

Hybrid Model of Change Management Strategy: A Case study of Tapal Tea Pakistan

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Abstract: Tapal Tea started its venture as a private and local company with a single product in the market that gained profit of 6 billion rupees in 2005. With the step by step change implementation process of the overall re-structuring of the organization and the deep market analysis, in 2009 it has the highest sales (volume) than any other tea product. Today Tapal has the largest market share as compared to its competitor 'Lipton' in Pakistan and is the only local privatized company that has grown four times of its own than any other company in Pakistan. The purpose of current study is to make contrast of the old and new change management processes and activities in the respective tea industry in terms of its competitors and to give recommendations on the bases of conducted analysis. According to the study and analysis conducted in overall change management process of Tapal tea, a 'Hybrid change model' is suggested which fits best on the activities and practices. As Tapal is integrated organization, their whole organization depends on every single department. Dependency on one another makes them vulnerable. Application of this model will be helpful for this organization to apply the change management process in effective manners to gain the expected fruitful outcomes.

Key Words: Hybrid Change Model, Change Management Process

Introduction:

The journey of Tapal's remarkable success is the combined efforts of three dynamic generations of the Tapal Family. In 1947, Tapal started out as a family concern under the personal supervision of its founder, Adam Ali Tapal. Against tough competition Adam Ali's unique blend, later named Family Mixture, became a hot favorite and eventually the largest selling brand in the unorganized tea market.

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From this auspicious beginning, Tapal moved from success to success introducing tea brands to suit every

taste and pocket, sold from its retail outlet in Jodia Bazar, Karachi. The quality of Tapal teas soon became legendary and people from all parts of Karachi started lining up at the outlet to purchase tea. For their convenience, tea distribution was initiated to retail outlets around the city. The company continued to grow under the management of the founder's son, Faizullah, A. Tapal. Today Tapal Tea is managed by the founder's grandson, Aftab, F. Tapal. After studying abroad, Aftab Tapal returned to Pakistan to introduce professional management and unique production ideas to the business. A well trained tea taster and tea connoisseur himself, Aftab Tapal introduced new tea concepts and developed a wide range of tea blends catering specifically to the tastes of people throughout Pakistan. His progressive outlook resulted in giving further strength to the foundation of quality laid by his family.

Making a modest beginning over half a century back, today Tapal has become the largest, 100% Pakistani owned Tea Company in the country. It has modern tea blending and packaging factories, warehouses equipped with state-of-the-art equipment and a team of highly dynamic professionals headed by Aftab Tapal himself. In 1997, Tapal tea is one of the first companies in tea industry who got the ISO-9001 quality standard, a symbol of high quality. Tapal company main focus is quality. They never compromise on quality [1]. A customer can pay more price but they are not ready to compromise on quality. It includes who are the customers of the product. Tea is one of the hot beverages which are commonly used by different peoples of different ages from rural to urban areas. The market of tea is very strong in the Pakistan. Pakistan was the second largest tea importer of the world after England. Almost all the tea consumed in Pakistan is imported. Tea is popular beverage in both Urban and rural areas of Pakistan. The total retail market of black tea was estimated at 140,000 tons i.e. Rs. 35 billion in 2001. The retail market of tea is growing at rate of 2.6 % annually.

95 % of tea imported from Kenya comprised of leaf tea and dust tea. In Pakistan consumption of tea in urban areas is 40% while 60% contributed by rural area? Tea is sold in two categories of branded and unbranded packages. Branded tea constituted 55% and unbranded has 45% market share. In Pakistan, Unilever is market leader with 43% share while Tapal has 41% share and the remaining 16% includes small players such as Kohinoor, vital, isphaani.

Objectives of the Study:

To contrast the old and new change management processes and activities in the respective tea industry in terms of its competitors.

To give recommendations on the bases of conducted analysis.

Research Methodology:

Research methodology is used to collect required data in a more ordered and structured [2]. It's a pilot study conducted for change management activities done by Tapal Tea private limited in contrasting the old and new values respectively. The work is done through interview survey by using the questionnaire developed for required information and data needed to have a complete change management study in the tea industry with respect to its competitors. The data was collected by interviewing the Human Resource Manager of Region Office of Tapal Tea in Lahore. Questionnaire is based on 31 questions both close and open ended related with change management practices and activities also the resistances that held during the transition phase. The change model applied according to the change phases that company got through which suggested to use 7S Framework model [3] and 5 star model of change [4] due to having similar components, interrelationships and dependency of one activity on the other.

The change is brought by its four phases in linear fashion. It started with the mission change phase that

change the entire mission and vision not just the statement but also to 'corporate vision and culture' to 'corporate philosophy'. The second phase involves the strategic changes as to how the company tackles its problems and the issues they faced. Research and development, exports, cultivation projects, product development, integrated management systems, time management and sales management strategies are evolved highly in contributing towards change. The third phase involves the operational changes that restructured the company's structure in terms of decentralization, strategic planning, training, workforce, business units, rightsizing and hiring, working conditions and organization structure. [5],[6], [7], [8],[9]. The fourth phase is concerned with technology which is not easy to maintain in this rapid era of changing world. IS (information system) is based on the latest and state of the art automation platform and the challenges that they face.

Change Management Analysis:

Due to rapid changing and competitive business environment, it's the need of time to adopt change management practices with a view to gain competitive edge [10]. Change management is a structured approach for ensuring that changes are thoroughly and smoothly implemented, and that the lasting benefits of change are achieved. The focus is on the wider impacts of change, particularly on people and how they, as individuals and teams, move from the current situation to the new one. The

change in question could range from a simple process change, to major changes in policy or strategy needed if the organization is to achieve its potential. As every change is different, responsibilities will vary depending on how the change activities and project are organized. Only when you know who's responsible and how things are organized in your situation will you know what's within your change management scope, and how you'll be working with other people to bring about the change. Similarly just-in-time is strategic technique in change management analysis to upgrade th flexibility of structure

Tapal tea is one of those companies that focuses on continuous change instead of episodic change. The changes that it brought are considered as opportunities for some of the business partners and for others as an opposing threat. Change is always evolving and Tapal needed to do the same if it wanted to survive and gain market share. The overall managers of Tapal Tea realized that they should introduce new modern and contemporary system to the company in order to become a market leader in terms of growth and business needs in tea industry comparing with its competitors. They needed to break the business diamond to flourish and they did. Whenever there is a change in any organization there are five main things that are taken into consideration:

- Drivers for Change
- Resistance and Handling resistance
- Implementation of Strategy

Drivers of Change:

- Industry competition
- Technology
- Fear of losing customers and being acquired by other company
- Continuous learning of markets
- Direct competition with competitors
- Market gap

Resistances in Change & Facilitating In Overcoming Resistances:

- A narrow rather than a broad stakeholder focus
- No provision of active leadership
- Teams narrowly improve micro-processes that have little strategic value
- Teams often unknowingly make changes that create problems elsewhere
- Change activities aren't linked to the final objectives
- Specialists/consultants don't involve the people who implement the changes
- A culture of distrust and fear created resistance to change
- Teams and their leaders aren't well trained and supported
- Organization structures and systems aren't aligned with process changes
- Miscommunication about change initiatives
- Message was not conveyed properly
- Time and resources available are never sufficient to implement change projects as planned.

Facilitating change is more critical now than ever as organizations are affected by economic conditions and are driven to improve efficiency, productivity and service quality. Likewise Tapal tea facilitated the change process in overcoming the resistances through internal experts, setting positive examples of managers to motivate employees, internal change management agents that acts as consultants and problem solvers, external consultants/ trainers or agents hired specifically for their opinion on such related activities or problems that causes hindrance in the process, individual coaching staff that is specially formed for this particular purpose of handling issues, communities of practices and an electronic knowledge management system that acts as a medium for sharing and promoting ideas and solutions across the whole levels and departments within the company.

Four Phases of Change Management Approaches:

Tapal Tea focused on four phases of change approaches [11] to address the issues and problems that an organization suffered:

- Mission change
- Strategic change
- Operational change
- Technological change

Mission Change:

The conventional Tapal tea had a vision and mission of earning profit like every other company. In the

last decade the focus of mission had changed its direction so that a clear and defined message should be conveyed to all stakeholders, customers and employees. The need for change had made them to understand the importance of growing need for change in overall organizational structure, without a mission which was impossible to carry on.

Also Trust in each other, Outstanding quality, Passion for creativity, Leadership, Together every one achieves more including Sustainable world, in which human population can exist indefinitely with a high standard of living and health and to produce, market and distribute its products in a way that does not cause harm to people or damage to environment

The focus is not to become a benchmark for the national companies but also to be recognized as '*Innovative market leader*' in terms of creativity, ethical and social values and responsibilities, an inspiring leadership, and complimenting the core areas of business.

Strategic Changes:

A strategic change is a change in how the company tackles a problem initially by strategy and policy development resolving Research & Development (R&D) - the innovators in order to make its tea brand unique is quite difficult for any organization. R&D department seems to be prominent among very less alternatives. This is vital to utilize these opportunities i.e. Tapal Tea Room- the experts verdict, Blending – the experts selection, Exports and Cultivation Projects. Tea is widely drunk. If Tapal

can get good position in Pakistan then it can satiate other parts of the world as well. Tapal should fill this gap by going for exports. As a step towards backward integration Tapal has begun tea plantation at Shinkiari in the northern region of Pakistan. This project aims at providing jobs, saving the country's valuable foreign exchange and is a significant step towards self-sufficiency. Tapal is also the 1st national tea company to export tea to the UAE, Canada and USA. This is again a pioneering step towards increasing value-added exports and is also a fast developing source of foreign exchange for the country. Further strategic changes are brought up by product development, Tapal Integrated Management Systems (TIMS) processing perfection, competitive landscape, sales and time management strategies.

After effects of the implementation of the above mentioned strategies with respect to change, drastic results are observed in net sales of 6 billion Rs/- in 2005, (pvt) Ltd company with single product in market. In 2009, Tapal tea crossed Unilever countrywide in terms of volume in sales and now in 2013, net sales of 26 billion Rs/- nationwide. No wastage of resources in Product development by Recycling, reuse and reduce policy for production department. Growth in sales as well as in branded market doubling the market share. Cost reduction after aligning the production processes and increasing exports and reducing imports of tea leaves. Having direct financial gains, stopped project overruns with more synchronized time management. Strong financial position in the market and building

strong customer loyalty offering convenient packaging. Organized distribution network and high quality product with lesser price as compare to competitors in diverse markets.

Operational Changes:

An operational change is a change in the structure of company. Tapal restructured by opting decentralized management, planning and performance management, training and development (in-house and external), total head counts and business units, motivated work force, improved management control, rightsizing and hiring, working under one roof and organizing structure from conventional 'Seth' to diversified system. Due to restructuring of the whole organization, Tapal adopted a diversified and people oriented culture like any multi-national with decentralized management system. Top management including stakeholders' view and employees' participation in every decision is considered valuable. Shareholders and stakeholders are more like business partners. Focus on Team-based structure having a cabin system (flat) in the organization that represents equality and sense of participation and confidence among the employees working under the same office, same environment and same single roof. Spending on training and development of employees and keep monitoring by performance management system that is implemented for about 3 years. Goals are shared and communicated properly to every employee by appropriate channel of communication by meetings and conferences that helped top management to

share their information and vision to other employees keeping the transparency between the operations and processes allowing open discussion session with employees to be clear in their motive of benefitting the organization.

Furthermore, The Company has a very friendly and motivating environment. The line of action and area for each manager in certain circumstances are clearly defined. There is a lot of emphasis on group discussion. Brain storming session often take place, specially incase of budgeting and Planning. Extraordinary office and exceptional working environment. The staff mainly comprises of males. Multi ethnic workforce diversity. Low turnover of employees, and Massive investment on training and development are the key operations of the company including environmental impact studies and corporate governance.

Work units change from functional departments to process teams, unit that naturally falls together to complete a whole piece of work. Jobs change from simple tasks to multi-dimensional work. Old concept was unproductive work, checking, reconciling, waiting, monitoring, tracking while new concept have value added work, contribution to company, highly compensated, raising the bar for entry into the workforce. Peoples role change from controlled to empowered, authority to make decision to complete work, self-directing teams, self-disciplined, motivated. Job preparation changes from training to education, emphasis shift from "how" to "Why", continued education to focus on changing

environment. Focus of performance measures and compensation shifts from activity to results, paid for value and compensated accordingly. Criteria change from performance to ability, an ability to change not to be just rewarded.

Values change from proactive to productive, work for their customers not for their bosses. Managers change from supervisors to Coaches, developing of people and their skills. Managers as mentors, organizational culture change from hierarchical to flat, management layers not required and executives change from Scorekeepers to Inspiring Leaders.

Technological Change:

Worldwide IS (Information System) is facing many new challenges as it increasingly tries to align the automation platform with new business needs. Evolving business models and a constant changing competitive landscape require an increasing array of new IS services.

With its realization IS department of Tapal has fixed a four point agenda for its long-term orientation. These are process improvement / efficiency, leanness in operations' model for faster decision making, consolidation of information platform, resilience & scalability to cater to increasing computing requirements and exceptions. Strategies for growth to vary from company to company, however bringing new products to market, capturing additional market share via new distribution channels, and diversification are few specific ones in FMCG arena. Meanwhile, companies are challenged

by increased competition from globalization and most notably increasing customer expectations to maintain existing market share. Business is finding that in some cases they must do more just to sustain their existing customer base. With Tapal's business scenario coinciding more or less to these forces/challenges, to remain relevant to changing circumstances and respond proactively is a challenge for IS. A customer Complaint management System was launched which incorporates complete overflow of how Tapal manages its customer complaint process. The relevant data reside centrally with capability of efficient follow-ups and reliable history maintenance.

To enforce persistence in change and adaptability, Tapal Tea Pvt Ltd, which is one of the largest National Tea Company of Pakistan, chose SAP ERP solutions ERP (System Application and Products in Data processing) is an integrated system which covers virtually every aspect of the business management, to embark on a new journey towards progress and technological revolution. The ERP modules was implemented by Siemens Pakistan, partners of SAP in Pakistan. The signing ceremony was staged in a themed event where change was promoted as a permanent notion which requires constant adaptation. IS is moving forward with the following key information and technical management areas in perspective of IS enterprise architecture planning, implementation of best business practices, IS capital planning & investment management, information security, strategic planning for information resources, records

management, information collection, statistical policy, information dissemination and disclosure and added to muscle Tapal’s business processes and decision making. Old desktop culture of computers was replaced by handy laptops equipped with *LYNC Server 2013* of *Microsoft* fully registered and conduct meeting through video conferencing live from one head office to another.

Recommendations:

According to the study and analysis conducted in overall change management process of Tapal tea, a ‘Hybrid change model’ is suggested which fits best on the activities and practices. As Tapal is integrated organization their whole organization depends on every single department. The interconnection and interrelated operations and strong that they cannot run without each other. Dependency on one another

systems acquisition, development and integration makes them vulnerable. If one department is affected or slowed down, the others are also affected by certain hiccup in the processes and the systems. Looking at the ongoing change and all interrelated factors of organization that are encountered, Tapal has applied McKinsey 7S Model of change (Waterman, Peters, & Phillips, 1980) along with 5-Star Model of change (Galbraith, 2005) which is ‘Hybrid Model of change’. Running and applying both parallel to each other as both models have similar components to consider while bringing a drastic change to organizations [5], [12]. The description of all the four phases of change falls under the following categories of both McKinsey 7S and 5-Star model is given in a table below:

McKinsey 7S	Tapal Change Phases	5-Star Model
Strategy	Phase II- Strategy Change Strategy and policy development Project Identification and feasibility	Strategy
Structure	Phase III- Operational Change Organizational development Human resources Development and leadership Organizational structure Planning Stakeholder management	Structure

	Environmental impact studies Corporate governance and organizational culture	
System	Phase II- Strategy Change Product development Implementation Phase IV- Technology Change	Processes
Shared values	Phase I- Mission change Visioning and setting objectives	
Staff	Phase III- Operational Change Training and development Rightsizing and hiring	People
	Performance management system Compensation Motivated workforce	Rewards
Skills	Safe play strategy Quality control Room for innovative and creative ideas Sales distribution Synergizing, empowering and engaging both employees and customers	
Style	Directive Participative Encouraging Flexible Leadership and team work	

Conclusion:

Tapal Tea started as a private and local company with a single product in the market that gained profit of 6 billion rupees in 2005. With the step by step change implementation process of the overall restructuring of the organization and the deep market analysis, in 2009 it has the highest sales (volume) than any other tea product. [7], [12], [13], [14]. The whole change process was implemented in one to two months of time period. Before the change, historical rate of Tapal in terms of volume was 3.075% and after the change initiated the current rate of volume is 3.9% yearly. *No victory is forever, No failure is permanent. Once you are victorious, you have to maintain and sustain your victory by never giving up. Re-engineering does the same.* Today Tapal has the largest market share as compared to its competitor 'Lipton' in Pakistan and is the only local privatized company that has grown four times of its own than any other company in Pakistan. (HR Manager, Tapal Tea), [15].

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