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**Case study: *Industrial Weighing Systems***

Industrial Weighing Systems (IWS) is a privately owned company that manufactures a wide range of industrial weighing systems, provides service and maintenance for its own and competing products and offers a short and long term scale hire service across the USA.

After ten years of service, the CEO had to retire because of poor health. He had maintained good relations with suppliers, placed a high priority on customer service and was respected by employees for his open and inclusive management style. Over the first seven years of his tenure as chief executive he had encouraged innovation and championed growth, but over the last three years, he had given more attention to consolidating past achievements rather than exploring new opportunities.

***New change strategy and leadership style***

Responding to the wishes of major shareholders, the board decided to seek out and appoint a new CEO who would increase the value of the company by driving down costs, developing new products and expanding into new markets. They appointed Dan Brown, a “turn-around manager” who had worked for a venture capitalist and who had a successful track record kick-starting sluggish companies into profitable growth. He brought with him an aggressive, revenue-driven approach to doing business that was very different to the approach of his predecessor.

Senior colleagues were impressed with how quickly the new CEO was able to assess the strengths and weaknesses of the company and articulate a new strategy for growth, but they were uncomfortable with his forceful push for change. He let it be known that he felt that the company was just drifting along and, although generating good returns, had failed to exploit a number of attractive opportunities.

Senior managers were not used to Brown’s confrontational style and, under his predecessor, had enjoyed a more consensual approach to decision-making. However, they recognized that the culture at the top of the organization had changed and that they had little option but to follow the new CEO’s lead. Whenever anybody questioned his opinions or tried to suggest alternative ways forward in senior management team (SMT) meetings, their contributions were often dismissed. Members of the SMT quickly learned to keep their heads down andto seek less public occasions to tactfully explore issues with the CEO.

***A new vision***

Soon after his arrival, Brown informed the SMT that while his top priorities were growth and profitability, the first target for change had to be the way the business was managed and the development of new fit-for-purpose management systems.He was especially critical of the existing ERP system. The senior management team reluctantly acknowledged that he was right about this. When it had been introduced several years ago it had been near cutting edge but by today’s standards it was very basic. While it provided what many regarded as essential information, in reality it only delivered limited reports and these were relatively difficult and time consuming to produce. When they were available, managers had to work hard to identify and extract the data they required.

Brown announced that the company needed a more state-of-the-art business intelligence (BI) system that could provide targeted information to those who needed it, when they needed it and in a form that facilitated decision making and constructive action.

He selected a vender to supply the BI system on the recommendation of the venture capitalist he had worked with before joining IWS. He informed members of the SMT that because speed was essential the project team would be led by the lead consultant but he invited the IT manager to determine who, from within the company, should be the other members of the team. She nominated a colleague from her own department who was responsible for the existing ERP system and three managers, one from each of sales, finance and procurement, to represent the interests of users. She also suggested the appointment of the operations director to represent his part of the business and reflect the interests of the SMT.

The consultants, drawing on their experience of designing similar systems for other companies, worked quickly to assess what was needed and produced a conceptual design. They collected data from across the organization but, because of the pressure to work fast, didn’t invest much time in feeding back their findings and testing proposals with potential users. They relied on members of the project team to provide feedback and review progress. When the conceptual design was firmed up, the lead consultant and operations director met with the SMT to brief them on the functionality of the proposed new BI system, explain how it would improve the way the business was managed and confirm costs and timeline. The lead consultant delivered a very professional and persuasive presentation that received an enthusiastic reception from members of the SMT. As the meeting progressed the sales director began to explore with the consultant whether the system could be modified to allow sales managers to design their own bespoke dashboards covering metrics and data points that they would find particularly valuable. This stimulated a wider discussion of the possibility of increasing the scope of the project to provide added functionality.

Following the meeting, the consultants quickly produced a more detailed design with added functionality. The lead consultant convinced the project team that this improved system could be delivered for only a modest increase in cost and with little impact on the original timescale. The proposal was taken to a second meeting with the SMT and the revised specification, budget and timeline were agreed.

Brown wanted to keep his foot on the accelerator and push the project forward at full speed so, in addition to the review meetings with the SMT (which Brown chaired) he set up a series of regular meetings with the operations director (the most senior in-company member on the project team) and the lead consultant.

Within a few days of the SMT giving its approval for the revised design, one of the consultants discovered that the company’s database servers did not have sufficient capacity to run the elaborated BI system. The lead consultant and operations director quickly informed the CEO. Brown was furious and immediately summoned the head of IT to clarify the situation. The exchange was heated and on public display. Brown accused the head of IT of incompetence and the head of IT rounded on the lead consultant blaming him for failing to signal the database implications of the revised specification before it had been approved by the SMT. The operations director was embarrassed. He was a member of the project team but had had no idea that server capacity would be a limiting factor and sided with the head of IT, blaming the lead consultant. Until this point, members of the project team and the CEO had held all the consultants in very high regard and rarely questioned the recommendations of the lead consultant, but this incident began to undermine the quality of this relationship.

Determined to keep the change on track, Brown recognized that urgent action was required and sanctioned a big increase in the project budget to expand the capacity of the database servers. A knock-on effect was that the project time-line had to be extended by an extra three months.

A few weeks later, when most of the additional budget for the data servers had already been committed, the consultants informed the project team that despite the expanded database server capacity, it would still be impossible to deliver all the functionality that had been promised without a major redesign of the system. Given budget and time constraints, the project team recognized that they would have to inform Brown and the senior management team that some of the most ambitious aspects of the revised system would have to be abandoned.

The lead consultant and head of operations decided that they should inform the CEO before the project team met with the SMT. As everybody had anticipated, Brown was angry and expressed great disappointment with the consultants’ performance, but he recognized that if the new system were to be launched anytime soon (as required to support his push for efficiencies and growth) it would be necessary to accept the compromised specification.

The meeting with the full SMT was also difficult. Although members acknowledged that most of what had been promised at the conceptual design stage would be delivered, they were disappointed that much of the additional functionality which they had proposed, and which the consultants’ had built into the detailed design, would not be delivered. The sales and the finance directors proposed that the consultants should explore possibilities for recovering some of the lost elements but Brown, still angry, announced that there was insufficient time and that the scaled down system should “go live” as soon as possible. Reluctantly, the SMT accepted his decision.

At this point the project team turned their attention to implementing the new BI system and released a training schedule for staff across the company. With few exceptions, departmental managers rejected the proposal as unworkable because it required too many people to be released from their day-to-day work at the same time. The project team recognized that if they were to meet the CEO’s “go live” deadline they would have to resolve this problem quickly, so commissioned the design of an on-line training module that would provide users with step-by-step instructions about how to use the system.

This proposed solution was not well received by the SMT and the sales director accused the lead consultant (and by implication the rest of the project team) of focusing too much attention on design and insufficient attention on implementation. Concerned that the on-line training module would not be adequate he demanded a more realistic training solution. Brown shouted the sales director down and informed everybody that there was insufficient time and that they had to press ahead with the on-line solution.

Once again, colleagues felt that they were being pushed into taking action before all the issues had been thoroughly explored. While agreeing with Brown in the meeting, most felt that the system was being launched prematurely. Consequently, while they expressed public support for the new BI system they failed to convince their subordinates and win their full commitment.

Migrating users to the new system was a slow process. While the on-line training module helped some users, many found the new system difficult to use and were not convinced that it offered them any significant benefits.

When the project team discussed the slow take-up, the lead consultant stated that he felt the senior management team had let them down and should have done more to sell the benefits of the proposed BI system to all staff.

As reports of the lukewarm response from users filtered up the organization they further undermined senior manager’s support for the new BI system and this began to have a snow-ball effect that undermined the commitment of managers and supervisors down the line.

A post implementation review, undertaken by an independent external consultant six months after the system had “gone live”, revealed that take-up was uneven. In some departments users were unhappy with the system and while they did use the features that they couldn’t avoid, they did not understand or attempt to use many of the powerful features that were available. There were, however, some notable exceptions. In most of the manufacturing units, managers had responded to the their director’s enthusiasm for the system. The operations director had given his managers clear deadlines for implementation, had set up a help-desk for users and arranged meetings for staff to explore ways of getting the best out of the system.

When delivering findings of her post implementation review to the CEO, the consultant reported a widespread sense of confusion about where the company was going and a lack of understanding about what the urgency for change was all about.

**TASK**

**After reflecting on the situation presented in the Industrial Weighing Systems case, draw on theory to review how well the change was managed and consider, with supporting arguments, whether an alternative approach might have been more effective**.