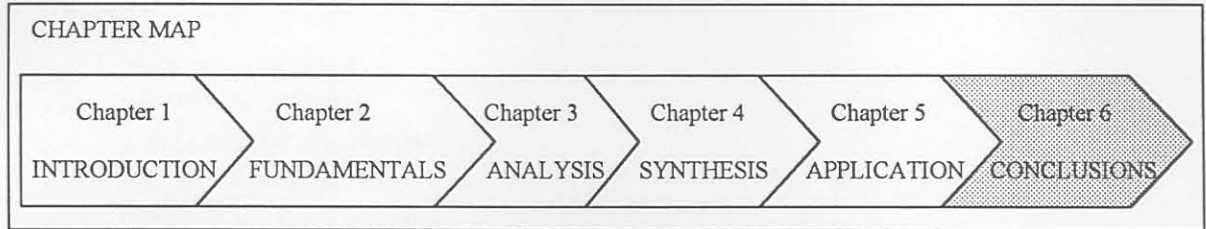


6. Conclusion

6.1 Chapter context

“We have not succeeded in answering all our questions. Indeed, we sometimes feel we have not completely answered any of them. The answers we have found only serve to raise a whole new set of questions. In some ways we feel we are as confused as ever. But we think we are confused on a higher level and about more important things.”

Anonymous



This chapter aims to draw the thesis together into the summary findings, recommendations and conclusions. It evaluates the study in terms of its contribution as well as its foundation.

6.2 Highlights of the study

The study has highlighted some factors which are worth raising due to their interest to the field under consideration. These are listed as follows:

- Many businesses in South Africa and world-wide are constantly undergoing various forms of business change. A significant number of these changes are unsuccessful and there is an expressed need to use any method that can improve the success of the business change. Many organisations feel that a useful risk management approach will contribute towards this.
- There is a growing desire to use risk management methods like those described in the study. This has been manifested by the use of the methods developed in the study in various consulting engagements.
- It is possible to use a framework generic enough to address the various types of business change, but flexible and powerful enough to meaningfully address the risks under consideration.
- There are some risks themes that are consistent regardless of the type of business change under consideration.

6.3 Appraisal

The appraisal is divided into two areas, namely (1) how were the research questions answered and (2) how does the study address the questions usually asked when evaluating a theoretical contribution.

6.3.1 Compliance with the research questions

The purpose of the study, according to the grand tour question is to understand how to successfully manage risks in business change interventions. This question along with its sub-questions are addressed in detail in paragraph 5.6.1. In summary, each of the sub-questions are answered below:

- **Can the high purported failure rate be substantiated and therefore confirm the need for this study?** Yes, the rate of failure of business change interventions is meaningfully high and there is an expressed need for a risk management framework that will assist with business intervention exercises.
- **What risks occur when a business moves through a change?** There are a large range of risks that are experienced across business change types, industries and intervention techniques. There are however 4 risk themes which are present in every type of change. These are:
 - No reliable methods and tools, accentuated by the lack of understanding regarding the impact of the change on the business.
 - Lack of focus on achieving business results manifested in poor greater organisational involvement.
 - Poor leadership throughout the complete change life cycle.
 - Not having empathy for the stakeholders' needs.
- **What types of business changes occur?** The following five generic types of change are typically experienced by organisations¹:
 - Strategic visioning
 - Enterprise redesign
 - Value stream reinvention
 - Process redesign
 - Continuous improvement
- **Is there a common thread in risk across business type, industry and type of change?** This is addressed by the answer to question 2 listed above.
- **What management techniques are currently being used to manage the business change?** As with the risks, a wide range of management techniques exist in contemporary business risk management theory. The top nine techniques in terms of use and effectiveness are:
 - Focus on delivering benefits to the customer.
 - Put strong committed leadership into place.
 - Ensure a vision is established.
 - Put performance measures into place.
 - Align initiative with the business strategy.

¹ *Financial optimisation* is another change that affects the bottom-line of the business. Its structural impact is however limited and its cultural impact is minimal if anything.

- Ensure a high level of communication.
- Undertake a cost benefit analysis up front.
- Address employees' needs.
- Establish the correct competencies.

The top four tools in terms of use and effectiveness are:

- Forecasting.
 - Scenario planning.
 - Return on investment.
 - Market research.
- **What techniques in diverse fields hold potential for managing the risks in business change?** The techniques and tools, in addition to those listed in the previous answer, that hold potential are:
 - Standardisation of processes and procedures.
 - Measurement coupled to incentives.
 - Insuring.
 - Delphi.
 - LCA.
 - Markovian modelling.
 - Portfolios.
 - Hedging.
 - **How can all the risk management factors be integrated into a framework, if this can indeed be achieved?** It is possible to establish an integrated risk management framework. The framework for this is provided in paragraph 4.5 with the provisos of paragraph (g), p233.
 - **Is the risk management framework practicable?** The risk management is practicable. There are however some areas which were not satisfactorily tested. These have been put forward as hypotheses which are listed as follows:
 - “Ensure a high level of communication” is a technique useful for managing risks in a business change project. It plays more of a role in the lower level change interventions than in the higher level interventions.
 - Markovian modelling can be a very useful technique in modelling and understanding the risks in business change interventions. It is however, limited to situations where the change conditions are not too complex.
 - Insuring, portfolios and hedging are also useful techniques in managing the risks in business change interventions.
 - The use of the four quadrant risk profile technique (see Figure 79) is useful in focusing effort and helping to quickly, yet reliably identify risk management interventions.
 - The last two phases of the risk management framework (see Table 54), namely (1) implement and integrate the portfolio and philosophy and (2) phase out the risk management intervention provide a useful framework for dealing with the risks in business change during these phases of the management life-cycle.

6.3.2 Evaluation of theoretical contribution

Whetten [145] indicates that there are seven factors usually considered when reviewing the theoretical contribution of a study. These are listed below along with a summary on how each were addressed during the study.

- **What is new?** The literature and practice is dotted with a range of contributions of different beliefs in how business change should be managed. This is the first integrated approach aimed at putting forward a framework that will manage the risks of business change.
- **Will the theory change the practice in the field of endeavour?** The use of the theory in the application demonstrated how its use changed the behaviour of the individuals involved in the project. Its use has been recognised by other projects and has since been used as an integral part of the business change intervention.
- **Why should the practice change?** There is clearly a case for change. The study puts forward an approach that takes the essence of the problems in risk and risk management from a range of credible sources and tests these using recognised techniques. It builds theory from a substantiated base and tests this against the real world situation and does prove to make a difference.
- **Completeness and thoroughness?** The study was conducted over a period of five years during which significant developments have taken place. In this time, these developments have confirmed some of the bases, but have also changed the way of understanding in other areas. Attempts have been made to use and adhere to recognised scientific precepts where possible. Within the scope of the study as limited in chapter 1, it is felt that the study is complete and sufficiently thorough.
- **Ease of perusal and understanding?** Attempts have been made to lay the thesis out in a manner conducive to ease of understanding. This has been facilitated by providing a path to the research up front, along with schemas indicating the interaction between components. Cross-referencing between sections, diagrams and tables have been made to facilitate limited frustration.
- **Is the material contemporary?** The need for this theory at present has been highlighted during the case for the study as well as the embracing of the use of the theory in practice.
- **Who would be interested in the work?** This study would be of interest for academics in the business management and improvement fields of endeavour. Academics primarily interested in this field would include the business management and industrial engineering fields of endeavour. Practitioners would range from managers in the business themselves to the range of business and management consultants who practise in the business change management fields.

6.4 Recommendations

There are some recommendations that follow for practitioners which result from the study. These are listed as follows:

- There is no hard and fast “recipe” for managing risk in business change. This is a function of a generic process such as that purported in this study and the application of the appropriate experience and intellect.
- Business risk management is a field that is gaining support in the business consulting environment. It is easy for an analysis to continue almost endlessly. It is therefore important that the effort is focused into those areas that really matter, i.e. those few risks that are the most risky and those actions that provide the most benefit.
- It is important that risks are integrated with the business change process in time and not brought in as an after thought. This results in a rushed analysis and the possibility of reduced value from the exercise.
- Once the analysis is done, it is often tempting to feel that the job is done. The analysis is worthless however if its risk management interventions are not indeed enacted and controlled.

6.5 Concluding remarks

In chapter 2, two distinct definitions for risk and uncertainty respectively, were put forward based on broader acceptance in the sciences. The risk management framework is plausible for not only for situations of risk (as per definition), but to the overarching environment of uncertainty in general as well.

This study investigates the requirements of an integrated framework for the management of risk in business change. It puts forward a model that is feasible in practice, along with a set of hypotheses with potential to significantly contribute to the improvement of the success of business change initiative. If it can reduce the failures of change by only 10% then it will make a significant contribution to the economy alone.