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# Analysis of the Implementation of a New Customer Service Concept

Case: Coor Service Management

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<p>Facility management (FM) has seen sustained economic growth and market development in the past twenty years, and it has been one of the more robust service sector employers. Many of the facility management services interact more directly with the customer today, and the concept of customer is an important element even within the service management literature. Interaction between the tangible physical environment and the intangible service helps shape customers' perception of the service. Customer expectations are rising at a rocket-propelled pace, and a good customer experience is a top strategic priority for a majority of FM companies. By designing a highly differentiated customer service concept that has a real impact on customers' working life, a company can come across as the industry leader.</p> <p>It is fundamental to create a proper climate for change and to manage the change process effectively in order to secure successful and sustainable large-scale change. The purpose of this thesis was to explicitly research and consider aspects that relate to the implementation of a new customer service concept in the case company. Good practices and development areas were scrutinised in relation to the change management project, which was initiated in autumn 2014. How factors presented in the theoretical framework explain the success, or failure, of the implementation was researched. Based on research outputs the objective was to provide recommendations for further development of the service concept and the company's change management process.</p> <p>Change management research was primarily based on Kotter's eight-step process for leading change. The theoretical framework addressed even other factors that have an effect on successful service concept implementation. Research methods included semi-structured interviews with key project team members and company management as well a structured survey, which was targeted at persons affected by the change. From the case study it can be seen that a change consists of several phases and that each phase plays an important role in a change project. The case company perceive the recommendations as valuable tools that enable them to further develop the concept as well as to utilise the highlighted best practices in their change management projects in the future</p>	
Keywords	Change, Change Management, Organisational Change, Service Concept, Service Management, Service Quality

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<p>Toimitilajohtamisen, englanniksi facility management tai "FM", alalla on nähty kestävää taloudellista kasvua ja markkinoiden kehittymistä viimeisten kahdenkymmenen vuoden aikana, ja ala on ollut eräs palvelualan vakaimmista työnantajista. Useat toimitilajohtamiseen lukeutuvista palveluista ovat nykyisin yhä suuremmassa vuorovaikutuksessa asiakkaan kanssa, ja asiakkaan käsitettä pidetään tärkeänä elementtinä myös palvelujohtamiseen liittyvässä kirjallisuudessa. Aineellisen fyysisen ympäristön ja aineettomien palveluiden vuorovaikutus muokkaavat asiakkaiden näkemystä palvelusta. Asiakkaiden vaatimukset kasvavat yhä nopeammalla vauhdilla, ja hyvä asiakaspalvelukokemus on tärkeä strateginen painopistealue suurimmalle osalle alalla toimivista yrityksistä. Alan johtavan yrityksen aseman voi saavuttaa suunnittelemalla selkeästi differoituvan asiakaspalvelukonseptin, jolla on todellinen vaikutus asiakkaiden työelämään.</p> <p>Menestyksekkään ja kestävä suuromittaisen muutoksen varmistamiseksi on tärkeää luoda sopiva ilmapiiri muutokselle sekä johtaa muutosprosessia tehokkaasti. Tämän opinnäytetyön päämääränä oli eri näkökulmista tutkia eksplisiittisesti uuden asiakaspalvelukonseptin käyttöönottoa kohdeyrityksessä. Työssä tarkasteltiin hyviä käytänteitä ja kehitysalueita syksyllä 2014 käynnistyneessä muutoshankkeessa. Lisäksi tutkittiin, miten teoreettisessa viitekehyksessä esitetyt tekijät selittävät käyttöönoton menestystä, tai epäonnistumista. Tutkimustulosten pohjalta laadittiin suosituksia palvelukonseptin jatkokehittämiselle ja yrityksen muutosjohtamisprosessille.</p> <p>Muutosjohtamisen tutkimus perustui ensisijaisesti Kotterin kahdeksan askeleen muutosjohtamismalliin. Teoreettinen viitekehys käsiteltiin myös muita palvelukonseptin käyttöönottoon liittyviä menestystekijöitä. Tutkimusmenetelmät käsittivät projektin avainhenkilöiden ja yritysjohtajan teemahaastattelut sekä muutoksen kohteena oleville henkilöille suunnatun kyselytutkimuksen. Tapaustutkimuksen tuloksista voidaan päätellä, että muutos koostuu useista vaiheista ja että jokainen vaihe on tärkeä muutoshankkeessa. Kohdeyritys katsoi suositukset arvokkaaksi työkaluksi, jonka avulla konseptia voidaan kehittää tulevaisuudessa ja joiden pohjalta muutosjohtamiseen liittyviä parhaita käytäntöjä voidaan soveltaa yrityksen tuleviin muutoshankkeisiin.</p>	
Avainsanat	muutos, muutosjohtaminen, organisaatiomuutos, palvelukonsepti, palvelujohtaminen, palvelulaatu

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## 1 Introduction

“Nothing endures but change”. This is a famous quote from Heraclitus, a Greek philosopher, who is notorious for his doctrine of change being somewhat central to universe. The world is indeed changing at an ever-increasing pace; there is not only change but even the rate of change is accelerating without doubt. In today’s global, competitive marketplace the needs of customers are endlessly increasing as they demand improved quality of services and products. Today’s companies are strongly customer-focused sharing a dedication for understanding and satisfying customer needs, and motivating their employees to build long-lasting customer relationships based on value creation. Companies must produce innovation and change through people in order to succeed in the increasingly dynamic, fragmented, and global business environment. As services are often people-intensive businesses, human resource development should be treated as a strategic concern of management.

Porter (2008, 43) sees a business as having a robust strategy when it has strong points of difference from competitors’ strategies. Competitive strategy is about being different; it means purposely choosing a different set of activities to deliver a unique mix of value, value being the ability to meet or exceed the needs of customers, and to do so efficiently. Zeithaml, Bitner & Gremler (2006, 13) elaborate this perception further and state that it can be a firm’s strategic choice to gain competitive advantage through service, for example by providing excellent, out-of-the-box, customer service or by providing innovative and cutting-edge services – being the first and/or best in their industry or being on the forefront of new inventions, technology, or science. Finally, according to Grönroos (2007, 459) a firm that adopts a service perspective has to be customer-focused throughout the organisation, which leads us to the dilemma: How to transform an organisation into a customer-centric organisation?

This thesis was written to meet the need to examine factors related to the implementation of a new customer service concept and the change management project established for driving the change in the case company. The thesis consists of two parts. The first part provides an overview of theoretical background and research methodology. The second part consists of empirical study, analysis of results and conclusion chapters. The following sections introduce the thesis, its aims and structure.

## 1.1 Background and topic motivation

A project for implementing a new customer service concept was initiated in the case company's Finnish subsidiary in autumn 2014. The core idea of the concept is to provide "five-star service" to all customers regardless of the person delivering service, and it is eviscerated into the name of the concept – *Star Quality Service*. Star Quality Service could legitimately be described as Coor Service Management's internal service vision. The objective of the concept is to provide excellence service based on the company's values, and it serves as an internal tool for creating confident employees, better team work, and consistent quality and above all, satisfied customers. Coor has some thousands of employees, and they all work with service. Thus, the implementation of the concept can be perceived as a broader attempt to unify and standardise service in order to align service delivery with Coor's mission to create a unique service/product and to build long-term relationships with clients. (Contract Manager 2015)

Organisational change is very challenging and difficult to manage. There are positive and negative ways of implementing change, and the negative ways can be potentially damaging to the organisation and its employees. According to research approximately 70 percent of organisational change initiatives fail, which gives a success rate of only 30 percent. On the other hand, if an organisation manages to increase service quality through measures such as the before mentioned service concept, they can expect enhanced efficiency, productivity of the personnel, and in the end, profitability. Additionally, an appropriate and consistent level of quality will make for a satisfactory and effective service delivery, and hence for satisfied customers. (Normann 2007, 208–209)

Originally my motivation to research this subject rose from my extensive experience from the service industry and my personal engagement in this particular change project. The thesis involves a theoretical and practical approach to the activities needed to manage change in conjunction with a service concept implementation. The focus is primarily on how objects of change, the case company's employees, experience the change and what the critical factors are that influence the success of change, and hence the implementation of the concept. Another aspect of the research is service quality; what are the critical conditions for sustainable quality improvement, and how can they be accomplished by introducing a new customer service concept. The third aspect of my

study is related to service concept innovation process, and particularly to how service concept implementation should be planned and executed to maximise success.

## 1.2 Research purpose and objectives

The primary purpose of this study is to understand the nature of organisational change associated with the implementation of a customer service concept, and to investigate the appropriateness and effectiveness of approaches and methods used for managing the change. A secondary purpose of the study is to examine how customer service quality can be influenced through service conceptualisation.

The following objectives assist in reaching the above mentioned purposes of this research:

1. Investigate change management from execution/process and people aspects.
2. Analyse the Star Quality Service concept through service concept innovation and service quality approaches.
3. Provide recommendations for improvement based on research findings and analysis.

## 1.3 Research questions and delimitations

In the light of the information above, the essential questions steering the research are:

1. How mature is the case company's change management process followed during the implementation of the concept?
2. How do employees experience the change?
3. How successful was the implementation of the concept from planning and execution perspectives?
4. How can customer service be improved based on a well-designed service concept?

Some delimitations are made in this thesis. Firstly, the perception of customer service is derived from interviews with employees, managers and the company management as



well as from surveys, rather than customer interviews or surveys. Secondly, new service development process, where the concept originates from, is not included in the research due to practical reasons. Concept development was completed in Sweden prior to implementing the concept in Finland.

#### 1.4 Structure of the work

The thesis consists of six chapters, which all reflect various aspects of the research. This introductory chapter is intended for describing the background and motivation of the research as well as the scope. In the previous subchapter the research purpose and objectives were defined and further redefined into research questions. Moreover, theoretical framework of the research was determined. The aim of Chapter 2 is to describe theories relevant to organisational change, change management, organisational culture, and resistance to change. Chapter 3 focuses on describing services, service concepts and service quality.

In Chapter 4 the case company is introduced, and phases of the empirical study are described. Even research methodology is discussed, starting from research approach, proceeding to the justification of research methods used and concluding with a detailed description of the research process, including data collection. Analysis of the results are discussed, and recommendations for development are provided in Chapter 5. Finally, based on the research findings, a conclusion is reached in Chapter 6.

## 2 Organisational change and change management

As contemporary organisations operate in a dynamic environment change has become *status quo* in today's business environment. Consequently, strategic managers have to continuously search for ways to ensure that their organisations fit into the changing environment. The success of organisations is highly dependent on their ability to align their operations with prerequisites derived from the changes. This partially explains why concepts such as business process improvement, organisational life-cycle, re-engineering, organisation change programmes, and total quality management have been developed to explain how organisations can grow and advance. (Kvist & Kilpiä 2006, 15; Mulili & Wong 2011, 377)

## 2.1 Organisational change

The Merriam-Webster Dictionary defines change as follows:

*“To make different in some particular way; to undergo a modification; or to undergo transformation, transition, or substitution”.*

Mullins (2005, 909) describes change as a pervasive influence and states that we all are subject to change of one form or another as change is an inescapable part of both social and organisational life. In the last twenty years, there have been numerous studies, which all confirmed that a majority of all change projects fail fully or partly; either the objectives of the project are not achieved or the projects cannot be completed in time or on budget. Usually, a lot is at stake: money, personal reputation, and the health of the organisation.

Additionally, the speed of change increases with the development of business environment and technology, and all consequences cannot be predicted in advance. Based on the elements illustrated above organisational change can be described as a very eclectic process. (Kilpiä & Kvist 2006, 16) The causes for organisational change originate from both external and internal forces (see Figure 1). (Hitt, Black & Porter 2009, 432). An organisation can only perform effectively through interactions with the broader external environment of which it is part, and therefore, the structure and functioning of the organisation must reflect the nature of the environment in which it is operating. (Mullins 2005, 909)

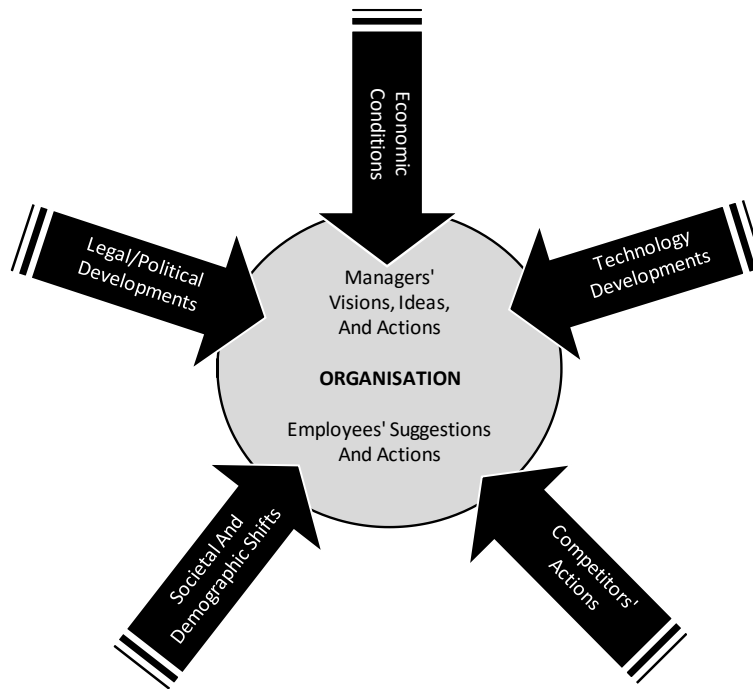


Figure 1. Forces for change

Factors which create an increasingly volatile environment include uncertain economic conditions, globalisation and fierce world competition, competitors' actions, rapid development in new technology and the information age, legal and political developments, and societal and demographic shifts. In order to help ensure its survival and future success the organisation must be ready to adapt to the external demands placed upon it; the organisation must be responsive to change. Other major forces include increased demand for quality and high level of customer service and satisfaction, greater flexibility in the structure of work organisations' management patterns, the changing nature and composition of the workforce, and conflict from within the organisation. (Hitt *et al.* 2007, 433; Mullins 2005, 909) Even many potential forces inside the organisation can cause changes to take place. Two of the most important ones are managerial decisions and employee preferences and pressures. (Hitt *et al.* 2007, 435)

As described above, change can take many forms and arrive at an organisation from practically any direction. Moreover, change affects all companies, in every industry. Triggers for change can be macroeconomic, such as a change in the regulatory scheme or a major increase in an input price (such as energy). In order to survive and thrive in the face of the change, organisations have to develop new strategic themes that enable them to respond to change and allow them to even profit from it. Examples of such

strategies include creating sustained customer loyalty by continually improving the product development process, different value propositions for different product groups in different markets, customer focus, innovation, image/branding, and learning and growth. (Kaplan & Norton 2008, 64; 72–76)

### 2.1.1 Types of organisational change

Organisational change is the movement of an organisation from the existing plateau towards a coveted future state in order to increase organisational efficiency and effectiveness. There are two main models for organisational change: *prescriptive approach (planned change)*, which works best where it is possible to move clearly from one state to another and *emergent approach (unplanned change)* which is used in an unpredictable mean. (Liu 2009, 234; Pryor, Taneja, Humphreys, Anderson & Singleton 2008, 2). According to Burke (2002, 11–12) the various types of organisational change are typically presented by scholars and practitioners by using the following terminology:

- Revolutionary vs. Evolutionary
- Discontinuous vs. Continuous
- Episodic vs. Continuing flow
- Transformational vs. Transactional
- Strategic vs. Operational
- Total system vs. Local option.

Revolutionary change or transformation requires different tools and techniques for bringing about successful organisational change than what methods are required for evolutionary or continuous change. A transformation requires the immediate attention of all organisational members, whereas a continuous improvement action may require the attention of only certain segment of the organisational population or phased involvement of all organisational members over time. (Burke 2002, 12)

Porras and Robertson (1992) cited by Burke (2002, 129–130) have provided pragmatic distinctions for understanding organisational change more thoroughly: planned versus unplanned change and first-order versus second-order change.

*Planned Change* is deliberate, conscious decision to improve the organisation in some manner or to change the system in a deeper, more fundamental way.

*Unplanned Change.* In this case the organisation has to respond to some unanticipated external change. In unplanned change, the response is adaptive and often spontaneous.

*First-Order Change, “evolutionary”.* This form involves what is today referred to as “continuous improvement” (*kaizen* in Japan); that is, the change consists of alterations or modifications in existing system characteristics, rather than a conversion in some fundamental way.

*Second-Order Change, “revolutionary”.* This form is radical, more fundamental change, a change of the organisations’ deep structure. The change is paradigmatic.

Burke (2002, 130–131) presents a 2 x 2 arrangement (Table 1), where these concepts have been placed by Porras and Robertson (1992) but reiterates that the arrangement oversimplifies as revolutionary change can be planned as well, and so can evolutionary change.

<i>Order of Change</i>	<i>Change Category</i>	
	<i>Planned</i>	<i>Unplanned</i>
First	Developmental	Evolutionary
Second	Transformational	Revolutionary

Table 1. Types of organisational change

The objective of this research is to investigate a planned change in the case company. Three specific, usually organisation-wide, approaches to planned change include organisational development, process reengineering and organisational learning. (Hitt *et al.* 2007, 454)

### 2.1.2 Levels of organisational change

Kvist and Kilpiä (2006, 25–31) present a taxonomy of change based on research by Anderson and Anderson (2001). In this taxonomy organisational change is divided into three basic levels according to its depth.

*Change (improvement)* refers to improvement of operations without significant re-organisations. It could be the organisation's response to minor developments in the business environment, or a business unit specific improvement project focused on problem solving.

*Transition* is a way to respond to major movements in the business environment or significant internal requirements, such as increasing operational efficiency. The objective of a transition is to replace present state with a completely new operating model, instead of developing existing structures.

*Transformation* relates to a radical movement of the organisation to a fully new strategic position. Transforming an organisation means having the courage to lead a journey into the unknown. A requirement for a successful transformation is a complete shift in the views and perceptions of the organisation's key persons, which is company management and business executives. A summary of the levels and characteristics of change as defined by Andersson and Andersson (2001) is available in Table 2. (Kvist and Kilpiä 2006, 32)

Level of Change	Amount of Pain	Starting Point	Clarity of End Result	Impact on Mindset	Object of Change	Execution
<b>Change (Improvement)</b>	<b>1</b>	Improve operations in a project-like manner, small steps	Clear, measurable end result	Limited or non-existing	Improvement of skills, knowledge, procedures and performance level	Skill development, communication, process improvement
<b>Transition</b>	<b>2</b>	Removal of a problem through renewing technology and work practices; executed as a project	Established criteria used for planning of end result	Limited or non-existing	Strategy, system, process, technology, renewed	Planned change process, tied to time, organised

<b>Transformation</b>	<b>3/4</b>	Retain or achieve strong success by leveraging new opportunities	End result is not known at start, it crystallises gradually through experimentation and corrective measures	Mindset has to change, thinking patterns to be changed	Mindset, organisational culture, behaviour, strategy, structure, systems, processes, technology and work are changed radically	Change process is planned and steered in such a way that answers are found. A lot of engagement and uncertainty. One piece at a time
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Table 2. Levels of change by Anderson & Anderson

Burke (2002, 12–13) provides another angle to the discussion by stating that it is of outmost importance to understand the different effects of organisational change across the primary levels of any social system. These primary levels are the *individual*, the *group* or work unit, and the *total system*. How organisational change affects the individual differs from how groups and the total system are affected. Furthermore, the major focus for change as well as resistance of change differs by level.

## 2.2 Change management models and theories

Various change management models and theories are available to market, developed by different researchers that can be used for successful organisational change. Pryor *et al.* (2008, 8) present a list of key theories and concepts (illustrated in Table 3) that are still relevant and can be used as they have been used in the past, except that the speed at which the steps, stages, or phases of the models occur, has become more rapid.

Action Research Model/Theory Collier, 1945 Lewin, 1946 French, 1969 Schein, 1980	Lewin's Model (1945) & Schein's Model (1980) (Adaptation of Lewin's Model) *1958 Lippitt, Expanded Lewin	Kotter's Model (1996)	Jick's Model (2003)	Mento/Jones/Dirmdofer's Model (2002)	Shield's Model (1999)
Identify Problem(s)	Lewin-Step 1 Unfreezing	Establish a sense of urgency	Analyze the organizational need for change	The idea and it's concept	Define the desired results and change plans

Consult with Behavioral Science (OD) Expert	Schein-Stage 1 Need for Change; People must be dissatisfied with the present.	Form a powerful guiding coalition	Create a shared vision and common direction	Define the change initiative	Create capability and capability to change
Gather Data & Begin Preliminary Diagnosis	Lewin-Step 2 Moving/ Changing	Create a vision	Separate from the past	Evaluate the climate for change	Design innovation solutions
Provide Feedback to Client	Schein-Step 2 Cognitive Restructuring	Communicate the vision	Create a sense of urgency	Develop a change plan	Select and deploy solutions
OD expert & client members diagnose problems	Lewin-Step 3 Refreezing change to make permanent.	Empower others to act on the vision	Support a strong leader role	Find and cultivate a sponsor	Reinforce & sustain business benefits
OD expert & client jointly plan actions	Schein-Step 3 Refreezing involves self and others.	Plan for and create short term wins	Line up political sponsorship	Prepare target audience, the recipient of change	
Take action	Schein - To be permanent, change becomes a part of self, relations with others, & system in which people exist	Consolidate improvements producing more change	Craft an implementation plan	Create the cultural fit-making the change last	
Gather data after action	*Lippitt, Watson, Westley expand Lewin's Model	Institutionalize new approaches	Develop enabling structures	Develop and choose a change leader team	
Measure & Evaluate results	*After Step 1, add Establish a change relationship		Communicate, involve people and be honest	Create small wins for motivation	
Feed back results	*After Refreezing, add Achieve a terminal relationship		Reinforce and institutionalize the change	Constantly and strategically communicate the change	
Re-diagnose	*Lippitt, et al Five Phase Change Model (1958)			Measure progress of the change effort	
New action if necessary				Integrate Lessons Learnt	

Table 3. Comparison of selected change models

The change management part of this research is primarily based on Lewin' Three-Step Model and transformative change, and Kotter's model for leading change. There theories will be more closely examined in the following sections.



### 2.2.1 Lewin's Three-Step Model and transformative change

One of the most enduring, simple and yet comprehensive frameworks of the change process was proposed by psychologist Kurt Lewin over 50 years ago. He argued that change (personal, team or organisational change) involves the management of a three-phase process of behaviour modification (Burke 2002, 150–151; Hitt *et al.* 2007, 441; Mullins 2005, 910):

- *Unfreezing*. Reducing those forces which maintain behaviour in its present form, recognition of the need for change and improvement to occur. This step can take many forms and needs to be tailored as much as possible for the particular situation. At the organisational level, the unfreezing step could be one of presenting data to organisational members that show sizable gap between where they are and where they need to be to meet the growing demands, for example, in their marketplace, where customer service is slipping dramatically.
- *Change*. Development of new attitudes or behaviour, and the implementation of the change. This step involves *moving* toward the new desired level of behaviour. With respect to the organisational gap example, moving might take the form of (a) training managers to behave differently toward their subordinates in order to improve customer service or (b) implementing action plans for changing work processes or improving information systems.
- *Refreezing*. Stabilising change at the new level and reinforcement through supporting mechanisms, for example policies, structures or norms. This step establishes ways to make the new level of behaviour “relatively secure against the change”, and it could include installing a new reward system to reinforce the new, desired behaviour or restructuring certain aspects of the organisation so that new accountability arrangements and new ways of measuring performance are put into place.

Lewin's three-step model for change is illustrated in Figure 2.

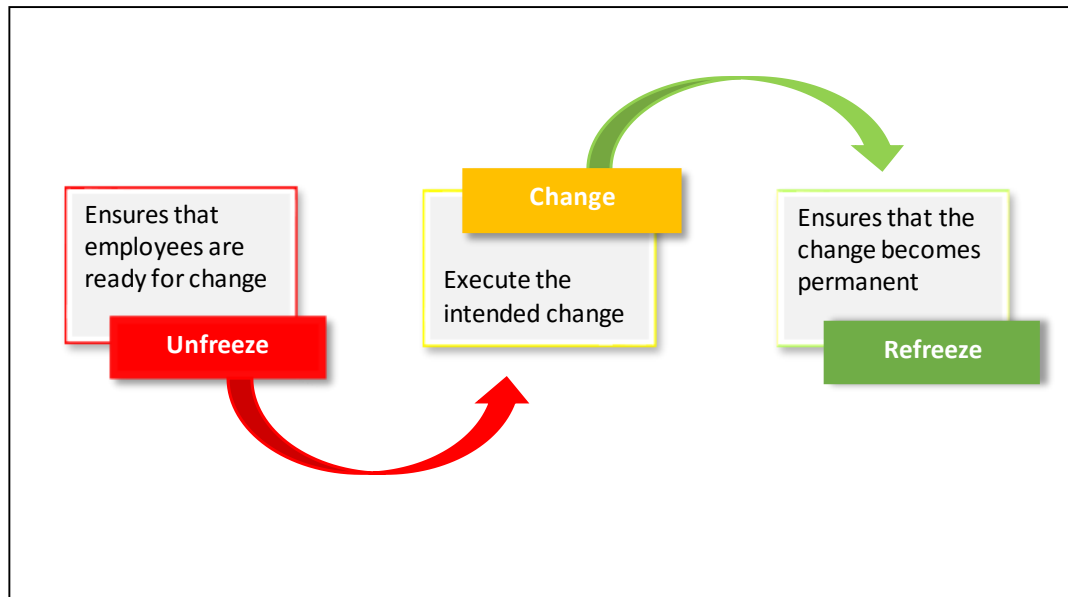


Figure 2. Lewin's Three-Step Model for Change

Lewin's basic model was later elaborated and refined by Schein into a simplified model of the psychodynamics of transformative change. Schein has appropriately pointed out that although Lewin's steps may convey discrete actions, the opposite is true. Schein states that the steps, which he calls *stages*, overlap and the process is more elaborate and complicated than a mere three steps. He stayed with three stages but expanded and elaborated each one of the, as shown in Figure 3. (Burke 2002, 15 –152; Schein 1999, 116–117; Schein 2004, 319–320)

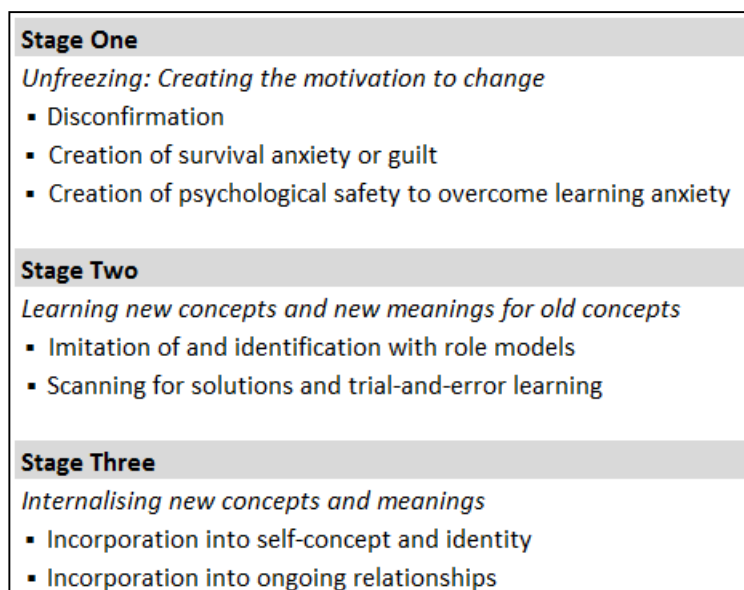


Figure 3. A Model of Transformative Change as defined by Edgar Schein

Transformative change implies that the person or a group that is the object of change must *unlearn* something as well as learn something new. Therefore, transformative change will almost always involve culture change to some degree. Human systems lean on trying to maintain a stable equilibrium. If change is to occur, some new forces must upset the equilibrium; recognising and managing these forces creates the motivation to change. That is why *any* change begins with some *disconfirmation*. Sources of disconfirmation can include threats (e.g. economic, internal, or political), scandals, mergers & acquisitions, education and training, or charismatic leadership. (Schein 1999, 117–120; Schein 2004, 319–320).

There are two mechanisms by which new concepts, new meanings for old concepts, and new standards of evaluation can be learned. As part of a training programme, change managers can provide role models through case materials, films, role plays or simulations. This mechanism works best, if it is clear what the new way of working is to be and if the concepts to be taught themselves are clear. However, sometimes we learn things through imitation only to find that they do not really fit into our personality or our ongoing relationships. This imposes a risk of reverting back to our old behaviour once we are on our own and the role models are no longer available. The general principle here is that the change manager must be clear about the ultimate goals, the new way of working that is to be achieved. This does not necessarily imply that everyone gets to the goal in the same way. Involving the learner does not imply that the learner has a choice about the ultimate *goals* but it does imply personal choice of the *means* to get there. (Schein 1999, 128–129)

The final step in any transformative change process is to internalise the new concepts leading to new behaviour. If the behaviour fits the rest of the personality and is congruent with the expectations of important others in the learner's work and social environment, it becomes a stable part of the person, and eventually of the group. Identification and imitation will produce quicker learning that will be reinforced by the group and the leader who models the behaviour, but this may only be as stable as the relationship with that group or leader. In order to achieve real internalisation of the new cognitive constructs and standards of evaluation, we need to encourage scanning and trial-and-error learning from the outset. That outcome is best achieved when the learner is actively involved in the design of the learning process. (Schein 1999, 129; Schein 2004, 328–329)

### 2.2.2 Kotter's model for leading change

According to Kotter (2008, 11) we live in an age when change is accelerating. The rate of change will continue to go up and up, with huge consequences for nearly everyone. Hence, it is important that organisations learn to implement change successfully. There are two prominent factors that need to be considered in change. The first one is the multiple-phased process of change that presents the natural progression order of change. The second factor is leading people, which is considered as a background force of change. (Kotter 1996, 26)

In 1995 John Kotter identified a number of steps that managers could take to create enduring change. Those steps build on each other and boost the chances that a transformation effort will success. Kotter's eight step process (Figure 4) has attracted widespread attention, and it can be applied for all top-down change processes, i.e. for projects that have been decided at the top management level of an organisation. (The Essentials of Managing Change and Transition 2005, 71)

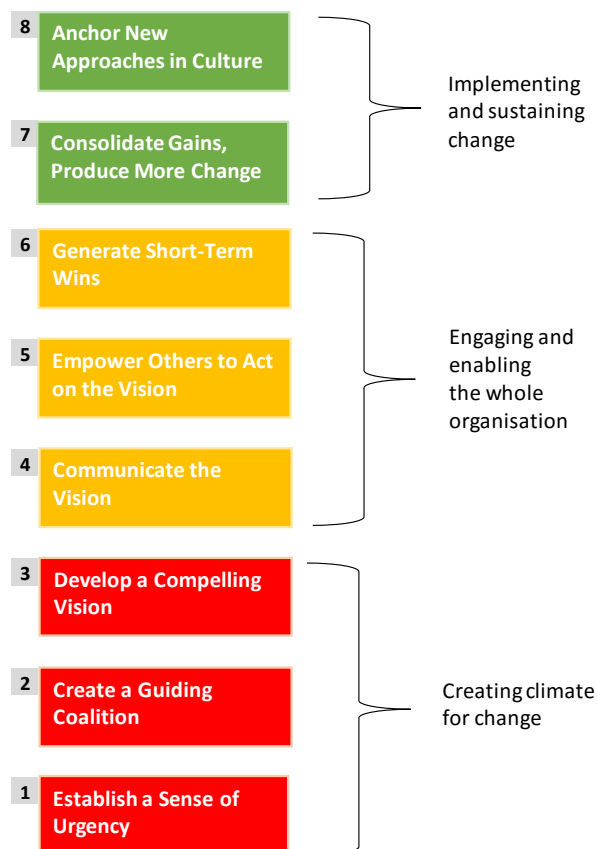


Figure 4. Kotter's 8-Step Change Management Model

1. *Establish a Sense of Urgency.* The dictionary defines urgency as “of pressing importance”. (Kotter 2008, 7) Establishing a sense of urgency is crucial for combating complacency and gaining cooperation needed to effect change. (Kotter 1996, 32) Winners *first* make sure that sufficient number of people feel a true sense of urgency to look for and organisation’s critical opportunities and hazards *now*. (Kotter 2008, 14)

In order to increase the sense of urgency, sources of complacency need to be eliminated. Bold actions are needed in this step, and that is strongly linked to leadership skills. Often this boldness is disregarded as actions are taken based on management of things instead of management of people. In order to jump-start the change process, the sense of urgency can be enhanced by deliberately manufacturing a crisis, magnifying things or by setting so high objectives that they are impossible to meet by traditional means. Open discussion with personnel around the problems of the organisation is another way of enhancing the sense of urgency. (Kotter 1996, 37–39)

2. *Create a Guiding Coalition.* Establishing a functional project team is part of the start phase of all change projects. (Kotter 1996, 46) With a strong sense of urgency, people quickly identify critical issues and form teams that are strong enough, and that feel enough commitment, to guide an ambitious change initiative, even though the team members may already be overworked or overcommitted. (Kotter 2008, 14)

The number of members does not matter but they need to have significant credibility and authority. These qualities can come from formal sources such as a person’s job title, and from less formal sources including expertise, reputation, and relationships in- and outside the company. The presence of people from outside the normal hierarchy may create some awkwardness but it is necessary as it signals the urgent fact that the existing hierarchy is not working. “Outsiders” can bring valuable insights, expectations and ideas. (Kotter 1996, 51)

3. *Develop a Compelling Vision.* Strong and highly committed teams orchestrate the effort to find smart visions and strategies for dealing with a key issue – even when the best strategies are elusive. (Kotter 2008, 14) Kotter (1996, 62) states that a

vision is part of a larger system that comprises strategy, plans and budgets. The vision appeals to mind and emotions, the strategy describes the ways to achieve the vision, the plans are detailed and scheduled actions for executing the strategy, and budgets are monetary forecasts and objectives.

From Kotter's perspective an effective vision comprises the following characteristics:

- Describes a desirable future. The outcome is one that people would be happy to have right now if they could;
  - Is compelling. It describes a future so much better than the current reality that people will gladly undertake the effort and sacrifice as necessary to attain it;
  - Is realistic. People perceive it as within their grasp with some hard work;
  - Is focused. It limits itself to a manageable and consistent set of goals;
  - Is flexible and can adapt to changing circumstances; and
  - Is easy to communicate. Employees at different levels can easily understand it. (Kotter 1996, 60–62)
4. *Communicate the Vision.* High-urgency teams feel a need to relentlessly communicate the visions and strategies to relevant people to obtain buy-in and to generate more urgency in their organisations. That means constant and widespread communication of the vision. In the most successful transformation efforts, managers use every existing communication channel to spread the word of the vision. In communicating the vision it should be always explained what *specifically* this vision will produce. (Kotter 2008, 14)

Problems with communication may be related to an unsuccessful implementation of the first three steps of the model. If the vision, for example, is not good, it is difficult to sell it through communication. On the other hand, communication itself is challenging, even if the first three steps were successfully completed. It requires a lot of work to get many people to accept the new vision. Communicating the vision is exceptionally difficult for persons who are used to managing things rather than people. Often communication fails because employees at lower levels of the organisation do not have the ability to understand the importance of the change, or the resistance to change is so strong

that people cannot accept change messages; change communication gets buried among other communication. (Kotter 1996, 73–75)

Kotter (1996, 79–80) emphasises repetitive communication; when people hear the same message from different sources, they are most likely to remember it better. Efficient communication always requires repetition, and it should be a two-way process. (Kotter 1996, 76)

5. *Empower Others to Act on the Vision.* Collaboration with people is essential in order to drive change successfully but it is difficult to collaborate without empowering employees. Therefore it is important to empower employees, and completing the first four phases of the model should make it a lot easier. Those with a true sense of urgency empower others who are committed to making any vision a reality by removing obstacles in their paths. These obstacles can take several forms but whatever the obstacle is it needs to be removed if the change effort has any hopes of succeeding. No change leader can eliminate every obstacle but the largest ones should be confronted and taken out of the picture. A guiding coalition, which is steered by the desire to change, is ready to share required decision making power and possibilities to influence to employees. (Kotter 1996, 87; Kotter 2008, 14)

Visions fail often because organisational structures hindering change are not changed. Sometimes changes fail because employees at lower levels of the organisation are given responsibility but the organisation concentrates responsibility too much to middle management. Middle management may thwart employees' efforts to execute vision. In such cases employees stop executing the new vision and go back to old familiar working habits. Employees may become frustrated to the change, if structural hindrances are not paid attention to and removed on time. A lot of energy is lavished in these type of situations that would be needed for leveraging the new structure in order to execute the vision. This occurs often when people are used to old and familiar organisational structure. Moreover, employees have put a lot of effort, time and loyalty into the old structure and may fear how the new structure affects their own career. It is equally possible that the management do not want to struggle with their colleagues. Everyone may not agree with the change, and that might influence the frustration of employees. (Kotter 1996, 91)

It should be carefully considered what new skills, attitudes and procedures are required because of the change. If they are not fully understood, it is impossible to plan adequate training for employees. In some occasions the organisations' resources may become a constraint when training is organised. Coaching of attitudes is essential in change, and coaching serves as a great tool for empowering employees. All change management projects do not require big training budgets, as it may not be necessary to train all personnel on all new skills, attitudes and procedures. Coaching may result in negative pictures about empowerment, such as "act in this way". Coaching should be a good, positive experience, and employees' abilities to learn is not to be underestimated. (Kotter 1996, 92)

6. *Generate Short-Term Wins.* Successful, enduring change takes time. When people realise that many become discouraged or disappointed, and their sense of urgency withers away. In order to keep urgency levels up, deliberate creation of conditions that will enable people to score on short-term wins is needed. High-urgency teams guide empowered people to achieve visible, unambiguous short-term wins that silence critics and disarm cynics. (Kotter 1996, 101–103; Kotter 2008, 15)

Successes that come quickly, as long as they are unambiguous and visible, demonstrate that a vision of the future has credibility. However, with success comes a major problem: keeping up the sense of urgency. Some people will see that a vision has yet to be achieved and that there is still much work to do. Some people will see more opportunities that should be exploited. The majority, however, becomes complacent without even realising it. If urgency drops sufficiently and momentum is lost, pushing complacency away a second time can be much more difficult than it was the first. (Kotter 2008, 175–176) Implementing a major change is not possible without immediate small changes. People may avoid short-term changes as they believe these changes will complicate achieving the major change. Also a lack of support from the management can affect that immediate results are not noticed adequately. Management of things is more focused on short-term changes, that is instant results, whereas management of people is focused on future, that is change. (Kotter 1996, 107–109)



Short-term wins are primarily real and not invented, even though imaginary results can be used for enhancing the change process. (Kotter 1996, 111). A short-term win has three elements: it is clearly part of the change, it is real and undebatable, and many people can see it. A short-term win means that intended actions are performed on time. In large organisations people want to see successes within the first 1.5 years, and so the successes of the sixth step should be visible even when the first steps of the model are not even finished yet. (Kotter 1996, 115) Managers' effort on short-term wins prevents the change management project from failing. Short-term wins need to be ensured and executed, instead of just vesting in luck. (Kotter 1996, 107–109)

7. *Consolidate Gains and Produce More Change.* Regardless of the size of the organisation, significant changes take a long time to settle down. There are several reasons as to why a change can slow down or pause. (Kotter 1996, 116) Main causes for pause include management exhaustion, change managers leaving the organisation, and bad luck. Short-term changes keep up the momentum. However, a big celebration of short-term wins might result in employees losing the sense of urgency. Their satisfaction in visible results may lead them to go back to their old working habits. After initial successes, groups with a true sense of urgency refuse to let their organisations slide back into a comfortable complacency. They expand the effort, working on every phase of the challenge, and never let up until a vision is reality. This is utterly important as it can take as long as five or ten years until changes have been embedded in company's culture. A premature victory celebration kills momentum. By consolidating gains and using them to produce even more change, further momentum is built. (Kotter 1996, 117; Kotter 2008, 15)

New working habits are truly fragile before they are embedded and settled in the organisation's culture. Progress may be suppressed by cultural problems or interdependencies between things which make it difficult to change some parts without changing everything. (Kotter 1996, 116–117) A change involves many people, and everyone is not always aware of other changes that come with the change. A change is often divided into several projects. A good guiding coalition can utilise short-term results in order to accelerate rate of change, to add credibility and to execute more demanding projects. In this step organisations

start to execute structural changes that were avoided in the beginning of the change. It can be hard to imagine that an organisation can have several change projects running parallel but this happens in the seventh step of the change process. This phase can be a process of several years, because changing a system with dependencies often requires changing several parts of the system. A very valuable skill in this phase is people management. (Kotter 1996, 122–125)

8. *Anchor New Approaches in the Company's Culture.* Getting an organisation to change requires risk-taking and effort by many people. Hard-earned gains will slip away if steps are not taken to embed new ways of doing work in the company's culture. High-urgency organisations feel compelled to find ways to make sure any change sticks by institutionalising it into the structure, systems, and, most of all, culture. Possible conflicts should be actively managed. In addition to embedding new working habits in the organisation, it should be ensured that they are aligned with the organisation's culture and core values. If conflicts are not settled properly, the organisation's old culture will become a hurdle for change. (Kotter 1996, 128; Kotter 2008, 15)

The organisation's culture has a great impact on working habits. Organisational culture is an important factor regardless of its location or level, as it affects employees' working habits, and it is difficult to intervene and change due to its invisibility. (Kotter 1996, 129–132) It is more difficult to change the organisation's common values than operating norms since the values are imbedded deeper into the organisation and they are more invisible. New working habits are not always sustained if they are not compatible with the organisation's culture. Even major changes may not become permanent, if the habits are not imbedded into values and norms. Organisational culture is an invisible force which employees work with several years without even comprehending its existence, even though it has a significant impact on them. Organisational culture has a major influence due to three reasons. Employees are carefully selected and they learn habits efficiently, they execute the culture through their actions and without conscious intent. (Kotter 1996, 129–132.)

A challenge of the change is to remove conflicts and to tie new working habits into the existing old work culture. Removal of old habits is essential. Imbedding new habits is challenging even if there are not conflicts. Group norms and values

of an organisation are typically very persistent. When new people are recruited they should meet the requirements of the new habits, and not the old ones. Although employees may not have anything against the vision, old values learned during the years should be considered. That is why the change of culture is performed in the end of the change and not in the beginning. (Kotter 1996, 134–135)

A change process typically follows the sequence of the steps described above. None of the phases should be disregarded, as it can cause problems with achieving the objectives of the change. Some of the phases may run parallel to each other. Change projects can also consist of several smaller projects which are managed through the same process. In that case a large change management project can comprise partial projects, which are in different phases. The vision should still be simple and easily achievable. (Kotter 1996, 20–21)

Additionally, it is important to ensure that employees understand the imperativeness of the change in order to create a motivation to change. Changes require often collaboration with various people, hence in order to achieve seamless collaboration it is vital to stress the sense of urgency related to the change. Many times employees are too satisfied with *status quo*, and that is why it is difficult to get employees to work in a different way, if they do not understand the compulsion to change. Establishing a sense of urgency and compulsion requires often mitigation of the factors impacting satisfaction negatively. (Kotter 1996, 31–37; Kotter 2008, 23) Large change programmes require constant implementation of smaller changes. Therefore it is important to implement new changes constantly in order to achieve the ultimate objective. (Kotter 1996, 122–126; Kotter 2008, 169)

### 2.3 Organisational culture

Kilpiä and Kvist (2006, 115) refer to organisational culture as a network of common meanings, which is formed through the history and experiences of the organisation and its members. According to Burke (2002, 13) organisational culture is the deeply held beliefs, attitudes, and values of people and the way they do their business within the organisation. French & Bell (1978, 15) define culture as prevailing patterns of activities, interactions, norms, sentiments (including feelings), beliefs, attitudes values and

products. By including products they include technology in their definition, and justify this by noting that technology (equipment plus procedures and methods) is almost always influenced, and is an influence, in organisation development activities.

Organisational culture as a phenomenon is multi-dimensional and abstract, and yet forces that are created in social and organisational situations that derive from culture are powerful. Understanding the operation of these forces is of utmost importance, especially if any changes planned affect the organisation. Decisions made without awareness of the operative cultural forces may have unanticipated and undesirable consequences. (Schein 1999, 3; 25; Schein 2004, 3). Vision, values, strategy and norms that steer practical activities establish the foundation for specified operating models. Regrettably often these basic pillars defined by the organisation merely describe the management's perception of the desired state of the organisation and as such do not provide a clear picture of the organisation's culture. (Kilpiä & Kvist 2006, 116)

Schein's (1999, 15–20) approach to organisational culture is based on distinguishing three levels of culture: artifacts, values and basic assumptions (as illustrated in Figure 5). In organisational change situations the interactive nature of the relation of these levels should be understood. (Kilpiä & Kvist 2006, 115)

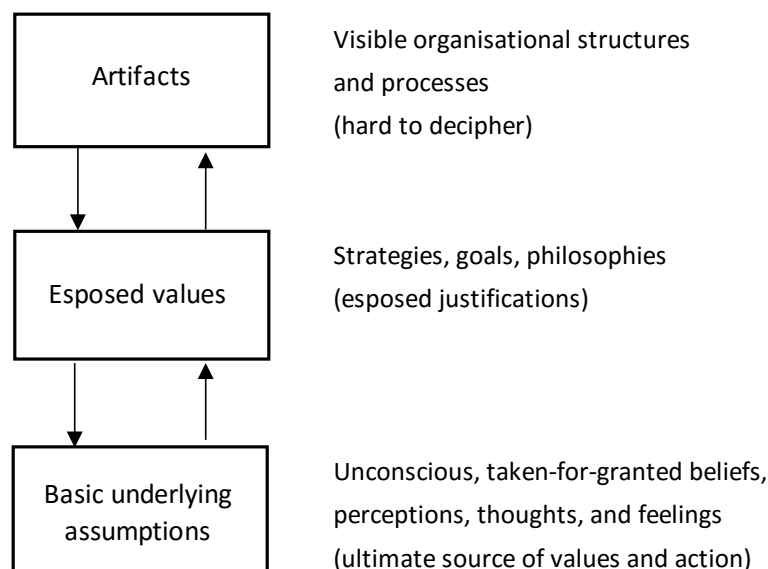


Figure 5. Levels of culture by Schein (1999)

- *Level 1: Artifacts.* The most visible level of the culture includes artifacts and creations, that is the constructed physical and social environment. This includes physical space and layout, the technological output, written and spoken language and the apparent behaviour of group members.
- *Level 2: Espoused Values.* Cultural learning reflects someone's original values. Solutions about how to deal with a new task, issue or problem are based on convictions of reality. If the solution works the value can transform into a belief. Values and beliefs become part of the conceptual process by which group members justify actions and behaviours.
- *Level 3: Shared Tacit Assumptions.* They are deeply embedded in the organisational culture, and are experienced as self-evident and unconscious behaviour. Assumptions are hard to recognise from within.

French and Bell (1978, 15–16) created an organisational iceberg metaphor (Figure 6) to emphasise the existence of the so-called informal system, which includes feelings, informal actions and interactions, group norms, and values. The part, which is visible above the surface represents the more formal part of the organisation. Traditionally, the hidden domain, the informal system, is either not examined at all or is only partially examined. It is fairly easy to express what and how to do and what to know but it is far more challenging to manage the hidden part and motivate people.

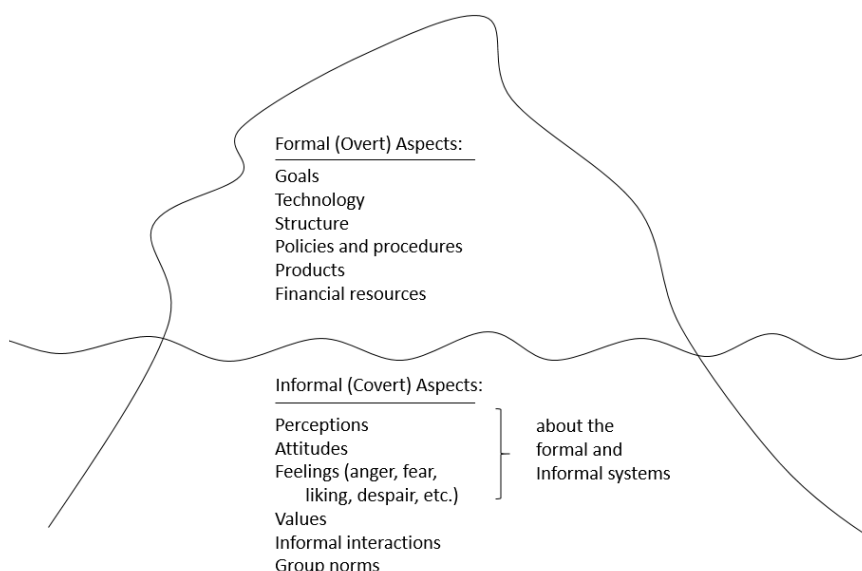


Figure 6. Organisational Iceberg by French & Bell (1978)

The evolution of culture is one of the ways in which a group or organisation preserves its integrity and autonomy, differentiates itself from the environment and other groups, and provides itself an identity. The pervasive nature of culture in terms of ‘how things are done around here’ and common values, beliefs, and attitudes will therefore have a significant effect on organisational processes such as decision-making, design of structure, group behaviour, work organisation, motivation and job satisfaction, and management control. (Mullins 2005, 897; Schein 1999, 20; Schein 2004, 320)

The concept of culture has been the subject of considerable academic debate in the last thirty years and there are various approaches to defining and studying culture. (Schein 2004, 13). Presentation of the major categories of observables associated with culture according to Schein (2004, 14) is shown in Table 4.

Categories Used to Describe Culture	
1	<i>Observed behavioural regularities when people interact:</i> The language they use, the customs and traditions that evolve, and the rituals they employ in a wide variety of situations. (Goffman, 1959, 1967; Jones, Moore and Snyder, 1988; Trice and Beyer, 1993, 1985; Van Maanen, 1979b)
2	<i>Group norms:</i> The implicit standards and values that evolve in working groups, such as the particular norm of “a fair day’s work for a fair day’s pay” that evolved among workers in the Bank Wiring Room in the Hawthorne studies. (Homans, 1950; Kilmann and Saxton, 1983)
3	<i>Espoused values:</i> The articulated publicly announced principles and values that the group claims to be trying to achieve, such as “product quality” or “price leadership”. (Deal and Kennedy, 1982, 1999)
4	<i>Formal philosophy:</i> The broad policies and ideological principles that guide a group’s actions toward stakeholders, employees, customers, and other stakeholders, such as the highly published “HP Way” of Hewlett-Packard. (Ouchi, 1981; Pascale and Athos, 1981; Packard 1995).
5	<i>Rules of the game:</i> The implicit, unwritten rules for getting along in the organisation; “the ropes” that a newcomer must learn in order to become an accepted member; “the way we do things around here”. (Schein, 1968, 1978; Van Maanen, 1979a, 1979b; Ritti and Funkhouser, 1987).
6	<i>Climate:</i> The feeling that is conveyed in a group by the physical layout and the way in which members of the organisation interact with each other, with customers, or other outsiders. (Ashkanasy, Wilderom, and Peterson, 2000; Schneider, 1990; Tagiuri and Litwin, 1968).
7	<i>Embedded skills:</i> The special competences displayed by group members in accomplishing certain tasks, the ability to make certain things that get passed on from generation to generation without necessarily being articulated in writing. (Argyris and Schön, 1978; Cook and Yanow, 1993; Henderson and Clark, 1990; Peters and Waterman, 1982)
8	<i>Habits of thinking, mental models, and linguistic paradigms:</i> The shared cognitive frames that guide the perceptions, thought, and language used by the members of a group and taught to the new members in the early socialisation process. (Douglas, 1986; Hofstede, 2001; Van Maanen 1979b; Senge <i>et al.</i> 1994)
9	<i>Shared meanings:</i> The emergent understandings created by group members as they interact with each other. (as in Geertz, 1973; Smircich, 1983; Van Maanen and Barley, 1984; Weick, 1995)
10	<i>“Root metaphors” or integrating symbols:</i> The ways in which groups evolve to characterize themselves, which may or may not be appreciated consciously but become embodied in buildings, office layout, and other material artifacts of the group.

	This level of the culture reflects the emotional and aesthetic response of members as contrasted with the cognitive or evaluative response. (as in Gagliardi, 1990; Hatch, 1990; Pondy, Frost, Morgan, and Dandridge, 1983; Schultz, 1995)
11	<i>Formal rituals and celebrations:</i> The way in which a group celebrates key events that reflect important values or important “passages” by members, such as promotion, completion of important projects, and milestones. (as in Deal and Kennedy, 1982, 1999; Trice and Beyer, 1993)

Table 4. Major categories of observables associated with culture (Schein 2004)

All of these concepts relate to culture or reflect culture as they all deal with things that group members *share* or hold in common but none of them can usefully be thought of as “the culture” of an organisation or group. The word culture is still needed, even though there are many other concepts, such as behaviour patterns, norms, rituals, traditions, values etc., as it adds several other critical elements to the concept of sharing: structural stability, depth, breadth, integration, or patterning. (Schein 2004, 14–15)

Understanding organisational culture requires that operations are perceived from a historical perspective. It is important to remember that every organisation is founded based on views of individuals or small groups. Values, beliefs and assumptions of the founders and most important leaders of the organisation impact even the operations of the current organisation. (Kilpiä & Kvist 2006, 116) Culture is stable and difficult to change since it represents the accumulated learning of a group. The important parts of the culture are invisible, and there is no right/better or wrong/worse culture, except in relation to what the organisation is trying to achieve and what the environment in which it is operating allows. (Schein 1999, 21)

### 2.3.1 Organisational culture in the context of change

Changing an organisation’s culture is one of the most difficult leadership challenges. It is especially hard to make a case for change, if the organisation appears to be doing well. This is a paradox, as the peak of success is the time to worry and to plan for and bring about significant change. (Burke 2002, 1) Schein (2004, 319) states that *culture change* per se is usually not a valid goal but instead the organisation would typically have some problems that need to be fixed or some new goals that need to be achieved. In the context of such organisational changes culture becomes involved but it is crucial to first understand the general process of organisational change before managed culture change as such becomes relevant.

Building a culture that is positive to change is an important element of success today. It is not enough to manage change only when it occurs but change is integral part of every organisation's every day operations. (Kilpiä & Kvist 2006, 122) Building this type of culture is linked to creating psychological safety for organisational members who are undergoing change. According to Schein (1999, 124–126) it involves a number of steps that must be taken almost simultaneously:

1. *A compelling positive vision.* Objects of change must believe that they and the organisation will benefit from the new way of thinking and working. Senior management must articulate and hold the vision.
2. *Formal training.* In order to learn new ways of thinking, new attitudes, and new skills, people must have access to whatever training is required.
3. *Involvement of the trainer.* As everyone learns slightly differently, it is essential to involve learners in designing their own optimal learning process.
4. *Informal training of relevant "family" groups and teams.* Cultural assumptions are embedded in groups, and therefore informal training and practice must be provided to whole groups so that new norms and new assumptions can be built collectively.
5. *Practice fields, coaches, and feedback.* Something can be fundamentally learned only if there is enough time, resources, coaching and valid feedback. Practice fields are especially important so that one can make mistakes and learn from them without disrupting the organisation.
6. *Positive role models.* One must be able to see the new behaviour and attitudes in others with whom they can identify.
7. *Support groups.* Groups should be formed in which problems connected with learning are aired and discussed. One must be able to talk about frustrations and difficulties in learning with others who experience similar difficulties in order to support each other and jointly learn new ways of dealing with the difficulties.
8. *Consistent systems and structures.* Reward and discipline systems and organisational structure should be aligned with the new way of thinking and working.



In addition to the above-mentioned points, Kilpiä and Kvist (2006, 122–123) state that enhancing learning in the organisation, supporting everyday improvement and change, ensuring diversity of teams, encouraging contrarians, protecting breakthroughs, leveraging technology, and finally building and deepening trust all contribute to building a culture that is positive to change.

## 2.4 Resistance to change

People resist the imposition of change. Regardless of the potential positive outcomes, change is often resisted at both the individual and the organisational level. (Burke 2002, 92; 102; 111; Kilpiä & Kvist 2006, 135; Mullins 2005, 913). It is important and useful to consider the *kind* of resistance that is being manifested. Resistance to change is not necessarily a bad thing; with resistance there is energy, and as it is a natural human response it should be respected. Apathy is more damaging than resistance. (Burke 2002, 93–94) People who are resistant to change can actually be useful for the organisation as they help the organisation to crystallise and concretise the problem, which the organisation is trying to solve through the change. (Kilpiä & Kvist 2006, 137)

There are various distinctions for individual resistance:

*Blind resistance.* Some people are afraid and intolerant of change. This type of resistance can be tackled by providing as much reassurance as possible and secondly, by allowing time to pass. (Burke 2002, 93)

*Ideological resistance.* Some people may perceive the planned change as ill-fated or in violation of deeply held values; the resistance comes from honest, intellectual differences and/or genuine beliefs, feelings, or philosophies that are different. It can be useful to encounter this kind of resistance with strong persuasion based on data, facts, and substance. (Burke 2002, 94)

*Political resistance.* The persons involved believe they are about to lose something valuable if the change is implemented, such as loss of status, job, or income. This kind of resistance needs to be encountered with negotiation. (Burke 2002, 93–94)

Some common reasons for individual resistance to change within organisations include selective perception, habit, inconvenience or loss of freedom, economic implications, loss of purpose and meaning of work, lack of confidence in own know-how and others, security in the past, and the fear of the unknown. (Kilpiä & Kvist 2006, 135–136; Mullins 2005, 913–914) People are not unanimous on the benefits of the change as they work in the organisation based on different types of information and assumptions. Therefore, the leadership team, managers and other staff of the organisation may have different perception on why the change is necessary, what the organisation is trying to accomplish with the change and what are the real benefits of the change. This causes friction. (Kilpiä & Kvist 2006, 136–137)

Individuals' reactions to significant change in organisations typically follow these five stages: (a) shock and denial, (b) anger, (c) bargaining or attempt to postpone the inevitable, (d) depression, and finally (e) acceptance. (Burke 2002, 92) Burke (2002, 92) cites Levinson (1976) who argued that all change, whether resisted or embraced, is a loss of experience, and the more that what one leaves behind is psychologically important, the more likely one's behaviour will take the form of resistance. Levinson stated:

*“Most organisational change flounders because the experience of loss is not taken into account. When the threats of loss are so severe as to increase people's sense of helplessness, their ability to master themselves and their environments decreases. To undertake successful organisational change, and executive must anticipate and provide means of working through that loss.”*

Kotter (2008, 54) states that resistance to change can be overcome by humour (it can have a very powerful opposite effect if it is truly funny and not in any way mean), stories with a little drama (as opposed to PowerPoint slides and abstract ideas), and a little awkwardness (feels real, not slick or phony which make people more likely to reject the message).

### 3 Services and change

#### 3.1 Nature of services

A service is a complicated phenomenon. The word has many meanings ranging from personal service to a service as a product or offering, and over time services and the service sector of the economy have been defined in subtly different ways. The variety of definitions can often explain the confusion or disagreements people have when discussing services and when describing industries that comprise the service sector of the economy. (Grönroos 2007, 51; Zeithaml *et al.* 2006, 4) A whole range of characteristics of services has been suggested and discussed in literature. Both Normann (2007, 19–20) and Grönroos (2007, 53–54) identify two basic and more or less generic characteristics for services in general:

1. Services are at least to some extent *produced and consumed simultaneously*.
2. The *customer participates* as a *co-producer* in the service production process at least to some extent.

The production and consumption of a service cannot always be clearly kept apart, since they generally occur simultaneously and at the same place. One consequence of this is that the structure of service operations is generally much more dispersed and local than the structure of manufacturing operations. Moreover, functional differentiation, between producing and selling for example, tends to become vague or disappear altogether. The second characteristic points out that the customer is not only a receiver of the service; the customer participates in the service process as a production resource as well. Hence, the customer co-creates and co-produces the service.

However, according Grönroos (2007, 54) by far the most important characteristic of services is their *process* nature. Services are processes consisting of a series of activities where a number of different types of resources – people as well as goods and other physical resources, information, systems and infrastructures – are used, so that a solution is found to a customer's problem. And because a service is not a thing but a process consisting of series of activities, it is difficult to manage quality control and to do marketing in traditional sense, since there is no pre-produced quality to control before the service is sold and consumed. This is supported by Normann's (2007, 19) statement

on most services actually consisting of *acts*, and *interactions* are typically social events. The control and management of social events calls for certain special skills and techniques.

In much of the service literature *intangibility* is said to be the most important characteristic of a service, as opposed to the concreteness of manufactured goods. However, physical goods are not always tangible either in the minds of customers. A pound of tomatoes or a car may be perceived in a subjective and intangible way. The fast-food industry, while classified as a service, also has many tangible elements such as the food and the packaging. Hence, the intangibility characteristic does not distinguish services from physical goods as clearly as is usually stated in the literature. Services are, however, distinguished by varying degrees of intangibility. Normally services cannot be tried out before they are purchased. Some properties related to services, which are caused by the high degree of intangibility, include inability to stock or demonstrate them; and while they can be sold, there is not necessarily any transfer of ownership. However, it must be stated that these truths are today being challenged in many ways. For example, new communication and information technology clearly increase the possibilities to 'store services', and to make person-to-person interaction in their provision unnecessary. (Grönroos 2007, 54–55; Normann 2007, 19; Zeithaml *et al.* 2006, 6)

Finally, because of the impact of people, personnel, customers or both, on the service production and delivery process, it is often difficult to maintain consistency in the process. A service to one customer is not exactly the same as the 'same' service to the next customer. The inconsistency in service processes creates one of the major problems in service management; that is, how to maintain an evenly perceived quality of the services produced and rendered to customers. (Grönroos 2008, 55) The differences between goods and services and the implications of these characteristics are summarised in Table 5 based on findings of Parasuraman, Zeithaml & Berry (1985, 41–50).

Goods	Services	Resulting Implications
Tangible	Intangible	Services cannot be inventoried. Services cannot be easily patented. Services cannot be readily displayed or communicated. Pricing is difficult.
Standardised	Heterogeneous	Service delivery and customer satisfaction depend on employee and customer actions. Service quality depends on many uncontrollable factors.

		There is no sure knowledge that the service delivered matches what was planned and promoted.
Production separate from consumption	Simultaneous production and consumption	Customers participate in and affect the transaction. Customers affect each other. Employees affect the service outcome. Decentralisation may be essential. Mass production is difficult.
Nonperishable	Perishable	It is difficult to synchronise supply and demand with services. Services cannot be returned or resold.

Table 5. Goods versus services (Parasuraman, Zeithaml & Berry 1985)

### 3.2 Service concept

Since services are largely intangible and process oriented, they are difficult to describe and communicate. Further, because services are delivered by employees to customers, they are variable. These characteristics, which we explored in the previous subchapters, are the heart of the challenge involved in designing services. (Zeithaml *et al.* 2006, 253)

Services are exceedingly complex phenomena which can be conceptualised in several different ways. (Normann 2007, 86) When physical tools, systems and competent workforce are merged to service, service which customers are ready to pay for is induced. A functional service concept satisfies customers, personnel and owners of the company. (Pitkänen 2006, 171) A service concept denotes all processes, mechanisms, procedures and series of tasks through which service is produced. A well-defined customer benefit concept, which states the benefits or bundle of benefits customers appreciate, can be derived based on a thorough understanding of the customers' everyday activities and processes. The service concept or concepts determine the intentions of the organisation. Service packages can be developed based on this concept. (Grönroos 2007, 185)

It may be difficult to separate the service concept from other components of the service management system. Since the customer generally participates actively in the service operation, he will evaluate everything that he experiences of the whole delivery system. The components of the service delivery system – customer, personnel and equipment and physical tools – “produce” the service concept as depicted in Figure 7. (Normann 2007, 86)

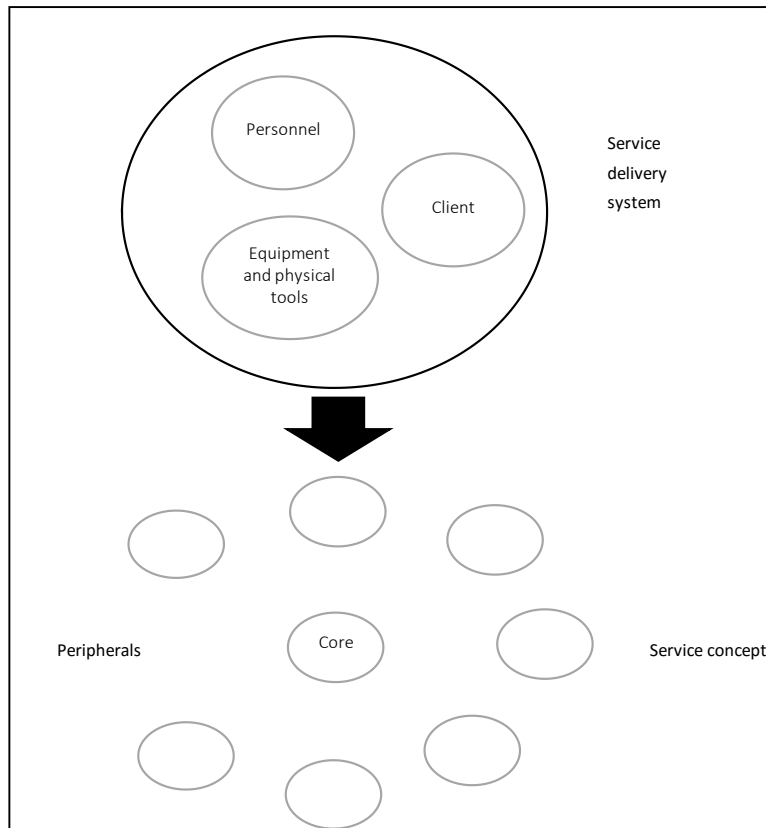


Figure 7. The service concept and the service delivery system (Normann 2007)

### 3.3 Service concept innovation process

Professional development is characterised by project-like operation. A well-organised and well-managed project enables effective execution of development project while risks related to the operation are minimised. Product development projects have typically been used in fast paced industries, for example in electronics industry. In service sector project-like operation is often related to development of organisation, processes or operating model. (Artto, Martinsuo & Kujala 2011, 23–24)

Artto, Martinsuo and Kujala (2011, 27–28) state that a project is formed of several phases, which need to be executed in a specific order. A project has a limited time frame, budget, and scope. Life cycle and execution of a project illustrated in Figure 8.

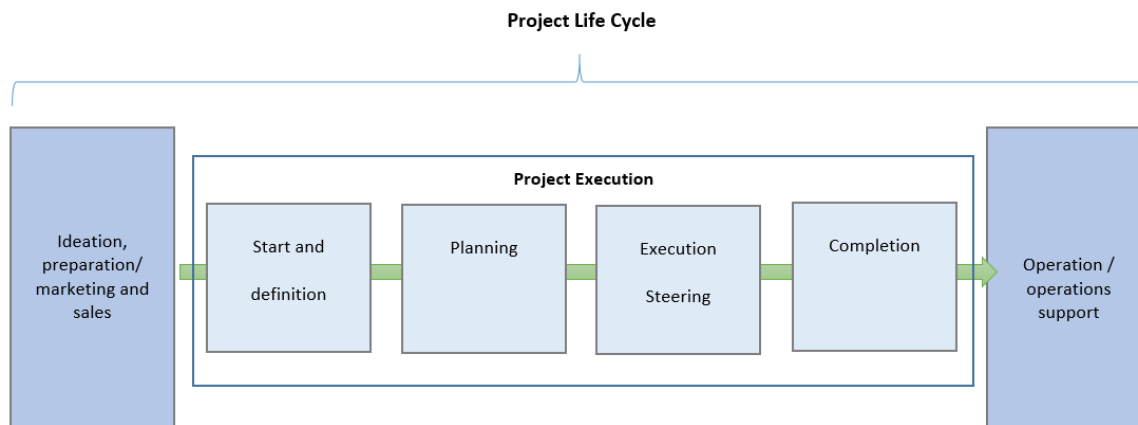


Figure 8. Project life cycle and execution (Artto Martinsuo & Kujala 2011)

A project plan is a pivotal tool for project management, as it helps keeping work and fields of project management focused and balanced. The plan should include, at a minimum, a description of the project, objectives, work, procedures and management principles. It may also include risk analysis, roles and responsibilities of the team, work breakdown structure, schedule and resource management, and reporting and communications. (Artto, Martinsuo & Kujala 2011, 107–109) When a project has been completed, it is essential to evaluate the success of the project. A post-project review session, or a project post-mortem, is an essential step in evaluating and learning from the project. The short-term benefit of a project post-mortem is that it defines for the customer and the project team exactly what has been achieved by the investment of money, time and sanity into the project. (Artto, Martinsuo & Kujala 2011, 268–269)

As service innovations are multi-dimensional, they need a systematic and organised model for development. Development in this type of environment require explicit conception of objectives as well as a map and a plan that will support in achieving the goals. Framework for service innovation design presented in Figure 9 include three fields from a service innovation process standpoint, which reflect phasing of development. It is not a linear process that can be completed at once but rather an iteratively renewable method for thinking development in a structured way. (Grönroos *et al.* 2007, 70).

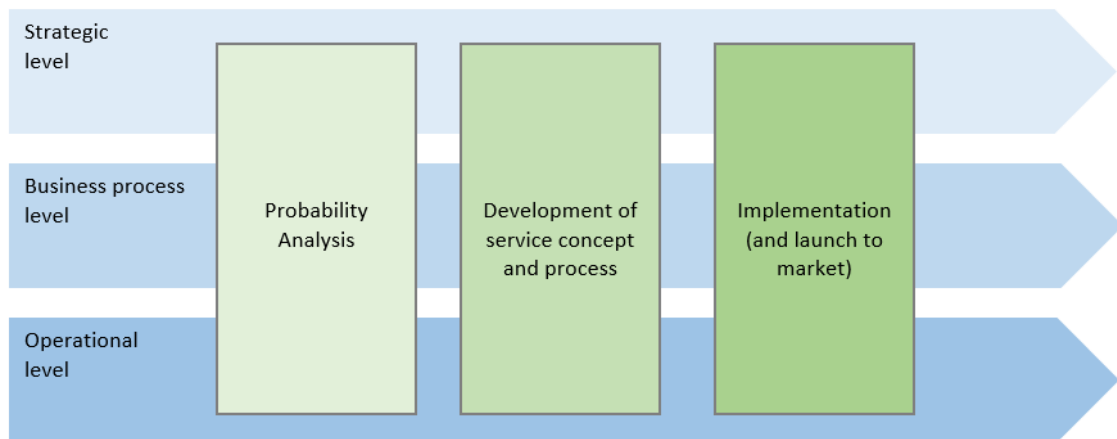


Figure 9. Service innovation process fields in vendor-customer interface penetrate business activity on three levels (Grönroos *et al.* 2007)

Service innovation process should always be described and determined as it increases common understanding within the organisation. At the same time, the process description acts as the memory of the organisation, thus there is no need to reinvent the design model for each instance of innovation. Consequently it is possible to concentrate directly on service concept innovation. (Grönroos *et al.* 2007, 69). Various models for service concept innovation exist but Grönroos *et al.* (2007, 66–67) introduce a model which emphasises the upstream of the service innovation process (strategic reflection, ideation of service concept, concept development) and, secondly, the downstream of the process during which testing and piloting is performed together with the customer. The model includes the following phases:

1. *Strategic reflection.* Core business and supporting functions of the enterprise and customer are identified during the strategic reflection phase. Additionally business model, earnings logic and strategy profile are determined during this phase. Collaboration with customer and utilising networks is essential. This phase is revisited when the development process evolves, and strategic objectives are refined if necessary. The work is based on different types of analysis on customers and business. (Grönroos *et al.* 2007, 64–70)
2. *Ideation of service concept.* The ideation of service concept phase is targeted to finding, ideation and identifying of as many service concepts possibilities as possible, and a broad service model is composed. The work leverages customer intelligence data, and ideation is performed together with the customer.



Engagement of own and customer organisation is highlighted. In this phase service providers and stakeholders have yet not been specified. (Grönroos *et al.* 2007, 64–70)

3. *Concept development.* In the concept development phase benefits and result implications of customers are crystallised. Concepts of different altitude still exist. Additionally, pricing models are developed in this phase. Normally the phase includes several iteration stages and the (Grönroos *et al.* 2007, 64–70)
4. *Specification.* The specification phase is focused on technical specification of the service concept and service process design. Contents of the services is defined in this phase. (Grönroos *et al.* 2007, 64–70)
5. *Design.* The design phase is concentrated on enabling the actualisation phase of the service. It includes planning of branding, marketing, sales and communication related to the service concept as well as matters related to customer experience. Training and education of personnel and customers is also included in this phase. (Grönroos *et al.* 2007, 64–70)
6. *Testing and piloting.* Testing and piloting are particularly important in service development. This phase is executed in co-operation with a pilot customer. Testing of service concept is intended for seeking improvement suggestions, gaining confidence on feasibility of the new service and for evaluating success factors of the service concept. (Grönroos *et al.* 2007, 64–70)
7. *Ramp-Up.* After testing and piloting the service concept is finalised and prepared for launch and real service process. (Grönroos *et al.* 2007, 64–70)

### 3.4 Service quality

Quality is an elusive and indistinct construct. Often mistaken for imprecise adjectives like "goodness, or luxury, or shininess, or weight", quality and its requirements are not easily articulated by consumers. Interest in service quality emerged in the late 1970s and ever since, the topic has attracted substantial attention among researchers and practitioners. Explication and measurement of quality also present problems for researchers who often

bypass definitions and use unidimensional self-report measures to capture the concept. Services that are a series of processes, where production and consumption cannot be totally separated, and where the customer often actively participates in the production process, are bound to be perceived as extremely complex. (Parasuraman *et al.* 1985, 41; Grönroos 2007, 72)

While the substance and determinants of quality may be undefined, its importance to firms and consumers is unequivocal. Research has demonstrated the strategic benefits of quality in contributing to market share and return on investment as well as in lowering manufacturing costs and improving productivity. (Parasuraman *et al.* 1985, 41). Kotler (2012, 152) is convinced that by differentiating its service mix and quality a company can achieve service leadership in its industry. However, according to Hoyle (2007, 9) the success of any organisation depends on understanding the needs and expectations of all the stakeholders, not just its customers, and on managing the organisation in a manner that leads to the continued satisfaction of all parties:

Stakeholder	Success Criteria
Owner	Financial return
Employees	Jos satisfaction, pay and conditions and quality leadership
Customers	Quality of products and services
Community	Contribution to the community – jobs, support for other traders in the community – care for the local environment
Suppliers	Satisfactory mutual trading
Investors	Value of shares
Government	Compliance with legislation

Table 6. Criteria used by stakeholders to judge organisation effectiveness of success (Hoyle 2007)

In linguistic sense, quality originates from the Latin word 'qualis' which means 'such as the thing really is'. There is an international definition of quality, 'the degree to which a set of inherent characteristics fulfils the requirements (ISO9000:2000) but in today's business world there is no single accepted definition of quality. However, irrespective of the context in which it is used, it is usually meant to distinguish one organisation, event, product, service, process, person, result, action, or communication from one another. (Dale 2003, 4; Hoyle 2007, 10)

The Oxford English Dictionary presents a widely accepted definition of quality, illustrated in Figure 10. The diagramme expresses three truths:

- Needs, requirements and expectations are constantly changing.
- Performance needs to be constantly changing to keep pace with the needs.
- Quality is the difference between the standard stated, implied or required and the standard reached.

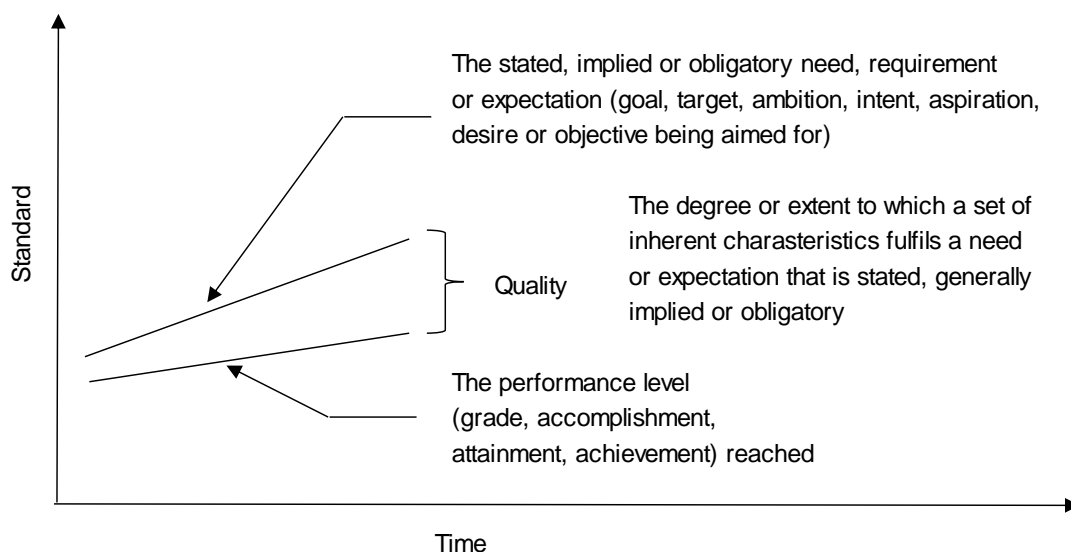


Figure 10. The meaning of quality (Oxford English Dictionary cited by Hoyle 2007)

This means that when discussing anything using the word quality it simply implies that one is referring to the extent or degree to which a requirement is met. It also means that all the principles, methodologies, tools and techniques in the field of quality management serve one purpose, that of enabling organisations to close the gap between the standard required and the standard reached. The specification is often an imperfect definition of what a customer needs; because some needs can be difficult to express clearly. It therefore does not mean that by not conforming, the product or service is unfit for use. It is also possible that a product or service that conforms to the requirement may be totally useless. It all depends on whose requirements are being met. (Hoyle 2007, 11)

Too often improving service quality is mentioned as an internal goal without any explicit references to what is meant by service quality. An organisation will survive and improve its business results only if it creates and retains satisfied customers and this will only be achieved if it offers products or services that respond to customer needs and

expectations as well as requirements and ensures that a customer focus is visible in everything that they do. To talk about service quality without defining it, how it is perceived by customers, and how it can be enhanced and improved, is of limited value. In service quality literature it is noted that the quality of a particular product or service is *whatever the customer perceives it to be*. (Dale 2003, 5; Grönroos 2007, 73; Hoyle 2007, 10)

#### 3.4.1 Measurement of service quality

Measurement, analysis and improvement of process are vital to the achievement of quality. Quality can be measured by various means, such as using ISO9000 or process approaches, or by using customers' perception of the quality of service features as a starting point. (Grönroos 2007, 83; Hoyle 2007, 87; 110–111). This research is focused on scrutinising the development of instruments for measuring service quality directly. According to Grönroos (2007, 83) two types of measurement instruments have been discussed and used in the literature:

1. Attribute-based measurement instruments: measurement models based on attributes describing the features of a service.
2. Qualitative measurement instruments: for example, measurement models based on the assessment of critical incidents.

Attribute-based models are the most widely used measurement instruments in academic research as well as in business practice. The most well-known instrument is the SERVQUAL instrument. According to this measurement approach a number of attributes that describe the features of a service are defined and after that respondents are asked to rate the service on these attributes. Qualitative measurement approaches are used to a much lesser extent. There respondents are asked to describe their perception of services or service encounters. The critical incident method is the most often used qualitative method. In this research we will take a closer look at the SERVQUAL instrument.

Regardless of the type of service, consumers use basically similar criteria in evaluating service quality. In the mid-1980s Berry and his colleagues Parasuraman and Zeithaml, began to study service quality determinants and how customers evaluate the quality of services based on the perceived service quality concept. (Grönroos 2007, 84) The focus

groups revealed that, regardless of the type of service, consumers used basically similar criteria in evaluating service quality. These criteria seem to fall into ten key categories which are labeled "service quality determinants" and described in Table 7. For each determinant, Table 7 provides examples of service specific criteria that emerged in the focus groups. Table 7 is not meant to suggest that the ten determinants are non-overlapping. Because the research was exploratory, measurement of possible overlap across the ten criteria (as well as determination of whether some can be combined) was to await future empirical investigation at that time. (Parasuraman *et al.* 1985, 47)

Determinants of Service Quality	
1	<i>Accessibility</i> involves approachability and ease of contact, e.g. the service is easily accessible by telephone (lines are not busy and they don't put you on hold), waiting time to receive service (e.g., at a bank) is not extensive, and convenient hours of operation.
2	<i>Communication</i> means keeping customers informed in language they can understand and listening to them. It may mean that the company has to adjust its language for different consumers; increasing the level of sophistication with a well-educated customer and speaking simply and plainly with a novice. It involves explaining the service itself, explaining how much the service will cost, explaining the trade-offs between service and cost and assuring the consumer that a problem will be handled.
3	<i>Competence</i> means possession of the required skills and knowledge to perform the service. It involves knowledge and skill of the contact personnel, knowledge and skill of operational support personnel, research capability of the organisation, e.g. securities brokerage firm.
4	<i>Courtesy</i> involves politeness, respect, consideration, and friendliness of contact personnel (including receptionists, telephone operators, etc.). E.g. consideration for the consumer's property (e.g., no muddy shoes on the carpet), clean and neat appearance of public contact personnel.
5	<i>Credibility</i> involves trustworthiness, believability, honesty. It involves having the customer's best interests at heart. Contributing to credibility are: company name, company reputation, personal characteristics of the contact personnel, the degree of hard sell involved in interactions with the customer.
6	<i>Responsiveness</i> concerns the willingness or readiness of employees to provide service. It involves timeliness of service: mailing a transaction slip immediately, calling the customer back quickly, and giving prompt service (e.g. setting up appointments quickly).
7	<i>Reliability</i> involves consistency of performance and dependability. It means that the firm performs the service right the first time, it also means that the firm honors its promises. Specifically, it involves: accuracy in billing, keeping records correctly, and performing the service at the designated time.
8	<i>Security</i> is the freedom from danger, risk, or doubt. It involves: physical safety (Will I get mugged at the automatic teller machine?), financial security (Does the company know where my stock certificate is?), and confidentiality (Are my dealings with the company private?).
9	<i>Tangibles</i> include the physical evidence of the service: physical facilities, appearance of personnel, tools or equipment used to provide the service, physical representations of the service, such as a plastic credit card or a bank statement, and other customers in the service facility.
10	<i>Understanding/knowing the customer</i> involves making the effort to understand the customer's needs. It involves: learning the customer's specific requirements, providing individualised attention, and recognising the regular customer.

Table 7. Determinants of service quality (Parasuraman *et al.* 1985)

Figure 11 indicates that perceived service quality is the result of the consumer's comparison of expected service with perceived service. It is quite possible that the relative importance of the ten determinants in molding consumer expectations (prior to service delivery) may differ from their relative importance vis-à-vis consumer perceptions of the delivered service. (Parasuraman *et al.* 1985, 48)

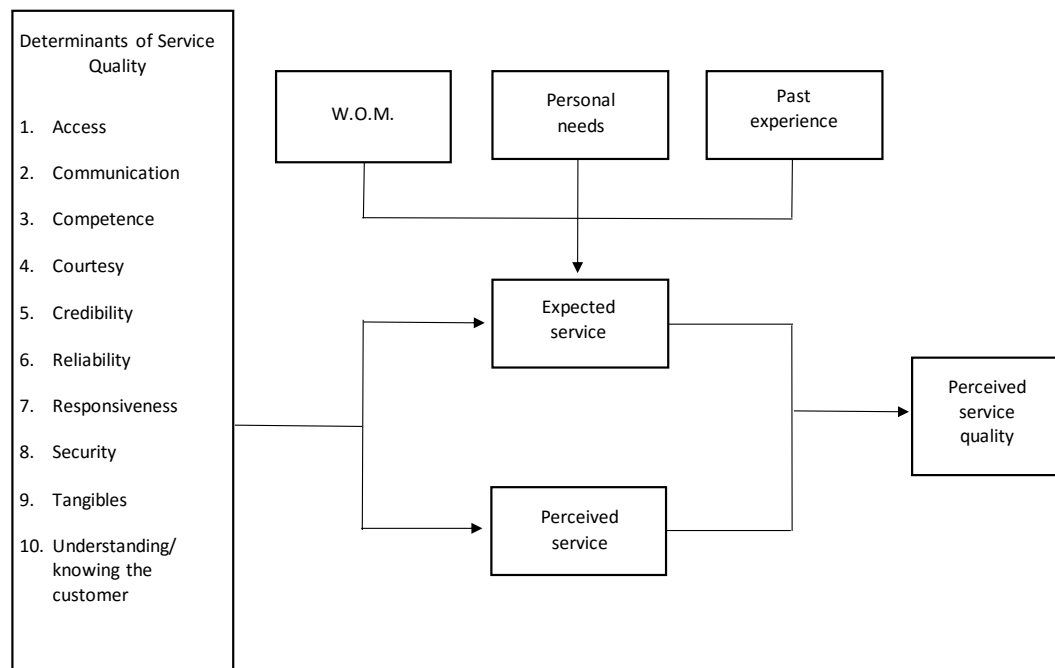


Figure 11. Determinants of perceived service quality (Parasuraman *et al.* 1985)

Grönroos (2007, 84) states that one of the determinants, *competence*, is clearly related to the technical outcome and another, *credibility*, is closely connected to the image aspect of perceived quality. However, it is interesting to observe that the rest of the determinants are more or less related to the process dimension of perceived quality. The importance of the functional quality dimension is very much stressed by these findings.

As a result of a later study the ten determinants of service quality were decreased to the following five: tangibles, reliability, responsiveness, assurance and empathy. Parasuraman's dimensions of service provided the basis of the SERVQUAL questionnaire, which was designed to measure service quality, i.e. the comparison between consumers' expectations of service (*E*) and their perceptions of actual service delivered (*P*). The instrument is based on the five determinants above and on a

comparison between customers' expectations of how the service should be performed and their experiences of how the service is rendered (disconfirmation or confirmation of expectations). Usually 22 attributes are used to describe the five determinants and respondents are asked to state (on a seven-point scale from "Strongly Agree" to "Strongly Disagree") what they expected from the service and how they perceived the service.

		strongly agree			strongly disagree		
		1	2	3	4	5	6 7
service expectations:	e.g.	'banks should have up-to-date equipment'					
(E)		'customers should be able to trust bank employees'					
and perceptions:	e.g.	'I can trust the employees of my bank'					
(P)		'my bank has up-to-date equipment'					

Figure 12. Original scale items were of this form

Based on the discrepancies between expectations and experiences over the 22 attributes, an overall quality score can be calculated. The more this score shows that experiences are below expectation, the lower the perceived quality. (Dale 2003, 210–211; Grönroos 2007, 84–85)

There has been some controversy regarding the use of the SERVQUAL instrument. Researchers have considered the extent to which consumer expectations, perceptions and satisfaction may change during the course of extended service delivery and consumption. In particular, they found, from repeated measures of expectations throughout a year-long service experience that levels of expectation, both ideal and predicted, changed during the process of service consumption and the expectations were not a key variable in predicting satisfaction with the service. Furthermore, in many studies the determinants have been reported to be stable over various types of services, but in other studies the set of five standard determinants has not been found. In addition, the 22 attributes used in the original instrument do not always accurately describe all aspects of a given service. (Dale 2003, 211–212; Grönroos 2007, 84–86)

The SERVQUAL scale should be applied carefully, and the determinants and attributes of the instrument should always be reassessed in any situation, before the instrument is used. Services, as well as markets and cultural environments, are different. From a

managerial point of view, when trying to understand what constitutes a given service, the five determinants, and also the original ten determinants, provide a valuable starting point for the development of and understanding of what aspects characterise the service that is provided. When using a SERVQUAL-type approach to measuring perceived service quality one should always carefully customise the set of determinants and attributes used to the specific situation at hand. (Grönroos 2007, 86)

## 4 Empirical study

In this chapter, the empirical findings needed for answering the research questions are presented. First, the case company and the Star Quality Service concept, including the implementation process, are introduced after which readers are taken on a journey through the research methodology, describing the overall research approach, research methods, research process, and concluding with a description of data collection.

### 4.1 Introduction of the case company and the branch of business

The case company, Coor Service Management (“Coor”), operates in the facility management sector in the Nordic countries. Facility management is a rather new field in today’s market. It was only in the year 1978 that the International Facility Management Association (IFMA) was formed in the USA. In 1984, facility management was pushed to Europe by the European Facility Management Network (EuroFM) to advance the knowledge in facility management in Europe and its application in practice, education and research. After the first introduction of facility management in Europe, the importance of facility management grew rapidly. In the Nordic countries the concept of facility management dawned in 1992, and a national department of IFMA, Finnish Facility Management Association (FIFMA), was established in 1993. Due to the ever-changing global environment, both economically as well as technologically, the field of facility management emerged and the need for it increased accordingly. Leaders of organisations expect to cut costs and increase their company’s profitability and to get access to increased professionalism and technological innovations through facility management. (Leväinen 2013, 41; Steenhuizen, Flores-Colen, Reitsma & Branco 2014, 46–47)



Coor is one of the leading providers of facility management services in the Nordics providing a variety of facility management services necessary for companies of public organisations to work smoothly and effectively. Coor possesses specialist competence in workplace services (soft FM), property services (hard FM) and strategic consulting. Coor's service portfolio is delivered as single services, bundled services or as integrated facility management (IFM) depending on customer needs. Coor has capability to deliver a broad range of services, such as solutions in administration, cleaning, reception, conferencing solutions, property management, technical security solutions, and energy and workspace optimisation. Coor has a total portfolio of circa 100 services. However, Coor's primary strength is tailoring, developing and leading support service functions in new and effective ways. By bundling different services from all or some of these service segments, Coor provides unique, effective and flexible solutions that create benefit for its customers. Coor calls this intelligent service – “SERVICE with IQ”. Coor's customer base includes large corporations and small enterprises operating in the private and public sectors. Coor assumes responsibility for its actions in relation to customers, employees, suppliers, the environment and wider society. Coor's revenue is SEK 7.500m, and it has about 6,400 employees. (Coor Service Management; Project Manager 2015a)

In addition to organic growth Coor has sought growth and gained more market shares through acquisitions. Multiple competitors have ended up under Coor's wings along with acquisitions, and the company has experienced several changes of company name and ownership during its history. There are less than ten substantial competitors in Finland, and part of them compete with the case company only in certain service segments. There are less than five major, so-called key competitors, who compete in providing broader, integrated service solutions in the Finnish market. (Contract Manager 2015) The main objective of the company's servicescape strategy is to offer tailor-made service solutions and to bring value add to customers and to provide them with one single point of contact for all services. Main objectives of the service delivery strategy is in turn to produce services in customers' premises by using own personnel and subcontractors, develop high-class service processes supported by efficient IT systems, and to recruit, motivate and develop staff. (Coor Service Management)

Perceiving properties and services as entirety is pivotal for the industry. Production of property and workplace services require many kinds of know-how. The industry will be a remarkable employer in the future, and multi-tasking behaviors will become increasingly prevalent in enterprises operating within the industry. With multi service culture becoming

more common, single services are connected to each other more vigorously, which in turn leads to broader spheres of responsibility and job descriptions. Facility management companies will need more multi-taskers in the future as work assignments are multi-faceted. Essential competencies in the future include customer centricity, technical knowledge and eco efficiency. (Ministry of employment and the economy of Finland)

#### 4.2 Star Quality Service concept

Development of the Star Quality Service concept was initiated in Coor's Swedish organisation back in 2006. At the time it was called World Class Service concept. The fundamental objective of the concept is to create a common understanding of good service and to improve service quality thoroughly on all levels of the organisation. Employees as well as managers and company management have been involved in the development work. Instead of a superimposed concept the aim was to indent employees to the concept by ensuring that employees' views were taken into consideration already in the design phase. This fact has later been accentuated by using phrase "*From employees to employees*" in internal marketing of the concept. (Project Manager 2015a)

During 2006–2013 the concept was introduced in a few carefully selected accounts in Sweden and the development of the concept was diluted. Company management discerned the concept as an important competitive advantage in relation to other actors in the industry. Facility management industry has traditionally been denounced by old fashioned service attitude and similar concepts, targeted to improving service quality and customer experience, did not exist. Furthermore the concept did not require big investments but it could be implemented by minor costs mainly related to education and materials. Influences and inspiration have been derived from Disney Institute's service schooling, through which Disney aspires to get their personnel working in amusement parks to perform their work in such manner that their customer experience is abundantly superior from the beginning until the end of the process; in other words from the time when a customer arrived to the amusement park and until they leave the area. (Project Manager 2015a)

The concept received its current form in 2014, and a decision was taken to roll it out in all accounts in Sweden and later in the rest of the Nordic countries, led by Coor's operation development unit. At the same time the Star Quality Service concept got a

dedicated leader who was responsible for implementing the concept in Sweden, training of personnel, monitoring of realisation of the concept, analysis of customer feedback and supporting other country organisations (Denmark, Finland, and Norway) in implementation. The Finnish organisation became aware of the concept through Swedish colleagues in autumn 2014, and the company management took a decision to bring the concept to Finland. It was recognised that a phased approach to implementation would be needed. Consequently, three different types of accounts were selected for piloting of the concept: EY (Ernst & Young), Polaris Business Park and VTT (Technical Research Centre of Finland). (Project Manager 2015a)

Coor has created a service vision that is developing service work towards a long-term view in order to become even better service provider in the eyes of customers. The core idea of the concept is to provide high quality, “five star”, service to all customers irrespective of the employee delivering the service. The concept provides employees with confidence, strengthens teamwork, and creates common view on good service and it ultimately aims to achieve better customer satisfaction. All employees of Coor work with service in one way or the other. There is always a human behind the service delivered by Coor, and personnel are the most important asset of the company. One could conceive the implementation of the concept as a broader attempt to provide consistent and standardised service so that actual service delivery and related service processes are better aligned with Coor’s mission, which in turn strives for building long-lasting customer relationships by providing unique services and products. There is very little service related training provided to employees of the company’s Finnish organisation. However, in Sweden Coor’s employee development programme includes regular trainings and educations – for example *Coor Service School* for blue collar employees and *Coor Business School* for white collar employees and managers. (Project Manager 2015a)

#### 4.2.1 Implementation of the concept

A separate project was established for the implementation of the Star Quality Service concept in Finland. Members of the project group included Contract and Service Managers from the line management, who acted as project managers, and a Communications Manager. A Business Unit President and a Group-wide leader of the concept acted as sponsors of the project. The objective of the project was to roll out the concept to accounts that were identified as change pilots. Implementation process was

intended to be developed based on experiences and results gained during the pilot phase in order to enable as smooth and successful implementation as possible in other accounts in the future. The Contract and Service Managers planned and managed the project from start to finish along with their own normal duties. The project was presented to the leadership team of Coor Finland in October 2014, and approval was obtained. (Project Manager 2015a)

#### 4.2.2 Training of personnel

Implementation of the concept in change pilot accounts was initiated by concept induction for the personnel. Project group's Contract and Service Manager familiarised themselves with training sessions in person during their visits to Sweden in autumn 2014, hence planning and execution of trainings was easy based on these experiences and existing Swedish language material. Prior to launching trainings all material related to the concept needed to be translated into Finnish as well as aligned with local praxis and culture to the extent that was felt necessary. Employees are typically at work during day time and difficult to replace without high substitute costs; in consequence of this trainings were arranged in the evening, outside of normal working hours. (Project Manager 2015a)

Several training occasions were held, and apart from employees, supervisors and managers, even the company's leadership team participated. On average there were 12–16 participants per training which enabled group work in groups of 3–4 persons. Five training occasions were arranged in total. The intent was to gather as heterogenic crowd as possible to empower polymorphous discussions. The history of the concept and its objectives were presented in the beginning of the training, and Coor's guiding stars, which are the company's values, were revised. Values were discussed diversely from different standpoints, and through examples. Additionally there were discussions around how daily work and trade-offs could be better steered by using the guiding stars. (Project Manager 2015a; Project Manager 2015b)

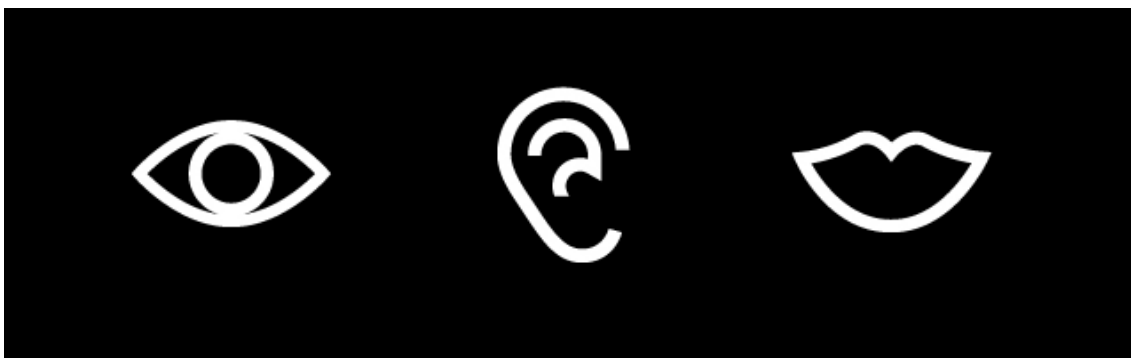


Figure 13. Coor's guiding principles: "*We see further*", "*We listen*" and "*We create success*"

Second phase included introduction of the smallest common denominator of service, or minimum service level. Service level agreements attached to contracts dictate technical aspects of service, inter alia by determining service hours and concrete tasks. A service level agreement can state, for example, that a reception is open between 8am and 4pm Monday through Friday, and tasks include visitor registration, administration of access control system, meeting room bookings and minor administrative duties. Soft elements related to delivering the service, in other words *how* service is delivered, is not specified in service level agreements. (Project Manager 2015a)

Definition effort builds up an important foundation for the Star Quality Service concept. Teams working in various accounts conduct discussions within their own teams and decide how services should be delivered in order to achieve the minimum service level defined together with the team. Take reception service as an example – it could be determined that visitors always need to be received by standing up, smiling and ensuring eye contact, assistance with storing outerwear and luggage should be offered, appearance of receptionists should neat and groomed, and working environment clean and in good order. Through consistent operations variability is minimised, and customer experience becomes as homogeneous as possible. Customer conceives service as good as it is at its weakest. By agreeing appropriate ways of operation inside the team it can be ensured that service quality will not deviate from the minimum level regardless of the person or site in question. After the definition phase teams document jointly agreed procedures. (Project Manager 2015a)

During training the definition of minimum level was processed through Coor's guiding stars; paying attention to service, quality and efficiency perspectives. Team members'

commitment to co-operatively agreed procedures was emphasised in particular. (Project Manager 2015a; Project Manager 2015b)

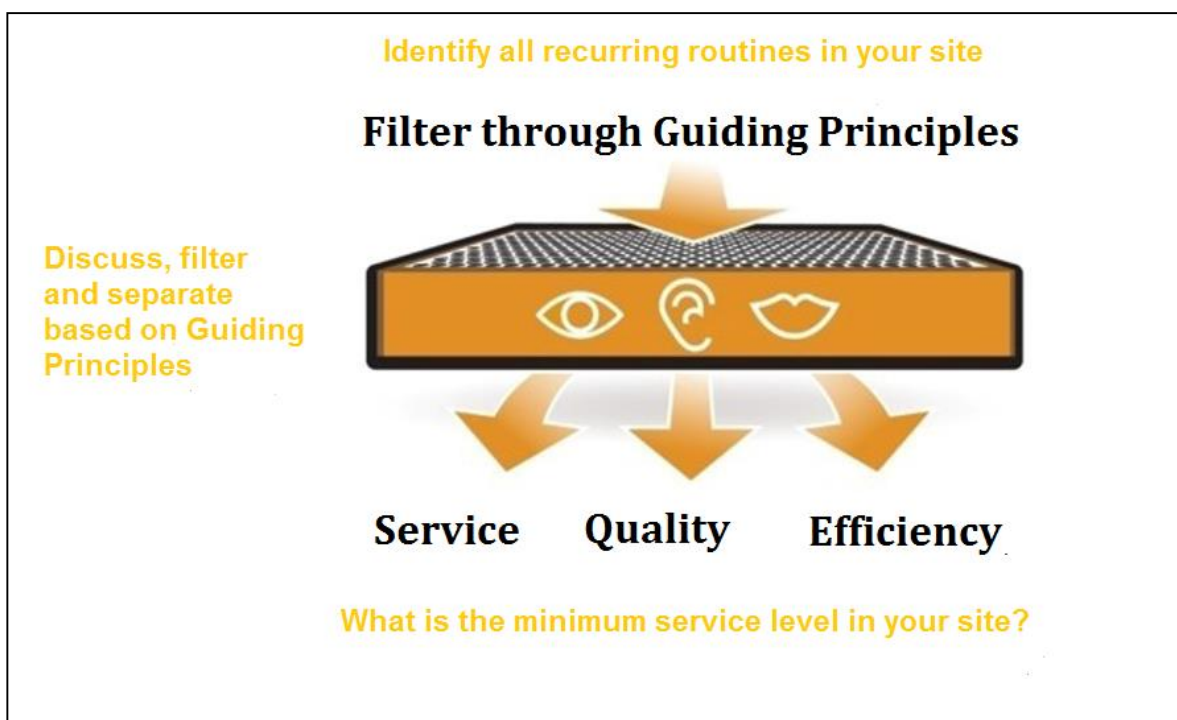

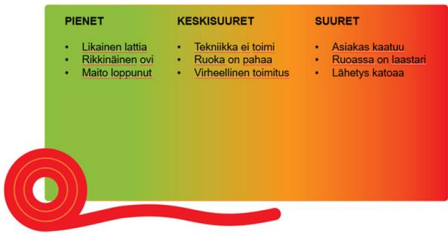


Figure 14. Minimum service level definition

The next phase was to introduce tools created for maintaining and executing the concept.

Description of the Tool	Image
<p><b>1</b> “4P” card describes essential steps in processing customer complaints that all employees are required to follow. A complaining customer is met with apologies and humbleness. A solution or improvement suggestion is offered for solving the object of complaint. The employee should put effort in solving the issue rapidly, and customer feedback is collected after the case has been closed.</p>	
<p><b>2</b> “Red Carpet” provides assistance in measuring the seriousness, or degree, of the complaint. By using the tool the employee is able to evaluate the situation and to determine what authority he or she has for proposing solution or taking it further. For example, when it is a question of a major complaint, e.g. food poisoning, the line manager should always be informed and responsible for initiating actions.</p>	





#### 4.2.3 Service concept in practice

After the training, employees at the pilot sites were expected to have a good understanding of the concept, their areas of responsibility and how to deliver service of good, consistent quality. It was expected that they would start working in accordance with the concept, for example, by:

- Defining the minimum service level within their own teams, describe *how* they will deliver the services, and document it;
- Starting to use the new tools in their everyday work;
- Starting to run different campaigns provided by the concept, and reward team members who perform exceptionally well during the campaigns.

Monitoring of the realisation of the concept was primarily the responsibility of supervisors and managers of the sites; most often Service Managers. (Project Manager 2015a)

#### 4.3 Research methodology

Case study research methodology was applied for this thesis. A case study is a method where a single case is analysed. The case may be a company, process or another structural feature of a company. (Koskinen, Alasuutari & Peltonen 2005, 154) The research approach, research methods used, and research process are described in the following subchapters.

#### 4.4 Research approach

The objective of this research was to understand what implications the implementation of a customer service concept has had on the case company's organisation, its employees and service delivery system, to examine the effectiveness of approaches used to manage this change, and to examine how customer service quality can be influenced through service concepts. The purpose was not to make universal abstractions of service concept implementation. Instead, the aim was to observe the implementation of the Star Quality Service concept in the case company, and based on



the observations and interpretations, provide development recommendations for the concept and the case company's change management process to assist in any future service concept implementation or change projects in the company.

#### 4.5 Qualitative and quantitative case studies as a research method

Punch (2003, 7) presents a general model of empirical research, which is suitable for both qualitative and quantitative studies. Such research is an organised, systematic and logical process of inquiry, using empirical information to answer questions or test hypotheses. Sometimes the information will be qualitative, sometimes quantitative, and sometimes a mixture of the two. Whatever the case, similar processes and logic underlie both the inquiry and the way in evidence is used to answer research questions and reach conclusions. This model of research is shown in diagramme form in Figure 15 below. It stresses the central role of research questions and has four main features:

- Framing the research in terms of questions;
- Determining what data are necessary to answer those questions;
- Designing research to collect and analyse those data;
- Using the data to answer the questions.

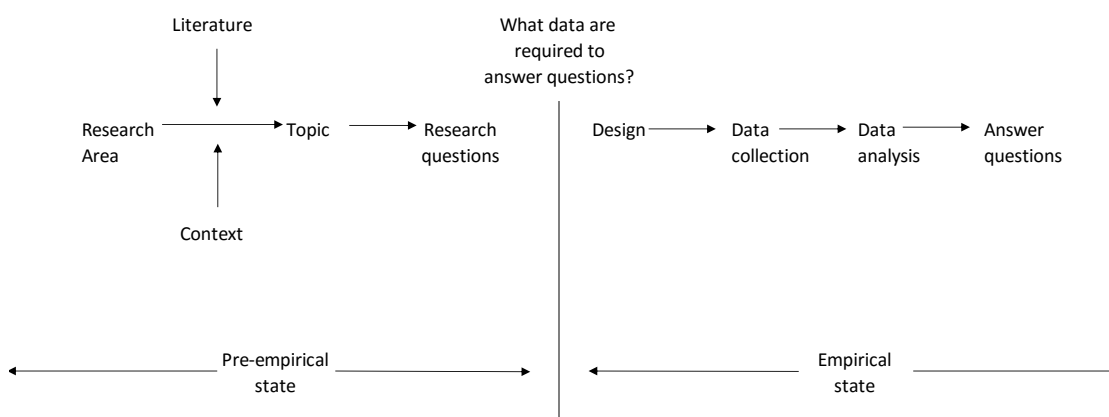


Figure 15. Simplified model of research

Qualitative research tries to understand a given research problem or topic from the perspectives of the local population it involves. Qualitative research is especially effective in obtaining culturally specific information about the behaviours, values, opinions, and social contexts of particular population issue may not be readily apparent. When used

along with quantitative methods, qualitative research can help interpret and better understand the complex reality of a given situation and the implications of quantitative data. The three most common qualitative methods are participant observation, in-depth interviews, and focus groups. Each method is particularly suited for obtaining a specific type of data:

- Participant observation is appropriate for collecting data on naturally occurring behaviors in their usual contexts.
- In-depth interviews are optimal for collecting data on individuals' personal histories, perspectives, and experiences, particularly when sensitive topics are being explored.
- Focus groups are effective in eliciting data on the cultural norms of a group and in generating broad overviews of issues of concern to the cultural groups or subgroups represented (Mack, Woodsong, MacQueen, Guest & Namey 2005, 1–2)

The essence of quantitative research is the study of relationships between variables. Quantitative means that the survey is designed to produce numerical data, and proceeds by measuring variables. For the quantitative researcher, reality is conceptualised as variables, which are measured, and the primary objectives are to find how the variables are distributed, and especially how they are related to each other. Not all surveys are quantitative. Surveys which are concerned with relationships between variables mean that the point of the survey is not simply to describe variables and how they are distributed. Their main aim is to study how variables are related to each other. (Punch 2003, 2–3)

Quantitative and qualitative research methods differ primarily in their analytical objectives, the types of questions they pose, the types of data collection instruments they use, the forms of data they produce and the degree of flexibility built into study design. Table 8, briefly outlines these major differences. (Mack *et al.* 2005, 3)

	Quantitative	Qualitative
<b>General framework</b>	<p>Seek to confirm hypotheses about phenomena</p> <p>Instruments use more rigid style of eliciting and categorizing responses to questions</p> <p>Use highly structured methods such as questionnaires, surveys, and structured observation</p>	<p>Seek to explore phenomena</p> <p>Instruments use more flexible, iterative style of eliciting and categorizing responses to questions</p> <p>Use semi-structured methods such as in-depth interviews, focus groups, and participant observation</p>
<b>Analytical objectives</b>	<p>To quantify variation</p> <p>To predict causal relationships</p> <p>To describe characteristics of a population</p>	<p>To describe variation</p> <p>To describe and explain relationships</p> <p>To describe individual experiences</p> <p>To describe group norms</p>
<b>Question format</b>	Closed-ended	Open-ended
<b>Data format</b>	Numerical (obtained by assigning numerical values to responses)	Textual (obtained from audiotapes, videotapes, and field notes)
<b>Flexibility in study design</b>	<p>Study design is stable from beginning to end</p> <p>Participant responses do not influence or determine how and which questions researchers ask next</p> <p>Study design is subject to statistical assumptions and conditions</p>	<p>Some aspects of the study are flexible (for example, the addition, exclusion, or wording of particular interview questions)</p> <p>Participant responses affect how and which questions researchers ask next</p> <p>Study design is iterative, that is, data collection and research questions are adjusted according to what is learned</p>

Table 8. Comparison of quantitative and qualitative research approaches (Mack *et al.* 2005)

This research was executed as a combination of quantitative and qualitative research methods in order to achieve the overall aim of the thesis.

#### 4.6 Description of the research process

The work for this thesis was initiated through my personal involvement in the change project. I was managing the project from autumn 2014 until spring 2015, when I left the case company. The preliminary stage of the study, a literature review (presented in Chapters 2 and 3), was carried out in summer 2015 by reading books and articles to define the theoretical framework of the research. Meetings were conducted with the preceding Project Manager to get a deeper understanding of the subject and to define the scope of the study.

Due to the personal involvement in the change project, the researcher was given the opportunity to conduct observations prior to the data collection. Internal documents regarding the service concept were studied to get information about the concept, and the implementation process in particular. On the basis of the literature review and the case description (presented in Subchapter 1.2) the research questions (presented in Section 1.3) were prepared. In order to answer the questions and to get more comprehensive results it was decided to conduct a theme interview with the Project Manager, as well as to undertake a survey for the objects of change, i.e. personnel of the company working in the accounts where the concept had already been implemented. The questions for the surveys and the interviews were developed based on the literature review; primarily on Kotter's model for leading change (explained in Subchapter 2.2.2) and on service concept innovation model introduced by Grönroos *et al.* (explained in Subchapter 3.2.1).

As mentioned in the previous subchapter both qualitative and quantitative data was collected. The quantitative data was gathered from multiple choice questions in the survey, which were based on a 5- point scale. The sources of qualitative data were a theme interview, open-ended questions in the survey, literature review, and Coor's internal documents. They were used for determining the maturity level of the change management and service concept implementation processes in the company.

#### 4.7 Theme interview

A theme interview with the Project Manager was conducted in November 2015. The interview was based on Kotter's eight-step change management model, and in addition to gathering background information about the case company, its business environment and the service concept, the intention of the interview was to examine on what grounds and how the change was initiated, what preparations were made, how the concept was implemented in the organisation, and what is the status of the change six months after the pilot phase was conducted. What actions have been taken, what will be done, and how Coor is planning to further develop the concept. The interview was held face-to-face at Coor's headquarters in Finland and it lasted 50 minutes.

The following points were covered in the interview, and they were approached with open-ended questions.

- Background information
  - Case company and the branch of business
  - Main drivers for customer satisfaction
  - Main managerial and leadership challenges
- Service concept
  - Description of the concept and its history
  - Impact on customer satisfaction
  - Change project, implementation
- Kotter's model for leading change
  - All eight steps were covered through specific questions
- Customer perspective
  - Customers' involvement in the change
  - Customer satisfaction
  - Services marketing

Notes were taken during the interview, and the interview was recorded. The notes were transcribed into a Word document swiftly after the interview was finished to avoid any confusion at a later stage. The recording of the interview was used during the transcription phase to support the notes. The interview questions can be found in Appendix 2.

#### 4.8 Survey

In December 2015, around six months after the closure of the pilot phase, I conducted a web-based survey that investigated the realisation of the Star Quality Service concept and the change management project from an employee perspective. The interview questions (presented in Appendix 1) were designed based on the theoretical framework and the aim of this research. They were designed to collecting three types of data; (a) quantitative data through a 5-point scale format, (b) qualitative data by using open-ended questions, and (c) demography of the group. There were 38 questions in total, of which some of them were compulsory. The survey was created by using Google Forms. A

web-based method of surveying was used due to the large number of respondents, ease of software use, ability for respondents to complete the questionnaire on their own time, respondent anonymity, and apparent time constraints.

It is notable that the concept had even been implemented in Fortum, Manpower and TeliaSonera accounts in addition to the pilot accounts, hence employees from these accounts were included in the survey as well. A random sample of employees could not be selected because no comprehensive list of employees with email addresses was available. Email addresses were obtained from Service Managers but it was clear that not all employees were included. Furthermore, employees who did not have access to email, were left out from the survey, due to the survey format. Respondents worked primarily in customer service, reception, maintenance or managerial functions. Janitorial staff, for example, did not have access to email.

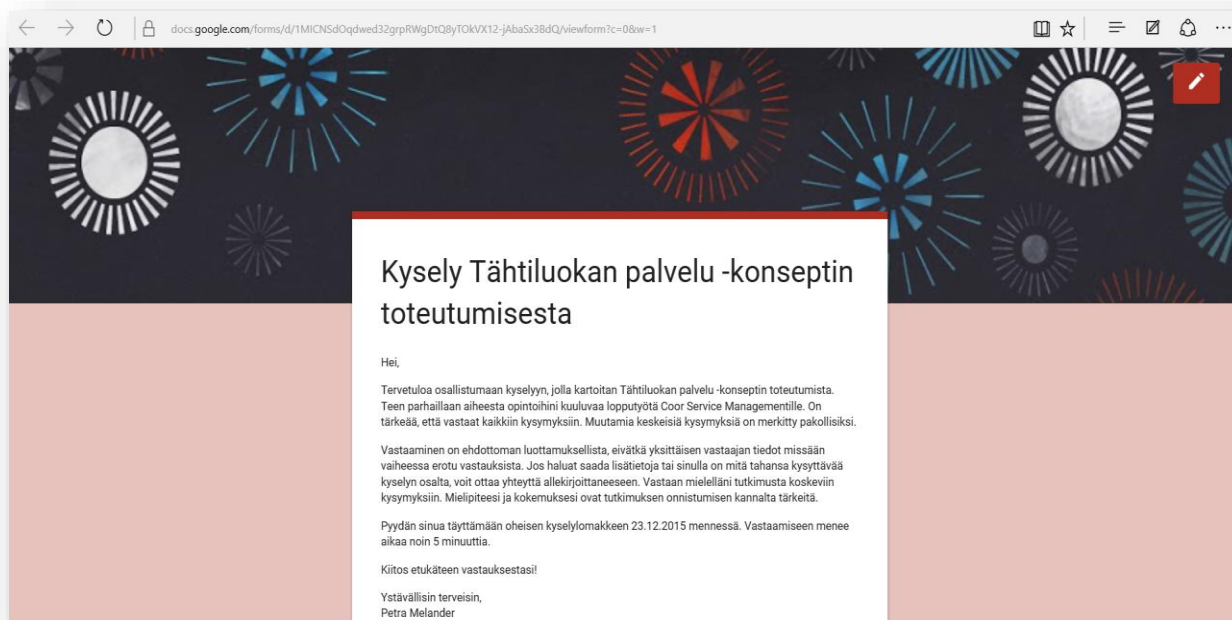


Figure 16. Picture of the landing page of the survey

A link to the survey (landing page illustrated in Picture 7) was emailed to employees who worked at the sites, where the concept had already been implemented and who had participated in training sessions, followed by a thank you/reminder one week later. The length of the survey was 5–10 minutes. Employees were given two weeks for completing the survey. All people who accessed the link even completed the survey. The sample size was 31 and response rate 58% (18 responses).

Overall, 56.3% of the respondents were blue collar workers and the rest were supervisors or managers. The majority of the respondents (81.3%) were from the three largest accounts, which were Fortum (31.3%), and EY and VTT (25.0% each). The largest age groups (33.3% each) were between 20 and 29 years, and between 30 and 39 years.

The analysis of the survey results was done primarily by using Excel.

## 5 Analysis and results

In this chapter results of the empirical data collected in the study are presented. Findings are discussed in following subchapters 5.1 Maturity of change management, 5.2 Employees' awareness and willingness to change, 5.3 Implementation of the concept, and 5.4 Recommendations.

### 5.1 Maturity of change management

The assessment of the maturity of change management is primarily based on Kotter's eight-step management model for leading change. The findings from the theme interview and the survey are presented against each individual step.

<b>Step</b>	<b>Findings</b>
<b>1: Establish a sense of urgency</b>	<b>Company management was committed to the change</b> Employees did not understand why a change was needed Sense of urgency not enhanced
<b>2: Create a guiding coalition</b>	Project team was established <b>Members of the team had enough experience and credibility</b> Project scope was well defined Objects of change included in project team External advisor was used
<b>3: Develop a compelling vision</b>	<b>Clear vision and strategy</b> Strategy has changed over time due to time constraints
<b>4: Communicate the vision</b>	Communications plan was not created <b>Internal communications was not efficient nor repetitive</b>

	Communications challenge due to the nature of the business <b>Employees require information and feedback on the concept</b>
<b>5: Empower others to act on the vision</b>	Employees could impact planning and execution of change <b>Induction to the concept was managed well</b> Enough time for executing the change Employees understood the contents of the change <b>Inadequate monitoring of success and performance of employees</b>
<b>6: Generate short-term wins</b>	Short-term milestones were not defined <b>No short-term wins identified or created</b> Campaign initiation monitored
<b>7: Consolidate gains and produce more change</b>	Change manager left the company in the middle of the change <b>20% of respondents gone back to old habits</b> Lack of feedback from managers <b>Interdependencies not an issue in the organisation</b>
<b>8: Anchor new approaches in culture</b>	<b>Organisational culture supports the change</b> Only 1/3 of employees experience clearer Roles and Responsibilities Performance management systems not linked to the concept

The change project was successful in creating a compelling vision and a clear strategy (81.3% of respondents supported the statement) as well as in establishing a competent project team with a distinct scope of work and expectations. (Project Manager 2015a) Company management was committed to the change, and the company's organisational culture created a good, supportive climate for the change; 75% of the respondents were of this opinion. Project Manager (2015a) stated that the company's organisational culture had been developed recently and was more aligned to the spirit of the concept now. For example, the company's leadership style was softer than before and there was a lot of focus on efficient and effective communication both to employees and customers.

According to Project Manager (2015a) the change project was carefully planned and enough time was reserved for executing it. The majority (62.5%) of the respondents agreed with this statement. Induction to the service concept was thoroughly planned and executed, and the majority (81.3%) of the respondents indicated that they had been properly trained. A mechanism recommended by Schein (1999, 128) was used as part of the training programme; role models were provided through real-life examples, and role plays. (Project Manager 2015b) This could potentially have had a positive impact on achieving such a high satisfaction rate in training. According to Schein (1999, 128–129)



this mechanism works best if it is clear what the new way of working is to be and if the concept to be taught is clear.

Imperativeness of the change, a sense of urgency, was not emphasised enough, and so employees did not quite understand why a change was needed; only 31.3% of the respondents were clear on drivers for the change. The objective of the change project was to improve and develop customer service rather than to correct something that was fundamentally broken or on unsatisfactory level. Change was not imperative but desirable. (Project Manager 2015a) Nevertheless this is the most crucial step in any change management project – it involves creating and sustaining a sense of urgency that is as high as possible – and yet most organisations handle it poorly. (Kotter 2008, 13)

The most significant development areas in the case company's change management process include communication and sustaining change. A lack of communications plan and engagement from the middle management resulted in poor and unstructured communication in this change project. Majority (56.3%) of the interviewees thought that there was not enough communication, and half (50%) of them did not receive information about the concept from their superiors. This could be related to the failure of the first step, and the organisation's inability to establish a sense of urgency, or the lack of repetitive communication. (Kotter 1996, 73–75; 79–80) Many respondents stated in their answers to the open ended questions that the concept was not discussed in team meetings, although Project Manager (2015a) described team meetings as the most important channel for reinforcing the message of the change and for collecting feedback from employees; e.g. how the service concept implementation has started and progressed at sites, and what impact campaigns have had on customers and customer satisfaction. This implies that internal communications was not efficient nor repetitive. Repeating the message is imperative for any change project. (Burke 2002, 281) Project Manager (2015a) stated that communication is difficult in their field of business in general, as employees are spread across various sites, and some of them do not even have access to email.

Short-term milestones were not defined, and short-term wins were not identified or created. (Project Manager 2015a) Artto, Martinsuo and Kujala (2011, 125–126) determine milestones as an integral part of a project where a pre-defined part of project's result or work has been done or where an important matter has been initiated (or should

be initiated). They are events or statuses related to the objectives of the project, and therefore meaningful for the project. A milestone itself does not consume time or resources but it merely gets passed. Consequently, the milestone is binary; it either is or is not passed. The sixth step in Kotter's model is purely focused on generating short-term wins. Kotter (1996, 107–109; 2008, 175–176) emphasises the importance of quick wins or successes; explicit and clear successes indicate that the vision has credibility. Additionally, short-term wins enable the change manager to suppress criticism and cynicism. It is impossible to implement a major change without immediate, and visible small changes. The successes are typically real but even imaginary wins can be used for enhancing change. They should be visible parallel to completing the first steps of the model.

Burke (2002, 283) defines sustaining change in large measure as (1) understanding that many consequences of interventions cannot be anticipated, (2) not allowing these unforeseen outcomes to become barriers to the change effort, and (3) taking rapid action with different initiatives and tactics to ensure momentum via new paths toward the change goals. According to Project Manager (2015a) change in this change project was sustained through campaigns, and regular monitoring conducted by Service Managers and Team Leaders. The success of the campaigns and monitoring measures was built on trust, and it was not controlled by the project team. Managers were responsible for feeding back to employees on their performance and guiding teams on aspects related to the concept.

The survey results suggest that the lack of control led to the project team not being able to identify unforeseen outcomes and take swift action, as circa 20% of the respondents had gone back to their old working habits at the time of the survey. In general, there was little resistance to change (blind, ideological, or political) and no interdependencies between the units (Project Manager 2015a), both which create an environment that supports change implementation, as we have learned in Subchapters 2.2.2 and 2.4. Kotter (1996, 117; 2008, 15) names even management exhaustion, change managers leaving the organisation, and bad luck as main causes for pause of change. In this change project the exhaustion may be applicable, even though no real evidence of this was found in the interviews or the survey, as the change managers drove the project in addition to their day jobs in the organisation. Additionally, the departure of the other change manager may have impacted the change project negatively. (Project Manager 2015a)

Interviewees stated in their responses to the open-ended questions, that the concept had been almost forgotten due to the lack of controlling and monitoring mechanisms:

*“After the training session our team was excited about the concept but it has been completely forgotten in the daily operations, both from managers and other members of the team. We have had one campaign so far,....., but the results were never reviewed.”*

-Respondent A

*“At our site we have not noticed the Star Quality Concept apart from two 1-week theme campaigns. The last one of them was in use for over a year ago. From time to time try to remind our managers about the theme campaigns but they have not adopted the concept yet.”*

-Respondent B

*“... For myself the only touchpoint to the concept was the training session last spring. For example, I never received the tools presented during the training. There has not been any discussion about the concept at my site.”*

-Respondent C

Quicker learning could have been produced through identification and imitation if they were reinforced by the leader of the group modelling the behaviour, and if the relationship with the leader was stable. (Schein 1999, 129; Schein 2004, 328–329)

Leveraging the classification, or levels, of change defined by Andersson & Andersson (2001), cited by Kvist & Kilpiä (2006, 32), one could say that this specific change project sits somewhere between a transition and a transformation but is slightly closer to a transformation.

The starting point has interfaces with both levels;

- the change was targeted at removing a problem, inconsistent service quality, through renewing work practices – *transition*;
- and at the same time it was intended for achieving strong success by leveraging new opportunities – *transformation*.

However, impact on mindset and object of change have more resemblances with a transformation, for example, organisational culture, behaviour and strategy aspects. In both levels of change the approach to execution is the same, planned, but a transition is tied to time and can be seen as more organised with project-like execution, whereas a transformation is more radical change where end result is not known at start and the transformation evolves over time.

## 5.2 Employees' awareness and willingness to change

A clear majority (87.5%) of the respondents of the survey found the Star Quality Service concept useful, and only 6.3% (1 respondent) disagreed with the statement. This conclusion was supported by responses to the open-ended questions, for example:

*"The Star Quality Service concept is a really good innovation, as we now pay attention to such matters that would normally be disregarded"*

- Respondent D

*"The Star Quality Service concept could be extended to our internal services, too"*

-Respondent E

*"I am confident that this is a very functional service concept, if it is sustained and managed properly"*

-Respondent F

According to the respondents, the commitment from top management was good, as 56.3% agreed with the statement, but there was a lack of commitment from the middle management. Burke (2002, 250) states that successful managers are concerned with the needs and development of their subordinates in organisational change, and they tend

to have a style of management characterised by participative and coaching behaviour. Majority of the respondents (62.5%) were not satisfied with controlling and measuring of the success of the concept, and half (50.0%) of them did not receive feedback related to the realisation of the concept, both which were the middle management's responsibility (Project Manager 2015a), and yet 87.7% of the respondents were interested in hearing how the concept is realised.

According to Schein (1999, 21) culture is very difficult to change, and resistance to change is common at both individual, group and organisational level. And yet building a culture that is positive to change is an important element of success today. (Kilpiä & Kvist 2006, 122) As stated above, there was very little resistance to change. Project Manager (2015a) In order to reinforce change management in cultural transformation efforts Schein (1999, 124–126) states that it is important to create psychological safety for objects of change, and that can be achieved through a number of steps, discussed in Subchapter 2.3.1. Coor's change management process involved many of the steps, such as a compelling positive vision, formal training and involvement of the trainer, but practice fields and feedback were missing, and in addition, there was no clear evidence that their reward and discipline systems would be aligned with the new way of working. (Project Manager 2015a)

### 5.3 Implementation of the concept

As stated by Artto, Martinsuo & Kujala (2011, 23–24) and Grönroos *et al.* (2007, 69), professional development is characterised by project-like operation that one should be able to monitor, measure, and manage. A project team was established for the implementation of the service concept, hence it is aligned with the first statement or requirement, but measurement systems did not exist, and the monitoring measures can be considered inadequate based on the findings of the survey and the theme interview. The project had a clear objective (Project Manager 2015a), which is required as per the definition of a project (Artto, Martinsuo & Kujala 2011, 31) However, time became a constraint as the project team members were not dedicated only to this project but managed it along with their normal duties. Additionally, the pilot phase did not have a clear end date, which is an important character of any project. Scheduling and allocation of tasks are the most essential questions in project planning. (Artto, Martinsuo & Kujala 2011, 122; Project Manager 2015a)

According to Pitkänen (2006, 171) a functional service concept satisfies customers, personnel and owners of the company. Research findings clearly suggest that personnel and company management are satisfied with the concept. 87.5% of the respondents think that the concept fits well in their way of working. When employees were asked what feelings the concept represents, the answers were only positive (illustrated in Figure 17). None of the respondents considered the concept as unpractical or inflexible.

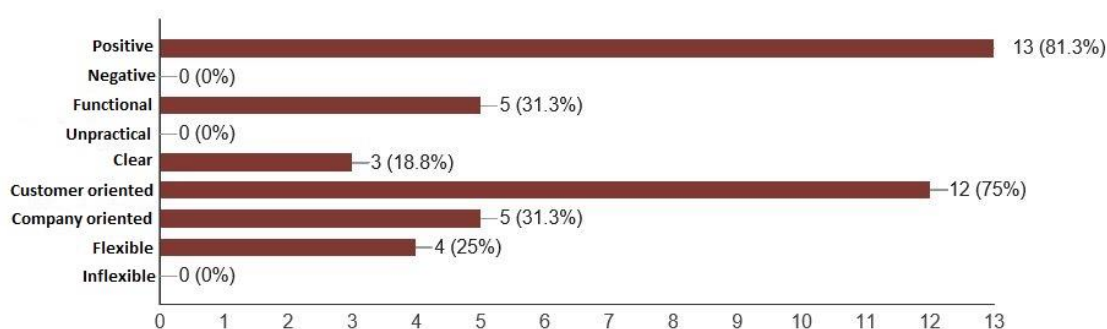


Figure 17. Respondents view of feelings that the concept represents

The idea of the concept was positively perceived by customers. It was introduced to contact persons of the accounts where it was implemented, and included in the case company's sales materials and presentations. Generally, it raised a lot of interest from external stakeholders. (Project Manager 2015a) In the theme interview, and by reading the internal documents, it became apparent that the company management is very committed to the concept, and they perceive the concept as a competitive advantage. The Project Manager (2015a) could also see a clear correlation between increased customer satisfaction, and the implementation of the concept, although there is no other supporting evidence for this statement apart from direct feedback from customers of the Project Manager's unit. In fact, only 37.5% of the respondents agree with it.

The model for service concept innovation introduced by Grönroos *et al.* (2007, 66–67) emphasises the up- and downstreams of the service innovation process as described in Subchapter 3.2.1. Analysis of the upstream activities has been carved out since the Star Quality Service concept was developed in Sweden, and the local team in Finland was only responsible for designing, testing and piloting, and launching the concept to the market.

If we examine the last three phases in the Grönroos *et al.* (2007, 66–67) model more closely, we see that branding, marketing, sales and communication related to the service concept are included in the same *Design Phase* as training and education of personnel and customers. This phase is focused on building a solid foundation for the *Testing and Piloting* phase. It is typically iterative and the most time consuming phase in a service concept innovation process. (Grönroos *et al.* 2007, 68) In the case company only training of personnel was included in this phase. Branding was already finished by the case company's group level development team, and marketing and sales tasks were the responsibility of the local business development. (Project Manager 2015a) However, based on the challenges with communication described in the previous subchapters, communication ought to have been considered at this stage. The testing and piloting phase should, according to the Grönroos *et al.* (2007, 66–67) model, be executed in co-operation with a pilot customer. The phase would allow the case company to explore and test functions that support the service concept, such as changes and limitations related to enterprise resource planning (ERP), customer relationship management (CRM), quality control, accounting, and organisational communication. (Grönroos *et al.* 2007, 73) This was not the case in the case company but the concept was implemented directly on the pilot customer accounts, without evaluating feasibility of the concept or its success factors. (Project Manager 2015a) The piloting phase, in fact, was closer to a Ramp-Up phase as per definition.

One of the main objectives of the implementation of the Star Quality Service concept was improving customer satisfaction and service quality. The latter was discussed in Subchapter 3.3, where Dale (2003, 5), Grönroos (2007, 72) and Hoyle (2007, 10) stated that talking about service quality without defining it is of limited value. According to the Project Manager (2015a) neither customer satisfaction nor service quality were measure prior or post service concept implementation.

## 5.4 Recommendations

Based on the research findings, the success of the implementation of the Star Quality Service concept is highly questionable. The root case for the failure seems to be the immaturity of the change management process followed as well as incoherence related to the piloting phase, which is one of the key phases in a service concept implementation. Employees are enthusiastic about and positive towards the concept, and that, together



with affirmative customer reception, advocate for the existence of the concept. Instead of articulating single development initiatives the case company is advised to relaunch the concept in such a mean that the testing and piloting phase is executed in co-operation with a pre-selected pilot customer, and in that specific account only. This phase would include exploring improvement areas and assessing the impact or adequacy of the concept as well as determining whether the concept is feasible, and potentially successful in other teams or accounts. It will allow the case company to co-learn together with the customer and to increase common understanding that would not be possible without a clear process tied to practice (Grönroos *et al.* 2007, 64–70; 73) Simultaneously, elements related to the concept should be integrated, or its interfaces described at a minimum, to the case company's existing service management system, and service delivery process. Furthermore the realisation of the concept is to be measured by establishing own measurement system for the concept, through which it is possible to excavate into details instead of general matters, whereupon it will be easier to allocate corrective measures to right instances. (Laamanen 2005, 350–351) Alternatively, the measuring may be included in already existing key performance indicators, if such indicators are available and suitable for this purpose considering their nature.

Hard work is required for changing an organisation successfully. Kotter's Change Model, described in Section 2.2.2, can help organisations prepare for change thoroughly. If the change is planned carefully and the proper foundation is built, implementing change can be much easier, and the rate of success is higher. Being too impatient can result in failing plans for change. When a sense of urgency is created, power change leaders recruited or appointed, a vision is built and effectively communicated, obstacles removed, and quick wins created, momentum is built. If these things are done, the change can become part of the organisation's culture, and that that is when one can declare true victory. The case company's change management process has some strengths and some weaknesses, when analysed against the Kotter Change Model. The company is particularly good at creating a climate for change, even though they should enforce a sense of urgency much more. The second group of steps, engaging and enabling the whole organisation, is characterised by a lack of communication and short-term wins. The last trimester of the process, implementing and sustaining change, in turn is characterised by a lack of feedback to objects of change together with a lack of controlling and monitoring measures. However, the case company succeeds in aligning change initiatives with its organisational culture and in avoiding interdependencies from



appearing in the change project. A more profound analysis of the successes and development areas can be found in Figure 18.

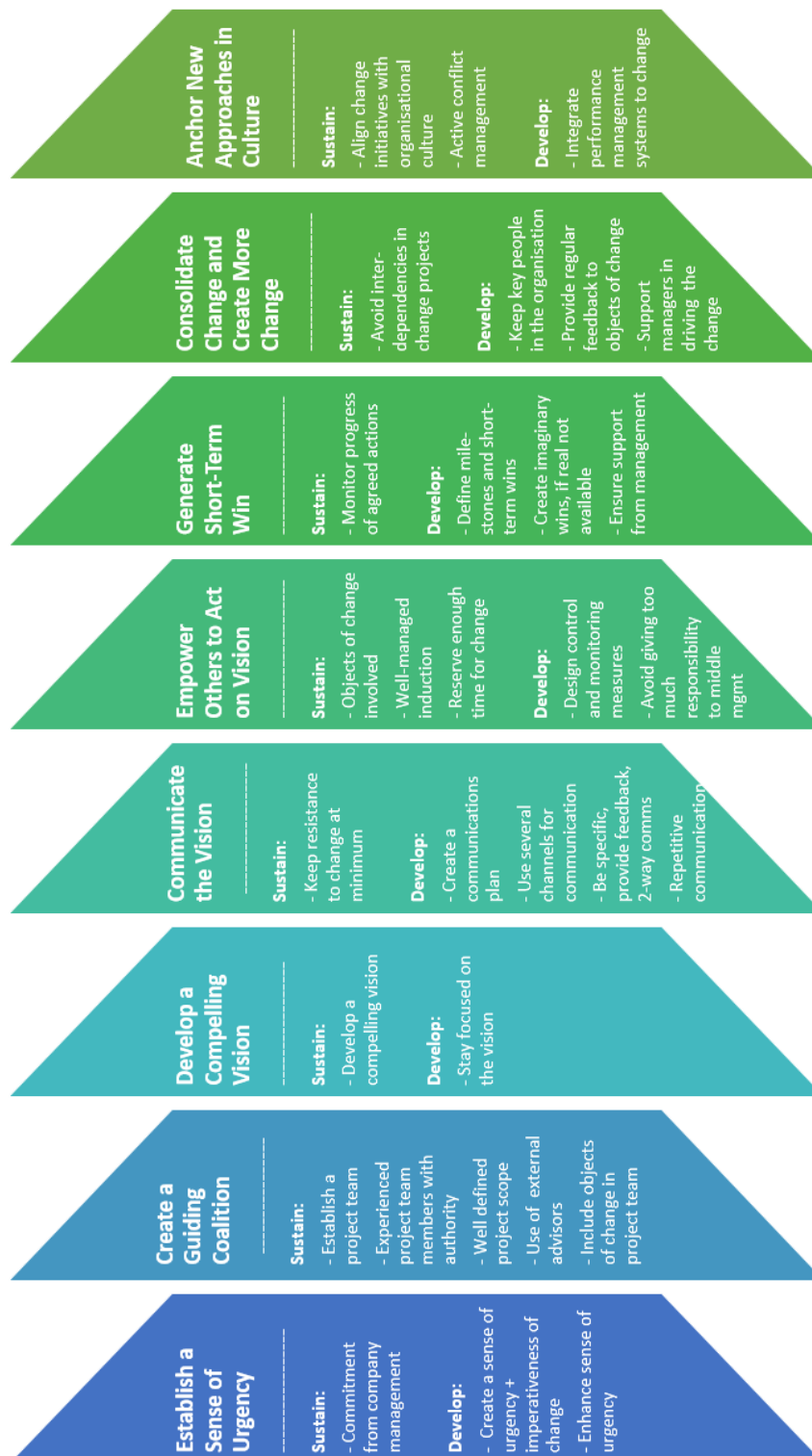


Figure 18. The Case Company's Change Management Process

Since the whole core idea of the concept is to increase service quality and customer satisfaction by providing consistent service of high quality, the customer aspect should be considered, too. Firstly, the target company is to define explicitly, what is service quality in their organisation. Secondly, the quality should be measured. Measurement, analysis and improvement of process are all vital to the achievement of quality. (Grönroos 2007, 83) For measurement of service quality I propose the use of the five-dimensional SERVQUAL instrument described in Subchapter 3.3.1. In this measurement approach 21 attributes describe the features of the case company's services, and respondents (site occupants of the pilot customer) are asked to rate their service expectations and experiences on these attributes. Additionally, background questions may be asked in order to investigate the respondents' position in the organisation and their experiences on services provided by the target company. In open-ended questions they may also be asked to provide their input regarding the need for additional services, experiences of poor service quality, and improvement suggestions. This will enable the case company to map site occupants' current needs, and possibilities for add-on and cross-sales. Results on service quality expectations and experiences are compared with each other in research analysis in order to determine gaps in service quality and to produce improvement suggestions to the quality of services provided by the company.

## 6 Conclusions

The overall aim of this study was to research and consider aspects that relate to the implementation of a new customer service concept in the case company, and to research how factors presented in the theoretical framework explain the success, or failure, of the implementation. A present state analysis is essential for the development of the concept. The primary purpose of this study was to understand the nature of organisational change associated with the implementation of a customer service concept, and to investigate the appropriateness and effectiveness of approaches and methods used for managing the change. A secondary purpose of the study was to examine how customer service quality can be influenced through service conceptualisation.

In this section, the findings from the research are pulled together, and they are investigated based on the research questions introduced in the first section of the thesis. The questions are discussed separately, and each section includes appropriate level of information to answer the questions. The first question is:

*1. How mature is the change management process followed during the implementation of the concept?*

The first question is focused on examining whether the case company's change management process was mature in the light of the leading theories and research on change management; and on John Kotter's eight-step change management model in particular. Many aspects of the change process are aligned with Kotter's model but some of the crucial steps in the process need focus and further development.

The case company was particularly good at getting commitment for the change from company management, creating a "guiding coalition" (i.e. the project team), developing a compelling vision, minimising change resistance, involving and engaging objects of change in the change project, having realistic timelines for executing the change, monitoring progress of agreed actions at project level, avoiding interdependencies, and aligning the change with their organisational culture. However, development is required in enforcing and enhancing the need to change, staying focused on the vision, planning and managing communications, designing control and monitoring measures, creating short-term wins, and sustaining the change.

The latter one is of utmost importance but it is strongly connected to the need to change. As Kotter (2008, xi) states, with continuous change, creating and sustaining a sufficient sense of urgency are always a necessity.

*2. How do employees experience the change?*

The most participants experienced the concept as good. In that sense the mind-set was in a positive state towards the change. This means that dramatic influence perhaps was not needed. Employees felt that commitment from top management was good, and that the value base of the organisation was aligned with the change. Furthermore, the majority of the employees were satisfied with the contents of the concept, such as tools and new ways of working, and the training provided. There was little resistance to change but the lack of commitment and feedback from middle management resulted in confusion, and dissatisfaction in how the change was managed. Changing an

organisation's culture is very difficult, especially if the organisation appears to be doing well, as the organisation in question. (Burke 2002, 1; Project Manager 2015a)

However, by reinforcing the imperativeness of the change and by having appropriate control measures in place, the case company may have received better outcomes. The main source of dissatisfaction was the lack of feedback and monitoring that were the managers' responsibility according to Project Manager (2015a).

### *3. How successful was the implementation of the concept from planning and execution perspectives?*

The Star Quality Service concept was planned to be implemented in phases, and a change project, covering the pilot accounts, was initiated. This is aligned with the views of Artto, Martinsuo & Kujala (2011, 23–24) and Grönroos *et al.* (2007, 69) that professional development is characterised by project-like operation. Well-organised and well-managed development project can be executed efficiently, and by minimising the risks related to the project at the same time. On the other hand, due to limited resources, the key people of the project managed it along with their normal day duties, which might have impacted the end result negatively. Additionally, the project did not have a definite end date that would have cut off the pilot phase prior to launching the implementation of the concept in other accounts.

When the implementation of the Star Quality Service concept is examined in the light of the model and phases described by Grönroos *et al.* (207, 66–67), it is apparent that the implementation of the concept failed in the latter phases of the process: testing, piloting and ramp-up. The testing and piloting phase is particularly important in service development as the service concept is finalised based on the results of the phase, after which ramp-up and launching to a larger audience is prepared. The testing and piloting phase of the Star Quality Service concept should have had a formal end, and the results of the phase should have been carefully analysed by collecting feedback from both the target company's employees and customers. Procedures and operating model of the concept should have been adapted based on analysis of the feedback. The case company continued to implement the concept in other accounts despite deficiencies detected in pilot accounts.

The pivotal deficiencies are related to confirming the implementation of the concept, and control and measurement of the concept. It is difficult to separate a service concept from other parts of a service management system, as these components (customer, personnel, tools and systems) “create” the service concept. (Normann 2007, 87) The Star Quality Service concept appears to be a completely separate entirety that does not have interfaces with the case company’s service management system or service delivery process. The case company’s service delivery process is described carefully but elements of the Star Quality Service concept have not been designated as part of the service delivery process or as their own process that would have interfaces to the actual service delivery process. (Project Manager, 2015a)

*4. How can customer service be improved based on a well-designed service concept?*

By agreeing appropriate ways of operation inside the team it can be ensured that service quality will not deviate from the minimum level regardless of the person or site in question. One of the main objectives of the implementation of the Star Quality Service concept was improving customer satisfaction and service quality but neither customer satisfaction nor service quality were measured prior or post service concept implementation. (Project Manager 2015a)

According to Pitkänen (2006, 171) a functional service concept satisfies customers, personnel and owners of the company. If realised in the intended way, the Star Quality Service concept fulfils these objectives. It aims at acquiring more customers through better service and more consistent service quality, as well as at providing such added value to customers that the company’s competitors are not able to provide. Tools, ways of working and training of personnel that are part of the concept are designed in such a way that superior service can be delivered; service that customers are even willing to pay for a little bit more than usually, which obviously has a positive impact on the company’s financial performance when they are able to provide better service with existing resources, and without extra costs.

## 6.1 Evaluation of the research

Implementation of a service concept is a broad topic, and so in this study it was not possible to examine all aspects and factors related to the implementation of the Star Quality Service concept in the case company. In its entirety the research was successfully executed, and it brought up some important and valuable facts about the case company's change management process and organisational culture, and the Star Quality Service concept itself. All interviews were held and the survey conducted as planned and scheduled, and the respondents shared their opinions rather openly. Observations even included meetings with the project team and analysis of the case company's internal documents. That is how the answers to the research questions were found. Some aspects of the research were carved out from the research as per the plan (delimitation described in Section 1.3).

In my opinion, the research accomplished its objectives well. Such information and details were revealed that would otherwise probably not been found. However, considering the fact that not all objects of change could be reached due to technical and time constraints, it should be noted that a larger research sample would probably have increased the reliability of the survey results, which form a relevant part of the empirical study in this research. Additionally, the applied research strategy makes it difficult to generalise the results. It establishes a picture of people's approach and opinions within one single organisation. Therefore, this study may be valuable for the case company but it does not provide general answers to the correlation between the use of established methodologies and principles, and positive outcomes.

## 6.2 Further research

The scope of this bachelor's thesis has been relatively broad, and it combines many aspects regarding change management, organisational change, service concept and service quality. The research results show that managing change, in this case the implementation of a new customer service concept, is difficult as is organisational change. The most common pitfalls may be avoided by using established change management methodologies and by applying principles for service concept innovation.

However, the thesis has its limitations and there are several areas that can be investigated further. Firstly, this study was conducted as a case study of Coor Service Management, a company within the Facility Management industry, and their Star Quality Service concept. The findings in this research are specific to the change project related to the implementation of the service concept in question, and since the concept was originally developed in Sweden, the service innovation process is examined from the downstream perspective, which is focused on designing, testing and piloting, and launching of the concept. Secondly, the perception of customer service and service quality was derived from interviews with employees, managers and the company management as well as from surveys but not from customer interviews or surveys.

The findings of this research suggest that the implementation of the Star Quality Service concept failed due to the inability to sustain change, and the deficiencies of the pilot phase. If the case company would follow the recommendation to relaunch the concept in Finland, and the change project and pilot phase were carefully planned, managed and executed based on the methodologies and principles described in this study, the future research could focus on evaluating the success of the change. The researcher could assess, whether there is a correlation between using established change management and service concept innovation theories and processes, and positive outcomes.

In this research, customer service and service quality were analysed based on the perception of the employees and company management of the case company. Further research could focus on measuring service quality and customer satisfaction by using the SERVQUAL instrument, as recommended in Section 5.4. The research would provide insight as to whether there is a correlation between the implementation of a service concept and increased quality. Additionally, the case company would gain valuable information on their customer satisfaction and add- and cross-selling opportunities. Preferably recommended further research could be conducted simultaneously, or as a single study.

### 6.3 Self-reflection

This study showed that established change management methodologies and service concept innovation processes can be useful when organisations are to implement new service concepts. Furthermore, the conducted research has contributed to an

understanding of the aspects related to organisational culture and change management. Changing an organisation successfully, whether it being a new service concept implementation and learning of new ways of working, requires careful planning and management, and most of all hard work.

Writing this bachelor's thesis for Coor has required good planning and a great deal of effort but for a researcher it has been a fantastic learning process – it has been exciting to see how all theories, models, and concepts contribute to the realisation and success of change management and service concept implementation when, or when not, used in an organisation. The topic was of special interest to myself personally, as I was involved in the beginning of the change project. Finally, I shall mention that the case company was very open, honest, and supportive for the research, which has probably contributed to the success of the study.



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## Appendix 1: Web-Survey Cover Letter and Questions

### Subject of the email survey message: Survey on the Implementation of the Star Quality Service Concept

Hi,

Welcome to join a survey that I conduct for my research on the implementation of the Star Quality Service concept. I am writing a thesis related to my studies for Coor Service Management. A few of the most central questions have been marked as compulsory but it is important that you answer all questions.

Your response is totally anonymous and confidential; a single respondent's data is not filtered from the responses in any phase. If you wish to receive more information about the survey, or if you have any questions, please feel free to contact me. I am happy to answer all questions related to the survey. Your opinion and experience are important for the success of the research.

I would like you to complete the survey, which can be opened through the attached link, by 23<sup>rd</sup> December 2015. It should not take more than 10–15 minutes to complete the survey. If the link does not open up, you may copy and paste the URL onto your browser's address area by clicking it with your mouse.

Thank you in advance for your response!

Kind regards,  
Petra Melander

Tel.xxx xxxxxxxx  
Email: xxxx.xxx@xxx.xxx

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### 1) Change Management

- From your perspective what are the three main factors of the change management project related to the implementation of the Star Quality Service concept?
- I think that the change project started and progressed well.
- I have been able to influence the success of the change project.
- Company management is committed to the change project.
- My managers provided information on the need and imperativeness of the change.
- The strategy and vision of the change were clear.
- Enough time was reserved for the change project.
- I received enough change communication.
- I was informed about the impact of the implementation of the Star Quality Service concept and how the situation would change from before.
- I received enough training.
- Induction to the Star Quality Service concept was successful.
- Realisation and success of the Star Quality Service concept are being monitored and measured regularly.
- I receive feedback on my work and contribution to the Star Quality Service concept.

- Our company's organisational culture, values, and way of working support the change.

## 2) Understanding of the Concept

- What elements does the Star Quality Service concept include? Select max. 5 alternatives.
- What are the two most important things in the Star Quality Service concept from your perspective?
- The Star Quality Service concept fits my working style.
- The Star Quality Service concept helps me understand customer needs better.
- I develop my working style to be more customer oriented now.
- Teamwork has improved after the implementation of the Star Quality Service concept.
- I understand customer needs better now.
- I know my role and responsibility better than before.
- The new tools make it easier to handle customer complaints.

## 3) Attitude to the Concept

- I find the Star Quality Service concept useful.
- I am interested in how the Star Quality Service concept is realised.
- I have tried the Star Quality Service concept but gone back to my old working habits.
- I associate the following feelings with the Star Quality Service concept:
  - Positive
  - Negative
  - Functional
  - Unpractical
  - Clear
  - Customer oriented
  - Company oriented
  - Flexible
  - Inflexible

## 4) Communication, Support & Leadership

- My manager knows the Star Quality Service concept:
  - I have received information on the Star Quality Service concept from my manager regularly.
  - I have discussed customer service situations with my manager and received feedback on the way I handle them.
  - My manager inspires me to work in a more customer oriented way by his/her example.
  - I can discuss the Star Quality Service concept openly with my manager.
- Participation:
  - I can influence the realisation of the Star Quality Service concept.
  - I have been able to provide development ideas related to the Star Quality Service concept.
- Free word: What do you think about the Star Quality Service concept and the change project related to its implementation? E.g. you may tell about your opinions and experiences, successes, and opportunities in your own words.

## Appendix 2: Project Manager Theme Interview

Date: 27<sup>th</sup> November 2015

Place: Coor's headquarters, Espoo

The interview was based on Kotter's 8 step change management model, and in addition to gathering background information about the case company, its business environment and the service concept, the intention of the interview was to examine on what grounds and how the change was initiated, what preparations were made, how the concept was implemented in the organisation, how the realisation of the concept is monitored, and what is the status six months after the pilot phase. What actions have been taken, what actions have been planned for future, and how Coor is planning to further develop the concept.

Interview questions:

Case Company and Business Environment	
1	Describe your company and the branch of business.
2	What are your company's vision, mission and values?
3	Where in the marketplace do you see your company? Why?
4	Which service attributes are important to your customers and service users?
5	What factors in specific affect customer satisfaction?
6	What are the main managerial and/or leadership challenges in your organisation or in your branch of business in general?
7	What factors affect employee satisfaction in your company?
8	What is the main competitive advantage of your company?
9	What are the main threats for your company and/or industry at the moment?
Star Quality Service Concept	
1	Describe the Star Quality Service concept.
2	What initiated the implementation of the concept in Finland? Who made the decision to implement it?
3	What are the three most important aspects of the concept?
4	What are the main benefits of the concept from your company's perspective?
5	How would you describe the change management project overall?

6	How well have you been able to contribute to the success of the change yourself?
7	In your opinion, how well have you succeeded in the implementation of the concept?
8	What are the main areas of focus going forward?
<b>Kotter's 1<sup>st</sup> Step: Establish Sense of Urgency</b>	
1	What factors impacted the initiation of the change?
2	Did company management perceive the change as imperative? Was it a one-off change or was continuous transformation perceived necessary?
3	How well was the company management committed to the change?
4	Were there any other change projects going on in the company at the same time?
5	Who were objects of the change and how were they affected?
6	How did people affected by the change understand the need for the change?
7	Did the change originate from objects of the change or from another source? Were the objects of change involved in the change project?
8	Was a sense of urgency enhanced? If yes, by which measures, and by who?
9	What was the role of managers and company management in terms of fostering the sense of urgency?
<b>Kotter's 2<sup>nd</sup> Step: Create a Guiding Coalition</b>	
1	Who were members of the project team?
2	Did the project team include members of departments that were objects of change?
3	What kind of experience, education or other credibility related to change management did the project team have?
4	What kind of management (things) and leadership (people) experience did the project team have?
5	What were the key tasks of the project team?
6	Was an external advisor used in the project?
7	Describe the project planning process and project management?
8	How did the company management ensure a common vision?
9	How did the company management, line managers etc. show their commitment to the change?
<b>Kotter's 3<sup>rd</sup> Step: Develop a Compelling Vision</b>	
1	What was the vision of the change?
2	What was the strategy of the change?
3	What were the vision and strategy based on, what traits and objectives did they have?
4	Who defined vision and created strategy?



5	How did you plan to make the change? Who decided it?
6	Was the change part of a larger change or a single project?
7	How much time was allocated for making the change?
8	How well does the change strategy work at the moment?
<b>Kotter's 4<sup>th</sup> Step: Communicate the Vision</b>	
1	Who planned project communications in your team?
2	Describe the project's communications plan. Did it include both internal and external communication?
3	How did you communicate the change to customers?
4	How was internal communications handled? Was company management present?
5	Was communication a two-way process? If yes, how was it done in practice?
6	How was the vision communicated?
7	What communication channels were used?
8	How often did you communicate and was repetition used?
9	How was personnel informed about the progress of the change?
10	How were objectives of the communication and understanding of the message ensured?
11	What methods of communication were used?
12	Did you face any problems or challenges in terms of communication?
13	How are changes and modifications to the concept communicated in the future?
<b>Kotter's 5<sup>th</sup> Step: Empower Others to Act on the Vision</b>	
1	Were employees engaged in planning and executing the change? If yes, how?
2	How were employees (the objects of change) informed about how the change will affect them and how their working habits will change from before?
3	What type of training was provided?
4	How were target groups for training defined?
5	How were trainings planned and scheduled?
6	How were new operations models, attitudes, motivation and skills chosen for trainings?
7	How is the progress and success of employees controlled and measured?
8	Will employees be involved in the development of the concept in the future?

<b>Kotter's 6<sup>th</sup> Step: Generate Short-Term Wins</b>	
1	Describe short-term wins/milestones of the change project.
2	Did you include short-term wins/milestones in your change management plan?
3	What was the intention of short-term wins/milestones? What did you try to achieve?
4	Were performance indicators defined for short-term wins/milestones?
5	Did you use any artificial effects for short-term wins/milestones (e.g. sudden improvement of results)?
<b>Kotter's 7<sup>th</sup> Step: Consolidate Gains and Produce More Change</b>	
1	What kind of resistance to change existed?
2	How did the resistance to change occur, and what did you do about it?
3	What challenges has possible resistance to change entailed?
4	How do employees get feedback on sustaining the concept?
5	Are different units and/or accounts dependant on each other? If yes, how?
6	How does that affect embedding and accepting the change?
7	What is your response based on (e.g. facts/own experiences)?
8	What leadership styles have been used or will be used in order to embed the change into the organisation?
9	Was there a formal end to the pilot phase/project?
10	Did you analyse the success of the project?
<b>Kotter's 8<sup>th</sup> Step: Anchor New Approaches in Culture</b>	
1	Does the organisational culture, including policies and values, support the change?
2	Which characteristics of the organisational culture support the change?
3	How are the new working habits aligned with the organisational culture?
4	How do you ensure that employees do not return to their old working habits?
5	What methods does your organisation use for performance management?
6	How are change management skills of the members of the organisation developed?
<b>Customer Perspective</b>	
1	Were customers engaged in the implementation of the concept?
2	Was customer satisfaction measured before and after the implementation of the concept?
3	How is customer satisfaction monitored?

4	What kind of customer feedback have you received on the concept?
5	How is the concept promoted in marketing communications?