Key Drivers of Organisational Change

Inadequate Financial Performance: Companies that fail to achieve financial benchmarks are forced to evaluate their business objectives and processes. This is one of the most important drivers of organizational change. If a new competitor enters the market with cheaper labor or a superior technology, companies that formally enjoyed prosperity can suddenly find a cannibalization of their market share. A failure to maintain a competitive presence in the market place can stress company resources and force a rethink of the opportunity cost of capital and resource redeployment.

Change In strategic Objectives: If a company shifts its focus form a product centric to a customer centric orientation, new processes are required to facilitate this re-orientation. This can result in redundancy to existing staff or manufacturing processes. Company restructuring from this is a primary driver of organizational change as the old is replaced with the new.

End of the Product Development Life Cycle: A product can reach the end of its product life cycle and companies are forced to cut production and operating costs or exit the market. At this stage some companies sell out or merge with existing competitors. This results in structural changes to a companies business processes to either maintain profitability or refocus on new opportunities.

New technology: New technology can be a significant driver of organizational change. Consider the effect the internet is having on old style media and print companies. As internet access levels increase on a worldwide scale, companies are forced to adapt their existing operations to shifting consumer preferences. Companies that neglect rising trends face a diminishing market share to competitors who better understand and address the demands of their customers.

Mergers and Acquisitions: When companies merge or consolidate operations, significant costs cutting and a re-engineering takes place. Redundancy and restructure to align with management objectives drives organizational change. The integration of two companies creates significant challenges to streamline operations and integrate existing IT operations into a centralized structure. Consider the implications of merging two independent billing systems which use different platforms and infrastructure. The careful dedicated planning required to bring this to fruition is part of the change management process.

As business and markets evolve, so too do business processes. The above represents some of the pertinent drivers of organizational change.