Managing Change: Corporate Culture Change of Heinz

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Executive summary

This study has highlighted the concept of the importance of the changing of the business culture of Heinz. In this connection, it can be mentioned that the business was initially successful. After that the business was declining. In this context, the changing of business culture is helpful to improve the performance of the business. In this connection, it can be mentioned that the worker’s decisions is required to consider. As a result, the productivity of the business will be improved.
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Introduction

This study is important to understand the concept of the managing and the corporate culture change of Heinz in Australia. This study has tried to aim to the scope of the project, key objectives has been discussed. It can be observed that after a certain time, the successful business of Heinz started to decline. In this order, the chief executive officer of Heinz aimed to restructure the culture of the business. After that this study has aimed to highlight the change of the concept of management. In this context, the importance of Kottler’s 8 step model has discussed, with which it could be predicted that Widdow would be able to make the business successful. Lastly, this study is also helpful to understand strengths, weakness and limitations of the mentioned model.

1. Proposal

As per the case study it can be observed that during the time of association of the Heinz Company with Australia, it was initially imported from the country like USA. As a result, it can be stated that the American miners will be benefitted. The production was first initiated in Australia in the year of 1935. In this year, the Heinz of US leased an organisation in Richmond, Melbourne. Moreover, during the World War II, Heinz started to operate a factory in Devonport. This proves that this company was growing it’s business with the rise in time. From the year of 1943 to 1946, this organisation sold approximately 86 per cent of the entire production to the Commonwealth Government in order to supply to the armed services.

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1 Adeoye, Abayomi Olarewaju, and Ayobami Folarin Elegunde (2012, 57)
2 Babatunde et al. (2012, 25)
On the other hand, Heinz was continuing to explore its market after the World War II, and in this context, it can be mentioned that this company developed some new organisations\(^3\). In addition, Heinz acquired several factories between the periods of 1970 to 1990. On the other hand, in the year of 1998, Heinz Australia collaborated with Heinz-Watties of New Zealand. After merging these two businesses, this business was restructured into three different business segments such as HJ Heinz Australia, Heinz Watties New Zealand and the Tegal foods New Zealand. As per the statement of author, in order to increase the productivity, the business requires to employ more employees\(^4\). As a result, the business recruited 800 workers for Australian outlet and 1200 people for New Zealand. After the recruitment, it can be observed that this company appointed Widdows as the Chief Executive officer of Heinz Australasia (such as Japan, Australia, Korea and New Zealand) in the year of February, 2009. Moreover, the success of the business Heinz in Australia also in turn reflects the Heinz business of Pacific region\(^5\). On the contrary, author argued that the parent company of Heinz in US had a lower rate of tolerance for the unprofitable business; Heinz was not in the sustainable position in order to continue the operation in Australia\(^6\).

With the arriving of Widdows, he encountered to aim to create the negative, lower risk environmental culture. Nevertheless, author criticised that the performance of the business was going down instead of sustain the success\(^7\). As a result, this also had an adverse impact on the behaviour of the workers. Their morale was going down. In this purpose, Widdows had identified the major issues for which the performance of the business of Heinz Australia was going down. Due to the lack of motivation and encouragement, the workers of the company were willing to switch to the other company. In addition, there was a different

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\(^3\) Becker, Kip (2013, 66)  
\(^4\) Belas et al. (2015, 95)  
\(^5\) Bock et al. (2012, 282)  
\(^6\) Botha et al. (2014, 100)  
\(^7\) Brocke, Jan vom, and Michael Rosemann (2014, 82)
thoughts and thinking between the prediction and the actual responsibilities of the company. After finding out the shortcomings, Widdows followed some relevant approaches in order to mitigate the existing difficulties and restructured the board. In this purpose, he tried to recruit new and efficient middle level board members.

According to author, this would effectively change the attitude of the workplace and the behaviour of the workers. In this connection, Widdows focused to the concept of the employee’s engagement. As a result, the workers could express their views and ideas in case of making of decisions. They would be highly motivated by doing this. On the other hand, author added that by doing this the managers of the company could communicate with the workers of the company. In this connection, Widdows has developed a team with the senior managers of the company in order to supervise the performance of the workers. This team was also very effective to interact with the employees, listened their problems. On the other hand, in order to improve the environmental culture within the company, Widdows reduced 25 per cent salary of each of the employees. In this connection, with the reduction of salary of the workers, the workers could switch to the other company. Author mentioned that although the salary of the staffs was declined, but they got greater behaviour from the management of the company.

According to author, the cultural change in the Heinz Australia was important to reinforce and maintain this new organisational environment. Moreover, it can be mentioned that the company also required to provide efficient training to the workers, so that the staffs of the company would have enough knowledge and the productivity level of the business could improve. This would in turn ensure that the greater place to work of a business would

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8 Cai, Shaohan, and Zhilin Yang (2014, 132)
9 Cohn et al. (2014, 87)
10 Ferraro, Gary, and Elizabeth (2015, 110)
11 Harrison, Andrew (2013, 100)
reflect the potential driving force. By doing this and following the business strategy, it can be mentioned that the negativity would not return in the business of Heinz Australia. In addition, author cited that the business would be successful in the future\textsuperscript{12}.

The overview of the proposed business strategy can be discussed with the help of the following Gantt chart:

<table>
<thead>
<tr>
<th>Plans</th>
<th>Week 1</th>
<th>Week 2</th>
<th>Week 3</th>
<th>Week 4</th>
<th>Week 5</th>
<th>Week 6</th>
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<tbody>
<tr>
<td>Create sense of urgency</td>
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<td>Develop guiding coalition</td>
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<td>Building up a vision and strategy</td>
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<td>Communicate with the change of vision</td>
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<td>Empower broad based action</td>
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<tr>
<td>Implement short term</td>
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</tbody>
</table>

\textsuperscript{12} Gupta, Abhishek (2013, 14)
The above table depicted that the company formed a timeline, which highlighted the plan of business strategy. It can be observed that there are eight steps, which would be accomplished within 6 weeks. This Gantt chart represented the planning of the business strategy, which has executed in the business, has discussed. This Gantt chart was helpful to understand the business strategy in brief.

2. Changing management concept

In order to discuss the major factor, which will reflect to make a change the management, author mentioned that the management of a company requires to focus to the concept of the employee’s job satisfaction\textsuperscript{13}. This will significantly improve the performance of the organization. In this connection, it can be mentioned that employee job satisfaction is positively related with the willingness of the workers to work with the company. It can be stated that organizational service orientation, satisfaction level of the workers and the rate of

\textsuperscript{13} Khakhar, Priyan, and Hussain Gulzar Rammal (2013, 580)
turnover of the business are positively correlated with each other\textsuperscript{14}. With the concept of organizational service orientation demonstrated that the behaviour of the workers, and it will directly influence the service of the productivity of the business. Although, it can be stated that Heinz is not famous as the service delivery company, however, the positive behaviour of the staffs of the company is highly improvement for the improvement of the performance of Heinz’s business.

On the other hand, author opined that employee engagement is the other important concept in order increase the productivity level of a business\textsuperscript{15}. By doing this, the rate of turnover will be increased. The business will earn higher profit. This change of the management concept of a business can be discussed with the help of the Kotter’s model. Widdow also tried to follow the action of Kotter’s model in order to make the business successful.

At first, Widdow aimed to the concept of “sense of urgency”. This could be possible by restructuring the business of the company and also by reducing 25\% salaried workers. This would effectively enhance the urgency to the other workers as well as the managers. They would able to modify themselves as per the requirements. Next, Widdow focused to the concept of “guiding coaliation”, which would be capable to bring new middle level board members along with an efficient HR director. As per the third stage of Kottler’s model, Widdow developed a “vision and strategy”. In the words of author, the concept of greater place for work was the necessary concept\textsuperscript{16}. In addition, the vision of this business was to take suggestions of the employees to make greater decision for the business. As a result, the workers also felt that they were treated as the important part of the business. They also tried

\textsuperscript{14} McLuhan, Marshall (2015, 65),
\textsuperscript{15} Popovic et al. (2012, 730)
\textsuperscript{16} Thompson, John (2013, 105)
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to provide their best in order to make the business success. As per the proposal, Widdow tried to develop “walk the talk” with the help of the senior management team. This would be effective to treat nicely to the employees of the company.

Moreover, Widdow’s next action was “empower broad based action”. As per this action, the higher knowledgeable workers got the higher encouragement and motivation from the management of Heinz. In this purpose, it can be observed that the company effectively tried to utilize the Reward and Recognition policy, which would be able to encourage the participation program of the organisation’s staffs. After that Widdow followed the concept of “short term wins”. As a result, Widdow was capable to achieve some tangible success and he also aimed to launch new products under generating the cultural change. This would in turn reflect the employees to be more optimistic by experiencing the success of the business.

In addition, the seventh step was the “consolidation of gains and produce more challenges”. As per this concept, Widdow aimed to bring positive organisational changes, and if any of the workers tried to make any mistake, he would not get punishment in order to produce greater changes. Lastly, as per the Kottler’s model, Widdow mentioned the “anchoring new approaches in the culture”, with which Widdow focused to maintain the continuous communication with the staffs in order to enhance the performance of the workplace.

3. Strengths, weakness and limitations

After the analysis of Kotter’s model, this section is important to understand the strength, weakness and limitations of the Kotter’s model. As per the statement of Yu, Wantao, and Ramakrishnan Ramanathan (2012), the strongest steps of Kottler’s model are

17 (Vuong et al. 2013, 5)
18 (Wetherly, Paul, and Dorron Otter 2014, 91)
the step six and seven. In these two steps, the workers could experience the *success of the business*. The organisation in this connection tried to motivate and encouraged the confidence level of the workers. In this purpose, it can be mentioned that by increasing the hope and confidence level, the productivity of the business would be increased. According to author, in order increase the productivity within the business, it is also necessary to support the changes, which has a direct impact on the role of the individuals\(^\text{19}\). As a result, it can be mentioned that the employees would be able to achieve the goal of the business and hence, the objectives of the business could be achieved.

On the other hand, it can be demonstrated that the workers would be able to work under the uncertain circumstances. Author added that worker’s motivation level would be enhances when the staffs of the organisation witnessed the positive result implemented from the changing\(^\text{20}\). Widdow could observe that the uniqueness of this Kottler’s model could implement the momentum of the environmental change. On the other hand, the workers were experienced the trial and error method. Hence, it can be mentioned that the new products were launched. This would in turn help to remove the old culture and adapt the new business culture. Therefore, in a synopsis, it can be mentioned that the increase in the level of hope of the workers would be helpful to maintain the uniqueness and strength of the Kottler’s model\(^\text{21}\).

On the contrary, it can be identified that the *weakness* of this model was the top down change approach. In this approach, the execution of the business could not be identified. It can be observed that the planning of the business strategy could be directed by the senior executives whereas the entire coordination along with the changing of the internal

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\(^{19}\) Zhang et al. (2012, 139)

\(^{20}\) McLuhan, Marshall (2015, 58)

\(^{21}\) (Harrison, Andrew 2013, 119)
management could be performed by the middle management. In addition, the non managerial workers got the less opportunity in the decision making procedure. In this purpose, author mentioned that this differentiation sometimes made a negative impact on the workers of the organisation. In addition, it can be stated that the lack of the participation of the staffs of the workers in the decision making procedure would affect the commitment of the workers to change.

Nevertheless, it can be mentioned that the limitation of the business could be mentioned as the company was away from the external realities; it would make a greater inward looking environment. Moreover, Widdow was unable to identify the uncertainties, which had been faced by the staffs of the organisation. Instead of this, there was no appropriate transition effort, which could mitigate the issues. As a result, the issues faced by the workers, could not overcome.

**Conclusion**

This study is useful to understand the concept of the importance of changing of business culture. In this connection, the organisational behaviour of Heinz has been discussed. This study is helpful to identify the scope of the work, key objectives. After analysing the study, it can be observed that initially, the business of Heinz was making profit. After a certain time, the business performance of this company was going down. In this purpose, the chief executive of this company has tried to follow the concept of “a great place to work”. In addition, it can be mentioned that Widdow, the chief executive of the company has followed the Kottler’s 8 step business model in this study, which would be helpful to

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22 Gupta, Abhishek (2013, 14)
23 (Cohn, Alain 2014, 87)
make a business successful. Moreover, the strength and weakness of this model has mentioned.

**Recommendation**

In order to improve the performance of the business, it can be mentioned that based on the weakness and limitation of the Kottler’s model, the company requires to focus more on the employee transition. Moreover, it can be recommended that with the change of the culture of the business, the company also requires to provide training to the employees, so that they can update themselves with the changing business environment. As a result, the objectives of the business can be achieved.
References


