help to find a method to support their employees during the organizational change process, which provide organizations with the opportunity to move forward into the correct direction.

3.2.5 Change management, leadership and management

Rosabeth Moss Kanter, professor at Harvard business school, presented six keys leading to positive change. The key points support managers to lead their organization through change process in a positive way. The six keys are:

Show up – Already the presence of the manager makes a difference during the change process, it creates the feeling of managing the changes as a team instead of facing it alone. **Speak up** – Managers should use the power of voice to communicate ongoing issues, outlooks, who is influenced how to undermine the lack of clarity during the change process. They should also encourage employees to speak up during, expressing their feelings, ideas and problems, to be able to understand the problems their employees face. **Look up** – During the change process employees should receive a constant reminder why the change is taken place and the positive outcome expected after process is completed. Integrating the organization's vision and mission into the communication enables employees a better understanding what lies ahead. **Team up** – Managers have to understand that change cannot be achieved alone, but needs a wider audience and a big network for successful implementation, therefore great effort should be put to get everyone on board. **Never give up** – Obstacles will occur during every change process and should be identified before these occur. Employees tend to give up when facing obstacles, managers should provide their employees help to overcome these obstacles. Change implementation will fail, if people give up too early in the process. **Lift up** – In order to encourage and help to renew strengths till the end of the change process, managers should share success, positive feedback with the team by celebrating milestones achieved (Tedx Talks channel in YouTube 2013).

It is important to recognize the difference between leading and managing change. Kotter states that both, management and leadership, are different processes but are still complementary. Management focuses on coping with complexity in organizations, which is achieved by planning, budgeting, organizing and staffing, as well as controlling and problem solving. Whereas leadership focuses on coping with change, by setting directions through vision development and change strategy selection, aligning people to achieve commitment to accomplish visions, motivating and inspiring to move forward into the right direction (HBR'S 2011, 37 – 39). Kotter further claims the core of management processes is in planning to produce results, while leadership's core is to produce the actual

change, both are necessary processes and should have equal attention paid to, but most of organizational changes are over-managed and under led (HBR'S 2011, 37 – 41).

Change agents are consultants who actively help to transform organizations through development, improvement or organizational effectiveness during change processes, they either come from inside or outside of the organization. (Battilana & Casciaro 2013). Such as leadership and management of processes are different but complementary, so are change agent roles when it comes to managing or leading change. Change leaders are associated with flexibility, risk-taking, ability to deal with complexity and uncertainty, a powerful strategic vision and the capability of aligning people to organization's vision to make change happen. Change managers are responsible for work-related activities, such as planning, organizing, controlling and rewarding, they are also expected to help the organization and teams to support innovation and to make change happen (Caldwell 2003).

Caldwell (2003) concluded that change leaders are usually located at the top of organizations, like executives or senior management. They carry the responsibility to create the organization's vision and initiate strategic change. Change managers are part of the middle management level, they are the ones who carry the vision forward and turn it into agendas and action steps..

Leaders have a different set of skills or perform different activities during each step of the change process. According to Holten and Brenner (2015) leadership styles play an important role during the initial phases of the change process than during later stages. Kotter (2007) recommends to emphasize leadership on the early phase of change implementation, but not to neglect it during later stages. He recommends to create and underline crises by exposing issues and building up a platform for open honest communication, which transforms in to a real sense of urgency to change. Once urgency has been build up, trust has to be increased, both needed to assemble a group powerful enough to lead through change. Leaders should create a vision and develop strategies to achieve this vision. Furthermore, leaders should focus on communication by keeping it simple and repetitive and simultaneously set an example of what is communicated. During later stages of Kotter's model, leaders should increase the focus on removing obstacles, encourage risk taking, plan visible performance improvements, hiring, promoting and developing

employees, as well as reinvigorating the process with new projects and reinforcement on embedding the change process into the organization's culture (Kotter 2007).

While Kotter focuses more on the leadership during each stage of the change process, William Bridges defines a leader more as a person providing help through the transition, as transitions are psychological and changes are only situational. He divides the transition into three different stages, ending (let go of the old habits), neutral zone (in-between old and new) and new beginning (commit to new situation). During the ending phase leaders have to understand, who is likely to lose what and acknowledge it openly to create an open and honest environment. Leaders have to help employees to let go of the old habits and ways of working. No transition can take place without letting go of the old. Letting go is achieved by allowing and providing employees with enough time to grieve. Communication is, also for Bridges, the key ingredient during the ending phase, as a honest and open communication increases the understanding behind the reasons why employees have to let go out the old habits (Cameron & Green 2009, 171).

The neutral zone is the most difficult zone for leaders to help their employees to move on. Increased discord among the team, decrease in motivation and the constant anxiety of what is ought to happen next, create an uncertain work environment, as people "hang" between old and new. Leaders have to help employees to acknowledge that the neutral zone is an uncomfortable time and place, and strengthen the feeling that they are not left alone. Understanding the employee's current situation could help to maintain daily routines until changes are in place. Rewards, temporary policies, procedures, roles, short-term goals and checkpoints help to keep employees on the right track till it is time to start the new beginning. During the new beginning phase, leaders have to shift their focus again on strong communication, explaining and repeating why change is happening, how it is effecting the employees, what kind of role they are playing in the new situation in order to easy up the transition. Leaders should create and celebrate quick success and wins at each of completed stages to increase employees motivation (Cameron & Green 2009, 172 – 173).

There are several guidelines how to lead or manage employees through the change process, Kotter, Bridges, Kanter and many others highlight that change is not easy to achieve, it never happens overnight and cannot be managed wholly. Already before change takes place, managers and leaders should start planning the support of their employees through

the change process. At the same time, they should also take into consideration, they are going through the process of change too and might themselves face obstacles and resistance during the process. It is important for managers and leaders to complete first their own transition before helping others. According to Edmons (2011) the combination of skills from managers and leaders are the key success factors to create a perfect environment to facilitate and enable change to happen (figure 27).

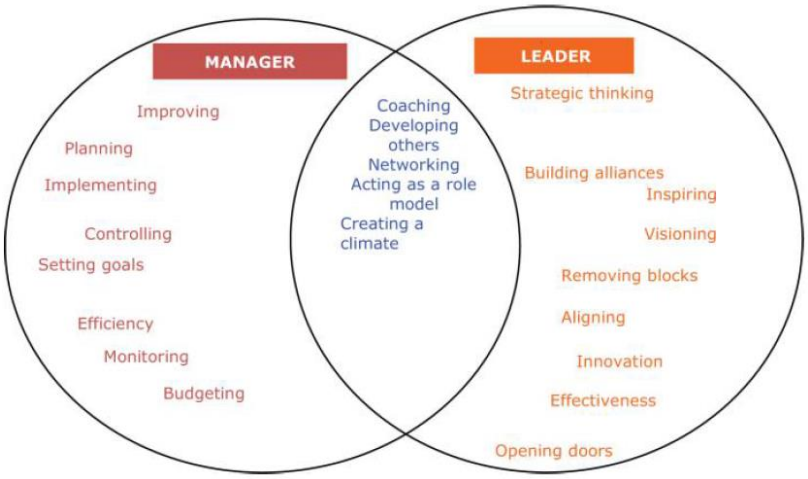


FIGURE 27. Manager and leader skills for achieving change (Edmonds 2011)

To successfully guide employees through the change process, leaders should pay high interest on honest and open two-way communication, create an urge for change and make employees understand how the future state will differ after changes have taken place, these need to happen with a high focus on communicating possible risks and obstacles faced and time tables. Repetition is the key point in great communication. Leaders also need to ensure that current quality standards are kept throughout the change process to keep the daily business running, but also to celebrate short term wins achieved. Once the change process is completed focus needs to be shifted to the "after-care" to ensure mounting the change into the organization's culture. Last but not least it is important to keep change responsibilities at the manager and leader level and not to transfer it onto the shoulders of the employees. Employees are not supposed to carry the manager's or leader's responsibility, instead they are supposed to be led, managed and supported throughout the change process.

3.2.6 Change management, risks and resistance

Implementing changes carries all kind of risks. One of the highest is the failure of the actual change implementation. Successful change implementation and avoidance of risks can be obviated and decreased by integrating risk management into the change process. Risk integration is achieved by creating a risk management culture within the organization (Kippenberger 2000). Risk management helps to decrease the possibility of project failures or delays and could increase the success of projects, as it becomes easier to maintain focus on project objectives and goals without risks. There are different methods how risks can be tackled in projects. The utilization of a risk matrix places each individual risk identified into an matrix. Once all risks are placed into the matrix, a decision needs to be made, if and what further actions are required to avoid these risks or if the probability and the impact of the risk is too low to be taken into consideration (Kippenberger 2000).

Another option to identify risks during change implementation, is the usage of the Risk Breakdown Structure, or short RBS. RBS is build up similar as the Work Breakdown Structure, which describes each step and scope of work needed to be done in order to complete a projects. The RBS structures risks in a hierarchical way. It allows to manage risks efficiently by presenting it in a clear way. Using RBS provides the possibility to define recurring risks and special focus areas, as well as an accumulation of risks. The more detailed the RBS is broken down to, the easier it gets to identify possible gaps or areas, which have not been covered yet (Hilson 2003). Failing to identify or ignoring risks can impact customers, suppliers, employees and also creates resistance towards change, both in an active and passive way, which could lead to a decrease of organization's revenue or even put the organization out of business in worst cases (Prosci 2016a).

A high risk faced, insight of an organization, is resistance towards change. This risk occurs in different forms, for example in in form of failure, loss or leaving a comfort zone or most common fear of the unknown, high self-interest, misunderstanding and lack of trust, different assessments of situations or just because people have a low change tolerance. Diagnosing this risk takes time and effort. It should not be underestimated, as it prevents change from happening (Kotter & Schlesinger 2008). Prevention of resistance starts already during the early stages of change implementation. It is crucial to understand reactions to change and how to counter steer resistance. Based on energy and commitment towards change, people can be divided into four different categories: Blockers, Sleepers

Preachers and Champions (Edmonds 2011). There is no ratio existing, which explains how many percentage of what category can be found, as the ratio differs from project to project.

Blockers resist change the most and it is nearly impossible to convince them that change needs to be happen, focus should be therefore on reducing their power to carry on resistance and negativity. Sleepers are not committed to the change or aware that change has to take place, compared to blockers it is possible to get sleepers on board by providing them with the possibility to discuss changes individually. Preachers take part in the change process, but do not recognize it as their first priority, therefore it is important to keep them in the communication loop and ensure that change becomes their priority. Champions have zero resistance towards the change, they are the ones driving change implementation, but need to be reinsured to keep up the motivation level during the project (Edmonds 2011). Kotter and Schlesinger (2008) collected different approaches (table 5), which help to deal with resistance to change, keeping in mind that each approach has its own advantages and disadvantages.

TABLE 5. Methods for dealing with resistance to change (Kotter & Schlesinger 2008)

Approach	Commonly used in situations	Advantages	Drawbacks
Education + communication	Where there is a lack of information or inaccurate information and analysis.	Once persuaded, people will often help with the implementation of the change.	Can be very time consuming if lots of people are involved.
Participation + involvement	Where the initiators do not have all the information they need to design the change, and where others have considerable power to resist.	People who participate will be committed to implementing change, and any relevant information they have will be integrated into the change plan.	Can be very time consuming if participators design an inappropriate change.
Facilitation + support	Where people are resisting because of adjustment problems.	No other approach works as well with adjustment problems.	Can be time consuming, expensive, and still fail.
Negotiation + agreement	Where someone or some group will clearly lose out in a change, and where that group has considerable power to resist.	Sometimes it is a relatively easy way to avoid major resistance.	Can be too expensive in many cases if it alerts others to negotiate for compliance.
Manipulation + co-optation	Where other tactics will not work or are too expensive.	It can be a relatively quick and inexpensive solution to resistance problems.	Can lead to future problems if people feel manipulated.
Explicit + implicit coercion	Where speed is essential, and the change initiators possess considerable power.	It is speedy and can overcome any kind of resistance.	Can be risky if it leaves people mad at the initiators.

To sum up, change resistance can be managed by active employee participation during the change process, team building, improvement and knowledge development, reward and strong communication management. Identifying change impacts and the reason for

change, helps to increases employees' motivation, realigns skills and increases the overall knowledge, which results in a higher tolerance towards change.

3.2.7 Change management and the future

According to Abrahamson (2000) organizations forces themselves to undergo changes in a too rapid manner. Instead they rather should create smaller, more organic and paced changes to shift the focus on a more dynamic stability. He calls this process tinkering and kludging. By reconfiguring existing business models and practices, but avoiding simultaneously the creation of new change models, organizations create a dynamic but stable change process, which generates smaller but constant changes. Abrahamson (2000) states further that tinkering focuses on the development of existing smaller models inside organisations with less costs and destabilization, kludging instead involves parts on a much larger scale within and outside of an organization. Using inside resources or participative management approaches, which are already adjusted to the organisation's culture, prevent disruptive change with chaos, cynicism or burnout. Therefore organizations have to learn to start using existing modules rather than using new inventions from scratch. New inventions should be seen as a last possibility and focus should be put on improving and aligning already existing business processes to the change needs.

Kotter (2012) agrees with Abrahamson, change management has to go into a new direction in order to bring organizations forward. Old change methodologies are not capable of handling rapid change, as organizations face political (hierarchies within organizations) and cultural (people working in organizations) decelerators when it comes to change implementation. To accelerate change, organizations should implement a second operating system to design a strategy, which is based on an agile and network like structure and a set of different processes. This allows to assess not only the business, industry and organization, but it also enables to react to changes with a greater agility, speed and creativity. Organizations would create an enterprises, which is easier to run and create an environment of acceleration of strategic change (Kotter 2012).

The increased pressure of completion and survival, force organizations to achieve a return on investment (ROI) within the same financial year of change implementation. In a world with increased change speed and a constant shorten change lifespan, agile change management becomes the key word. Agile change management provides, with interconnections between systems, data and processes, the ability to move changes quickly and easily throughout the organization's environment. By using agile change management methods, change is not anymore planned in details before the actual implementation, but solutions evolve based on business process improvement needs, taking a wider business environment perspective into consideration (Franklin 2014).

Today's organization have to fight to stay on top of the increased need and speed of change. They have to become faster in innovating and implementing improvements. Change, today and in the future, becomes a constant competitor to beat. Several different and effective change management models, strategies and theories exist. Organizations have to understand and examine each change program, before implementation. New tools and strategies can also be taken into consideration, if current existing models and strategies are not allowing the organization to be one step ahead of their competitors.

3.3 Business process improvement through Change management

The focus of most change projects is efficiency improvement of current business processes in organizations. Heavy process orientation has resulted in a gap between process improvement and strategic decisions. Scope of change processes can be divided into two different categories, projects with the goal to achieve business changes or projects aiming changes in business processes. External drivers require business changes to react to new competitive situations and achieving competitive advantages. Internal inefficiencies within current processes demand changes in business processes. Table 6 provides a good understanding of project types and their focus (Kallio, Saarinen & Tinnilä 2002, 80 – 83).

TABLE 6. Classification of change projects (Kallio, Saarinen & Tinnilä 2002)

Project type	Focus of project
Strategic projects	*Changing the business*
Business reengineering (BR)	Developing a process portfolio that links the business strategy of processes to processes that are required to implement it
Business process structuring (BPS)	Integrating or diverging processes (such as order-delivery) according to customer needs. This may include several parallal and diverged processes
Operational projects	*Changing business processes*
Business process reengineering (BPR)	Obliterating redundant activities utilising information
Business process automation (BPA)	Substituting information technology (e.g. automation) for manual work
Information infrastructure revision (Infra)	Improving technical infrastructure and/or related social capability structure

Successful implementation of BPI requires a deep understanding of the organization's business processes and how these fit into the organizational system. To master it, top management support, project champions and strong communication and interdepartmental cooperation are required. Nevertheless, BPI creates changes in organizations, such as relationships, workflows, tasks or structures. These changes require the development and alignment of the new processes through the entire organizational system. Even though BPI methodologies and techniques recognize the need for organizational or business process changes, it does not provide solutions how organizational change is established, as organizational change requires answers to specific tasks, timing, sequence as well as actors, roles and responsibilities. Changes triggered through business process improvement impact the human aspects too, as it redesigns work processes and relationships amongst employees. Managing organizational change is therefore one of the most difficult task in BPI (Sikdar & Payyazhi 2014, 972 – 975).

Integrating BPI and change management methodologies in the change process shows that Currently there is no linkage between soft (people and organizational culture) and hard (organizational structure, systems, technology and processes) skills, when comes to integrate and align BPI and change management methodologies in the change process. Failing to implement business process improvement and managing simultaneously the human and organizational changes, results in an higher change implementation failure rate. Substantial changes to existing systems and processes could cause insecurity and uncertainty for employees, which lead to change resistance. Organizations have to understand that

changes to one organizational element has an impact on another element, basically an organizational butterfly effect. The key word for successful process change implantation is process alignment. Aligning tasks at a department level and spreading it throughout the whole organization in an integrated aligned manner through a bottom-up approach, allows control and focus on both, hard and soft factors, like demonstrated in figure 28. Missing organizational alignment will lead to failure of the change effort (Sikdar & Payyazhi 2014, 979 – 980).

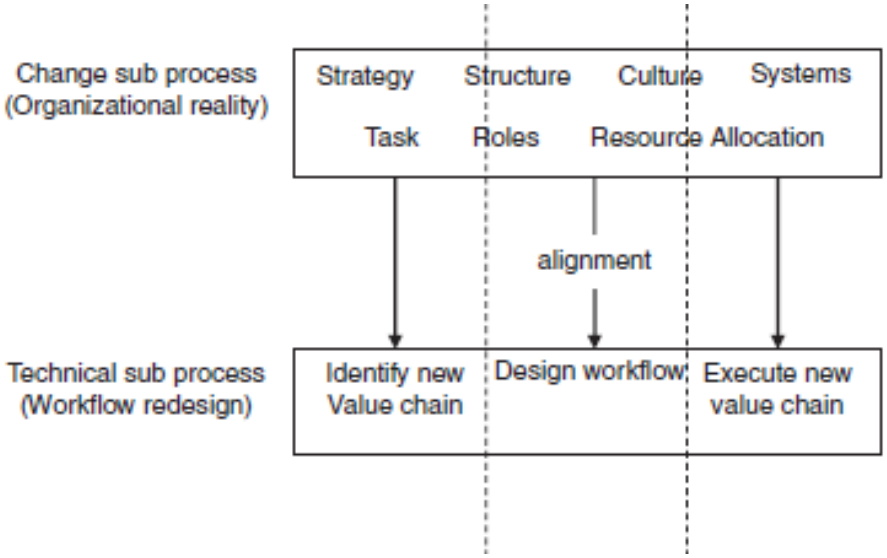


FIGURE 28. Alignment in BPM (Sikdar & Payyazhi 2014)

Sikdar & Payyazhi (2014) define that linking change management and BPI theories together produces a result addressing organizational change alignment, allowing organizations to achieve and sustain real business process improvement.

4 INSOURCING OF MONTH END TASK TO FINANCIAL SERVICES

4.1 Process before the transition project

The Financial Service Centre in Tampere provides high quality and cost efficient financial services to its internal and external stakeholders in Europe and North America from a centralized location. The Record to Report team has the responsibility of financial accounting, management accounting and legal entity reporting to internal and external stakeholders. In order to support timely and correct reporting of the financial data, accountants are required to have a deep understanding of Management (MA) and Financial Accounting (FA). Before the transition project accountants were responsible for the collection of financial data, executing manual transaction and reporting the month-end figures to internal stakeholders. Business Control was responsible for the financial figures in the production site, they had also month-end closing tasks responsibility. Clearly, business controllers carry a deeper understanding of events happening on the production sites and how those are influencing the financial figures and supporting UPM businesses in strategical decision making.

While Accountants have a deep knowledge and understanding of MA and FA (reporting process), they had not the overall overview of the production business itself. Business Controllers, on the other hand, carry a deep business process knowledge (real business processes), but do not have a deeper knowledge of MA and FA reporting. This shows an improvement possibility in the reporting process to increase the understanding behind the figures. Bringing real business processes and reporting processes closer together can result in a deeper understanding of the financial figures report, which lead to improvement of harmonized ways of working and cost reduction (figure 29).

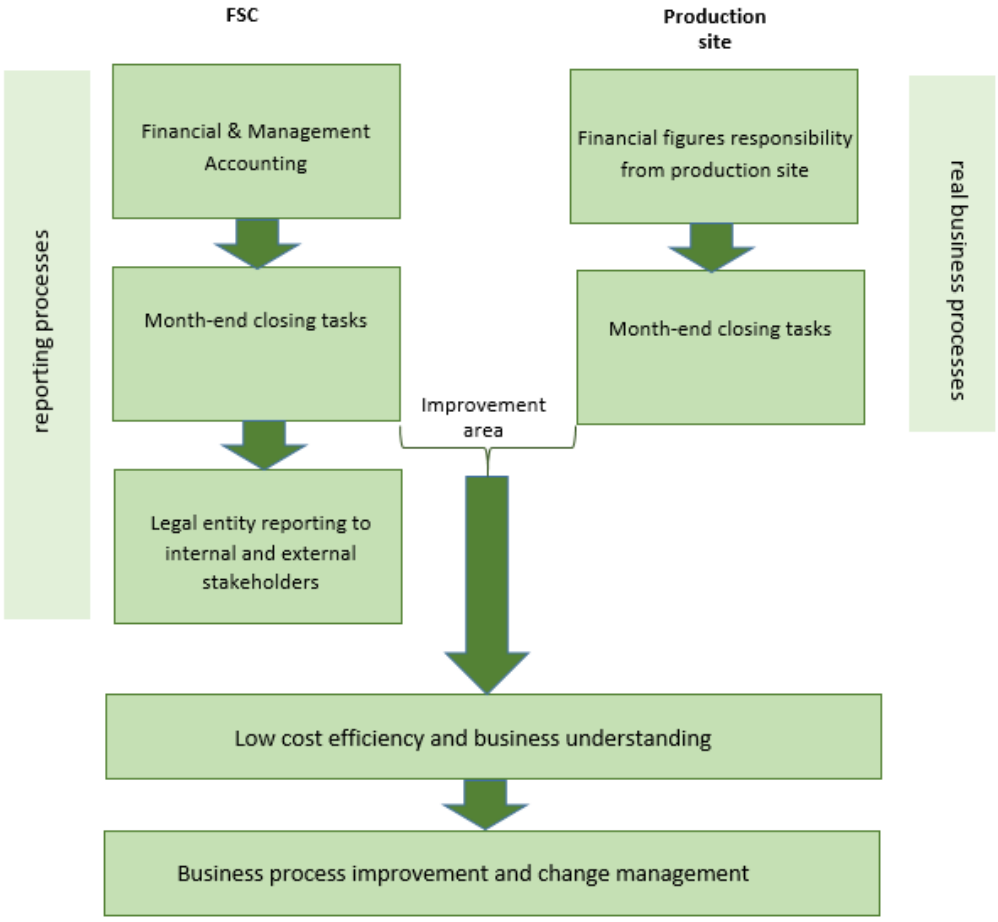
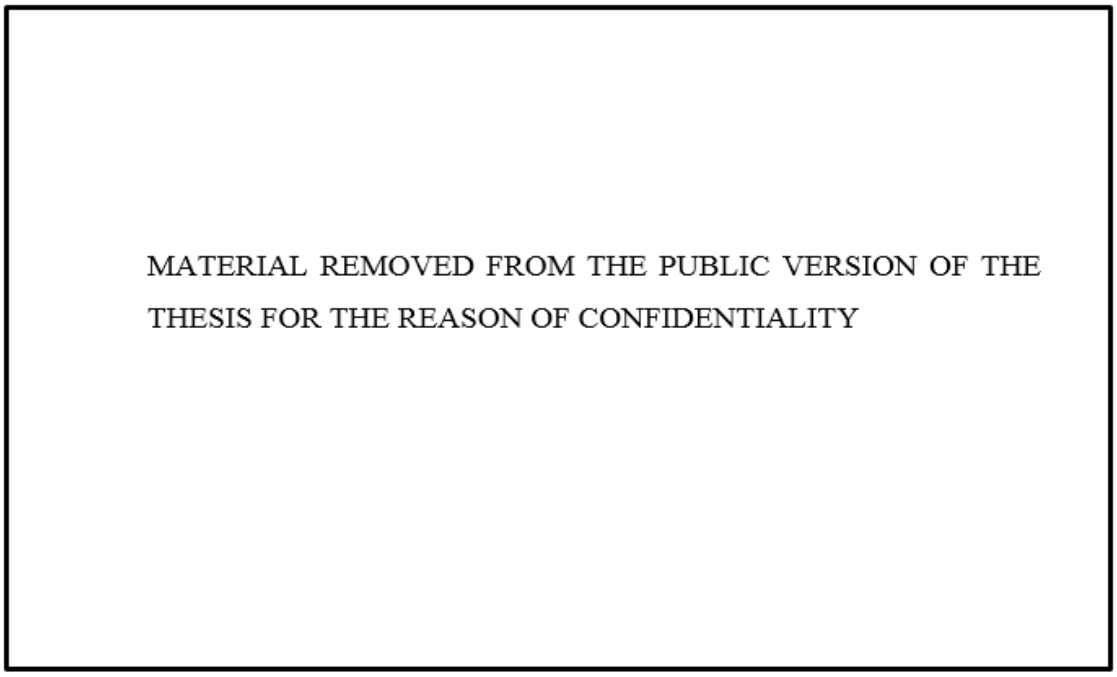


FIGURE 29. Reporting and real business processes before the transition project

To increase cost efficiency and close the gap described earlier, UPM decided to transfer all month end closing related activities from business controller located in the mills to the Finance Service Centre in Tampere between 2013 and 2015. The transfer of business controller's month-end closing tasks from local locations to the centralized location will not only help to improve the understanding of the business and communication with the stakeholders, but also gives the ability to improve analytical skills and support internal stakeholders in the decision making process. To provide higher quality financial services, an end-to-end understanding of the real business processes has to be developed. It has to be pointed out that both reporting processes and real business processes go hand in hand. Therefore it is even more important not only to have an expertise knowledge in MA and FA accounting, but also to understand the production process. which allows an increase of business understanding, improve analytical skills, but also the solution oriented mind-set, renewal and leadership skills, to enable Business Controllers to concentrate on adding value to UPM businesses.

4.2 Transition project execution

A project team has been established to lead the transition project to a successful conclusion. In order to keep daily business processes running as smoothly as possible during the transition project, it has been decided that the transition project will follow geographical phases. Each unit responsible accountant from Tampere visited the mill production site at least twice on month-end closing weeks in order to learn and take over business controllers months end tasks during the actual time when these tasks need to be executed. Simultaneously, accountants took care of their own month-end reporting and legal entity reporting tasks to internal and external stakeholders.



During the first phase (unfreeze phase) the accountant should familiarise himself with the tasks by analysing the current month end postings and allocations done by the business-/mill controller. At the same time the accountant has to start building up new stakeholder networks or deepen the existing ones through face to face meetings with the stakeholders (mill personal and business-/mill controller). By visiting and touring the productions site, the accountant receives a better understanding of the production processes, which can then be reflected later onwards in the analysis of the financial figures. During the first gathering all participants should go through the process step by step to define exact list of tasks to be transferred, discuss possible risks impacting the tasks, content of the tasks, future responsibility and understanding of the importance and timing of the tasks. Already in this early stage open and honest communication is needed from both parties.

In the second phase of the project (move phase) the accountant performs the business controller's month-end closing tasks together with the business controller. This training provides the accountant with the possibility to break down tasks into a more detailed level to understand the task structure. It also helps to improve or create instructions, as all details involved are captured during task execution, which might be routine for the business controller and are not mentioned during the training. The opportunity is given to ask questions and to discuss more in detail together to gain more background information. Furthermore, it gives the accountant a better picture of the timeframe and clarifies when the tasks need to be executed, as well as possible dependencies with other tasks.

The third and final phase (refreeze phase) the accountant will be executing the tasks independently in Tampere, with only minor support from the business-/mill controller. Possible improvement needs and further development of the tasks can be already defined during the independent work, but actual improvement should be done after the tasks have been fully understood. Additionally, the accountant should take the opportunity to ask further questions or more explanation from the business-/ mill controller, to deepen the understanding and to clarify queries. Written instructions should be finalized and a reorganization of the accountant's daily work routine needs to be done to successfully integrate the transferred tasks into daily tasks.

4.3 Process after the transition project

Business controllers' month end closings tasks have been transferred to FSC Tampere and accountants have taken over the full responsibility for these tasks. After the knowledge of the new tasks have been deepened and tasks have been integrated into the daily business routines, tasks have been developed further and benchmarking process has been started with other production mills which transferred similar tasks to FSC Tampere. After project completion Record to Report Tampere team remains responsible for providing high quality and high cost efficient financial services, including Management Accounting and Financial Accounting for internal and external stakeholders in Europe and North America. Additional to the previously existing responsibilities, accountants are now also responsible for the month end closing tasks transferred from production sites. The new responsibility requires more frequent communication between Accountant and

Business-/ mill Controllers. The communication brings understanding of MA and FA reporting (reporting process) and business process knowledge (real business processes) closer together, which leads to a better business understanding and better understanding of the figures reported, which also results in a higher cost efficiency (figure 30).

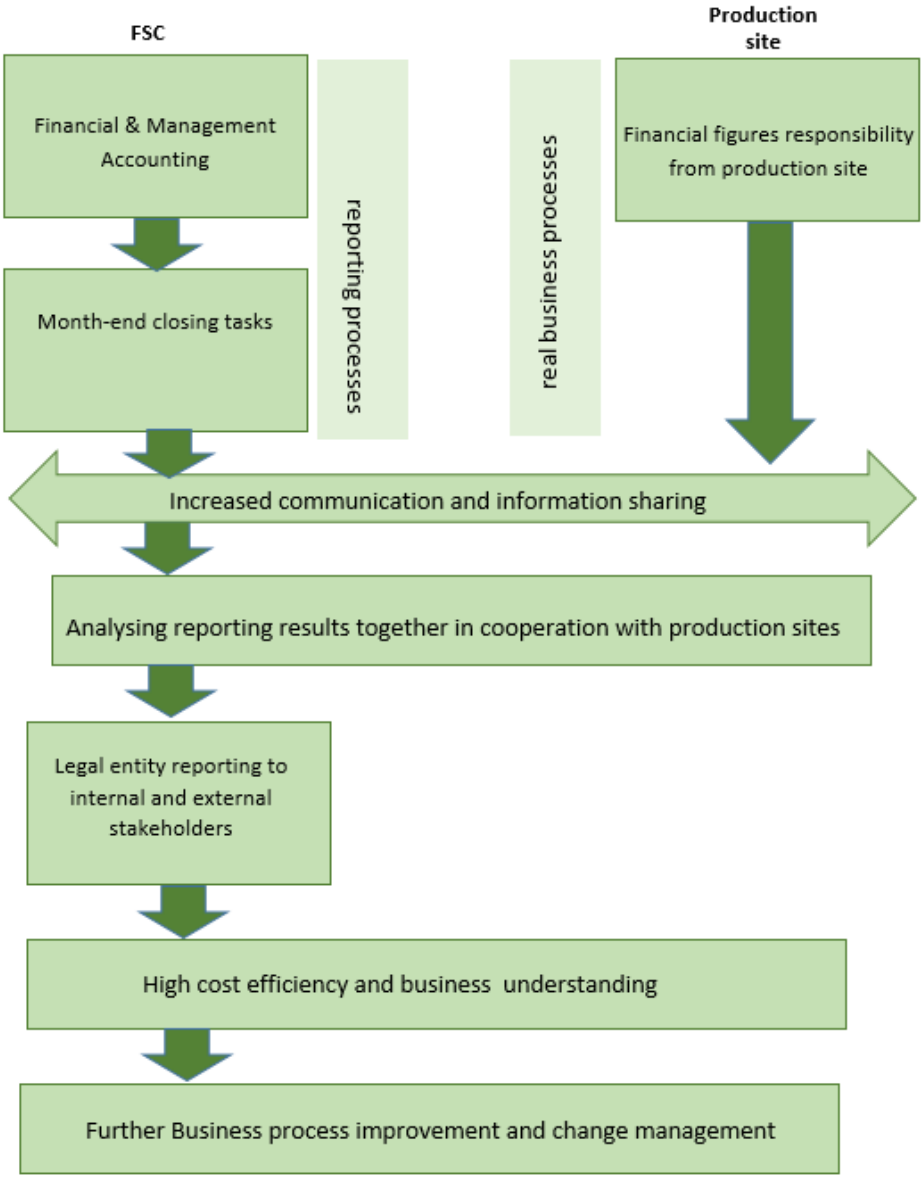


FIGURE 30. Reporting and real business processes after the transition project

Also after project completion, further harmonization and improvements are planned to take place, as business needs are changing depending on the economic situation; the tasks have to be constantly developed further and adjusted to the needs of the business to ensure an optimal groundwork cost analysis, as well as supporting the business in the decision making process.

4.4 Survey results

In this subchapter survey results will be presented. Survey questions have been cross referenced to gain a deeper understanding regarding process quality, project quality, responders, risks, improvements, lessons learned resulting from the transition project, undetected advantages, disadvantages and clarification of business controller's and accountant's expectations towards the project execution. The survey results are organized in smaller subsectors to allow a better overview.

4.4.1 Responded profile

The survey was sent to all project participants and during the duration of one month, out of the 30 participants, twenty-nine answers have been collected. The respondent who has no answered to the survey, due to leave, is not counted into the survey results, meaning that 29 answers will be seen as 100%. 13 Business-/Mill Controller (45% of all total responses), 8 Accountants (28%), 4 Financial Controllers (14%), 2 Project team members (7%) and 2 Managers (7%) have participated in and answered the survey (figure 31). Titles are also indicating the participant groups referred to later in the survey results.

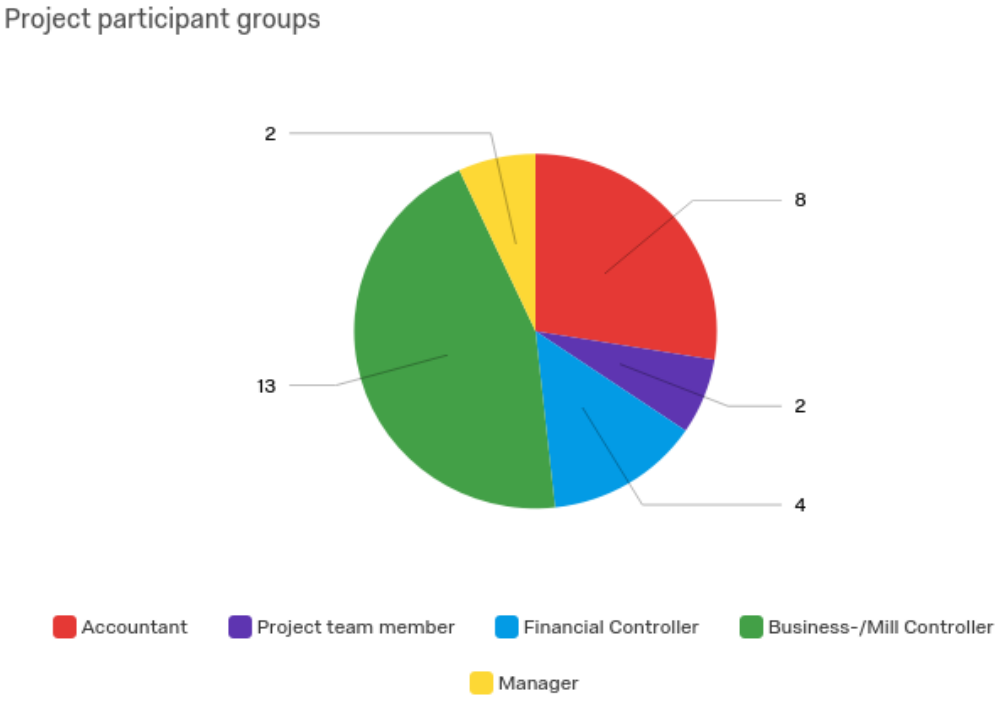


FIGURE 31. Project participant groups

Main tasks in the project were providing training or transferring tasks to somebody else (34%), followed by learning new tasks (30%), project support (20%) and management support (16%) as visible in figure 32. The graph demonstrates that the focus of the project was on learning and training the new tasks.

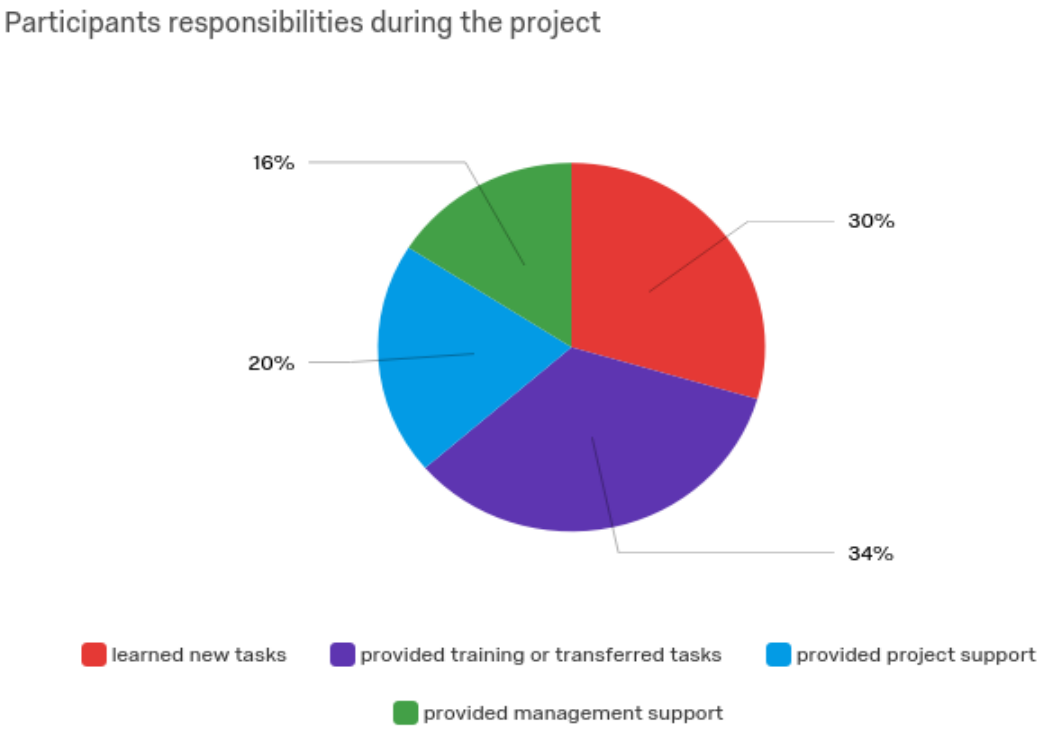


FIGURE 32. Project participants responsibilities during the project

Respondents were able to choose multiple answers, as some participant groups had several responsibilities during the project. The graph (figure 33) below shows that all accountants have learned new tasks and while Business-/Mill Controller main focus was on training or transferring the tasks. Two Business-/Mill Controllers have also learned new tasks during the transition project. Both managers provided management support only, Financial controllers mainly focused on project support, but two also learned new tasks and thought these further. The responsibility of the project team members was equally split between project support, management support and one project team member also learned new tasks.

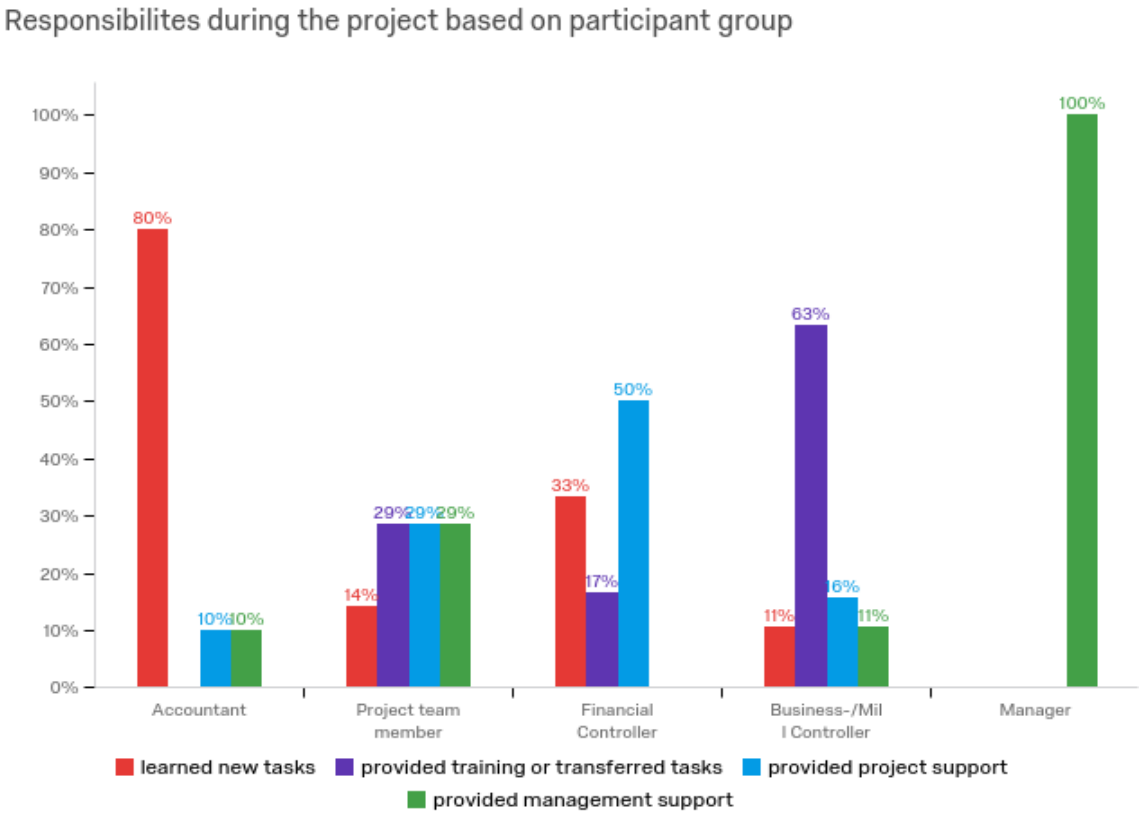


FIGURE 33. Responsibilities by participant group

4.4.2 Culture, language and communication

86% of the project participants, meaning 25 out of 29, believe that culture has an impact on the outcome of projects and only 14% state that culture has no impact on the outcome of projects (figure 34).

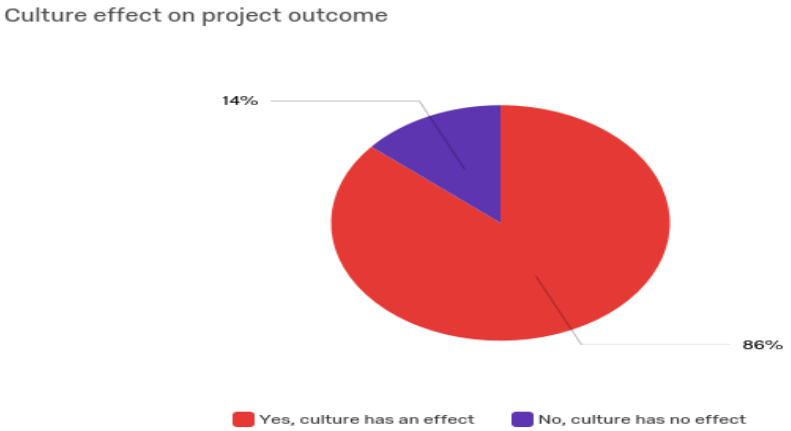


FIGURE 34. Culture effect on project outcome

Equally, 86% of the participants believe that language has an effect on the outcome of projects and 14% believe that language has no effect like shown in figure 35.

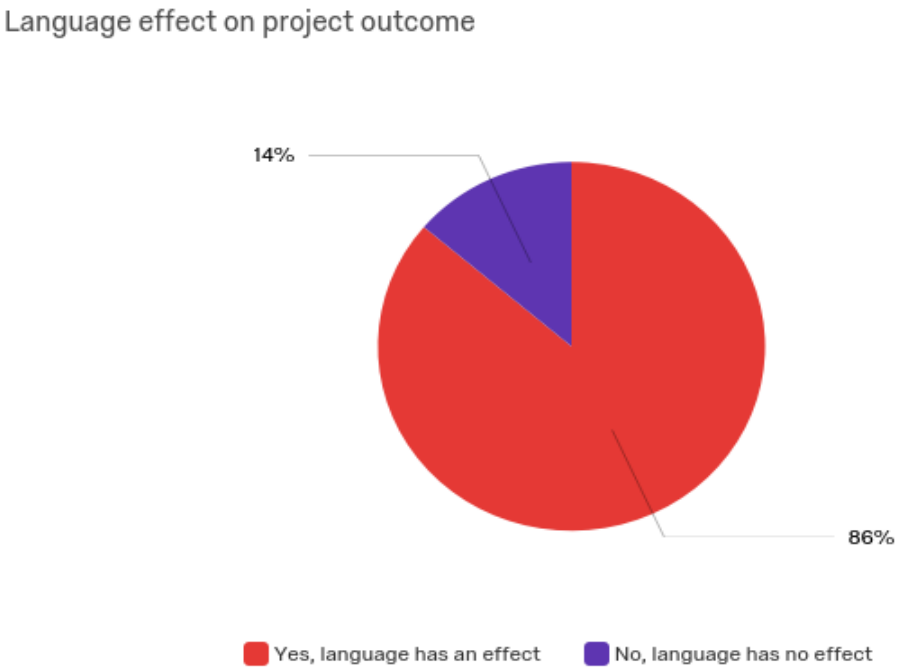


FIGURE 35. Language effect on project outcome

There are interesting results when answers regarding project effects based on culture and language are compared in relation to the participant groups. Not all respondents who believe culture plays a key role, believe that language has an equal effect on the project outcome. While 100% of the Business-/Mill Controller believe that culture has an effect, only 92% state language as an effect. Also the majority of accountants (88%) and financial controllers (75%) believe culture plays an important factor, yet only 75% of the accountants say that language is effecting the outcome of a project, but 100% of the Financial Controllers believe that language is playing a more important role. Managers equally believe that culture and language impact or not do not impact projects, while project team members find effects of language on projects higher than culture effects.(figure 36 and figure 37).

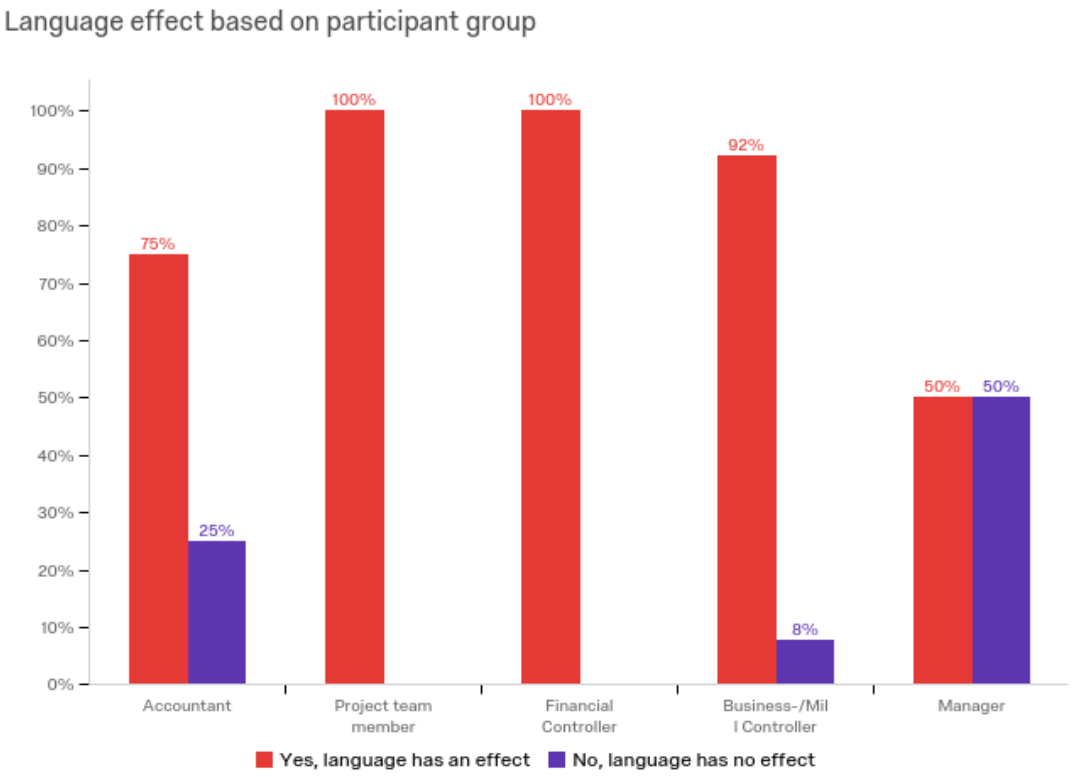


FIGURE 36. Language effect on project outcome by participant group

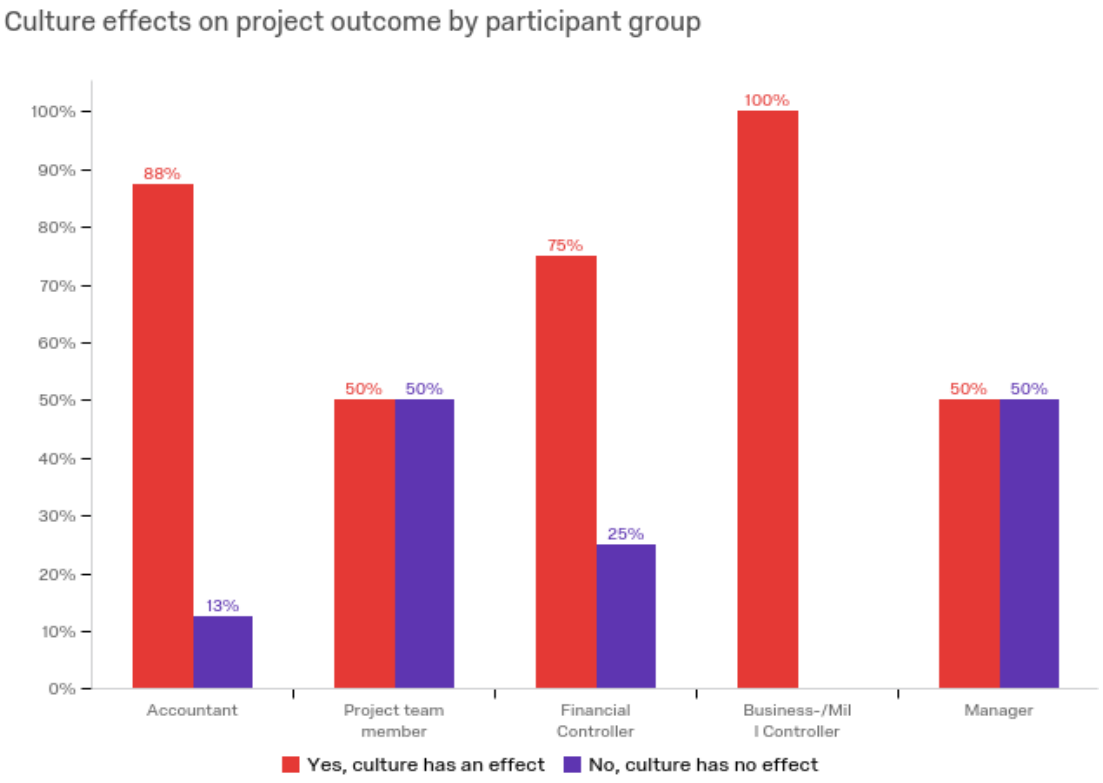


FIGURE 37. Language effect on project outcome by participant group

Respondents believe that there is an effect of culture and language on project outcomes, because of the importance of communication during a transition project, differences between working cultures and the influence on networking and working relationships. Sharing the same culture or language increases as well the possibility to execute task more correct, it also influences the willingness to change and resistance to change. Especially knowledge of the local language seemed to be seen as an high impact factor to the outcome of projects, as it seems to ease up communication, tasks execution and networking. Respondents who answered that culture or language have no effect reasoned that tasks transferred are rather technical and do not required language skills, or that networking and relationships are already established and people involved in the project are very co-operative.

" Key element of change project is communication, and culture and language affect communication"

"…we are working as a team whenever it is needed everybody will get necessary information, explanations and feedback, nobody has to walk alone"

"….earlier the MC went by the desk of an colleague or had a short phone call with them, now they receive an email or chat. Now the contact language is English and not all workers in the local mills have sufficient English skills."

"Both lead to better communication, i.e. mandatory to drive the change"

"Files and documentations are usually held in local language and need to be translated, however there is always the chance that some contents are not translated but just explained, this will lead to misunderstandings"

"…understanding counter part's native language is always only a benefit…"

"….In every country all people involved acted very professional and co-operative…"

Given the earlier answers on the effect of language and culture on project outcomes, 62% participants state that they have been satisfied with the communication level during the transition project and only 13% were rather dissatisfied with the communication level in the project. 24% are neither satisfied nor dissatisfied (figure 38).

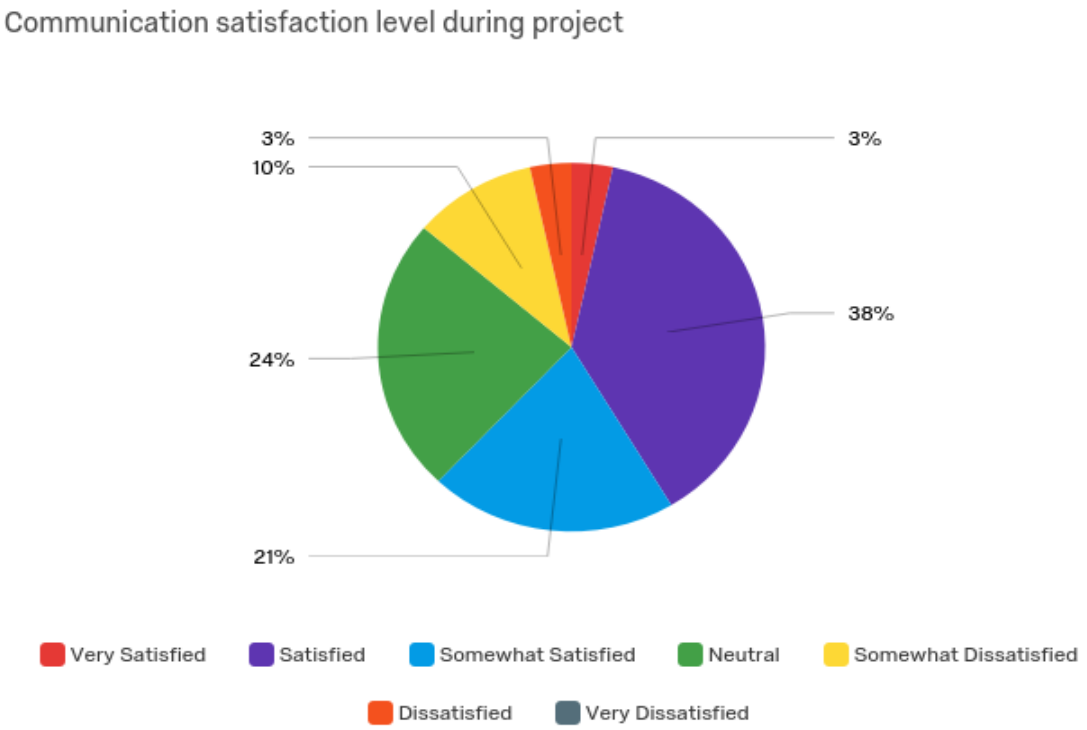


FIGURE 38. Communication satisfaction level during the project.

4.4.3 Project duration and tasks

The duration of a project is also a factor, which defines failure or success of a project. Figure 39 represents the answers of the project participants of the case company. It can be seen that none of the respondents believe that the project duration was too or a little long. Instead, 52% state that the project duration was rather short and 10% claim it was much too short. 38% of the participants believe the duration of the project was just right.

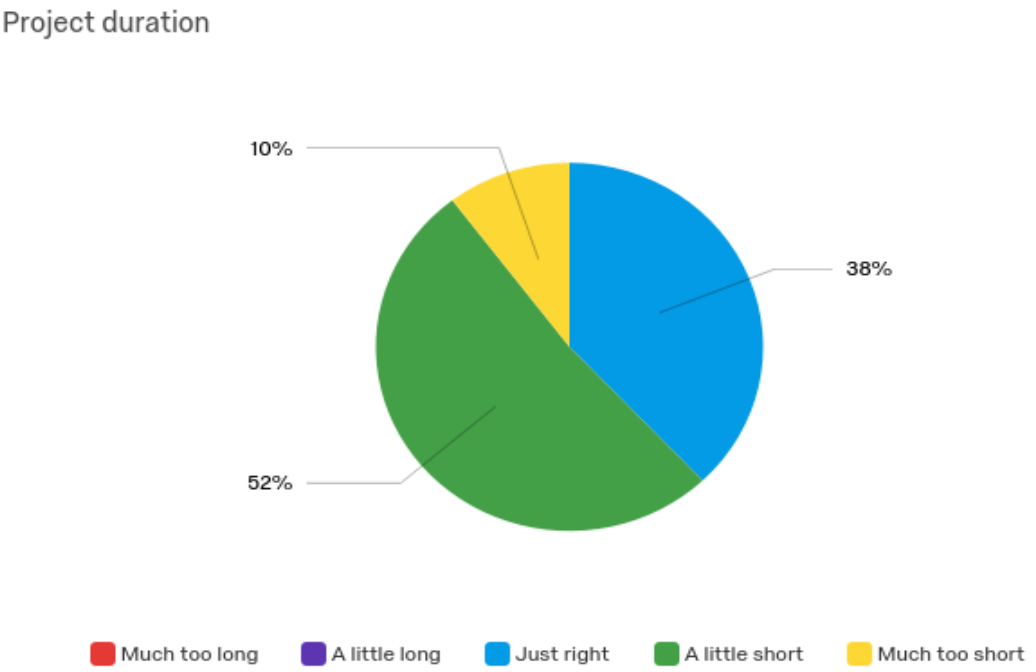


FIGURE 39. Project duration of the transition project

From a more detailed level it can be seen that project team members, accountants and financial controllers all equally believe that the project duration was either just right or a little too short (figure 40).

FIGURE 40. Project duration by participant group

Even though 50% of the managers say the project duration was just right, the other half believes it was much too short. The majority of the business controller (62 %) claim the project duration was too short and only 23% stated the duration was just right (figure 41).

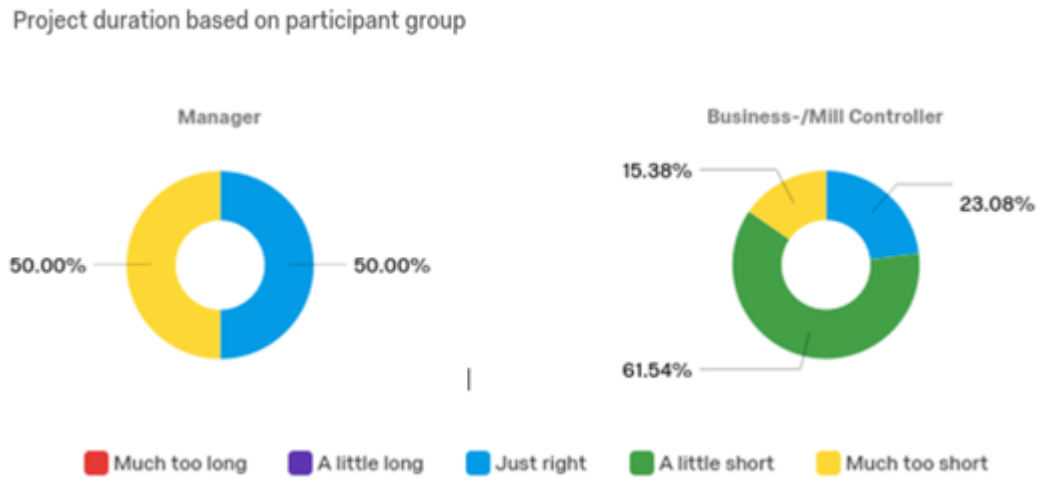


FIGURE 41. Project duration by participant group (manager and business-/mill controller)

Also, the majority of the project participants stated the project duration was too short, figure 42 shows that 83% of the participants still managed to complete the task transition in time and ensured coverage of all the topics. Only 17% needed to extend the training during the project.

FIGURE 42. Project and training completion

80% of the project participants, who had to extend the training time felt that the project duration was only a little short and only 20% believe that the duration was much too short (figure 43).

FIGURE 43. Project duration in relation to the completion of training for the participant who had to extend the training

The project participants were asked what the preferable length of the training period should have been. 62% would preferable a longer training period and 38% claim it should remain the same (figure 44). During analysis of the preferable training duration, it was noticed that the division of the answers by participant group are similar to the division of the answers of the project duration by participant group.

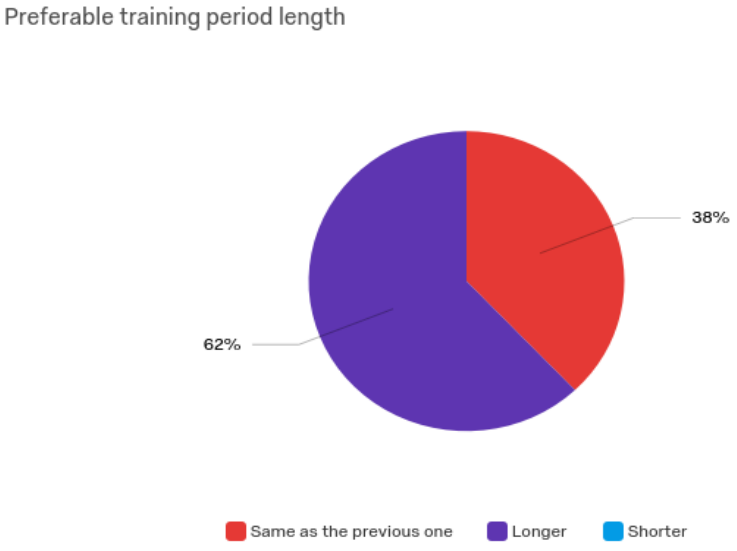


FIGURE 44. Preferable length of training period

Participants were asked to provide further comments regarding the preferable project duration, if they have answered that project duration should have been longer or shorter. Most of the participants who answered that project duration should have been longer, stated it should have been one extra week at site or an extra month end closing including some time for result analysing. Others answered that project and training duration itself have been long enough, but they would wish for a short recap sessions three month after the tasks have been transferred to Financial Service Center, either at the production site or in form of an online meeting. Participants who answered longer, commented that there should not be a set time frame for the training period, instead the training duration should be adjusted to the task understanding, training result and quality of the successor during the transfer and that the training period/project duration should be adjusted, if there is a personnel change during the transition period.

"This is depending on the task of unit. General answer is not possible, some tasks would require a more detailed training and transfers/ follow-up period. Standardized tasks are usually transferred within the set target."

"…Most of the time, during the training, went to learning how some tasks are done technically and you didn't have much time to think about analysing…"

"There is no fixed training length. Problems and new cases occur and needed to be solved. Working together in this situation will have a training effect…"

"Technical things can be done in the used training time. But all things and tasks around to get a "rounded picture" cannot be transferred within that short time period"

"Training should be based on the complexity of the site and so far not the same in every case."

Figure 45 presents the answers to the question, have all transferable items, meaning all month end closing tasks, have been transferred to Financial Service Center in Tampere. 52 % state that all tasks, which can be transferred to FSC have been transferred, but 48% state that there are still tasks available to be transferred, which have not yet been covered in the current transition.

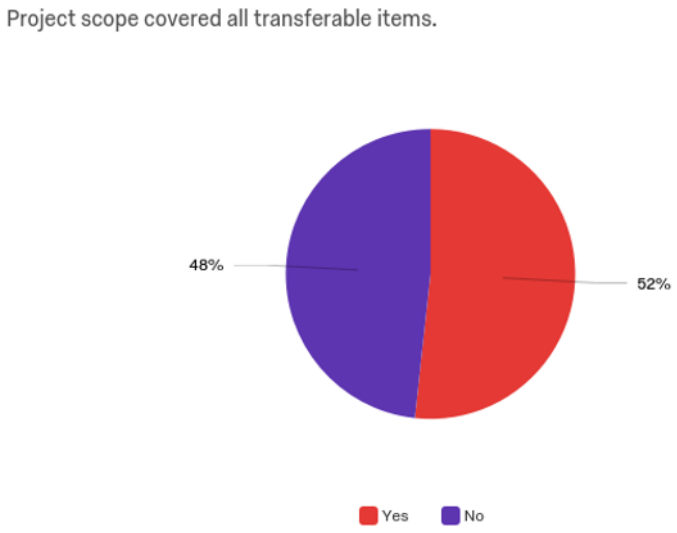


FIGURE 45. Project scope covered all transferable items

All Managers, 62% of the Business-/Mill Controllers and half of the accountants, who participated in the project stated that the project scope covered all the transferable items. However, all the project team members (100%), 50% of the accountant, 38% of the Business-/Mill Controller and 75% of the Financial Controllers state that not all transferrable tasks have been covered in the project scope (figure 46).

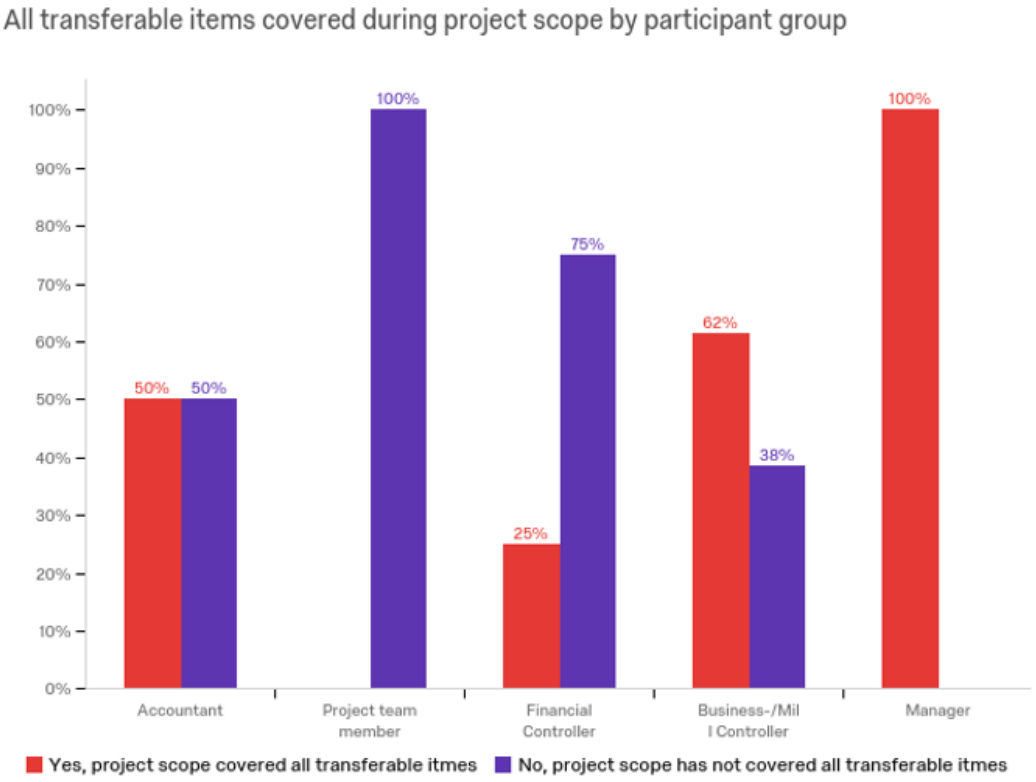


FIGURE 46. Transferable items covered during project scope by participant groups

Respondents were asked to state their opinion as to why they think the project scope has or has not covered all the transferable items. Answers received are different from each participant groups. From the accountant's point of view all tasks, which have been pre-defined in the project scope before the transitions started, have been transferred and they cannot comment further, if there are any more tasks to be transferred, as they are not aware of the possibilities. Most of the business -/mill controller, manager, financial controllers and project team members support the same statement that all tasks, which have been pre-defined to be in the scope have also been transferred. Some participants claimed that the project scope changed during the project and it was difficult to follow up. Still, there are some additional tasks, which could possibly be transferred like reporting tasks,

analysing tasks or other complex tasks. A few participants have also pointed out the importance of understanding that all production site processes differ from each other and therefore there have been some tasks left out from the transition and more common tasks have been transferred during this transition.

"*Part of suitable tasks not transferred because scope was somewhat same for all mills and in some mills it was not possible or wanted to transfer tasks which could have been transferred in some other mill."*

"Some mill specific tasks were not transferred. Some monthly routine reporting could be transferred."

"The project covered of course all transferable items. The problem was and is that the same item in different mills is totally different."

There should be more analysis of the tasks that were planned to be transferred and create a standard package.

"At the time of transfer, the scope in my understanding was covered, with all month end posting tasks moving. The next phase is the reporting and analysis."

"All relevant tasks were transferred during the project. There might be maybe few postings which could have been transferred to Tampere but were not, like change of stock

4.4.4 Training efficiency, process quality and transition value

Looking at the transition project and the value it adds to the case company, the participants were asked to say, if the transition project added value to UPM. 55% of the participants stated the project adds value, but 45% believe it does not add any more value to the company (figure 47). Interesting to see here is that the there is an equal split between the participant groups, who believe the transition added value and who believe it has not.

Only Managers stated that the transition has added value to the company. Reasons behind the decision have not been stated.

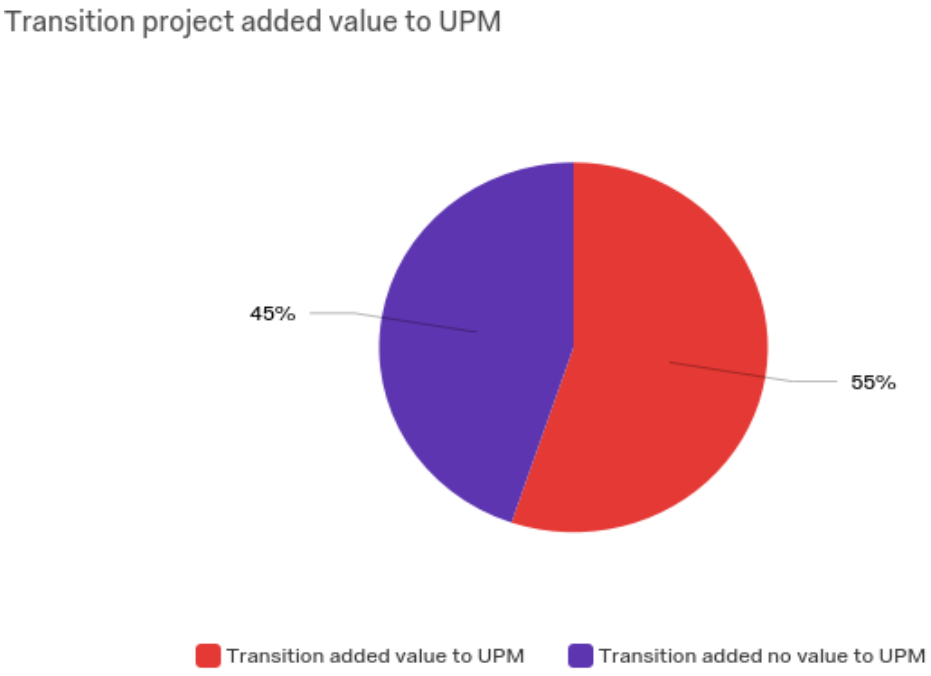


FIGURE 47. Project transition added value to UPM

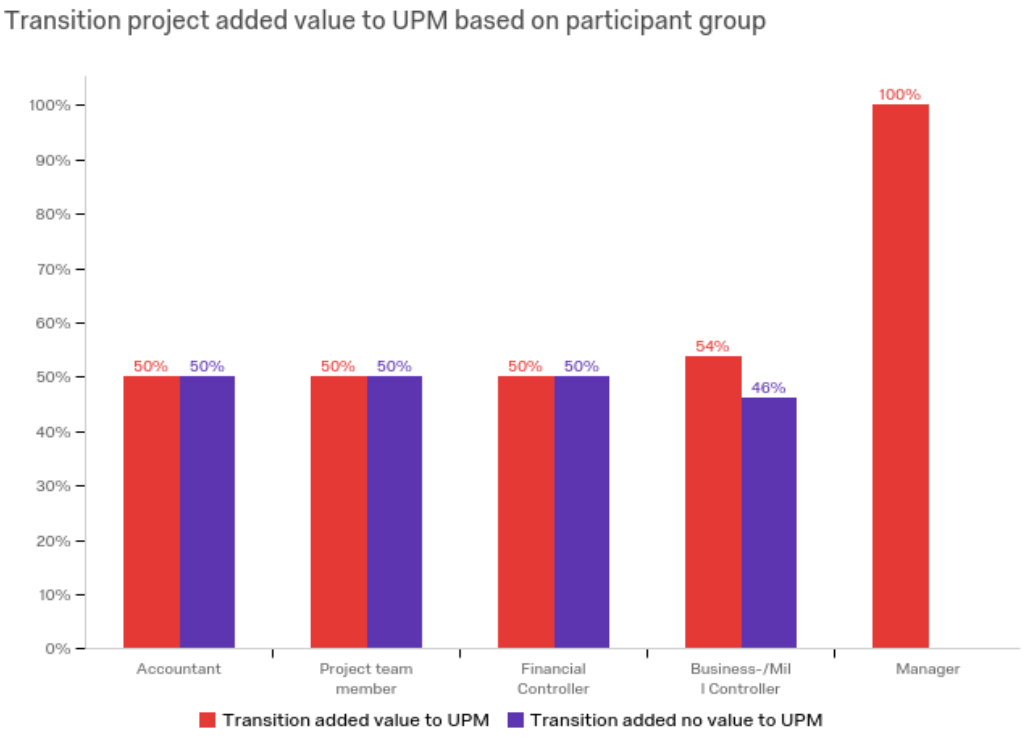


FIGURE 48. Transition project value by participant group

66% of the respondents believe the training, which has taken place has been efficient enough to cover all future processes, after Business-/Mill Controller month- end tasks have been transferred to Financial Service Centre Tampere (figure 49).

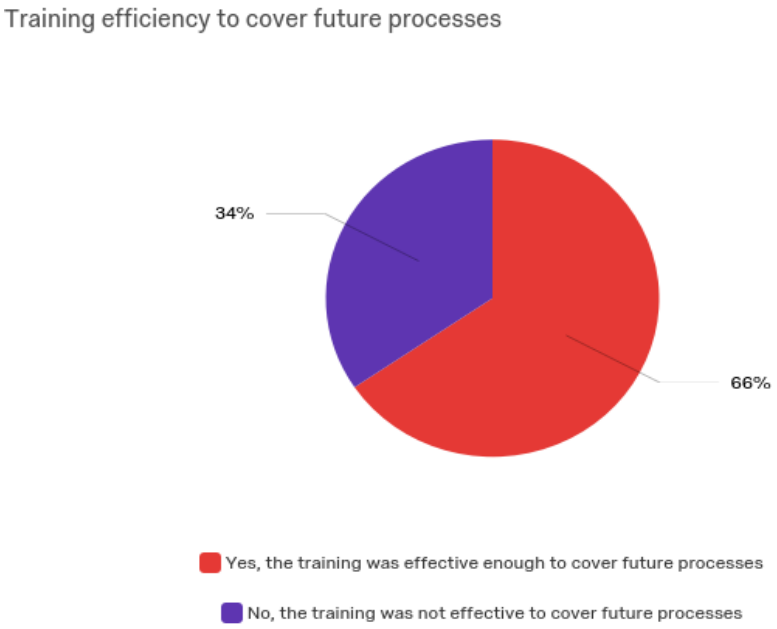


FIGURE 49. Training efficiency to cover future processes

Figure 50 represents the satisfaction level of the project outcome. 46% project participants are satisfied with the outcome of the project, 28% have a neutral feeling and 27% of the participants stated they are dissatisfied to somewhat dissatisfied. There are no respondents who feel very satisfied nor very dissatisfied with the outcome of the project.

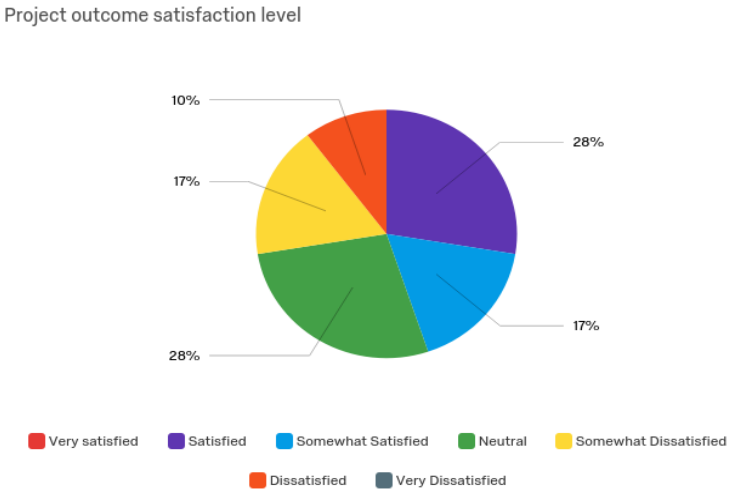


FIGURE 50. Satisfaction level of the project outcome.

Putting the training efficiency into relation with the project outcome, figure 51 shows that the efficiency level of the training to cover future processes did not have an influence on the satisfaction level of the project outcome. 13% of the respondents who are satisfied with the outcome of the project, do not believe that the training was effective enough. Whereby 33% who are dissatisfied with the outcome of the project state that the training was effective enough to cover future processes.

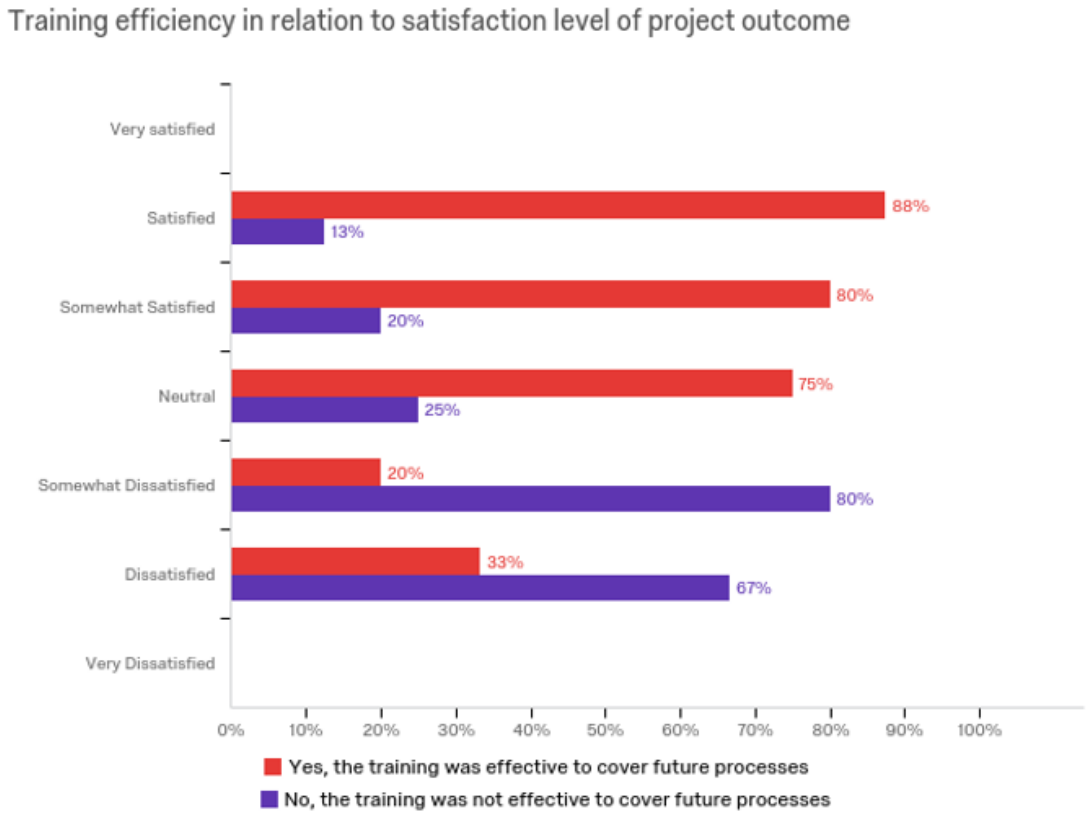


FIGURE 51. Training efficiency in relation to satisfaction level of the project outcome

Analysing further why project participants not have been satisfied with the outcome of the project, reveals that the project schedule was set to tightly. There was also a high fluctuation of personnel who have taken over tasks, which influenced the stabilization period of the process and the quality. The fluctuation also caused a loss of transferred knowledge and information, which caused an increase in work for the Business-/Mill Controller, as the tasks had to be trained again. On the positive side, it was mentioned that the project has been completed without any major hiccups, in spite of the tight project schedule, tasks have been learned very quickly and successors have been able to perform

them independently after a short time. As well, that the training provided was very efficient and that project participants have been open for change. Below there are some extracts from the open answers by the survey participants.

"Training provided on site was good, persons were open for change, but the training time with them was too short."

"Backgrounds of tasks were explained and I was able to perform tasks independently."

"Monthly routine tasks (transactional) can be performed by FS but the analysis skills and understanding the mill work is missing."

"Those who are now carrying out the tasks have worked very hard to ensure a smooth transition and that the procedures are carried out efficiently and effectively."

"The transfer and training went well as the people receiving the task were very capable and able to run with it in a very short space of time."

According to 72% of the project participants, the process quality declined right after the project has been completed, 24% believe that the quality level remained at the same level and only 3% stated the quality level has increased after the project completion (figure 52).

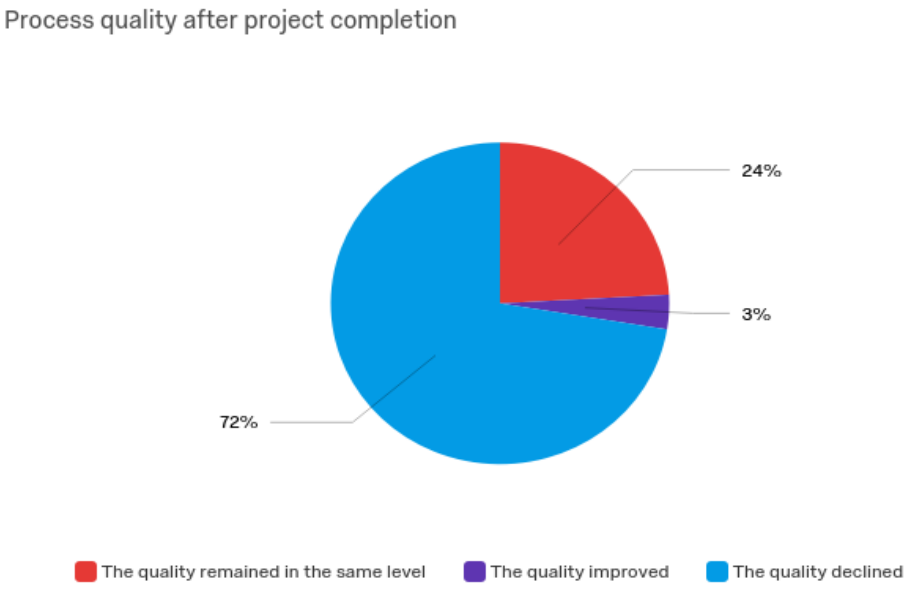


FIGURE 52. Process quality has declined after the project

The majority of the respondents have confirmed Business-/Mill Controllers silent knowledge (background information of the tasks, impact on figures and other dependencies) was not carried over during the training. Partly because the experience and silent knowledge gathered over the years by Business-/Mill Controller cannot be transferred within such a short training duration, but also not being physically available at the production site leads to a knowledge and information gap, which does not help to grow the experience and business understanding. Both influence the quality of the process, because the overall process understanding and its impact on the figures is not developed.

High personnel fluctuations in Financial Service Center have been mentioned several times as a cause of the process quality decline, not only because further knowledge also leaves when a person leaves the company, but also because tasks have not yet been fully understood before these have been transferred further. Participants who believed that the process quality has increased after the project was completed, pointed out that the decline in the quality is a natural phenomenon after each task transfer, as familiarization with the new tasks transferred takes time. Furthermore, it was highlighted that process quality always declines shortly after the transfer, but that after a stabilization phase the process quality increased again. The transition also freed-up the Business-/Mill Controller's time, which can be used to concentrate on other tasks.

"The transition period was too short to learn all the new tasks that's why there was a small decline in the service quality, but after a short period of self-study results got better."

"…with the additional knowledge missing, Record to Report is not able to understand the scope and the tasks and dependencies, especially as there are so many changes in the team, the knowledge that may have been in memories got lost."

"…good knowledge sharing on specific topics is difficult as Record to Report AC cannot provide local presence and consequently is not as deep in these topics as mill BC…"

"The decline in quality is basically unavoidable in the beginning"

"A lot of silent knowledge wasn't transferred during the project and gathering that to the new location takes a lot of time. Also the constant change in the new location (changes

in the responsibilities in the new location and further transfers to outsourced partner) have reduced the quality of work."

"The project has delivered real value (improved quality to business from F&C) in the sense that it has freed mill controlling teams to focus on real value adding activities during the month end closing."

4.4.5 Issues faced, project follow up and future transitions projects

For 31 %, of the project participants, it is very important and for 41% it is important that similar tasks are harmonized after these have been transferred to FSC. 14% believe tasks harmonisation is only somewhat important and the remaining 14% have a neutral opinion on task harmonisation after the project has been completed, however none of the participants believe it is very unimportant (figure 53).

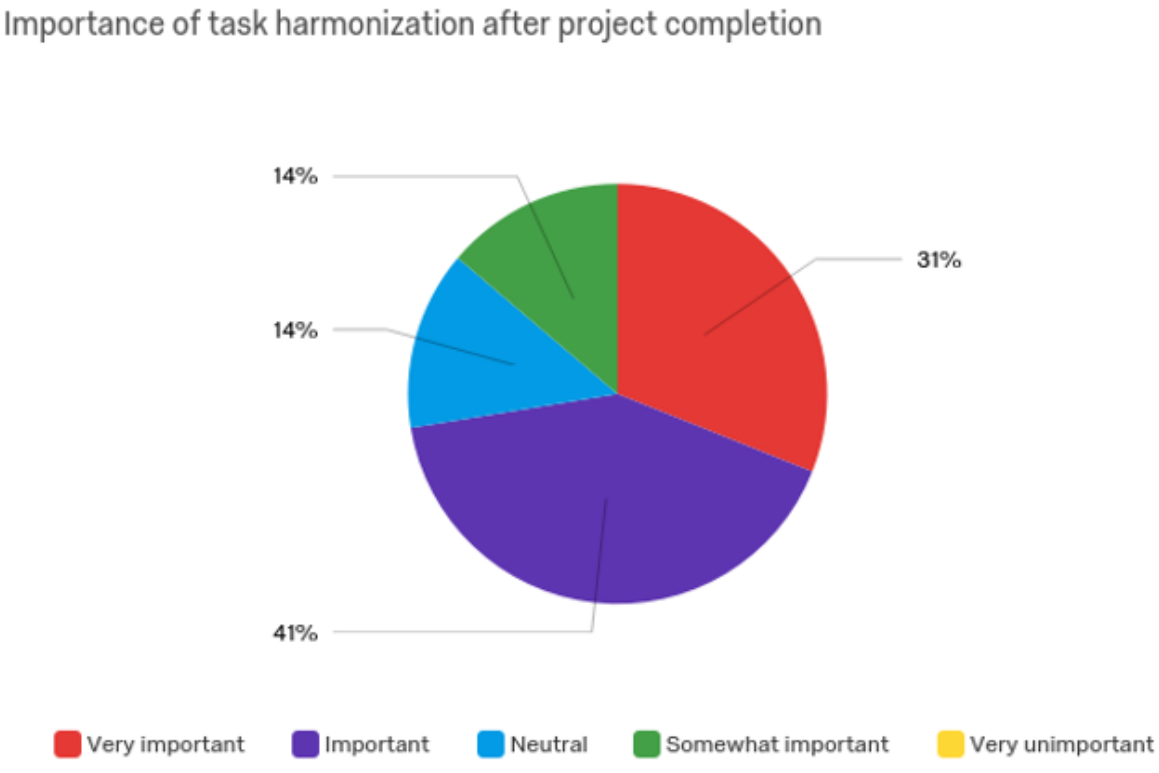


FIGURE 53. Importance of task harmonisation after project completion

The general review of the satisfaction level of the project follow up is quite varied. The majority of the respondents feel rather neutral towards the project follow up, 7% are very satisfied, 14% are somewhat dissatisfied, 7% very dissatisfied. 17% of the project participants feel that no project follow up has taken place (figure 54).

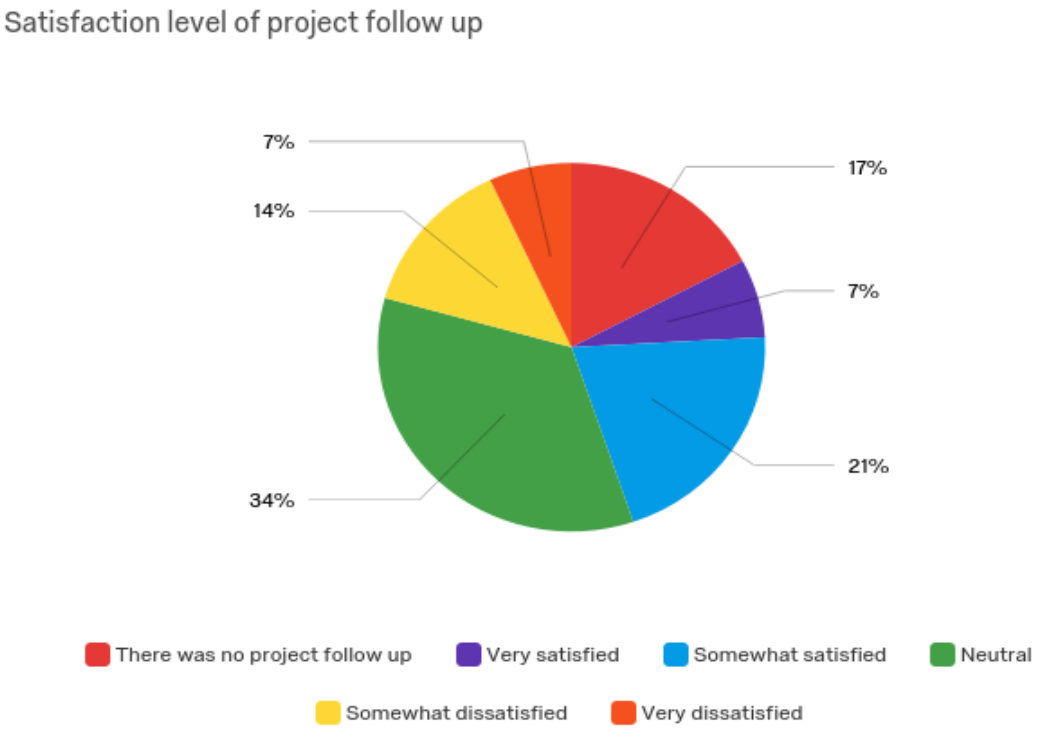


FIGURE 54. Project follow up satisfaction level

High personnel fluctuation in the Financial Service Center is the most common answer given, as the biggest problem faced during the project, because it creates inconsistency in the process quality. This was followed by the statement that accountant, Business-/Mill Controller and production mill are physically not close enough together to build up good cooperation network to ensure high information exchange and communication. The short project duration has been also given as a reason. Furthermore, the high workload of the successor has been mentioned, lack of time to ensure understanding of task and process information received, as well the integration of the new tasks into the successors daily business routine.

"For Complicated issues is it easier to explain face by face and the person should see the mill. No Quick fluctuation from personal is very important!"

"Financial Service Centre Tampere […] are too far away from production."

"Duplication of effort, Mill controllers still spending some time checking the postings are correct rather than trusting that they are. "

Project participants were asked, if there would be a similar project like the one they have participated in, should it be executed similarly or differently. 66% responded that similar projects should be executed differently and only 34% stated it should be executed similarly (figure 55).

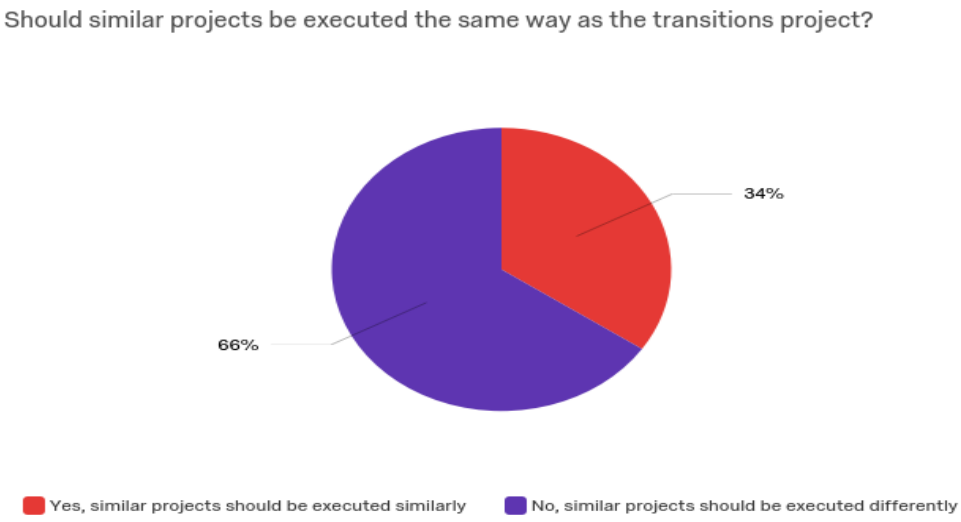


FIGURE 55. Preferable execution of similar projects

Comparing the process quality after the project to the process quality a year ago, two-thirds state that the process quality stayed the same or even improved. Only 31% believe it decreased compared to last year (figure 56).

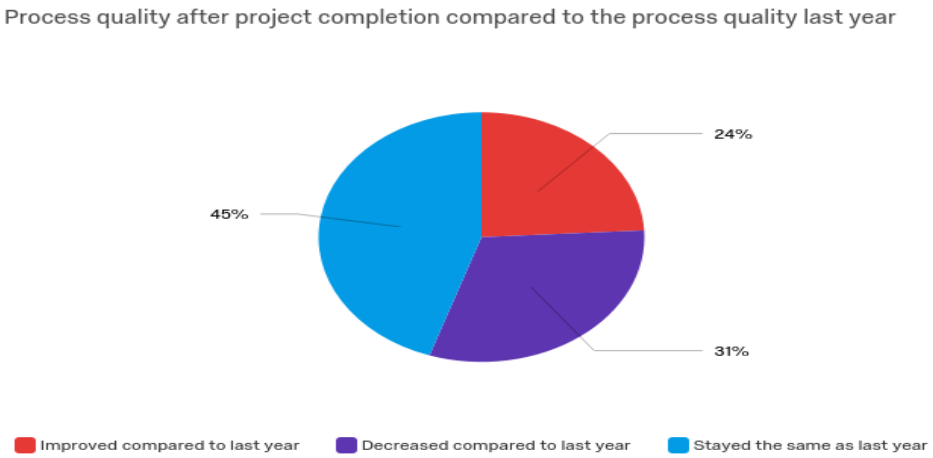


FIGURE 56. Process quality compared to the process quality last year

Breaking this further down by participant group, it becomes visible that all managers (100%) feel the process has decreased compared to last year. One-third of the business-/mill controllers think the process quality declined, while 62% believe it remained on the same level as last year, only 8% stated it increased. 50% of the Financial Controllers and project team members answer that the quality has improved and 38% of the accountants stated the same. 13% of the accountants, 25% of the Financial Controllers and 50% of the project team members answered that the process quality has declined compared to last year before the project (figure 57).

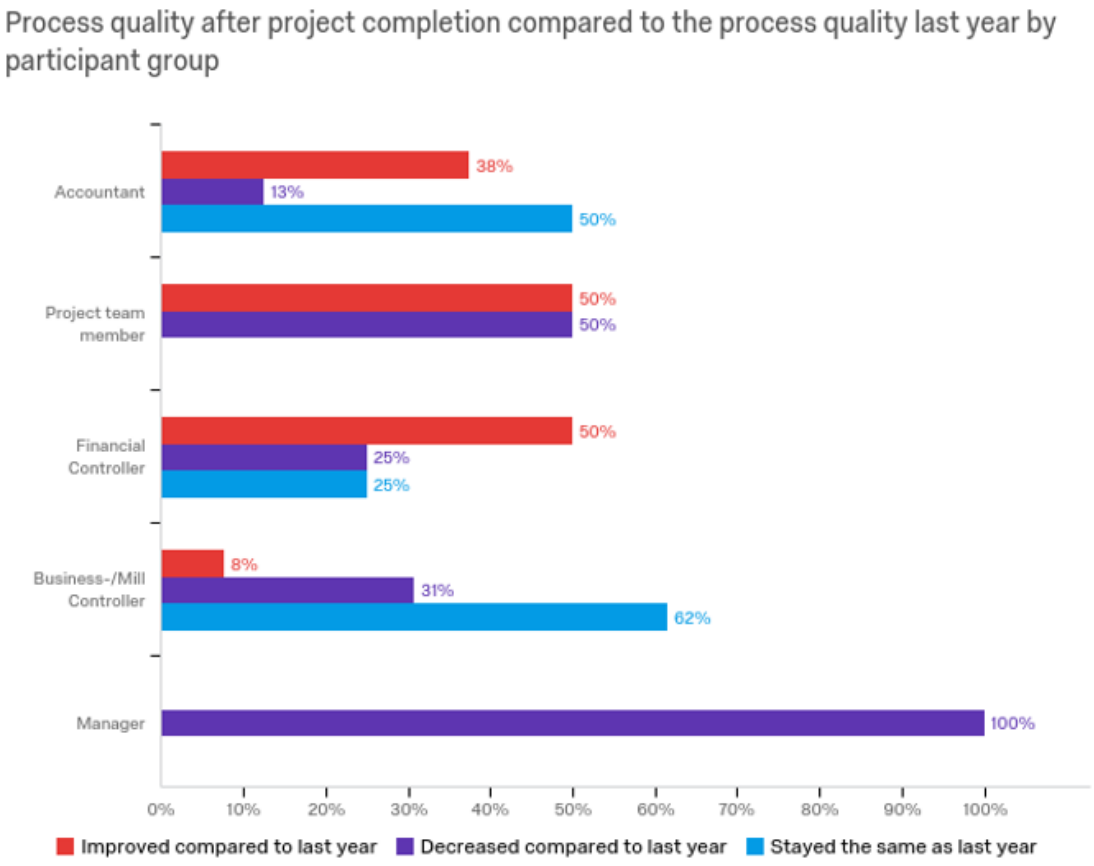


FIGURE 57. Process quality after project completion compared to the process quality last year by participant group

The possibility for the participants to openly comment, on why similar projects should or should not be executed in a similar to this transition project, revealed similar answers between the project participant groups. Most of the business-/mill controllers and both managers stated that similar projects should be differently executed. Most mentioned reasons are the short project duration, the high personnel fluctuation in Financial Service Center, followed by better project resource planning and the decreased quality of the

work. Accountants, project team members and financial controllers stated high personnel fluctuation in FSC, too short project duration, better documentation of tasks and better project management, as reasons they say that the future similar projects would be handled differently. On the other hand, the 34% of the respondents who believe that future projects should be executed similar, answered that the project was very well planned and clearly defined and structured, but still the project duration in future projects should be extended.

"All in all the project went well (timetable was kept and planned task transfers were made)."

"The project was well planned and executed. Unfortunately was the success spoiled by fluctuation in RTR team."

"Transition period is only fixed for three month, regardless the mill structure of size and also complexity of tasks were not taken into account."

"After some usual start-up problems things improved."

"It should be ensured, that all small details are documented in a proper way and are also shared with others, as items may be applicable for all- within the process of paper making"

"Project was well planned and all executed in organised manner. The only point which should be consider is to give some time to trainee to learn the tasks".

At the end of the survey, project participants were presented with the opportunity to give open feedback or other comments that they would like to add regarding to the project, or what they would like to have done differently. 87% took the opportunity to comment or provide feedback. Most of the previously stated difficulties were again mentioned in the open feedback, such as the short duration of the project or high fluctuation of the personnel. Project participants also wish for better resource planning to avoid high fluctuation of the successors in the future. Some would prefer no line-organization work during the transition project to allow all project participants to focus on achieving the best outcome

of the project. Some participants commented that more attention should be paid to improving communication between all the parties, as well as change management practices and a project follow up should be implemented.

"Realistic planning and resourcing to guarantee good quality."

"Project follow up after few month to see what is working or not with BC, assistant controller and manager. It would be better to check it already after 6 month already if something is not working how it should be"

"Project was successful and all people involved were very motivated and worked very professional way."

5 ANALYSIS AND SUMMARY

In this chapter results of the survey will be discussed in correlation with the earlier literature review. Earlier formulated research sub questions will provide a structure for the result discussion. After the survey results have been discussed, the research will return to the two earlier stated research questions, for which answers will be provided and a conclusion drawn.

5.1 Discussion and Conclusion

The outcome of the survey results provides an interesting insight into the transition project. It seems that answers provided vary from participant group to participant group, reflecting their approach towards the transition project based on how much they have been effected by the changes and the outcome of the project.

Five participant groups were involved in the transition project, some came from different organizational departments, others worked in different responsibilities areas and hierarchies within the same department. Bringing project participants from each expertise area together, provides the advantage of merging both business and reporting processes together. The merger of both processes allows the focus to be on the complete business process to gain a higher understanding of the internal stakeholder needs. Additionally, by breaking down the barriers between the departments and creating cross- functional departments, the case company takes the first step towards cross functional processes and improvements, which according to Andersen (2007) are important to achieve harmonization of cross department processes and allows focus on performance level optimization to achieve cost efficiency.

Each participant group had their primary responsibility area during the project. Accountants and Business-/Mill controllers focused on the successful transfer of month end closing tasks to Financial Service Centre, which was the core task of the transition project. Financial controllers and project team members have were mainly responsible for project support and management support. Managers focused directly on management support. Answers provided leave open the question of whether management support and project

management support include responsibility for change management, which provide support to project participants and enables them to move through the change process smoothly. Kotter (HBR'S 2011, 37 – 39) highlighted that the fine line between managing and leading a change project, is that the management of projects focuses on result productions, while leadership focuses on the change effort itself. Change projects, like the transition project, require management support for project and project resource planning, but also leadership through the change itself, as it can determine the success or failure of the project.

The majority of the project participants found that culture and language have an effect on the outcome of projects. A clear shift between the effects of language and culture becomes visible when analysing language and cultural effects by participant groups. For accountants language has a higher effect than culture, while for business-/mill Controller these seem to be equally important. This answers could result because of different expectations and views on the project.

Even though all project participants share the same organizational culture, the majority of the accountants did not share the same cultural background or the same language as the Business-/Mill Controller from whom they have transferred the tasks. The official project language was English, all tasks templates and instructions however have been kept in local language which makes it more difficult to understand, learn or teach tasks. This conclusion is also reflected by the participants, as they have reasoned that task execution, understanding of instruction, gathering of information and gathering of silent knowledge to support the future process are influenced by the language. Naturally, speaking the local language avoids risks and misunderstanding, it creates faster and deeper networking and relationship possibilities, but speaking a common language allows the same, but with a bit more effort.

According to most of the project participants, culture has an equal effect on the outcome of a project. Culture does not only influence our life, but also shapes the culture of the organization, each individual's working culture or the culture towards change. Culture influences an individual's behaviour, communication, readiness, risk taking, networks and relationships too. Business-/Mill Controllers work among other employees who share the same cultural background and behaviours. Other project participants work in an international environment among many different cultures. Accountants do not value culture

as an important factor as much as the business-/mill controller, because of the international culture they work in. Nevertheless, culture, language and communication can affect the outcome of projects. All three create the foundation for a culture focused on improvements as Eaton (2010) and Shia and Saad (2008) underlined. Possible culture and communication trainings could improve cross-cultural communication and it also could enable them to work closer together with project participants from different cultures. It also could lead to a higher change readiness and create or strengthen the organizational culture of change.

Project duration is a critical factor determining the success or failure of a project. More than half of the project participants answered that the project duration was too short, but still 83% stated the training was nonetheless completed in time. 94% of the participants who answered that the training period was too short, would have preferred a longer project/training duration, as they would have like to deepen their knowledge further for some tasks. Some participants wished for project follow up to ensure tasks have been correctly understood, others would like to have the training length based on training and quality results of the successor. Task understanding and successful transfer is not guaranteed if the project duration is too short. Managers and project managers should be aware that project participants, simultaneously to the task transfer, go through the different phases of change too. Already Adams, Hays, Hopson's and Elizabeth Kübler-Ross change process and adjustment of change studies (Cameron & Green 2009) highlighted the difference in time spent by individuals in each change phase. Managers have to understand the different reactions to change of their employees and take them into consideration when project and training length are set, to ensure that not only task transfer is covered, but to allow their employees to move through the steps of the change curve. Ignoring this might lead to higher change resistance, which could impact the project negatively or in worst case lead even to project failure.

More than half of the project participants answered that all items in the defined project scope have been transferred, while 48% stated that more tasks are still available to be transferred. Managers and majority of the business-/mill controllers believe that the defined scope has covered all the tasks, while Financial Controllers, Project team members and half of the Accountants answered the project scope has not covered all transferable tasks. When asked for more details participants answered that the predefined tasks were

transferred, but there are more tasks which have been left out but which could be transferred. From this the conclusion could be drawn that a top-down change implementation approach was chosen to implement the changes. In this approach the change need and the wished outcome has been identified by upper management and change execution has been passed downwards (Bornemann 2014), This approach is easier to steer and evaluate, especially in a bigger and more complex projects like this one. It is even more critical to confirm that improvements have been achieved or if the improvement process has to be adjusted (van Loon 2004). This can be done during the project follow up phase or already during the actual project to indicate when to implement adjustments to ensure that process improvement implementation still goes ahead as planned.

One of the sub questions to be answered in this research was whether the transitions project of the case company impacted the business processes positively or not. Even though the majority of the participants answered that training was efficient enough and that the transition added value, 72% of the participants answered that the quality has declined after the project has been completed, since going through the change curve requires time. This is a natural phenomenon. In any project undergoing change, new processes have to be first stabilized, reinforced and anchored into the organization's culture (Cameron & Green 2009). This phase is not completed overnight but takes time, therefore the process quality declines before it raises again. The short project/training duration, high personnel fluctuation (which cannot be influenced by organizations) and loss of silent knowledge requires a longer process stabilization period. 73% of the participants stated that the process quality after the project has improved or remained on the same level compared to previous year. The transition project was successful and business processes have been impacted positively, as the majority of the project participants feel that the process quality remained the same or increased after the project has been completed compared to previous year's quality, which would not be the case if the project was not successfully completed.

66% of the survey respondents stated that similar future projects should be executed differently than the transition project. Reviewing the outcome of the survey, there are several improvement points, which should be taken into consideration for future similar projects. The most highlighted problem during the transition project seemed to be the too short project duration and the high personnel fluctuation of the successors. It has to be pointed out that organizations are not able to forecast personnel fluctuations, however project

resource planning should take employee leave into the risk analyses of the improvement cycle, to ensure best possible resource coverages and prevent process improvement failure (van Loon 2004). Also, improved communication, change and project management have been listed as improvement items. The lack of a project follow up stood out in the survey results. Project follow up is one key element to ensure that planned business process improvements have been achieved or if further improvement adjustments to processes are required (McAdam 1996, van Loon 2004). To complete transition projects successfully it is important that change management and project management goals are aligned to each other. People who are effected by the change and going through the different change phases, are a part of the project management lifecycle too, therefore both have a direct impact on the outcome of the project. Therefore one important factor is to continue and complete the change management cycle after the project has been completed to reinforce the achieved process changes into the organization's culture (figure 58).

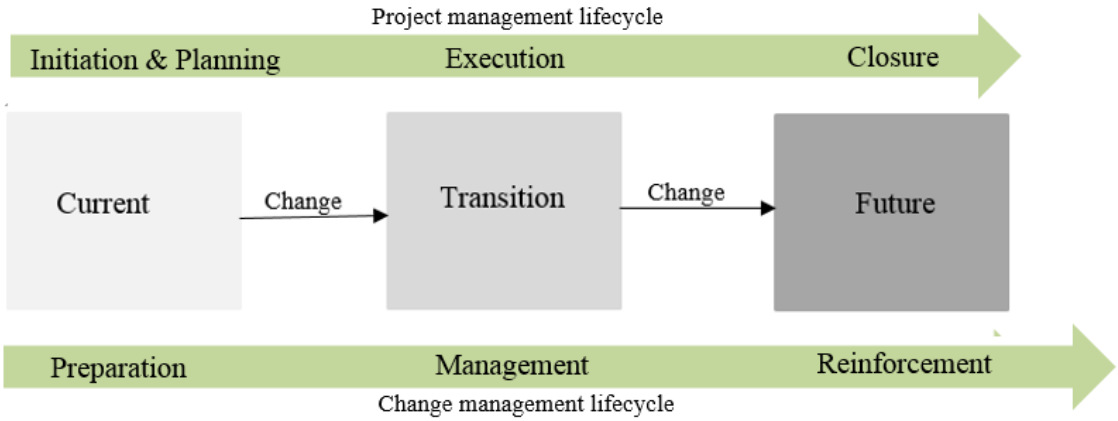


FIGURE 58. Project management lifecycle vs Change management lifecycle during projects

This research had two different, but complementary objectives. The first objective was to provide a common understanding of business process improvement, change management and the possible correlation between them. The second objective of the research was to establish an overview, whether the transition project (Centralization of business controller month end tasks to Financial Service Centre in Tampere) increased business understanding, harmonized ways of working and increased cost efficiency. In order to support the research objectives, two research questions have been formulated at the beginning of the research.

Have business process changes been implemented effective enough to achieve higher cost efficiency or is there a need to implement future similar transitions projects differently for the case company?

The goal of the transition project was to centralize all Business-/Mill Controller's month end tasks to Financial Service Centre to improve business processes and increase cost efficiency levels. According to the outcome of the survey, all predefined month end closing tasks have been transferred from Business-/Mill Controllers to Financial Service Centre. The transfer enabled a cross-department communication, an increase in the understanding of the real business processes and has freed up the hands of the Business-/Mill Controllers to focus on other important tasks. Therefore it can be concluded that business process changes have been implemented effectively enough and therefore higher cost efficiency has been achieved. All project participants have been performing outstandingly during the transition project and the project goal was achieved, nevertheless earlier mentioned adjustments should be done for similar future transition projects.

Can business process improvement through change management be achieved?

The research has shown there are many business process improvement and change management theories existing and all differ slightly from each other. Yet both change management and business process improvement share one common factor – change. Change management is known as a process to manage change (Creasy T. 2009) and business process improvement is known as the process for identification and implementation of improvement needs in an organization's business processes (Andersen, 2007, Kallio, Saarinen & Tinnilä 2002, Samia & Saad, 2008). Sikdar and Payyazhi (2014) stated that BPI recognizes change needs and creates changes to the organizational system, but it does have only a little impact on the soft skills (people and organizational culture) during the business improvement process. Both claim further that the mentioned gap leads to an increased change implementation failure rate. Only by aligning and linking BPI and change management theories together, real business process improvement can be achieved and sustained.

Sikdar's and Payyazhi's theory of aligning business process improvement and change management to achieve and sustain business process improvement through change management can be confirmed. By aligning Lewin's Three – Step Change Model to van Loon's process improvement cycle (figure 59) it becomes visible that steps in change management and business process improvements are similar to each other and simultaneously occur during the change and improvement process. When organizations change their way of working, they also required their employees to change and adjust to the new processes and improvements. Employees are required to grow with the process changes and therefore change management is required whenever business process improvement takes place. Not aligning the organization's change management and business improvement processes can lead to an increased resistance towards change, which does not enable changes to embed into the organization culture, increasing the risk of business process improvement failure. Therefore the conclusion can be drawn that business process improvement can be achieved through change management.

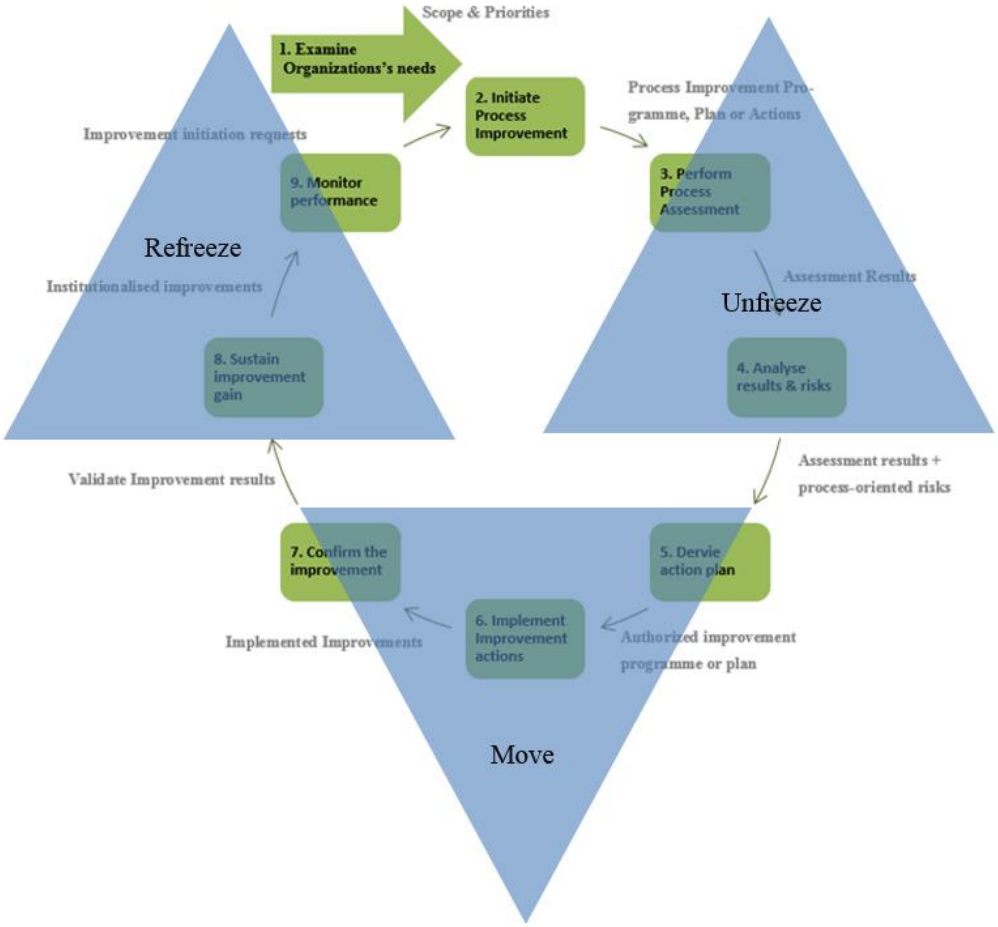


FIGURE 59. Alignment of Lewin's Three – Step Change Model to van Loon's process improvement cycle

Due to the increased speed of change, the researcher recommends further studies of agile business process improvement to ensure that organizations are able to respond and implement change faster and to adopt process improvement into daily business routines to react faster in a complex world of change.

5.2 Summary

This research had two different but complementary research goals. The first aim of the research was establish whether business process improvement can be achieved through change management. To reach this aim a common understanding of theories and methodologies in change management and business process improvement was established. The second goal of this research was to provide an overview of whether the transition project increased business understanding, harmonized ways of working and increased cost efficiency and what improvements can be taken to similar projects to achieve higher cost efficiency through business process improvement and change management.

Both topics, change management and business process improvement, are broad topics and there are a lot of different theories and methodologies. It was difficult to narrow down the content of data included in the theoretical part of the research, even though the research objectives were clearly defined at the beginning of the research process. Taking all change management and BPI theories into the research would have exceeded the dimensions of this research. To avoid this the researcher decided to focus on the key principles to provide a common understanding of both terms and to create a support foundation for the second aim of the research.

The gathered change management and BPI information also provided the basis for the survey questions, which later onwards were sent out to the project participants. Survey answers received were quite valuable and there was a large amount of data to analyse. Data analysis took a larger share of time than expected even though the survey data was collected with a specially designed tool. The data was analyzed partly manually, as the software did not support all the features, especially for the open answers received. Even though the survey questions were aligned to the research objectives and were designed to also discover the reasoning behind the participants' thoughts, some answers created more

opportunities for further discussions, which could have been taken up if an interview process would have been chosen. However interviews, were ruled out as an option at the beginning of the research process, because the majority of the project participants are scattered throughout Europe and logistically it would have not been possible to schedule meetings with all project participants.

To sum up, the research process and outcome were found to be quite interesting by the author. The author found it very important to first understand the content of change management and business improvement before looking at the transition project. Therefore the research was structured very well, as first a common understanding was established in the form of theory and then this theory was applied in practice to the transition project of the case company. However, this form of research produces only a retrospective outlook of how business process improvement and change management are aligned in this particular case or needs to still be further improved. The theoretical part of this research can be taken as the starting point for similar researches, as the concepts and theories are generalized. This research was a case study, for the case company and its transition project. Reliability of the analyses and validity of results, suggestions and conclusion is only provided in relation to the case company and their project. Organizations, their needs and the projects itself vary in form of project scope, duration, participants and desired project outcomes

From the research the author takes away the understanding that theory cannot be always followed in practice, as there are many different factors, partly unswayable by organizations, which impact projects. Methodologies and theories do not provide organizations with the one desired solution needed to achieve BPI and tackle change management. Instead, theories and methodologies have to be adjusted to the organization's needs and implemented as well as possible to survive the complex world of change. Like Georg Christoph Lichtenberg[2] stated " I do not know, if it becomes better when it changes. All I know is that it has to change to become better.".

[2] "Ich weiss nicht, ob es besser wird, wenn es anders wird. Aber es muss anders werden, wenn es besser werden soll. " (Georg Christoph Lichtenberg)

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APPENDICES

Appendix 1. Survey, questions

1. At the point of the project I was
    - Accountant
    - Project team member
    - Financial Controller
    - Business-/Mill Controller
    - Manager

2. During the project I ….
    - learned new tasks
    - provided training or transferred tasks
    - provided project support
    - provided management support

3. Do you think culture effects to outcome of projects?
    - Yes
    - No

4. Do you think language skills effect the outcome of projects?
    - Yes
    - No

5. Why do you think culture and language skills have an effect on projects?

6. Do you believe that this transition added value to UPM?
    - Yes
    - No

7. In your opinion, has the process quality remained the same after the project has been completed?
    - Yes
    - No

8. What are the factors for you why the process quality changed after the project has been completed?

9. Was the duration of the transition/ training period
    - Much too long
    - A little long
    - Just right

- A little short
- Much too short

10. Have you been able to complete the training in the given time frame and ensured coverage of all topics?
    - Yes, the training was completed in time
    - No, we had to extent the training period

11. How long should the training period be in your opinion?
    - Same as the previous one.
    - Longer
    - Shorter

12. If you answered longer or shorter, how often should the training take place?

13. Do you think the training has been effective enough to ensure future process coverage?
    - Yes
    - No

14. How satisfied have you been with the outcome of the training?
    - Very satisfied
    - Somewhat satisfied
    - Neutral
    - Somewhat dissatisfied
    - Very dissatisfied

15. What are the reasons behind your satisfaction level of the training/transfer?

16. In your opinion, how important is harmonization of tasks after the project has been completed?
    - Very important
    - Important
    - Neutral
    - Somewhat important
    - Very unimportant

17. How satisfied have you been with the communication level during the project?
    - Very satisfied
    - Somewhat satisfied
    - Neutral
    - Somewhat dissatisfied
    - Very dissatisfied

18. Do you think the scope of the project covered the transferrable items?
    - Yes
    - No

19. Why do you think the scope has or has not covered all the transferrable items? Would there be anything else you would like to add to the scope?

20. In your opinion, what are the biggest problems you have faced during the project?

21. If there would be a second similar project, should it be executed in the same way?
- Yes
- No

22. Why do you think it should be executed in the same or different way?

23. In comparison to last year do you feel that the process after the project has
    - Improved compared to last year ?
    - Decreased compared to last year?
    - Stayed the same as last year?

24. What is your satisfaction level of the project follow up?
    - There was no project follow up
    - Very satisfied
    - Somewhat satisfied
    - Neutral
    - Somewhat dissatisfied
    - Very dissatisfied

25. Is there anything else what has to be done differently, if there would be another similar project? Do you have any other feedback or comments regarding the project?

Appendix 2. Survey distribution email

Hello

My name is Christin Walter and I am working for Record to Report Tampere, Financial Services. Currently I am writing my thesis about " Business Process Improvement through Change Management" to achieve my Master in International Project Management. In order to support my thesis, I have created a questionnaire for the project, transferring Mill Business Controlling month end tasks to Financial Services, which has taken place during 2012-2015.

As you know we had the BC-transition a couple of years ago which has changed our daily way of working and cooperation. The questionnaire is intended to provide a high level view of the project and its methods, change management and changes to our processes. You are one of those persons who participated most closely during the transition time and who can help us to understand what has to change to make future transitions like this more successful by answering to this questionnaire.

I know we are all busy, but I kindly request to take ten minutes today from your time to fill out the questionnaire behind the below link. Please note the Mill Business Controlling month end task to Financial Services transition is referred as a project in the questionnaire and that this survey is focusing only on the Mill BC transitions that took place during year 2012-2015 for Paper Business.

Link to the survey

Please answer to this survey by 15.01.2016.

All comments and answers will remain anonymous. Each answer provided is valuable feedback to our process and will help to improve our cooperation.

Thank you for your time and help!

Best regards

Christin