

Leading Change in Management: A Case Study of Jaguar/Halewood.

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ABSTRACT – This paper presents an analytical case study of the transition of Ford Halewood to Jaguar Halewood. The methodological approach to the Jaguar Halewood transition is analyzed in six steps as follows: Structure, Personnel and staff relations, Plant, Culture, Communication, and Leadership and Management styles. In pursuit of its mandate, the new Board of Jaguar Halewood evolved a system of leading change management strategies to enhance quality, customer satisfaction, and return on investment. This paper enumerates on the theories of change, and evaluated the strategies used to address the transitional problems.

KEYWORDS- Change management, theories of change, leadership and management, and transition.

I. INTRODUCTION

Founded in 1922, the British car maker Jaguar remains a symbol of status. Ford Halewood started production of Ford Escort in 1963 and produced over six million vehicles with maximum employees of thirteen thousand. It was until the management change in 1998 that the Halewood press shop began supply of Jaguar X-400 [1].

Jaguar having suffered management downturn in a complexity of difficulties ranging from competition of emerging brands to poor management, it seemed at the time the demise of the brand. The contrast was the peak of production activities of Ford Halewood notably '13,000 employees producing 200,000 cars per annum in the early 1980s, the plant was producing some 150,000 cars with around 6,500 employees by the early 1990s. In 1998 at the time Jaguar moved in, the workforce had halved for a second time to 3,000 employees, producing some 100,000 units per annum' [1]. The Halewood/Jaguar management change was hinged on three pillars:

quality, center of excellence, and culture change; and a seven point guiding values and behaviors as follows: quality, customer focus, accountability/responsibility, respect, open communication, teamwork, and adaptability and flexibility [1]. The pillars, and the values and behaviors outlined above formed the fulcrum of the management case study of Jaguar/Halewood.

II. MANAGEMENT PERSPECTIVE OF ORGANISATIONAL CHANGE?

Organisational change involves by definition, 'a transformation of an organization between two points in time'. For most analysts, the key aspect of change comes from comparing the organization before and after the transformation. On the basis of content, major changes consist of transformations that involve many elements of structure or those that entail radical shifts in a single element of structure [2].

A second dimension of organizational change concerns the way the transformation occurs; the speed, the sequence of activities, the decision making and communication systems, and the resistance encountered. Examining these factors involves a focus on the process. Process considerations may be independent of content, or they may be interactive.

III. REASONS FOR CHANGE MANAGEMENT

Reasons for organizational change can be alluded to internal and external factors. In internal factors, organizational analysts recognize that attempts at organizational change often take unexpected turns and leads to transformations other than those intended [3].

It is also true that change sometimes occurs unintentionally as a by-product of other decisions and actions within the organization [4]. But in the case of Jaguar/Halewood, the management change was required to salvage the reputation of the brand. Albeit, sociological research on why organizations change tend to focus on what actually happens to organizations over time hence their transformation in content.

Some well-known theories of how organizations change over time are based on a life-cycle or development metaphor [5]. These theories posit that as an organization grows, certain structural transformations should occur, for example, a well-accepted tenet in this vein is that entrepreneurial firms must at some point in their growth, shift from direct and informal control by the owner-manager to a less personal formal control system [6]. Popular variants of these theories rely on the age of the organization or its products rather than on growth to predict structural change [7].

Management change in organisations can also be attributed to the organization's age and size, but with more attention to the process of change. The most developed of this argument called 'structural inertia theory' asserts that organisations become increasingly inert over time as procedures, roles, and structures become well-established [8].

They further argued that larger organisations would be less likely to change due to the bureaucratic structure that typically accompanies size. However, others contend that larger organisations may be more likely to change because of their greater access to resources [9]. Some factors that cause external organisational change examines both organisational environment and market volatility. The market volatility was a key factor that precipitated the Jaguar change. The change was in effect to re-gain Jaguar's market share which had dwindled over the period.

According to organisational ecologists, competitions may be modeled by relying on two different general approaches. The first uses independent variables measures of population structure such as organisational density while the second considers resources of the organisation. These approaches

measures competition by estimating variables of multidimensional population microstructure [10].

IV. A CASE STUDY OF JAGUAR'S MANAGEMENT CHANGE IN HALEWOOD

The Halewood plant was built in 1963 and had been a production facility for many Ford models, including Ford Escort. Jaguar, which is part of the Ford-owned Premier Automobile Group, took over operational responsibility of Halewood in 1998 and Escort production was phased out during the summer of 2000. Moving from principles used to manufacture Ford Escort to those adopted for the Jaguar X-400 demanded both physical and cultural revolution at Halewood.

The fundamental process change in the production of the Jaguar X-400 was the creation of a supply chain capable of supporting lean manufacturing processes. These uses just-in-time principles to ensure that production materials are received, where and when they are required in the right quantities. Minimum inventory levels and short lead-times are key factors in the process, together with reductions in handling improved quality and quick response to change.

The introduction of lean management in manufacturing in Halewood required collection of components from suppliers. These were delivered (as required) to the point on the assembly line where they are fitted in a disciplined low-cost process [11].

The step-by-step methodology for Jaguar/Halewood change management is discussed under the listed headings:

- Structure
- Personnel and Staff relations
- Plant
- Culture
- Communication
- Leadership and Management styles

Structure

'Once Jaguar took responsibility for the plant, through a selected replacement process, a reconfigured operating committee, composed of the

best Ford/Jaguar human resources, was put in place' [1].

People theory is the concept used in the organization and management structure [12]. What inspires people to aspire to qualitative work? A structure provides and allows a hierarchy to function in organizations; specific people are put in specific positions to steer the affairs towards meeting organizational objectives.

The takeover of Jaguar in Halewood was to make profit and to restore the brand to its 'lost glory'. In order to do this there must be division and specialization of labor. These imply that different competent people must come together in order to create the new success of the Jaguar. The activities of these different people coming together must be coordinated. This called for the need for an organizational structure.

The people coming together to form the structure need to know their activities and where it fits into the organization and its product as a whole, and also what responsibilities they have and to whom they are answerable. The need for the structure was also to ensure delegation.

The entire new management of Jaguar was to be a 'lean' one. The Halewood/Jaguar structure was a flat structure of three tiers which is leaner and fitter, more flexible and better able to cope with changes in the external business environment. The flat structure is a concept of the decentralized, and multi-visional organisations of today were first known as General Motors [13].

The Jaguar Operations was led by David Hudson, 'a 20 year Jaguar veteran and previously Operations Director for both Jaguar West Midlands plants' [1]. Hudson had a track record in his capacity as Operations Manager to have transformed Rover and Jaguar in the 1980s and 1990s respectively [1].

Hudson built the Jaguar/Halewood structural team from the existing Ford-Jaguar World. The new structural team subsequently changed the fortunes of Jaguar from the bottom to the top in a record time of three years [1]. Some steps that helped in the Jaguar structure formation included departmentalisation which formed the second tier. The Jaguar operations

were divided into specific departments namely: Controller, Personnel, Manufacturing, Transition Team, Corporate Affairs, PVT, Quality Operating System, and Plant Quality. The third tier consists of Press Shop, Body-in-White, Trim and Final, Paint Shop, and M&L. None of these departments can function without the other departments. The competence of the heads of departments precipitated the success of Jaguar/Halewood.

In Jaguar/Halewood, the management ensured that competencies were the key factors in job placement especially as a head. Notable of such personalities were: David Crisp – 10 years experience as Communications Manager of Jaguar, and David Perry – 34 year veteran at Ford-Jaguar as Transition Team Leader. Jaguar also retained some formidable workers from Ford/Halewood as follows: Alan Walker (Controller), Vernon Lewis (Personnel), David Pover (PVT), Graham Miller (Quality Operating System), and Tom Breen (M &L) [1].

Personnel and staff relations

'Halewood was renowned for its troubled industrial relations. Shop floor militancy started during the late 1960s as a response to abrasive management strategy and remained a periodic feature of workplace industrial relations throughout the 1970s, 80s, and even 90s. It was the Halewood stewards who led the first two national strikes across all Ford's British plants (3-week strike in 1969 and 9-week strike in 1971)' [1].

The new management team of Jaguar/Halewood crafted decisive ways that dealt with staff relations to achieve its desired management objectives.

The labor unrest at Halewood was feared to affect the Jaguar takeover. The Jaguar/Halewood unions were involved in the process of the 'Green Book'. 'The focus of change must be at the group level and should concentrate on influencing and changing the group's norms, roles and value [14][15]. After Hudson had taken union members to Jaguar's West Midlands plants, they realized the discipline of their colleague workers at the West Midland plants as a proper way of successful businesses [1]. Upon the signing of the 'Green Book' by union members, the Individual Perspective school theory came into play [16]. Union

members were approached individually and they signed the 'Green Book'. One union member remarked "it boiled down to my own decision of standing still or going forward. I choose to go forward by signing it" [1]. I can conclude that even though the theories of change helped in signing the 'Green Book' by union members, there were also sparks of force brought to bear on union members. There was an extrinsic motivation by what Halewood union members saw their colleagues at the West Midlands plant but intrinsically they were not excited about the changes at Halewood as they resisted the change because they were skeptical about management's resolve to the Halewood change... they remarked, "we don't want to build Jaguar cars with Escort money" [1].

Plant

'Upon their arrival, the transition team found a neglected plant with a claustrophobic feel to it' [1].

The success of Jaguar/Halewood was also determined by its plant running efficiently, constantly supplied raw materials, and capable human resource to facilitate its operation. The production of X-400 could not have been carried by redundant equipments which lack mechanical aptitude in the Halewood facility. An immediate operational change was affected by outsourcing some internal and external materials including maintenance, energy supply, and waste management to third parties which left Halewood with only body construction [1]. 'After a tender process, the contract for a new logistics system for Jaguar's Halewood operations was awarded to the Japanese NYK Group. Whereas suppliers were previously responsible for arranging the delivery of components into Halewood, NYK Logistics now manages the entire process of collecting components from the suppliers and delivering into Halewood. Delivery by NYK Logistics does not end in a vehicle park or a warehouse, but goes right through to the production line. Within Halewood there are 90 delivery routes to the point where the component is fitted' [11].

A huge capital injection was put into a massive makeover of the plant. A manager at Halewood pointed out 'it was only with the massive ground to

roof level of \$450 million refurbishment program covering the press shop, body construction, paint shop, trim and final, and the administration building, that the workforce started believing in the change' [1]. Demonstrating change and making it meaningful at the plant meant that management had to show evidence which was necessary to wake-up 'sleeping' union members.

The change experienced at the plant was in two fold. The first fold took care of the physical need of employees for a quality production. The second fold took care of change at the plant which incorporated the models of new technology. There was a need for new technology used in the plant. Within six months, the new technology was designed and implemented by Jaguar in partnership with NYK Logistics to fit within the overall framework of Ford's global manufacturing methodology (Wall, 2007: 2). By combining the first and second folds of change at the plant, Paul Johnson, Manufacturing Engineering Manager put it succinctly "we have tried to focus on the individual, his role, and what he needs to do to deliver a quality product" [1].

The success of the plant change can be attributed to the application of Group Dynamic school theory as Johnson concludes "the more time we spent as a group, the more equipments we installed, the more obvious it became that we were going to put all good words into action and deliver the facility as promised..." [1]. By Group Dynamic perspective, the management of Jaguar/Halewood sorted the opinion of all members in the group and these helped in shaping their decision making process. Group Dynamic school supports the argument that organizational change works effectively and achieves better results through teams or work groups rather than individuals [16]. Group behavior has an intricate set of symbolic interactions and forces that does not only affect group structures, but also modifies the individuals' behavior in the group [17].

Even though there was facility change, the essence of the plant's effectiveness was also about people management akin to the Individual Perspective school theory knowing that it is individuals that forms the group. The plant was transformed from its

shambles to be rated above BMW, Volvo, and Mercedes in the JD Power survey within three years.

Culture

'The predominant culture was that of lack of respect – downward/upward and laterally – and it was characterized by what one operator said, [we were asked to leave our brain outside the gate]' [1].

Organisational culture is a system of shared values and beliefs about what are important, what behaviors are appropriate and about feelings and relationships internally and externally. Values and cultures need to be unique to the organization, widely shared, and reflected in daily practice and relevant to the organization's purpose and strategy. Culture is the life of the organization through the amalgam of beliefs, ideology, language, ritual, and myth [18]. Also culture is a work developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems [19].

In the following paragraph, I shall draw from Schein's definition as exemplified by Jaguar/Halewood in Group Dynamic and Open System schools' approach respectively into the politic of its workforce.

In expediting the cultural change required for Jaguar/Halewood success, they consulted Senn Delaney Leadership, a leading consulting firm specializing in relationship and attitude with extensive experience of unionized work environments and industrial relations issues [1]. Senn Delaney Leadership took the Jaguar/Halewood workforce through a specially designed workshop and inculcated the 'Halewood Difference' culture into them. The acculturation process covered training in accountability and responsibility, open communication, adaptability, mutual respect and teamwork as well as quality and customer focus [1]. Group Dynamic school theory was applied in the Jaguar/Halewood workforce cultural training. The training was in turns so that the group dynamics will be felt. Sixteen people were selected across all

sectors of Halewood and were trained in groups till the end of the training sessions.

The Open System school also played a role as participants in the training were able to interact with facilitators including Hudson thereby contributing to the shaping of the culture. There is no single best culture rather a mixed approach. This is where human resource policy is critical as it reflects and reinforces organizational values and culture.

There must be a link between strongly shared values and high commitment. Where strongly shared values can be demonstrated, people are more likely to be satisfied, displaying higher levels of organizational commitment, lower quit rates, greater customer satisfaction, and lower levels of dissent or dissatisfaction over levels of pay. Halewood has achieved much including developing a good culture among its employees since the transition which among many accolades won them the J.D Power European Plant Gold Award for Quality [20].

Communication

'The strategy pursued was that of evolving the communication strategy around a figurehead, someone dedicated, approachable and accountable for the changes taking place in the plant' [1].

Communication challenges featured prominently in the takeover of Jaguar/Halewood and it needed to be fixed as an element of change management for two immediate reasons. One, communication plays an important role in every human endeavor. Two, good business communication is necessary for the progress of business activities. Communication at Jaguar/Halewood involved various stakeholders; customers, employees, the media, etc. are always required to be exchanging important information with each other and at all times.

The communication strategy adopted by Jaguar/Halewood was evolved around Hudson. Hudson devised various communication strategies including a regular quarterly communication session with the entire workforce informing them about data, quality metrics, competitors, areas improved and areas requiring improvement [1]. It is expected that an immediate and continuous efforts be made in

those areas to bridge the communication gap. Hudson's communication strategy yielded results as the 'communication process trickled down and was adopted by all levels of the organization involving various categories of employees in daily, weekly, or monthly sessions' [1].

Among the communications instruments Hudson used in Jaguar/Halewood over the years were as follows:

Firstly, oral communication was palpably the most used forms of communication among the workforce at Jaguar/Halewood in achieving the 'three pillar strategy'. Whether it is to present some important data to colleagues or lead a boardroom meeting, these skills were vital. Management and workforce at Jaguar/Halewood constantly used oral communication to inform colleagues and/or subordinates of a decision, and provided information. This was done usually by face-to-face. Colleagues and/or subordinates on the receiving end exercised much caution to ensure that they clearly understood what is being said and took necessary action. By Hudson's communication strategy, the workforce cultivated both listening and speaking skills required to carry out roles within the workplace and beyond.

Secondly, a newsletter called 'vision' was implored to augment the oral communication strategy. The newsletter which was very well designed and printed on a glossy paper was periodically distributed to individuals in the workforce. It featured past, present, and upcoming challenges and events [1]. The catchy and inspiring headlines of the newsletter made the workforce read them with excitement and hope for their future at Jaguar/Halewood.

Also, other forms of written communication were used in Jaguar/Halewood to send documents and other important materials to stakeholders. Modern ways of business communication have augmented verbal communication to a great extent by a faster form of written communication; that is emailed.

Furthermore, modern communications tools like video conferencing and multiple way telephone calls, with several individuals simultaneously are also used for business communication. Apart from a few glitches that could occur, these methods of

communication have helped organizations with speedy business communication.

Thirdly, after the workforce of Jaguar/Halewood had been staturated with the joint newsletter and the 'Gateway Agreement', the communication drive was turned to delivering customer satisfaction and quality [1]. Of course Jaguar/Halewood management under Hudson did what was right in its communication change approach by making sure that the workforce was apt with the internal communication strategies before extending to the external communication. Invariably, the workforce mastered the principle of effective internal communication skills which aided quality delivery of customer satisfaction.

Fourthly, although the commonly used methods of communication at Jaguar/Halewood were carried out orally and/or in writing form, when it came to the shop floor, the power of non-verbal communication were necessary for delivering customer satisfaction [1]. The warm smile, gestures and several other body movements send out positive messages to customers and same between employees.

Not the last and not least, training sessions and meeting were other forms of communication platforms used effectively in the change management of Jaguar/Halewood [1]. One human resource manager at Jaguar/Halewood commented during an apprehensive workshop that was aimed at improving the workforce "it helped release collective distrust, opened people's eyes on their role and their function in pursuit of a common goal" [1].

Leadership and Management

'Hudson, by accepting the job, had a challenging transformation task ahead of him' [1].

Northouse concluded that leadership is from a trait or a process viewpoint [21]. 'Leaders are born, not made and leadership is only restricted to specific humans and cannot be learned' [22]. Leadership is 'the process in which an individual influences other group members towards the attainment of group or organizational goals' [23]. Also 'leadership is one of the great intangibles... it is a skill most people would love to possess, but one which defies close definition' [24].

While leadership may be influencing others, management may be to maintain efficient and effective organizational order. Admittedly, leadership and management need to be given equal prominence. In summing up Shackleton and Crainer's definitions of leadership, the individual becomes the focal point of leadership in that the individual 'lead' and the individual is 'led'. Management on the other hand overlaps with two similar terms, leadership and administration.

In metamorphosing the definitions of leadership and management above, the role of Hudson's transformation in Jaguar/Halewood puts into perspective. Hudson played the 'lead' role of the 'leadership and management' that brought about the transformational change in Jaguar/Halewood.

Transformational leadership occurred in Jaguar/Halewood because its 'leadership and management' broadened and elevated the interest of the workforce by generating awareness and subsequently the workforce's acceptance of the 'purposes and mission' of the Jaguar/Halewood. Also the 'leadership and management' stirred up the workforce to look beyond their own self-interest for the good of Jaguar/Halewood.

Attaining charisma in the eyes of one's employees is central to succeeding as a transformational leader. Charismatic leaders have great power and influence. Employees want to identify with them, and they have a high degree of trust and confidence in them. Charismatic leaders inspire and excite their employee with the idea that they may be able to accomplish great things with extra effort.

Transformational leaders like Hudson are individually considerate, that is, they pay close attention to differences among their employees; they act as mentors to those who need help to grow and develop. The intellectual stimulation of employees is another factor in transformational leadership demonstrated by Hudson. He took the 'questions and answer session during the 'Halewood Difference' workshops; program put together to help change attitudes, behaviors and values of employees at Jaguar/Halewood [1].

Intellectually stimulating leaders are willing and able to show their employees new ways of looking at old problems, to teach them to see difficulties as problems to be solved, and to emphasize rational solutions. As noted earlier, certain types of behavior characterized the transformational leader. Yet transformational leaders vary widely in their personal styles.

As a transformational leader, Hudson was able to transform the fortunes of Jaguar/Halewood from the shackles of moribund workforce, and dilapidated machines to a modern automobile organization with a lean management team. Hudson created the wealth and global stature of Jaguar/Halewood from vision, initiative, emphasis on hard work, and a special organizational culture with strict codes of morality and training, and effective communication management.

The transformational leadership of Hudson supported successful implementation among the following; a world class operation in Halewood; building 100,000 cars per year, the launch of X-400 was on schedule, a culture of reduction and efficiency of the workforce, and finally Ford Escort vans ordered (prior to the takeover of Jaguar) were completed and phased out on schedule [11].

V. CONCLUSION

Like many change management processes, the Jaguar/Halewood experience did not come easy. Change is complex and there is no quick fix already made solutions to organizational change management therefore for appreciable result to be yielded in a change management process there must be unrelenting support from all variables in that change by continuously managing the process.

I wish to state that Jaguar/Halewood achieved its change management and it marches on. The transition at Halewood was a culmination of many actions which inculcated a high performance culture among the workforce, attention to detailed responsibilities which translated into quality end-product with speed, and increased customer satisfaction.

By enumerating the Jaguar/Halewood change management, I do not claim to have outlined a simple solution to the case study nonetheless I have participated in the academic discussion of change management in its broader scope and drawn on the theories of leading change management to etch the Jaguar/Halewood experience.

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