Kronos Case Study

Student's Name

Institution

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Organizational change is always challenging as it influences the status quo and disrupts established processes (Cummings & Christopher, 2014). Many people in corporations are reluctant to support change and often oppose it. The strategic growth plan at Kronos required provision of changes, which had ramifications for the entire organization. Failure to institute them could have hindered the ability of management to execute the growth strategy because the existing management approaches could not support the plan. The current essay will analyze the growth plan and offer an alternative path that could have been used instead of the one implemented by the company.

The changes that took place at Kronos to prepare it for growth addressed some of the challenges that the organization had been experiencing. The President of the company (Mark Ain) had been micromanaging the organization, which encouraged his Vice Presidents (VPs) and other managers to adopt the same style. Consequently, the managers tried to outsmart each other instead of focusing on the needs of the company. The result of their competitive activities led to conflicts that Ain had to solve on a daily basis. Additionally, the conflicts were settled without the participation of the COO because the VPs ignored him and addressed their problems to the President directly. The exit of the COO resulted in changes that the company undertook to implement based on the Predictive Index (PI).

It is essential to apply several business models that help managers institute changes and implement strategic decisions to understand the strategic growth plan. The 4-Box Model describes the steps that a company should take when instituting changes to maximize the support of the employees and minimize their resistance (Kumar, 2010). The first step involves paying attention of the employees by the leadership of an organization to a heightened sense of urgency to change. It highlights the demerits of the status quo. Although there is no information in the Kronos case study about the management expressing the urgency for change, there is evidence that Kronos' leadership may have done such attempts. Stan Kulfan, the consultant with Praendex, indicated that people were aware of the high employee turnover problem in the sales team, but did not know how to solve it. The fact that some of the corporate staff members in the human resource and sales departments encouraged Ain to take the PI training course is an indication that they had conviction about the benefits and urgency of the changes. As a second stage, the management explains the future benefits of the change and how the company will implement it. Kronos delegated this duty to Kulfan, who explained the need to use the PI to hire the high A/B sales people for the anticipated new markets. Kulfan trained the regional and branch managers so that they could understand how to reach the expected results and benefits from PI. The third step the organizational leadership should undertake is to outline its perception of other people's concerns about the change and offer strategies to offset the worries (Nohria & Rakesh, 2013). One of the concerns was whether people could change their behaviors for the improvement of the company's performance. Ain addressed the concerns by identifying the source of the conflict. He realized that many of the problems were caused by his own management approach. He decided to delegate most of the tasks to the VPs and only focus on the strategic issues to minimize the conflicts. The authority given to the VPs enabled them to make decisions without consulting Ain, which eliminated the conflicts. The fourth stage requires the executives to elaborate the valuable aspects that are important for people and ensure that they would remain unchanged. From the PI analysis, it was clear that the majority of employees at Kronos were high C's and high D's. The high C's derive motivation from the familiarity of environment and tasks. At the same time, structure and certainty motivate the high D's.

Therefore, it is correct to conclude that most employees preferred formality, which is defined by the organizational structure. Changing the organizational structure could have created uncertainty, confusion, and anxiety. Although there is no information in the case study that indicates that the executives addressed the concerns, the unchanged organizational structure shows that the management highly considered and addressed the issue.

The McKinsey 7-S Framework is a useful tool that helps managers to determine how well the different aspects of the organization are aligned to achieve effectiveness. In case of Kronos, the model can help determine its readiness for implementation of the growth strategy. The 7-S represents structure, systems, style, staff, skills, strategy, and shared values (Lewis, 2011). The hard elements of the framework include the strategy, structure, and systems, while the soft elements include the shared values, skills, staff, and style. The strategy under consideration in the case study related to growth into new markets. Due to the fact that Kronos planned to enter new markets, the company's management decided to consider its internal components to determine whether they could support the strategy. However, the internal elements were not properly organized and could not support the growth plan, as well as the change that the organization instituted.

The structure refers to the hierarchy and reporting arrangements. Before Kronos implemented the change, the structure consisted of four VPs, namely a General Counsel, the Chief Operating Officer (COO), the Chief Financial Officer (CFO) and the Controller. The reporting system was developed in such a way that the VPs would report to both the COO and the President, reporting on the daily operation issues to the COO and the strategic issues to the President. The problem arose because they lost confidence with the COO and could avoid him by contacting the President directly to have their problems solved. Each VP acted alone and competed in an attempt to impress the President. The conflicts that resulted from the competitive and confrontational approach prompted a need for change. Consequently, it took place when the President fired the COO, redefined his roles and those of the VPs and gave them an authority to make decisions independently.

The systems at Kronos included the financial and communicational ones. Initially, the financial systems managers (credits and collections) were in conflict with the sales teams' representatives. The sales team was not satisfied with the fact that the credits and collections department workers were making customers pay their debts. The problem was solved when the CFO intervened and ordered the credits and collections team to give the customers 30 days after delivery of products before collecting what they owed the company. There was a problem in the communication system because the President did not understand how to communicate with the employees due to differences in personalities. The company aligned the communication systems with the other aspects by creating a communication committee to translate the President's message into a mode that the whole company could understand.

One of the shared values that were initially missing at Kronos was teamwork. Every department was working alone, an approach that could not support the company's growth plan. There was no coordination of the cross-functional activities. Therefore, Kronos lost an opportunity to utilize the synergy that is a result of teamwork. The company rectified the problem by creating common goals that required the departments to work together. The goals were customer-centric. Moreover, Kronos linked compensation to the overall organizational performance. The destiny of all departments was thus intertwined and they had to work together for their own benefits.

Additionally, there were skill problems caused by the fact that the majority of the current sales' employees were high B's and D's and only qualified to serve the existing markets and not the new ones. The PI indicated that the new markets required high A's and B's sales people that were few in the organization. The company trained the new regional and branch managers so they could obtain the needed skills and knowledge on how to manage them, which aligned their abilities with the growth strategy. The staff members were qualified for their specialized roles. The only problem was with their behaviors and attitudes towards each other, which was corrected by the PI training.

The leadership style had numerous problems due to the lack of coordination. The President did not understand other employees and his VPs were extremely competitive and could not cooperate. The PI training helped them to change their leadership styles, paying special attention to cooperation and consultation activities.

The application of the Star Model to the Kronos case study has many similarities with the McKinsey 7-S Framework. The Star Model determines the effectiveness of an organization by evaluating its strategy, structure, processes, rewards, and people. The alignment of the given components can predict whether a corporation's growth strategy will fail or succeed. Processes in the Star Model are similar to the systems in the McKinsey 7-S Framework. In the corporate management, the notion "people" refers to both the staff and their skills. Therefore, the only aspect of the star model that was not discussed under the McKinsey 7-S Framework is the rewards. Rewards are essential in an organization because they align the interests of the employees with those of the organization (Fufa, 2015). Kronos had not aligned its reward system prior to the implementation of the growth strategy. It effected the changes in the process of their implementation. Consequently, management of Kronos had to connect the customer service and employees rewards. They were compensated depending on how well the organization performed. Therefore, the employees had to focus their energy on activities that led to customer satisfaction.

The BCG growth matrix determines the competitiveness of an organization by analyzing its business units and their market share. Additionally, it evaluates the market attractiveness by examining the growth rate. The matrix has four categories of business units or products, namely the dogs, cash cows, question marks, and stars. The dogs have a low market share and growth rate. The cash cows are business units or products with high market share in a slow-growing industry (Simerson, 2011). They generate more money than required to sustain the business. The question marks operate in a market with a high growth rate but have a low market share and potential to graduate to stars and eventually cash cows. Stars are products of a fast-growing industry with a high market growth rate. In case of Kronos, only one product is described (the digital time clock). The product held the largest market share in a fast-growing market. Therefore, it was a star that had a potential of becoming a cash cow. Since the market was relatively young with great potential, expansion into new markets would give Kronos significant advantage. The only problem the company had experienced was the cash shortage for expansion at the initial stages. Anyway, it was an appropriate time to use the leveraged buyout strategy. The creditors would agree to provide the finances because the acquired companies had a chance to make profits due to the growth potential in the market. The acquisition would give Kronos a chance to enter new markets without committing large financial investments.

The alternative strategic path for Kronos would have involved the hiring of a COO instead of dividing his responsibilities among the executives. The PI identified the largest number of frontline employees as high C's and high D's. The high C's needed a person who could motivate them in their routine activities within their familiar environment. At the same time, the high D's needed a person who could support them in their structured work and provide them with certainty by providing information on expectations. The company depended on such people to a great extent and could hardly function without them. Therefore, productivity would increase if they had a COO, who could communicate with them and understand their needs. Motivation is a critical factor in determining the performance level of employees. Each employee has unique motivating factors that an organization should identify and satisfy (Langelett, 2014). Failure to identify the peculiar needs of each worker can lead a company to creating a uniform motivational package. Consequently, it would fail to reach the objectives intended because some of the employees may feel underestimated.

It is a tense process for people to change behaviors that they have already developed. Although the VPs can manage to change their behaviors to meet the needs of the frontline employees, it may require a long time. The time issue could make Kronos lose its opportunities to enter new market. Therefore, the best alternative would involve hiring a low A, high C/D and COO. The COO would have a task to work with the people who like routine and structured working environments. The new COO would have a genuine concern for the employees and would investigate the issues affecting them. In contrast, the current executives may only deal with the workers because they are required to do so. Employees accept leaders when they genuinely believe in them and their visions. In the current strategic path the executives are considered by the employees as individualistic and domineering. Although the workers may have to work under their control, they may have complaints regarding their ability to provide necessary support. As a result, the executives' leadership may not be effective due to the mistrust. Since the company had already adopted the use of the PI, the new COO would have a better chance of working with the VPs because the PI sensitized them on the need to consider other people's perspectives. At the same time, the current strategy has numerous flaws because despite the increased autonomy in decision-making given to the VPs, there is a need to have an individual who will coordinate all the departments (Swaim, 2011). In the current arrangement, the President is the only one who can provide such coordination. Involving him in such activities distracts the President from the strategic aspects of the firm. Consequently, he may lose control over the processes called to jeopardize the future growth that Kronos is trying to achieve. Moreover, from the PI results, the President does not like to deal with the details that involve the daily activities of the company. In the absence of the COO, he is obliged to engage in such activities because when the crisis among the VPs occurs, he must intervene. In the alternative strategic path, all the other changes achieved due to implementation of the PI results would remain unchanged because they support the strategy.

In conclusion, the strategic growth path that Kronos undertook involved the elimination of the COO position. Later, the company's president started performing some of the COO's duties and delegated others to the VPs. Kronos management created common objectives for all the departments that were customer-centric. Additionally, the compensation of the employees was connected to the overall performance, which motivated cooperation instead of confrontation. Finally, the management decided to use the PI in the entire organization, including the processes of hiring and recruitment of new sales employees. The change process adhered to the recommendations of several management frameworks, such as the 4-Box Model, the McKinsey 7-S Framework, the BCG growth matrix and the Strategic Star Model. The alternative strategic path would involve the hiring of a new COO to coordinate the daily activities at Kronos.

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