UNIVERSITY OF LJUBLJANA
SCHOOL OF ECONOMICS AND BUSINESS

MASTER'S THESIS

CHANGE MANAGEMENT IN HELLA SATURNUS SLOVENIA: AN ANALYSIS OF THE CHANGE OF PRODUCT ENGINEERING PROCESS (PEP)

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TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF APPENDICES

LIST OF ABREVIATIONS

OCM – Organizational Change Management
PEP – Product Engineering Process
BPC - Business Process Change
S-A framework - Stage – Activity framework
BPR – Business Process Reengineering
BPI – Business Process Improvement
DMAIC- Define, Measure, Act, Improve, Control
ROI – Return on Investments
HSS - Hella Saturnus Slovenia
LED – Light Emitting Diode
EBIT – Earnings Before Interests and Taxes
SOP – Start of Production
KPIs- Key Performance Indicators
ISIR – Initial Sample Inspection Report
GMT – Gate Management Tool
PPM – Project Portfolio Management
LOP – List of Open Points
PM – Project Management
PJM – Project Managers
StRC – Steering Committee

INTRODUCTION

Changes are inevitable part of our everyday life. They always happen with a reason and always with a goal to make the current condition better. Changes move things forward. They happen all the time, to everyone in each segment including business activities and companies. When speaking about that, changes are something usual in business sector and organizations and happen very often. Organizations take changes in order to improve the overall position of the company, to strengthen the market position and competitiveness, to increase satisfaction, increase revenues, to expand the business and so on. There are so many reasons why an organization decides on making a change but generally all of them are correlated with the need and desire for improving the organization, its conditions and people inside. What the organization is going to achieve, are the changes going to be effective as intended, whether the final target will be achieved depends on so many factors. And the factors need to be considered and activities need to be managed accordingly.

The best way for making sure that the organizational change is going to reach the goal is implementing organizational change management (hereafter: OCM). The universal definition for OCM is that it is „a framework structured around the changing needs and capabilities of an organization. It is used to prepare, adopt, and implement fundamental and radical organizational changes, including its culture, policies, procedures and physical environment, as well as employee roles, skills, and responsibilities“(Organizational Change Management, no datea). It helps in organizing and planning the changes in advance, developing detailed strategy for implementation by preparing the overall atmosphere for it and ensuring that the resistance of change and the risks for failure are minimized. Its contribution for implementing organizational changes has shown as significant and decisive in so many examples from the practice. Proper and effective organizational change leads to improvement of the business and organization in general.

When speaking about organizational change we cannot exclude the business process change and improvement as two terms in direct relation with the former one. The business process change (hereafter: BPC) refers to the activities taken by organization for implementing new or changing the way they are doing business and by that to continue working more efficiently and to make greater profit (Harmon, 2007), while the business process improvement (hereafter: BPI) refers to using different methodologies for analysing the current business processes and on that way finding areas that can be improved in efficiency, effectiveness, redesign, accuracy etc. (Rouse, 2018). Both the BPC and BPI are important for smooth and positive workflow of the organization and thus for its positive fiscal and market growth.

The company we describe exists in the international automobile industry particularly as producer of automotive items. It is one of many companies worldwide operating in this

field of work and also another one that needs to follow all technological, economical, industrial changes and inventions in order to keep producing. For that purpose it practices change management in all processes within, as well as business process improvement as continuous and normal segment of every day's work. One of the processes where changes happen all the time is the product engineering process (hereafter: PEP). This is the process of „innovating, designing, developing, testing, and deploying a software product"(HCL Technology Limited, no date). It involves all phases and means essential for raw materials to be transformed into final product or some type of commodity. As it is process which depends on technological innovations and latest trends it is expected for it to be updated, upgraded, and modified accordingly for being improved. Therefore, the business process improvement and most importantly the implementation of changes and change management within this part of organizational work is necessity.

The purpose of this master thesis is to improve the change management approach described through change of the PEP process in Hella Saturnus – Slovenia, and based on that to gain deeper and broader knowledge of change management process and change management as a study program. This thesis has several goals: researching the terms of organizational change, change management and business process change/improvement, and then to examine and show the connection that exists between them, to describe several change management models including the current one in the company, to analyse the PEP processes that exist in the company, and based on all information gathered to propose improvements and better solutions for change management processes.

The first and second part of the master thesis are brief description and overview of the theoretical concepts are dealing with, while the following parts after are devoted to describing the current situation with change management practice in Hella Saturnus, making analysis in PEP processes and finding inefficiencies that can be improved. The thesis finishes with presenting a plan for the implementation of idea proposed, and forming conclusion about the benefits expected. The theoretical part of the thesis is based on literature review, including books, scientific articles and journals, and the second part, the practical part is based on information gathered from interview made with the program manager in Hella Saturnus – Slovenia, and on information gathered from my personal experience during working there and internal sources and materials of the company.

1 CHANGE AND CHANGE MANAGEMENT IN THE ORGANIZATION

Before we start explaining the main parts of the thesis, there is a need to make clear definition what change in the field of management and business means. In all sources of literature reviewed which are devoted to this topic (Jones, Harmon, Kotter etc.), the meaning of change is similar as the one we have for change as a term from the every day's

life. A change represents something (a process, procedure, and event) that is happening in actual time and is transforming the current state into past state, and is bringing new desired conditions. From this point of view and definition made, we can easily conclude what an organizational change is, and following on that then to describe, elaborate, and understand the entire process of change management. As Jones in one of his many research papers to this topic states which is in relation with our perspective, change can be understood as the main and most critical parts of effective management. It is coping process of movement and goes from the current situation to a desired state that different entities undertake in response to dynamic internal or external factors that alter current realities (Jones, 2004). In addition to the above described definition of change in general terms and meaning, the other one that really matters to us and is of crucial importance for reaching the thesis's goals is the term of organizational change. Therefore, we can define the organizational change as something that happens into organization (a process, procedure, and event) and is taken in order to improve the situation or bring the individuals in the company, part of the company, or the entire organization to some ideal state. Additionally to that, change management is understood as the managerial process that supports the movement of one organization from its current stage to the desired future stage (Voehl & Harrington, 2016).

1.1 Changes in organization

Organizational changes are processes into one organization that are visible, people into that organization can feel their performance and can also feel the consequences of them. When it comes about the time when it occurs, there is no single or pre-determined time or period when a change might happen. It really depends on the company or organization itself, its conditions, causes and reasons for that to happen. The period and duration for having an organizational change can be planned or unplanned. This again depends on the type of change and the factors that leaded to it. Therefore the entire process can be planned for a longer time prior to its performance or it can be unplanned when the situation or external events forced that. For having even better understanding, we say that the planned changes are also made with intention, past activities or plans within organization, while the unplanned are unexpected, some other event forced them to happen, without previous intention from the management to take them.

The main goal why one organization decides to take and make some change is improving and optimizing the processes. By making change each organization strives towards better conditions and state. As we already mentioned, there is no single way when and how to make a change as each organization does it on its own. The goal and the reasons for having organizational changes are correlated. The reasons for such a change can be due to the fast changing environment of work, tons of information and news each company generates on daily basis, the periods of transition, transformation and modernisation of society and economy, the technological inventions, new ways of doing business, the competition and many other uncountable things that happen every day and cause a change. When there is

just one small reason or sign that an organization change needs to take a place, each company place the same goal: to move forward on better place.

1.2 Factors for change

One of the most important things related to the organizational changes are the factors that lead to that. In general, these processes are driven by various strategies where the most important ones are the need for achieving even better integrated ways of working, and the need for improving the businesses' performance (Pieterse, Caniels & Homan, 2012). It is widely known and universally accepted that each organization functions and operates on at least three levels: internal, industrial and environmental level. These levelled operations underline the changes that can happen within the organization or in other words, the changes can happen on some of these three levels. The first one- the internal level is related to internal changes. Internal level is the set of all activities, events and processes that are present into the company, so there are changes that can be caused internally from these events within the company (Gomez-Mejia & Balkin, 2012). Another level is the one formed by the communication and relationships a company has and maintains with customers and suppliers, and here are also considered the processes and activities within the industry and market, those related to technology, political, social or legal forces and so on. Therefore, the organizational changes might happen because of changes or conditions present on outer, wider, industrial level. Lastly, there is the third one which includes organizational activities that cover the widest range of processes, the environmental level. This includes all organizational related to environmental activities and events which happen in the whole environment. Following to that, there are organizational changes that can be caused by an environment that influences organizations through the cycle of industry- based innovation (Senior & Fleming, 2006). As we can see all of the three levels of functioning are correlated one to another, and also are directly dependent on the reasons that caused them. We are taking into consideration these levels of changes not only because of their essence for change management in general but also we consider them as important part because in the further chapters of the thesis would try to investigate which level of changes are present in the practical part, and what are the reasons that caused its appearance.

The whole spectre of reasons that can cause a change can be divided in two main groups: internal and external factors.

1.2.1 Internal factors for organizational change

Internal factors for organizational changes are all processes, procedures, events, people structures, and all terms and conditions that happen inside one organization and with their existence trigger some consequences into that organization and its way of work. All these factors together make the internal environment of an organization, and even one of them

happen there is no way that it will leave no change into the organizational internal environment. As such, it is the internal environment that will influence organizational activities, decisions, and employee behaviour and attitudes (Aswathappa, 2005). So which exact processes, procedures, events and other things mentioned above that can be considered as reasons for organizational changes really matter the most? Some researches came up to a conclusion that the internal factors are numerous and they can vary from one entity to another. The number of reasons, their real impact and significance to the organization, as well as the intensity of their consequences can vary, but what is equally confirmed by all experts who do researches in this field is that the internal reasons for organizational change are more or less the same, they can just be differently listed by their importance and priority. From the literature reviewed, and sources mentioned in the following text of this chapter, we have created own list where not all but those that can bring major influence and change are mentioned, and they are the following: 1. Changes in the managerial personnel; 2. Change in company's strategy, products or services; 3. Changes in administration work and system; 4. Deficiencies diagnosed in the current organization; 5. Changing demographics of employees; 6. People; 7. Pressure into the organization.

(1) Changing in the managerial personnel can be one of the most influential reasons for provoking organizational changes after it becomes to the stage (Business Management Ideas, no date) When someone of the top managers or the entire executive team leaves the company and they are replaced with new comers, new changes in the way of work, procedures, internal rules or structure can be expected. This is simply because there are no two people in the world who work on same way guided by same rules and personal principles.

(2)Change in company's strategy, products or services are another internal pressure for changes. Due to different internal or external reasons, the company might firstly try to make changes in its strategy of work. It refers to different activities that belong to the entire working process: eliminating, introducing or modifying some new processes; changing the steps of the current process, restructuring or introducing exclusively new strategy of doing the business activities and attracting the market. It is very often related to the changes in own products or services offered. When a company decides to improve its business by introducing new products or service or improving the existing ones it activates entire system of people and techniques for it. It is not so simple just to make something and introduce it, but it also includes prior research on the market, investigating the possibilities for introducing something new, making entire plan and analysis of the production process and its duration, costs, target market, personnel who will work on it, new resources into the company etc. and after concluding the research and putting into practice the plan, it comes to implementing all these things into the organization. The changes made in the products also depend on the phase of the product lifecycle when they (the changes) are taken. As already known, the product lifecycle has four main stages: implementation,

growth/increase, maturity, and decrease (Cater, 2007), and depending on the current stage different strategy for changes is taken. The same refers when a company or organization steps into process of diversification. This decision also requires some organizational changes such as new equipment, supply of all resources needed, new personnel, plan for mastering the process of diversification, implementing internal programs for better effectiveness of work and so on.

(3)Changes in administration work and system is really often in accordance with the internal conditions for change. Such changes might happen because of the need of the organization to answer properly to the outside competition, to the market changes and forces, regulations and policies or for gaining political power advantage (Aswathappa, 2005). However, one company can also have some administrative changes only for becoming even more efficient and effective in its way of work, to improve its reputation and image, as well as to gain stable market position by its improved internal work.

(4)Deficiencies diagnosed in current organization are more than obvious reason for taking some organizational changes. Each organization can notice some economic or personnel deficiencies sometimes in its existence and the extent to which they are going to trigger further actions depends on many other things: to which processes or employees they refer, how serious they and their consequences are, are they going to be present on long-term or are just one-time deficiencies easy to solve and so on. The biggest and most serious economic deficiencies can be diagnosed with the passage of time and by the results they leave to the organization, while the personnel deficiencies such as employees' behaviour, outcome and performance in certain period can be observed directly and diagnosed quicker than the economic. Economic issues (financial losses, profitability losses, loss of revenue and market shares, decreased productivity etc.) on long term can surely cause profitability issues. When something like this happens, a change is necessary. Again, the type of change the company needs to take depends on the type of problem present (slow internal work; obstacles in communication; non-effectiveness; higher unreasonable costs detected; lack of uniformity in the internal rules and policies).

(5)Changing demographics of employees is a very common situation in many organizations that brings obvious need for changes. The society today gives equal rights for work to all people which bring diversity within organization. With the positive flow of highly educated women into organizations the companies' structure change, and women's climbing to the top or middle management positions in the company became very frequent moment which triggers organizational changes. The changes that happen because of this reason are similar to those that happen because of changing the management personnel. With the technology boom at the beginning of this century, the employee demographic became even more important for the overall work but in the same time it became strong factor for changes within organizations as an obvious gap between technology knowledge and skills of younger and elders occurred. The organizational change because of changes

in generations is a continuous process that happened, is happening and will happen in future.

(6)People themselves are another factor that brings changes. They are maybe the most important factor as they are the bone of each organization and in fact they stand behind each of the above mentioned factors. As people getting another year of experience in their current organization, they become even more skilled, knowledgeable, experienced and have mastered their field of work. That helps them in inventing something new, to ask for some improvements or to simplify some piece of work. As they are in direct contact with every day's workflow they are the best source of information when something's wrong, when there's a performance gap or unexpected information, and it is very important for the top management, especially for the Human Resource department to listen to them and take into consideration all suggestions and ideas they propose. However, as was mentioned before, sometimes people and some personal negative attitudes opposite to the organizational culture can have negative influence on the overall organization and organizational performance. So people can be reasons for change both by positive and negative causes. They are the main force in each organization that can influence new thing to happen. When the organization decides to make some organizational change based on people's actions and influences, it is essential to include the same into the entire process.

(7)Pressure into organization is the least but not last reason for organizational change. How a pressure into organization can lead to some change? Well, maybe this is one of the biggest influences for change. The pressure can be both internal and external. Having a pressure inside the company is not desired situation and is a condition that might have negative outcome on the overall work and progress of the company. From personal experience and from real case situations, it is visible that the pressure usually exists between departments on different level (for example, pressure between the managerial and the technical department, between the top and the middle management etc.) and is mainly narrowed top down. It means that the upper department usually makes some pressure to the department below it and usually happens due to work- related conditions and desires to change the organization according to their own interests and perceptions. However, the situation of having a pressure from the bottom upward cannot be excluded, but in opposite it can be expected to happen when the company faces with some issues on upper level. According to some researches, the medium- sized companies can be listed as companies when organizational changes can happen because of pressure or conflicts between the administrative and technical core- where each department wants to change the organization according to their personal vested interests (Afra, 2017) The other type of pressure felt that leads to unavoidable changes is the pressure that comes from outside. It belongs to the group of external factors but nevertheless, since we have mentioned this factor in general, the external pressure will be described here shortly. It might come as result of social changes (changes in social standards, demography of available workforce, customers' patterns etc.), political forces (unplanned situations, privatization etc.) or other wider

changes present. When something like this happens, each business entity takes own activities to prevent further issues and to achieve a balance between the need for making a change and the impact a change will have.

1.2.2 External factors for organizational change

Besides the internal factors that exist into the organization, the external factors that influence on appearing of one organizational change exist outside the organization. As external factors for organizational change can be considered all processes, procedures, policies, events, and conditions in the environment and society that have direct or indirect influence on company's work. These conditions and their appearance do not depend on the company itself, but depend on the overall environmental situation, globalization and changes that happen every day in the society. Same as the internal, some of the external factors and their influence on organization can be predicted and expected, while others cannot.

Since we live in a dynamic world where the business trends change continuously, where with each new day new invention is introduces to us, we cannot say that the external factors for organizational change are fixed and well known to all business entities. But alongside the dynamic, unpredictable world, there are some factors that are present for longer period of time, that already have made some organizational changes and are still present and important for each and every organization. Similarly as in the case of the internal, the external factors can be numerous. Different sources of literature (Sharma, 2008; Rizescu & Tileaga, 2016; Management Study Guide, no date, etc. which are also used in the following parts) give different reasons and give them different priority. Some of them, which of course are important for our master thesis, are: 1. Introduction of new technologies; 2. New ways of processing information and communication; 3. Economic conditions and competition; 4. Globalization; 5. Government legislation.

(1) Introduction of new technologies is at its peak right now and from its beginning in the middle of the past century, new technologies are simplifying the way how business operations are executed. With the invention of internet, computers, mobile phones and all other gadgets, people started finding ways how to use them even more and even better. With the invention, introduction, and implementation of new systems, software, programs and applications, companies changed their old way of organizational functioning and on that way started "creating framework for managing change effectively and proactively responding to the challenges as a result of these changes due to the technological forces"(Management Study Guide, no date). At first, eliminated the old way of communication, administrative work, and then used more sophisticated ways of work and revolutionized their businesses. All of these already implemented technologies as well as the disruptive technologies that lead to more effective, efficient but in the same time automated way of work that naturally make the basis for organizational changes adjusted

to the new conditions. We are entitling this reason first at is has major influence and its effects are persistent and present every day, and will for sure continue in the years that follow.

(2) New ways of processing information and communication is another factor for organizational changes that is correlated with the above mentioned reason. With the invention of television, wireless communication, possibility for long distance calls, costless virtual meetings, database systems and many other ways for obtaining, transmission of information and communication, companies already changed their old fashioned ways of work, their structure became adapted to the old ways of work, and as the world is getting even more sophisticated in this part also, things are still changing. This trend is called computerization (Rizescu & Tileaga, 2016). Maybe organizations are now working by one pace using same knowledge and technologies for communication, data collection, storage, and transmission, but if there is one new thing invented and implemented for this purpose, all of them will need soon to make organizational changes because of that.

(3) Economic conditions and competition as external factors will be reviewed together as both are mutually connected. The economic conditions that are present on global and national level impose the rules that each organization should meet, to which should adjust and function further on. The conditions are also closely related to the globalization and the other two factors firstly mentioned as important external factors. When something new happens on the global or national market which is crucial for the future of the business, the organization is in a position where must to take some actions and make some changes to respond accordingly. The other side of the coin is the competition which also takes action to stay on the market, to maintain its shares and position. If the competition is fierce enough, all parties involved in that field of activities or business operations need to work harder and smarter in order to fight and keep their place. Some of the changes one organization might take are improving the quality of its services or products, to sell them cheaper than the competitors, to invent new things competitors did not have so far, to diversify to other markets or products, to find ways how to expand their products and services to other markets, to conclude new partnerships and so on. All of these things and many, many others that a company can take as response to the economic situation and the rules that competition makes are organizational changes that trigger thousand other processes and activities within companies.

(4) Globalization is another very important factor that imposes needs for changes to organizations. The world moves so fast, things in all fields of life are changing day by day, so new trends and needs arise. Globalization has changed the traditional way of working of organizations too. As the economy became open, market flooded with numerous products with competitive prices (Sharma, 2008), new markets were built, as the international market expanded, and the innovations made the way of life and communication easier than before, the things related to the quality, quantity, content, structure of products and

services change accordingly to the latest world's. According to our perspective, the process of globalization has its own good and bad side. The good one is that helped organizations to enter the global market of goods and services, to function and be present to the customers internationally, which helped them in many aspects of their work (cost efficiency, profitability, market growth etc.). The bad side is that it brought lot of dynamics as organizations need to respond very quickly and reasonably to the new changes on the global stage and to the new customers' patterns in order to keep their competence and popularity. In order to maintain that, organizations have to take different changes.

(5) The last reason for organizational change that belongs to the external factors is the governmental regulations and legislation. This is maybe one of the most unpredictable yet rigorous factors that can bring unplanned and unexpected organizational changes. All governments are modifying the existing laws or are creating new in order to control the overall economy and business activity in their country from one side, and to make their national legislative environment good and attractive enough for the other countries to think about making partnerships, investments or other positive business activities in their country from the other. When the government of one country takes and passes some laws such as the one delicensing, full or partial convertibility of the currency, the ways in which organizations need to operate change swiftly (Afra, 2017).

Those factors (reasons) we tried to explain above as external can also be grouped on another way. According to the SLEPT analysis, (Williams & Curtis, 2008) the external factors that can lead to some changes into organization are divided as social, legal, economic, political, and technological factors, and it helps in measuring the market potential with regard to the situation, and thereby the market attractiveness, business potential and market potential. Compared to the SWOT analysis, which investigates and analyses the strengths, weaknesses, opportunities, and treats of a company in the market and is more narrowed in measuring the business unit, the SLEPT is more narrowed to the market as a whole. It is important to us as it describes the factors that can occur and exist into the market and can have their direct influence to the business units there and their internal changes.

With summarizing the most important reasons both externally from the environment and general changes, and those that arise internally into single organization and can lead to substantial changes, we come to a point where can conclude that all of them are equally important for taking into consideration by each individual organization if it wants to stay competitive and profitable, but are also significant for the economy, especially for the domestic because successful companies with proper changes taken on-time stay longer on the market and are beneficial for the entire country.

1.3 Types of changes

After presenting the reasons that can lead to organizational changes, the possible barriers on the path, as well as the best approaches for reaching effective change management, we come to the point of explaining the most important and the most frequent types of organizational changes. Having distinguished and well defined types will enable us to clearly define the type of change in our case-company, to understand the current structure, and based on that to derive appropriate solutions for improvement.

There are lot of different categories by which we can make a distinction of types of organizational changes, and the list below entitles the most important (Cater, 2007):

- By the speed of changes we divide them on: evolutionary and revolutionary;
- By the range: incremental (partial) or transformational (entire);
- By the Nadler- Tushan model: tuning, adaptation, reorientation, recreation;
- By the relationship new vs. old situation in the organization: developmental (and/or remedial), transitional, or transformational;
- By the certainty of the situation: closed, middle (closed- open), or open;
- By the type of the problem: for dealing with known problems (proactive), or dealing with unknown problems (reactive);
- By the way of doing change: up- down, or down- up;
- By the target group: changes to individuals, changes to teams/groups, changes to organization, changes to organizational environment;

There is a possible situation when one change within organization can be reviewed by multiple of the categories above. For example, a change can be developmental and in the same time focused on individuals within organization or can be transitional change performed from upside- down and so on.

Those that really matter to the thesis are defining changes by taking into consideration the relationship between the new and the old situation (after and before change), and by the root cause. In the first group of changes by we have three types: developmental, transitional, and transformational change (Cruse, 2016a), whilst by the second criteria the types of change are divided on reactive and proactive (Ni business info, no datea). In this part of the thesis we are going to describe these particular types, while in the next chapters devoted to the practical part we are going to determine which of these, as well as which of the types of changes stated in the general list above are present in our practical part and by understanding them and knowing when and how they can be applied will help and contribute to the organization in determining the right path it should follow in future.

1.3.1 Organizational changes by relationship new vs. old organizational situation

The first division of organizational changes can be done by the fact how profound the change is, how long time does it take and what is the relation new vs. old situation. This division is important for us as it reviews those types of changes that happen frequently and have partial impact, and those that are not usual but are making differences in the new established situation compared with the old one, and also those that can be disruptive for the current way of work or as well as those that can be understood as normal change without resistance. Because of their nature are also called intentional change (Sharma, 2008). By these criteria, we have: developmental or remedial, transitional, and transformational changes. By understanding the three of them, we can then define in which category the changes in the product engineering processes in our case company belong.

1.3.1.1 Developmental or remedial change

Developmental changes are usual processes of change that happen within organization with a purpose to improve, even more developing something, to optimize or make more successful some of the processes which have been already putted into practice. We call them developmental as they refer to already developed things into the company which have showed to be effective and successful. Such changes are improving the strategy for sales, increasing the quality of products etc. This is not a change for thorough transformation of something or creating a brand new process but it is frequent and normal thing for the organization. As it is something usual and positive, it is not so concerning for the employees who do not show resistance on it.

The remedial change follows if the developmental processes and actions delay. In fact once the developmental change is not made on time it transforms to remedial change which has a goal to fix something existing, to change or improve some part of the current working processes and procedures. Similar as the developmental, the remedy process is not disruptive and do not concern the organization. In this type of changes are included the improvements of the current activities, fixing budget deficits, taking actions for improving work performance and so on.

These two, the developmental and remedial changes we consider as unity as they are mutually related and depended one to another, and the remedial do not appear unless the developmental fails to meet its purpose. Also, organizations may see the need for remedial change once they established developmental (Management help, no date).

1.3.1.2 Transitional change

As the title of the change expresses, the transitional change is a process of significant changes taken into the company where it moves from one position to another, totally new

and different. This type of changes is taken when the company needs to introduce and implement greater changes in order to remain its market position, competitiveness and profitability. Compared with the developmental, this change is not so frequent but is happens on time to time when the company starts seeking new opportunities and/or detects fundamental changes in the market on which it should respond to (Cruse, 2016b). Some examples of this kind of change are bigger shifts into organizations, mergers and acquisitions or changing the existing systems and replacing them with new ones (Cruse, 2016a). It is significant and disruptive to the organization (Allen, Jimmieson, Bordia & Irmer, 2007). And because it is disruptive and cannot undergo without notice from the employees, they might show some resistance to it. In order to secure effective and on-time performing of this change, the organizational management needs to keep an eye of the overall situation of the company and on the national/global market and to act cautiously and wisely, otherwise the organization can experience failure or significant employees' resistance.

1.3.1.3 Transformational change

The third type of change is the one that does not occur so frequently as the other two. Transformational change is fundamental, thorough, most challenging, and revolutionary process of making profound changes into organizational structure, processes or way of doing business. As we said, it is not frequent but rare process which brings dramatic changes. From personal experience and point of view, companies do not decide to make this change often, as it is real transformation for both the business and employees, and it might be risky, scary and without predictable end and outcome. The reasons for shifting to transformational change usually come from the new global trends and changes, such as the technological inventions, political forces and pressure for changing the products or markets which lead to complete and more complex merger or acquisition than those that belong to the group of transitional changes, radical change of the mission, vision or field of business of the company, replacing jobs with virtual assistants, and many others. This type of change is for sure the most disruptive one and before it happens, it requires professional expertise, significant skills and knowledge on behalf of the management team (Cruse, 2016a). Compared with the other two types, this one has the highest risk of resistance as the processes and structure of organization become completely changed.

1.3.2 Organizational changes by root cause

The other important division of organizational changes is the one that takes into consideration the root cause which provoked the change, when and how it occurred and how the organization responded to it. Based on the causes, we have two different types of organizational changes- reactive and proactive.

1.3.2.1 Reactive change

Reactive organizational change happened in those situations when something occurs without expectations and predictions, when the problem or cause for future change is not known in advance. This change occurs when an organization makes changes in its practices after some threat or opportunity has already occurred (Simmering, no date). The reasons for them are unplanned, unexpected, and happen suddenly. We cannot say that reactive organizational changes are good for the organizations all the time, as they are seen as total surprise, management and workers are usually unprepared for them and can act on a little bit disorganized and chaotic way. In these cases, the reason or cause for change happen prior the reaction of the organization to it. Some examples about this type of change is sudden leave of the top management or the CEO, sharp drop of the profit or sales due to poor quality or different content of the products or services supplied on the market.

1.3.2.2 Proactive change

The opposite change into organization is the proactive change when the company plans the activities and changes in processes in advance. In these cases the organizations represented by the management recognizes the need for future changes and takes continuous steps for creating the entire strategy and implementing it successfully. Also, of there is an issue arising, the company has recognized it and plans its actions accordingly. It is planned rather than unplanned change, where the organization is actively observing the overall situation and workflow, is in a position to recognize the possible threats and makes alterations to its processes accordingly (Simmering, no date). We cannot say here as well that these changes are perfectly organized and planned as there is always a risk that the reaction to the reason for change can be little bit disorganized (this mostly depend on the time available for planning the change and the success of the pro-activeness into the organization. Some examples about proactive organizational change are changing the marketing strategy in the following quarter, internal reorganization etc.

1.4 Barriers for change

Besides the reasons for change, there will always be and barriers for doing that. The obstacles for making something new are normal and exist in each organization. Some of the most frequent and hard to overcome are: people into organization; organizational culture; willingness of the management for change.

People into organization are the priority who needs to be persuaded that a change needs to be taken and implemented. Usually people do not want changes and resist taking some. The reasons why this is case are numerous. Some of the employees do not even want to change something in their working habits because they are against or afraid of taking

changes, others do not understand what the change is about, are not very well informed about the benefits that will follow, third do not know what is asked from them in order to put into practice that change and do not know what will get in return from it, there might be also employees who have already been involved in many other organizational changes and now are not interested or tired of having another one, and last but not least group of people are those who are avoiding changes because are satisfied with current stage and think that the change it will give them more work to do or larger responsibilities than before. There are few into each organization that are open for these steps and are willing to participate in the whole process.

The second barrier we consider as important in the process is the organizational culture. Each organization has own internal distinct culture that gives them rules how to work and behave. The way how the internal relationships are organized, how much the workers are informed at the workplace about processes, stages of work, what their colleagues work, how the decision- making is organized can affect the whole phase of organizational change. If the company has strong organizational culture which has clearly defined rules and procedures from one side, and enough room for freedom of expression of employees from the other, is the best fit for changes and does not resist to those which need to be implemented and are beneficial for the company as a whole.

Every change into organization starts when there is a decision for doing that, and the decision is usually made at managerial level. One of the major barriers that can prevent changes is the (non) willingness of the management or responsible people for going forward. If the organization has closed management that does not have sense and vision for growth, changes and success, especially when there are internal reasons for organizational change, it will then remain on the same position and level of growth as it is now, or even worse, if the changes are needed due to some important or obligatory external factors (usually technological or legal) it can worsen its own competency and place on the market. Also, the closed management with strict politics can deter the essential change. The management needs to know how to manage the situation and to utilize it by using limited resources and best possible costs, and in the meantime activating all employees in performing the change.

However, besides the negative, there are also positive barriers to change, opposite to the negative ones that always count larger number and represent the main obstacles and challenges. We can also call the positive barriers a positive environment for changes as they are not real barriers. One of the most frequent are the employees' motivation, satisfaction for new beginnings, new challenges and opportunities; new ways for gaining experience, skills, and knowledge; personal and professional growth, rewards for participating and contributing to the changes and so on (Cater, 2007).

Both, negative and positive barriers exist in each and every case when there is a need for future change. Even though the negative barriers are the real concern and are always more serious issues that needs to be solved, there is always a way how to overcome them and put into control before the plan for organizational change starts its execution. Presently, the best way for minimizing and eliminating the negative barriers for change as well as all other risks of change impact failure is developing change management and following from the very first moment the need for change occurs.

1.5 Change management

The place of change management as a discipline in one organization is together with all other cross – functional management activities, while the essence of it lies in „creating a change friendly context for all change processes"(Reiss, 2012. p.4). As it is already mentioned in the first pages of this chapter, change management is really connected with a change as a process in general that happens in organizations; it supports its execution and effectiveness. No matter what the change is about, whether there is something new to be introduced or something is going to be improved, change management is inevitable as a support process.

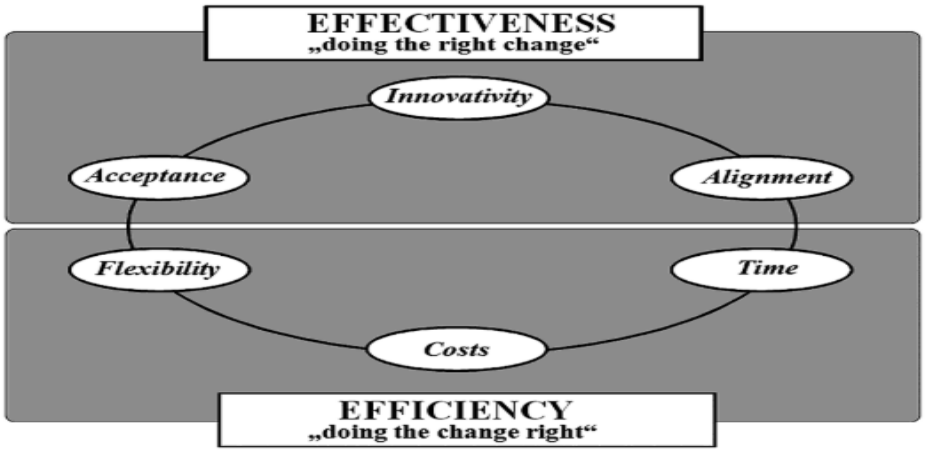
Change management can be present in different shapes according to the process' nature. For example, we have practical cases when an organizational change is taken for modifying some processes, for replacing technologies, cutting production costs, personnel structure changes etc. These examples show that the changes are dedicated to something that exists already into one organization. Hence, we can say that the change management is connected with business or organizational improvement processes rather than with business or organizational innovation processes because the first ones are for something that exists and needs to be improved, upgraded or updated, while the latter are for implementing something new, which did not exist in the past (Reiss, 2012). This division will be really helpful later on, as we will discuss practical business improvement change.

Another very important thing that really matters in determination of change management is the sum of key criteria or dimensions for relevance. These criteria are determinants that need to be fulfilled for having effective and efficient change management. Effectiveness as already known is the „degree to which objectives are achieved and the extent to which targeted problems are solved"(Effectiveness, no date). From the other side, efficiency is „the comparison between what is actually performed with what can be achieved with the same resources"(Efficiency, no date).

However, we cannot conclude that a change management hits the goal only if it showed as effective or efficient unless both criteria are achieved. So, what means having relevant change management process? It means meeting all core objectives of effectiveness and efficiency. According to Reiss, there are three dimensions for determining effectiveness

and three for efficiency which are also presented on Figure 1: acceptance, innovativity, and alignment for the first one, and flexibility, time, and costs for the latter (Reiss, 2012).

Figure 1: Key determinants for effective and efficient change management



Source: Reiss (2012).

For reaching effectiveness, the change management needs to be accepted by the target population, its idea and solution needs to be innovative, different and unique compared with the existing ones, and it also needs to be related and compatible with the other fields of work within organization which are in the same context with the new change management model. Additionally to this, the key criteria for reaching efficiency are performing the process by the lowest possible cost, for the shortest period of time and with the highest possible flexibility or ability of the process to substitute the old way of implementation with the new one and to obtain feedback (Reiss, 2012). By making sure that the key criteria are achieved, we successfully do the right change and do it right.

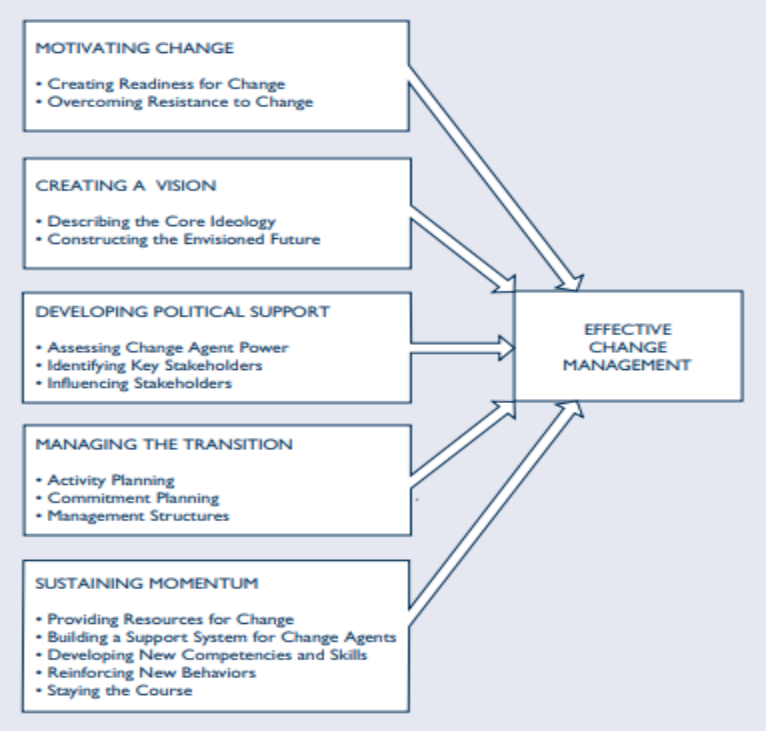
Besides the change managements as a concept there are also three very important categories that exist within change management and are substantial part of it. Those are change management models that provide information and approach how to best manage an organizational change (Smartsheet, no date), the change management processes or the sum of tasks and activities we actually do in order to move forward and make the change, and lastly, the change management plans that are developed to support the change management project in delivering the change (Smartsheet, no date). From these three, models are the part that is fixes, developed upfront and developed and based on previous experiences and researches made in the change management field, while the change management processes and plans are variable parts which are created and adjusted according to the type of change, the change management model and so on.

1.5.1 Activities for effective change management

It surely does require time, special skills and knowledge for proper change management with minimal risk of fail. The whole spectre of activities that belong to change management need to be coordinated well and they need to be followed by the team or project leader in order to drive the individual transition during the change and to ensure that the change process achieves its intended outcome (Prosci Inc., no datea). For overcoming the major and usual barriers, each organization must manage the entire process change before it starts, during its performance, and also the results and new situation after its ending.

Cummings and Worley (2005), in their book dedicated to organizational development and change, described a general process of five steps that showed as effective in managing the whole organizational change. All activities that belong to the five phases of this process, contribute to effective change management, and visually are described on Figure 2. For having effective change management, all of the five major phases showed on Figure 2 above need to be performed roughly one after another according to the order given.

Figure 2: Activities contributing to effective change management



Source: Cummings & Worley (2005).

The first very important thing an organization needs to have prior its change activities is ensuring enough motivation to employees about the change that follow. They need to know the reasons why that change is necessary and what will they gain after its implementation.

In this part, the main responsibility lies to the managers and leaders in the organization, as they need to work and focus in providing two things on employees' side: employees to be ready for the change, and not to stay back and resist. Employees can be prepared for the change by being informed about that, being communicated supported in overcoming their resistance and hesitation to become involved, and giving them a feeling that the change is necessity. On that way the company will minimize the gap between the management that enforces the change, and the other people who are going to feel these changes the most. After providing these conditions, a general atmosphere that the change is accepted is created.

The next phase which is very closely related to the first one is creating a vision about the organizational change. This is also main task and responsibility of the management and all other involved employees responsible for taking the actions. Having a vision means having defined steps and core methodology for taking and performing the change, and well defined image about the target. Team members need to know why the change is important (Vukotich, 2011) what is expected in future from that change in terms of positive outcome, improved situation and condition, determined goals and values. Both two processes together respond to the questions what and why something new into organization is going to happen.

After one organization ensures it possesses the first two things, it proceeds to developing political support. By political support is meant the support from the main powers into organization- the stakeholders and shareholders, as well as managers who participate in change activities. Before the actual implementation of changes take place, the organization needs to define the stakeholders' involvement and interests of being involved, as well as their real power in the change process. The identification of potential interested stakeholders differs in each case and depends on the actual change. Sometimes they may be the top managers, particular departments, teams and team leaders, suppliers etc. After identifying who exactly is involved and has interest from the change, the organization ensures that they are going to support the entire process and will contribute in motivating all people involved about the need and benefits of the planned process. This part is very important because if it is not done, there might arise as internal barrier and can be a risk of failure.

The fourth phase refers to managing the process of transition from the current state to the desired one (Cummings & Worley, 2005), and includes having plan for actual performing of all activities important for reaching the new, desired state. The process of transition is the real movement an organization takes in order to change its position and reach the new targeted. According to the Kurt Lewin's change model (Hussain, Lei, Akram, Haider, Hussais & Ali, 2016) about organizational changes and based on Beckhard and Harris's statements pointed out in one of their many research papers on this topic, the phase of

managing the transition has three steps: activity planning, commitment planning and change- management structures (Beckhard & Harris, 1987).

The final phase for having effective change management is sustaining momentum for change. That means the organization should ensure it has and put into practice all resources important for implementing the change, creating and implementing support system for parties involved in change management, and providing them with new skills, knowledge and competences for implementing and managing the change. For having an effective change, people within organization must to adjust to it firstly, to change according to it (Randall, 2004). The activities contributing for effective change management were explained shortly as they are important for our practical part of the thesis too and will serve as a basis for the implementation of our proposed suggestions that will be presented and elaborated in the later chapters of the thesis.

1.5.2 Models of change management

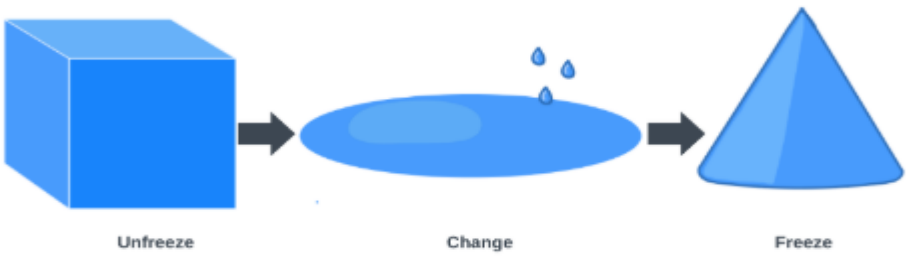
When it is time for implementing change in some organizational process or strategy, it must to be done by following developed appropriate plan. The managers charged for implementing such changes are responsible for having clearly defined plan with prescribed steps, people, and techniques involved. Not having that, having not suitable method or not having a method at all but choosing a random one is the worst thing that can happen in change management as it for sure leads to failure and negative consequences for the company.

The practice knows different types of methods or models for implementing change management and all of them have specific, distinct structure that is relevant for different type of change. Some of the best known models are: Lewin's model, Cotter's model, Mc Kinsey 7S model, the Nudge theory, Adkar model, Bridge's transition model, and Kubler-Ross five stage model (Cleverism, 2015b). There is no single definition that tells which method applies where. The method's application depends on different factors such as time of application, type of organizational change, validity of the method and so on. The major approaches or models of change management which showed as effective and still hold true even there are more than half century passed from their invention and first presentation are the Lewin's change management model and the Cotter's 8-steps change model which will be better explained in the following parts of this chapter. These two models are chosen to be described and reviewed among all of the others, as their usage is still present and their validity holds true until today. Moreover, we are considering them as important for the practical part of this master thesis and will try to check if some of these two was taken into consideration and implemented during the process of transition process and the change of product engineering process.

1.5.2.1 Lewin's change management model

One of the most significant and earliest models for change management is the Lewin's model which dates back from the middle years of the past century and is applicable for all businesses and organizations and their changes regardless of their duration, size or industry. Its real contribution in understanding how an organizational change can be putted into practice and realization and its effectiveness is still true. It is based on belief that a change is modification of the forces that keep a system's behaviour stable (Cummings & Worley, 2005). Those forces that in reality keep one system stable can be divided in two groups in general, or forces that keep the status-quo, and forces that are about to make a change. IF the situation between these two is stable and balanced it means there is no something to change, but when the forces to change something are greater and stronger than the first ones, then it is time to make something. For this to happen one organization does not need to wait for external factors to happen but it can implement something more or different into its borders. As the same authors mention, it is enough to increase the supervisor pressures to produce higher levels of performance (Cummings & Worley, 2005). The same model, also presented on Figure 3 below, is consisted of three steps: unfreeze, change, and refreeze, and the best way for understanding the model is imaging how an ice cube modifies if it unfreezes and then refreezes again (Mindtools Ltd., no datea). The ice cube cannot change its form unless it melts. So for achieving the goal and changing the current form, we need to unfreeze it, put the water in a mold with desired form and to freeze it again. That way we make the change. This description is same for the organizational changes as proposed by Lewin.

Figure 3: Lewin's change management model



Source: Lucid Inc., (2019).

Unfreeze- the first step in organizational change process is starting modifying the current status and making preparations for the change. The unfreeze step begins when there is no more reason to continue with the existing way of doing business or guiding the organization as it shows not effective and unmanageable. Managers or other employees involved in changes firstly need to build an atmosphere that a change is necessary and then to start researching, analysing, observing the current stage in order to learn everything well before start changing. On that way will have well-grounded reasons and basis for

projecting change. The change creation should include plan with again defined mission, vision, values, goals of the organization, and requirements for the further steps. According to the founder of this model, by forcing the organization to re-examine its core, it creates controlled crisis which then transfers into positive condition for having high motivation for building the new equilibrium (Mindtools Ltd., no datea).

Change- after „taking away" the control over the current status and after ensuring conditions for modifying it (people within organization believe that the change is necessary, it will be beneficial for them, and there are well defined goals and vision that will be reached after finishing the process), the process of actual change starts. Here people start abandoning the old ways of work and functioning and take new approaches which are according to the new direction for change. Depending on the reason for having organizational change as well as on other factors related to the change (complexity, seriousness of the issue for taking the change to whom it refers etc.), there is no exact time or duration of it, it might vary and can take from several days or weeks to several years. However, no matter of the reason or time of the change, having a permanent communication and co-ordination with people involved in the change is crucial as they need to fell motivated and ensured all the time in managing the process and realizing the final goal.

Refreeze- the final steps of the threefold process is the refreeze of the new achieved conditions. If the organization succeeds to maintain the whole processes, embraces the improved way of working and people are satisfied with what they have achieved, it is time to keep that situation as it is. The refreeze step means keeping the stable conditions as everyday way of doing business, means having the new achieved stage as common practice by which the activities should be done in future. In the refreeze stage is also very important to leave some space for constant observation and control of the new established conditions in order to determine if everything is doing good and if not to taking further actions. The organizational management needs to keep in mind that once it refreeze the situation it does not mean that it is frozen forever but only for certain time until a need for new change occurs.

So why this model is one of those who remained stable even after so many years and why is still favoured among others? There are three main reasons that make it so useful and used.

The first reason is its easiness to use (Lucid Inc., 2019). The simple fact that the model has three steps which naturally follow one after another makes it easy for one organization to understand and implement.

The second reason of its usefulness and success is the ability of lasting change. The first phase of Lewin's model, the unfreeze phase does not have limited duration and deadline

and it is intended to give enough time and space to managers to build the needed atmosphere and positive reactions to the changes that follow. It enables enough space for considering what in fact needs to be changes and to work on building what is really needed in order that to happen. The Lewin's model with this encourages organizations and people inside it not to resist the changes but to accept the idea of something new, the idea of further transformation that will give them something more.

The last thing is the gradual development of the model. As we already notes, it has three steps that naturally follow one after another. There is gradual momentum how steps change and when is the proper time for that to happen. This model gives enough time for each phase to start performing its activities, to gradually develop itself and to adjust the organizational environment to the new conditions. It is unforced change but a purposeful one, which by the time becomes accepted by people.

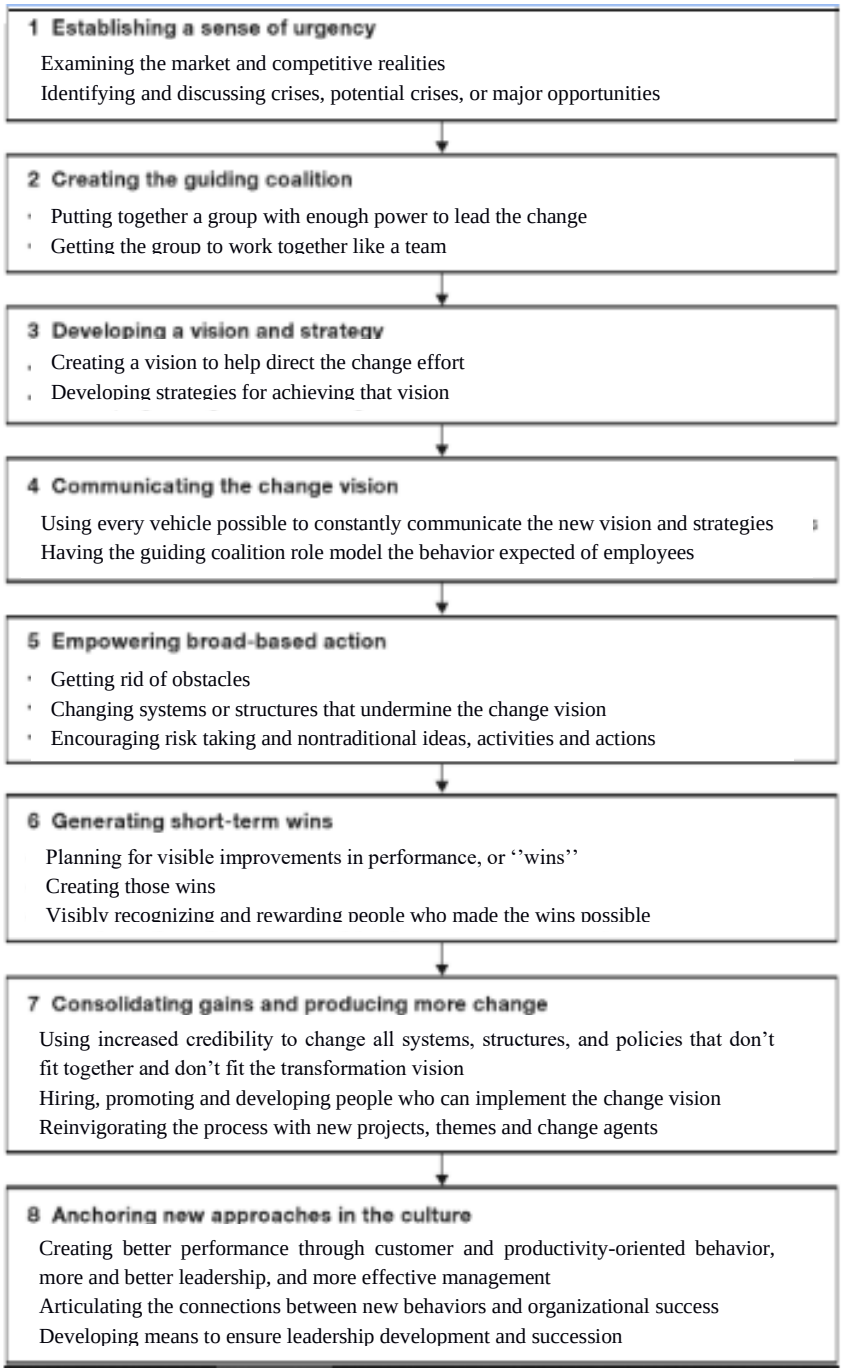
1.5.2.2 Kotter's 8-steps change model

Kotter's 8-steps change model is created upon the idea that every organizational change needs time to perform. Similarly as the Lewin's model this one is also one of the most popular and useful models that showed and kept its effectiveness over the years. It is consisted of eight steps and the reason behind them is that none major change is quick one which requires short time. As the creator of the model, the Harvard business school Professor John P. Kotter says in one of his books, in each organizational change there is a risk of failure even it is adequately addressed and well planned (Kotter, 2012). The main reasons for stall are the already known barriers, as well as the lack of energy and motivation for such a change, lack of information, lack of knowledge, arrogant attitudes or external forces such as political changes, bureaucracy etc. So, the main purpose for designing of this model is to avoid all of these negative forces and barriers that are against the full effective implementation. For reaching that, the author created strategies, process of reengineering, and steps for quality improvements. The same includes eight fundamental steps which are also presented in their natural order on Figure 4 below: establishing a sense of urgency; creating the guiding coalition; developing a vision and strategy; communicating the change vision; empowering a broad base of people to take action; generating short-term wins; consolidating gains and producing even more change; and instituonalizing new approaches in the culture (Kotter, 2012).

These eight steps are considered as fundamental because they are really important and significant for reaching the change goal. The steps listed as first four are those that are going to make imbalance in the current status-quo or those that force a change to happen. The steps which come after that and are numbered from five to seven are the ones that bring the changes or those that includes rules, practices and procedures for implementing the change into organization, while the last one, the eight step of the Kotter's model is devoted to make changes in the internal culture of the organization in order to help people

within it to accept, adjust to the changes, respect and stick to them. This description of their order and importance of the order shows that there is no logic to skip some of them because if that happen, the natural flow will be interrupted and broken and there is a risk of unsuccessful attempt.

Figure 4: Kotter's 8 - steps model



Source: Kotter (2012).

Step one: establishing a sense of urgency- the initial move into the process of change starts with creating a feeling and belief that there is a real need for doing that. Before each and every other step begins, there must to be urgency created that the company needs and wants that change, and the all people together, especially the top management work very hard on that and are motivated and focused in building the urgency as it is meant to be, without rush or panic.

Step two: form a guiding coalition- After establishing the feeling that a change is required and the organization is about to make it, the managers responsible for this process need to talk and convince other employees about this. This often includes strong leadership and visible support from key people (Mindtools Ltd. No dateb). The second step requires permanent communication with all employees, making coalition with them and managers where all together will work on the changes, helping and collaborating each other, and building strong team with excellent knowledge, experience, expertise and will for teamwork whose members are, as we mentioned either employees or management staff and who work together in order to bring the positive outcome of the changes to all level of company structure.

Step three: create a vision and strategy for change- The next step is switching to the practical part of the model which is focused on the new change we want to bring. In this moment the organization starts thinking about the change, determines the values it is expected to bring, and the vision of the entire organizational change process. Third step is completed or understood once all teams included in the change know how to describe why the change is taken, what it is all about, how will be performed, and what is going to happen after its execution.

Step four: communicate the vision- All daily communications about the change, its vision and final outcome create the fourth step of the process. By communicating the vision is not meant having formal meetings for doing that but having frequent conversations on daily basis where managers will share thoughts and ideas, and will help employees to eliminate the risks, questions or concerns they have.

Step five: empowering broad- based action- As already stated above in several points, the risk of resisting is always present and employees' resistance will always appear to some extent. The ideal situation for change performers is when all employees are highly motivated and step into change management process. But this can never happen as all of the involved people have some level of concern. For removing the obstacles or barriers, each company can use its own strategies, but the one which is also reviewed in sources of literature as effective one has several points: 1. The managers need to identify who are change leaders in the organization or there is none, then to hire some external expert for that role; 2. Making thorough revision of the internal structure, jobs and their description

and responsibilities, the work compensation and work performance etc. in order to find out whether the current structure is in line with the vision of the new change.

Step six: create short-term wins- The plan for change management usually covers a longer period of time (a year or years), but in order to keep its effectiveness and popularity during that period of time it needs to be divided on milestones, or several short-term phases which are consisting the broad image. This means that the change leaders need to present the short- term plans and to present them, together with the expected targets and rewards to employees. It enables employees to work hard in achieving the targets and after that being rewarded for their contribution and results from one side, and completes one stage of the overall change process for the organization from the other.

Step seven: consolidating gains and producing more change- As the process change flows, there will be for sure some fails because some structures, systems or policies do not respond properly to the change and do not fit to it. In order to avoid that, firstly it needs to be remembered that the short wins explained in step six are not final, but only a small part of the entire change which requires deeper run and longer work. Those fails needs to be eliminated, gains to be kept and those people and practices that leaded to gains should be kept, promoted and helped to continue implementing and developing the change vision (Kotter, 2012).

Step eight: anchoring new approaches in the culture- once the change is available and visible it needs to be implemented into the overall organizational work and to be considered as part of that organization. For that to happen, the organization needs to enable capability of the systems to accept the change, to make efforts the change to be connected with the organizational success and to take part of organizational culture (Mindtools Ltd., no dateb). The final step in fact means that the company must to support the change permanently and to continue working on its development and succession as it is now integrated part of it.

The question that arises again, after presenting the model is why we decided to include and describe it. We were guiding by the same idea as during explaining the Lewin's model, and it is the effectiveness and validity of the model for long period of time. That means that this model for organizational change still holds true even in case we want to make such a change. It also has three positive reasons or advantages which make it useful and broadly used.

The first reason is its simple structure of eight steps which can be easy to follow and transit from one step to another as the previous is finished and its outcome is visible.

The second reason is that here the focus is on preparing and accepting the change, not the actual change (Normandin, 2012). That means that all steps explained above are devoted to

single part of the entire change, not to the change as a whole, and they are consisted of procedures that will help people in the organization to understand the need for change, to accept it, and to work on it.

The final advantage is that all of those steps can be summarized as one integrated process change. They all are separated and are continuous one after another, but all of them belong to the entire process of change and when completed, they give the complete image of the process. As they are integral parts, they also must to be taken in same, unified manner.

1.5.3 Benefits of change management

There is no effective change without proper change management. As we explained before, the change management is the moving force of change implementation and execution that coordinates controls and maintains the change. With no management, there is a high risk of failure, even greater resistance to change in future, and disappointed employees.
So, besides these facts of change management's importance, what else make it essential for each organization to have while making organizational change?

The benefits of change management are numerous but all of them are more or less connected with the overall success of the organization and its people. In addition, we are going to list some of the major benefits.

- Change management leads to risk minimization of change failure – by having well defined and carefully planned change management strategies the chances for unsuccessful outcome are lower. The reason lies in the fact that with the implementation of change management, the whole change including „potential risks have been analyses and strategies for overcoming those risks have been outlined"(Bowen, no date). Moreover, by having defined strategy and analysed steps with risk prediction, it is also possible for managers to guess any other possible challenges and then how to respond accordingly to them.
- Another benefit of having change management within organization is ensuring that the desired change impact will be achieved. This is directly linked with the first benefits we mentioned and comes as its consequence. Defined change management plan which provides analysis of the whole process, which enables having a detailed plan how to manage the change and preserve issues, also ensures achieving the desired impact of the change. It also allows the organization to asses that impact (Change-management-coach, no date).
- Change management also contributes to effectiveness and efficiency of the change. This means that with planning the processes, the organization is in a position to plan in advance the stages, their duration, interdependence, and budget needed. The same refers on ensuring time and cost management or reducing the time needed for implementation, aligning the resources needed for supporting the change, and

managing „the diverse cost of change“(Ni business info, no dateb). By stable change management strategy each organization will be in position to calculate the time and costs needed for the further changes and on that way can plan its activities for improvement on longer term.

- Change management will also contribute to building stable company and profitable business. As the company develops its time and cost management plans, it can also make plans for team development, development of „best practices“(Change-management-coach, no date), plans for long-term improvements based on reasonable and important factors for growth and business expansion. When a company knows what needs to be changed, how that can be changed, for how long and for how much the new things will be implemented, what that brings for the business and for the people inside organization, it is on the right path. It is not only in position to build its business faster and better than before, but it also will achieve increased return on investment (hereafter: ROI), which is of course one of the most important things each organization strives for.
- Logically, after achieving stable business and stable ROI, the organization becomes more profitable and more competitive. Having effective change management means maintaining good market position and sound relationship and communication with customers and clients. Some reports also proved that effective change management helps in boosting the overall satisfaction clients and customers have for that organization (Bowen, no date) which justifies the statement that change management is crucial for having competitive position on the market and strong connection with customers and clients.
- Going simultaneously one after another benefit, we come to the fact that change management also affects the most important asset of each organization - people. Effective and efficient change management is important for minimizing employees' resistance and fear of change. Informed and encouraged employees are the right and motivated team, and the greatest force for making the change. People within organization and their satisfaction of the change are in fact the most important benefit one organization can achieve. With proper and well planned changed management where the company informs employees on time for everything planned, with their proactive engagement and support (Prosci Inc., no dateb) can achieve high employees' acceptance of changes, higher devotion and motivation of employees and their real contribution for the project activities.

2 BUSINESS PROCESS CHANGE

From managerial perspective, Business Process Change is crucial element in achieving competitive advantage and business longevity. Organizations but also non-profit organizations are permanently thinking what in their way of doing business can be changed and how they can become even more efficient. Having BPC and effective change management is continuously present need in each organization that wants to optimize and

improve its work, and as an idea has origins from the beginnings of the past century with Ford's optimization of production processes in car industry (Harmon, 2007) and still remains important in current business's process planning. It can be defined as „combination of information, communication, and training regarding changes in existing business processes or the creation of new processes"(Kirchmer, 2009), and it occurs because of different factors. Some of the most frequent and influential recently are technological development and innovations, international market and competitors, globalization and so on. It is also case when an organization undergoes business process change due to some internal conditions. Additionally change management as a discipline is in very close even unbreakable relation with BPC. We have already explained its essentialities and importance, so here we can only emphasize that it stimulates and supports the proper execution of business process changes in organization. It „ensures that the necessary actions are initiated with an acceptable delay, required actions are executed in a fast and effective way, and all reactions and actions are initiated and executed in a controlled manner to enable high performance"(Kirchmer, 2009).

2.1 Why is business process change necessary?

Having frequent and justified changes into businesses is a sound and safe step. The factors explained (both internal and external) that underline changes are always present, and as the world changes, as the technology changes, as people change, so does the business. Because Business Process Change is mutually connected with Organizational Change, it is important to have it from time to time so people within organization can be sure that the organization realizes its full potential. Regardless the type of the change, if the same is planned and implemented properly, the organization will experience the benefits from it. When thinking about organization, we mean about the business's structure, budget, people (Ohio University, no date).

The necessity of business changes is grounded on the same reasons as when company takes organizational change. The benefits expected are similar as the one that the organizational change could bring, with the difference that in this case with lower impact and level. Since business change happens in some field of the business specifically nd covers smaller area of activities and people, its essence lies in the fact that it is necessary to happen for keeping some business process up to date. It can be said that it acts directly narrowed to part of the business activities and its effects come quicker and are obvious soon after the implementation. As the business process change's performance is easier, less complex from one side, and its frequency is often than the organizational change from the other, it seems that it can be easily accepted by people and considered as one normal ongoing process change. That means that business process change usually is widely accepted by people in organization and keeps them highly involved and active in its performance and motivated all the time to participate in the change process and contribute to the overall improvements. On long term, it comes out that these business process changes that happen

on time to time within organization have huge impact for having effective and efficient organizational change further on. They happen frequently and adjust the organizational processes according to the internal and external requirements, and on that way form the basis for further bigger change processes. Therefore, business change is necessary for maintaining positive workflow, constant improvements according to latest trends, innovations, and technologies which in future when it comes time for organizational change enables closing the gap between requirements and results (Prosci Inc.,no dateb). In summary, business process changes have to be valued because of their direct impact on organizational processes and keeping business processes up to date, and people motivated.

2.2 Key criteria for successful business process change

Similar as in the case of organizational change, business process change triggers some key criteria for effective and successful implementation. As business process change is substantial part of the spectrum called organizational change management, the same rules explained above are applicable here as well. Each and every business change taken within organization is complex and important at the same time. Whether it is incremental or abrupt change, whether it refers to established regular daily activities or to some crucial business process, the change is important process and deserves lot of attention, time and devotion for proper performance. The essence of devotion and respecting and following the criteria imposed for its success are also confirmed by some researches made, which showed that around 70% of all efforts for making business change failed (Murphy, 2016). Successful implementation of business process change leads to successful organizational change. Therefore, having successful business process change requires having strong managerial and organizational skills.

So what criteria are important for having successful implementation? Similarly as in the previous chapter, the most crucial factor above all is the communication about the change. From executional perspective, managers or executives who have the main role in the business process change implementation and management, must to be on the same page for two things: first, they must to decide and know in advance what that change means for their company and business, and second, they must to be clear about the way of its implementation (Bruch, Maier & Gerber, 2007). Similar understandings about change also imply to all other people somehow involved in the change process. Before the change process starts we, as involved parties need to have clearly defined answers on the following questions: 1.Why do we need to change, 2.Where is this change taking us, 3. How will we get there? (Murphy, 2016). By answering the first question, we are identifying the business activity that needs to be modified in order organization to achieve some desired outcome, as well as the reasons and root cause that provoked such change. That helps us in identifying the target process for change. By knowing the business case, and defining the desired outcome, we are creating an answer on the second question, and focus on reaching it. The answer to the third question means designing a roadmap where

we are starting from, the steps planned that take us to the final destination, accompanied with the scope and the objective of that change (Beloof, no date).

In summary, in these three questions and in their answers are gathered all essentials also presented on Figure 1 that we need to have for having successful business process change and then organizational change.

2.3 Overview of business process change methodologies

For achieving one business process change's target there is a need of having clearly defined stages or steps how to perform that change. All that stages can be summarized as Business Process Change (BPC) methodology. Similarly as in the case of organizational change explanation, there is not only one single definition that describes the sum of stages required for having effective business process change. In the literature reviewed, different authors give different concepts and describe different steps as important for this. The reasons for this situation can be different: the period when some type of methodology was created, the type of business process change for which the methodology was designed, the author's point of interest, type of organization, industry or business where it was applied and so on. For example, Davenport's methodology which is still applicable today is dedicated to business process change for innovation and has five steps: identifying processes for innovation; identifying change levers; developing process visions; understanding exiting processes; and designing and prototyping new process (Davenport, 1993, p. 33), while the other important and influential for many researches and actual business process changes was introduced by Porter and also contains five steps: planning, analysing existing processes, design new processes, resource development for new processes, and management for transition to new processes (Javidroozi, Shan, Amini & Feldman, 2016). Porter's methodology was developed for business process redesign. Moreover, there is one more especially popular research point which defined six- steps methodology for business process change, particularly when it comes to business process redesign (Javidroozi, Shan, Amini & Feldman, 2016). This type of methodology is more complex than the other two developed by Davenport and Harmon, as it is created based on a stage-activity framework (hereafter: S-A framework) for business process reengineering (hereafter: BPR). The complexity comes from the fact that each stage from the S-A framework has its own tools and techniques and then the methodology and its steps are derived from these tools and techniques. The six stages of this methodology for BPR are envision, initiate, diagnose, redesign, reconstruct and evaluate (Kettinger, Teng & Guha, 1997).

From the literature reviewed, we come to a conclusion that this one was and still is differently accepted, there are researchers who agree with it, while there are also other groups that do not. However, the thing that is really important to us is the fact that there is not only one universal methodology or methods used in each and every case of business

process change. The other thing that is also important is that if we look at the stages in each of these three methodologies we presented, but also stages of other developed and widely known in this field of study, they are more or less the same. Stages and the activities they include are repetitive in all methodologies with some minor modifications. They might be named differently or might be presented in different procedure but their purpose and essence are the same.

For this master thesis, we are going to take the visual representation of one popular summary of BPC methodologies (Javidroozi, Shan, Amini & Feldman, 2016) also presented on Table 1. This summary of methodologies can be used for both business process reengineering and business process change, even it is more devoted to the first one. It has seven stages: understanding project objectives, understanding existing business processes, identifying processes for change, preparation for the change, designing prototyping, implementing the change, and continuous evaluation and improvement (Javidroozi, Shan, Amini & Feldman, 2016).

Table 1: Summary of BPC methodologies

Steps	Activities
1. Understanding project objectives (e.g. systems integration in this research)	- Identifying project vision and objectives in business - Identifying processes that support the project objectives as well as their performance target - Formulate process performance objectives
2. Understanding existing business processes	- Understanding and documenting current process flow and directions - Measure and assess the processes against new process objectives and attributes - Identify issues in current processess
3. Identifying processes for change	- Evaluating the role, culture, and politics of each process - Identifying process bundries
4. Preparation for the change	- Identifying change enablers such as technological and human resources - Defining scope - Setting the strategies and goals - Planning and scheduling - Establishing management commitment - Inform stakeholders - Organising change team
5. Designing Prototyping	- Defining and analysing new process concepts - Evaluating different design options in terms of feasibility, benefit, cost, risk and select one - Defining requirements for implementation phase - Prototype the new design - Utilising process mapping techniques
6. Implementing t change	- Address migration challenges according to the type of change and develop a migration approach and strategy - Developing new organisation structure - Training of employees
7. Continious evaluation & improvement	- Evaluating process performance - Maintaining and modifying redesigned processes - Link to continuous improvement programs - Controling and improving the previous steps

Source: Javidroozi, Shan, Amini & Feldman. (2016).

Now, as we mentioned that this set is more BPR- oriented, we would like to see how the optimal, the most BPC- oriented set of methodologies will look like. If the above presented figure is slightly modified and becomes more change- focused, we can create the summary of stages essential for having effective BPC. The methodology presented on Table 2 is adapted from the previous figure and is the one that we have found very useful since has guidelines and framework for the practical part of this thesis and is exclusively designed for BPC purposes.

Besides the seven stages, we are going to include determining the change approach as fourth step, and expected results or improvements from the change as sixth step. Why we are including these? The change approach is important for knowing the type of change we are going to have and identify the best possible way for achieving that, while the expected improvements as a stage is important for benchmarking what was expected and what is achieved in the end, and on that way to make a conclusion about the overall effectiveness and success of the BPC.

Each of these steps has its own purpose and contributes to the final goal: executing and maintaining business process change successfully. The stages/steps one and two explain why the change is required, the third step gives answer which process needs to be changed, the fourth gives an answer to the question which approach is the best, the fifth, sixth, and seventh steps are the actual change and contain information which steps are necessary to be taken and what is expected from the change process, while the final stages comes once all other stages are finished, and ensures permanent control and maintenance of the newly situation after the change.

Table 2: Business process change methodologies

Steps	Activities
1. Understanding project objectives	-Identifying project vision and objectives in business; - Identifying processes that support the project objectives as well as their performance target; - Formulate process performance objectives;
2. Understanding existing business processes	- Understanding and documenting current process flow and directions; -Measure and assess the processes against new process objectives and attributes; -Identify issues in current processes
3. Identifying processes for change	-Evaluating the role, culture, and politics of each process; - Identifying process boundaries;
4. Determining approach for change	- Evaluating existing approaches; - Comparing possible approaches with the identified process for change, for realizing the goal; - Choosing the most suitable one for the desired BPC;
5. Preparation for the change	- Identifying change enablers such as technological and human resources; Defining scope; -Setting the strategies and goals; Planning and scheduling; -Establishing management commitment; -Inform stakeholders; - Organizing change team;
6. Designing prototyping	- Defining and analysing new process concepts; Evaluating different design options in terms of feasibility, benefit, cost, risk, and select one; - Defining requirements for implementation phase; - Prototype the new design; -Utilising process mapping techniques;
7. Determining expected results	- Aligning the designed concepts with further results; - Listing all expected benefits and process improvements;
8. Implementing the change	- Address migration challenges according to the type of change and implement the change approach and strategy; - Develop new organizational structure; - Training employees; - Other activities important for managing the change;
9.Continuous evaluation and improvement	- Evaluating process performance; - Benchmarking expected vs. actual results; - Maintaining and modifying redesigned processes; - Link to continuous improvement programs; - Controlling and improving the previous steps;

Source: Adapted from Javidroozi, Shan, Amini & Feldman. (2016).

2.4 Business process improvement

In the previous part of this chapter while explaining BPC methodologies we have mentioned business process improvement methodology and that was done with a grounded reason. The processes planned for reviewing in the practical part of the thesis which exist in real life organization and which will be explained in the next chapter are existing processes in the organization that need to be improved, and the approach which we are going to use for that purpose is business process improvement.

Business process improvement can be understood as approach that organizations undertake in order to redesign some existing processes or operations and by that to achieve significant improvements in their production (Business Process Improvement, no dateb). The importance of BPI is obvious in the past decade as well as in present time, as with the expansion of information technology things change day by day, and organizations need to follow the latest trends and innovations in order to stay competitive, because if they do not their competitors will for sure. We see on business process improvement as one of the many types of business process change or in other words, business process change can be taken for improving some of the existing processes. Having continuous BPIs in organization is key determinant for successful business operations, cost effectiveness and guaranteed long life of the organization. The reason why we take into consideration BPI and include that in this master thesis is similar as the one for BPC: both of them are closely related to the organizational changes we want to introduce in practice. As mentioned at the beginning, the practical operation we are going to working on is devoted to modifying some of the current practices for performing current business process into organization and on that way to improve it by making it simpler, time and cost efficient. Since the process is used in the whole company, the benefits of its change will be felt by all employees whose work is in direct correlation with that. This explains the correlation between all three terms explained before by using deductive method: business process change as the basic approach which leads to business process improvement and the overall result is positive organizational change made into the company.

The methodology we described and is considered as most convenient for achieving business process improvement is similar to the one previously adapted and intended for use for the purposes of business process change – the Deming wheel which summarizes all stages of BPI in four main stages that are repetitive and provide continuous improvement: Plan (improvement planning), Do (carrying out the planned activities), Check (performance evaluation), Act (modifying according to results obtained), (Andersen, 2007). In the same time, this methodology (Plan - Do – Check – Act) contains the same activities and has the same purpose with the newer Define – Measure – Analyze – Improve - Control of the process (Aris community, no date), (hereafter: DMAIC). Both methodologies, the Plan – Do – Check – Act, and DMAIC mutually related one to another. In fact, „DMAIC is direct descendant of the Plan – Do – Check – Act“(Athuraliya, 2018).

We accept the above described stages for business process improvement because of two reasons. Firstly, they help us to define the problem that exists, to understand why one change is necessary, what we are going to improve with that. Then we measure the current aspects of the process that currently exist and to collect all possible existing data for it. Moreover, after having all important information we focus on analysis and making a plan and drafting all important activities to remedy the process or processes. The following part includes action and implementing the change for further improvement of the process based on the prior analysis and plan. Finally, after implementation, the steps of permanent monitoring and evaluation of the results from BPI are taken to prevent and eliminate possible deviations, and based on the feedback given we can decide for next improvements or repeat the process from the start again until desired outcome is achieved. Secondly, the fact is that we already have a present process and issue we want to examine and solve. By solving that we improve the situation. Business process improvement methodology will help us in evaluating the current situation with the business processes within organization and in optimizing it to the best possible status.

3 COMPANY HELLA SATURNUS SLOVENIA AND ITS PRODUCT ENGINEERING PROCESSES

Hella Saturnus Slovenia (hereafter: HSS) was founded in 1921 as a tin and metal products manufacturing plant. In 2004 HELLA group became the only owner and the company's name eventually changed to the present-day one. HSS is both a lighting development and production plant. It functions as a global development center for small lamps as well as development center for light emitting diode (hereafter: LED) headlamps, radomes and interior lights. Key technologies of HSS are injection molding of thermo and duroplasts, 2K plastic lens manufacturing and lacquering, metallization, automated robotic gluing and assembly, small series production and testing center (Hella Saturnus Slovenia d.o.o. no datea).

HSS performs its activities in accordance with the business strategy of the controlling company HELLA KGaA Hueck & Co. Net sales revenues increased by 14 million euros, i.e. 4% in the financial year 2017/2018 compared to the year 2016/2017 2018(Hella Saturnus Slovenia d.o.o, 2017d). The plan for the next year foresees a stable trend in 2019/2020. This is due to result of initiated implementation of new projects and increased sale of products launched in the 2016/2017 year. Also, compared to the results of the 2016/2017 year, HSS managed to increase the profit from operations – earnings before interests and taxes (hereafter: EBIT). This was achieved by a structural approach in production (increased productivity through automation) and sales of value-added products (Hella Saturnus Slovenia d.o.o, 2018d).

Due to the future sales forecasts, HSS is facing many challenges (space, production capacity, supplier management etc.). All these challenges have been included in the

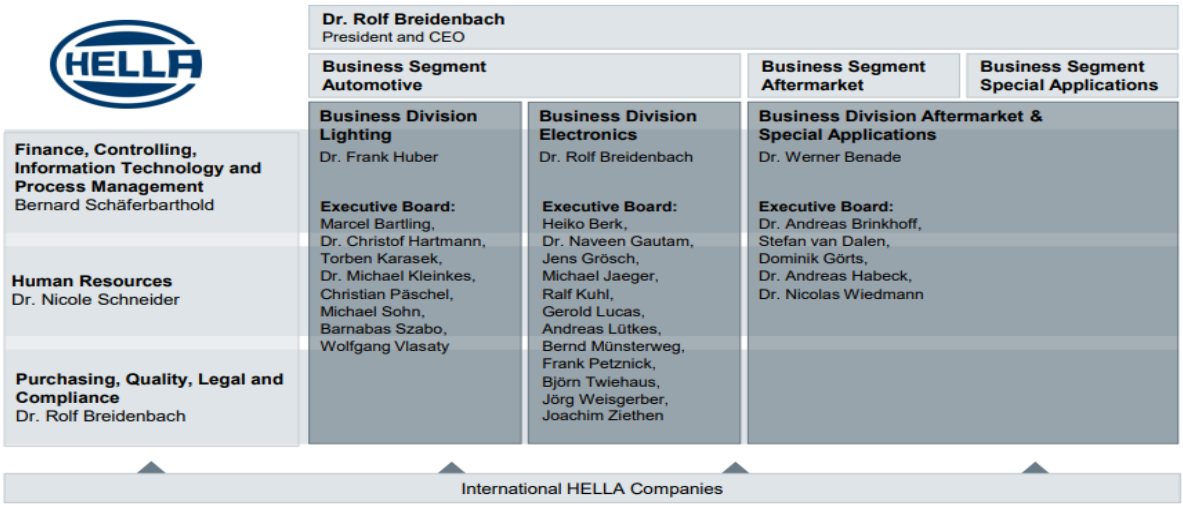
business plan for the 2018/2019 year. In view of the positive trend of net sales revenues, HSS plans to further increase profit over the next three financial years (Hella Saturnus Slovenia d.o.o, 2018d)

3.1 HELLA Group and the matrix structure of the organization

As we mentioned HSS is a part of the HELLA Group. HELLA Group in total it consists of more than 100 subsidiaries and associated companies (joint ventures throughout the world and across all business segments. Hella GmbH & Co. KgaA is the parent company of HELLA Group and at the same time the largest operating company of the Group in terms of sales. Generally, all German subsidiaries are directly or indirectly held via Hella GmbH & Co. KgaA, whereas international subsidiaries are concentrated under international holding company Hella Holding International GmbH, that is a 100% subsidiary of Hella GmbH & Co. KgaA (Hella Saturnus Slovenia d.o.o. no datec).
The operations in HELLA Group are organized in form of matrix structure, also shown on Figure 5 below, with (Hella Saturnus Slovenia d.o.o. no datec):

1. Three business segments: automotive, aftermarket and special applications. These include the three business units: lighting, electronics and aftermarket & special applications.
2. Regions, North and South America, Asia/China and Europe.
3. Corporate functions, finance and controlling, purchasing, quality, human resources, information management, legal services, IP management and logistics which are included in all three segments.

Figure 5: Hella Group Corporate structure



Source: Hella.com; (2019c).

In the Business Division Lighting, HELLA develops and manufactures headlamps, rear combination lamps, signal and interior lights as well as lighting electronic components for almost all renowned automotive companies. HELLA is worldwide among the top 5 suppliers. HELLA has a strong market position when it comes to innovative high-end headlamps. Business Division Lighting is HELLA's largest business unit with 20.000 employees worldwide which generated sales of € 3.0 billion in fiscal year 2017/2018 (Hella Saturnus Slovenia d.o.o. no datea).

3.2 Product engineering process

Every organization in automotive industry works to fulfill the customer requirements in a sense of technical requirements, time, safety, design, cost etc. Because of that, we know that organizations in the automotive industry works in a culture of strict processes, rules, methods, standards, tools, knowledge, so they can meet the customer requirements. The same logic applies in Hella Saturnus Slovenia and its product engineering process which is a matter of discussion in this master thesis, where HSS develops products which meet the customer requirements and standards.

Generally PEP is the process for developing the whole project starting from customer pre-nomination (selecting Hella as a supplier of the certain product for example. headlamp) to the start of production (hereafter: SOP) of the final product (example: headlamp).
PEP is the standardized process for development projects to establish HELLA-wide quality standard for product development. PEP provides clear description of roles and work package responsibilities. The definition of ''who does what'' avoids misunderstandings and helps everyone (Hella Saturnus Slovenia d.o.o. 2016c).

Target of the PEP is to define the content, the roles and the responsibilities during the product development for all involvement persons and departments. Product development according to PEP leads to an unhindered ramp up with regard to productivity and quality. Benefit of the PEP is clear, uniform and worldwide understanding of the product development process (Hella Saturnus Slovenia d.o.o. 2012a).

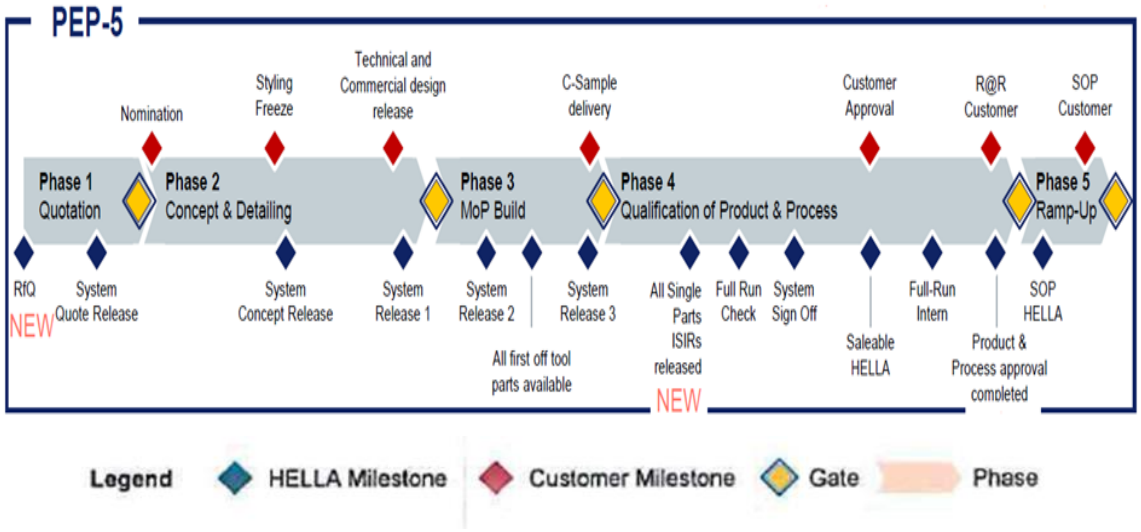
3.3 PEP 5 and PEP 7

As it is standard in the automotive industry PEP is subject to continuous improvement. In HSS from September 2016, the PEP was changed from PEP5 to PEP7. To be well understood, the main functionality of the both PEP5 and PEP7 or generally PEP is the same and was described previously.

3.3.1 Product engineering process (PEP) 5

PEP 5, also shown on Figure 6, was the process which includes the development of the product/project in the 5 phases. It consist gates and milestones, customer milestones and further tasks for different departments. Every phase has a target what has to be done as a condition for going in to other phase. The gates represent moving into the other phases of the product/project.

Figure 6: Hella's PEP 5 chart



Source: Hella Saturnus Slovenia d.o.o. (no dateb).

To better understood the phases and gates as in the Figure 2 we will explain some main targets for the phases and gates (Hella Saturnus Slovenia d.o.o. 2012).

- *Quotation phase* is consisted of creation and negotiation of a technical and commercial offer until nomination of profitable development & series-production awards. *Gate 1* : customer nomination development received
- *Concept & Detailing* is consisted of development of a product to reach a degree of maturity that allows the customer to release the design to start to build the means of production. *Gate 2* : design release by customer received
- *Means of production build* is consisted of ordering and build-up of the tools/equipment including the proof of functionality. First functional parts out of production including software (100% software content). *Gate 3*: all tools and equipment are available.
- *Qualification product & process* is consisted of qualification of the single parts/components and the sold part is completed. The qualification has to be completed before the customer release of the final production and process. *Gate 4* : production release by customer received
- *Ramp-up* is consisted of ensuring the safe launch of the production and control and assure that the project target (planned values) are reached before the conclusion of the

project (release of the project team). *Gate 5*: release of the project team (project conclusion).

3.3.2 Product engineering process (PEP) 7

With the introduction of the new PEP 7, the PEP process as a general process became larger and consisted of seven main phases. Same as PEP 5, this process is also consisted of gates and milestones, customer milestones and further tasks for different departments. In general, the PEP is enlarged with two phases more with more specific gates, milestones and activities. The PEP 7 has its own targets for each phase and it also contains gates with clearly defined pre – conditions for entering the next phase, which are visually presented on Figure 7. The description of each particular phase and their separate main requirements are as follow (Hella Saturnus Slovenia d.o.o. 2016a):

- Develop draft and create quote is consisted of making analysis of customers' needs, interests, and requirements, in order to get to know and understand what the market needs and requires. Based on the knowledge gathered, the company should be able to convince the customers to nominate them for the actual project. Gate 1: releasing the technical quote, and created draft for product and processes.

- Prepare project is the second phase of the PEP 7 where the project plan is created (or complete), and it is in accordance with the customers' needs and requirements which were found as important in the previous phase. This phase also explains how the project can achieve its targets. During the second phase, the resources needed such as financial means, human power, equipment etc. should be approved and supplied, and also the responsibilities for its performance are aligned. Lastly, the prepare project phase defines the possible risks and countermeasures related to them. Gate 2: the plan must be finalized and feasible, and all its important elements (teams, means, risks, targets) are defined.

- Find and select development concept is the phase where the status of the requirements explained above is clearly defined and determined. It can be both accepted or rejected, but cannot be left in some preliminary stage, such as pending, needs further clarification, in review and so on. The first samples of the prototypes of the product are expected to be visible, and is also expected they to meet the customer requirements and become verified. Gate 3: the overall documentation for the system concept as well as complete and finalized specification for the customer's requirements are available. Defined concepts about logistics and purchasing. The product's design is mature for start the process of purchasing product's parts.

- Detail and describe product process is the fourth phase where the project should be in such a stage where it ensures ability for making and producing the first components and tools. During this phase, the samples verified in the previous phase now exist, and

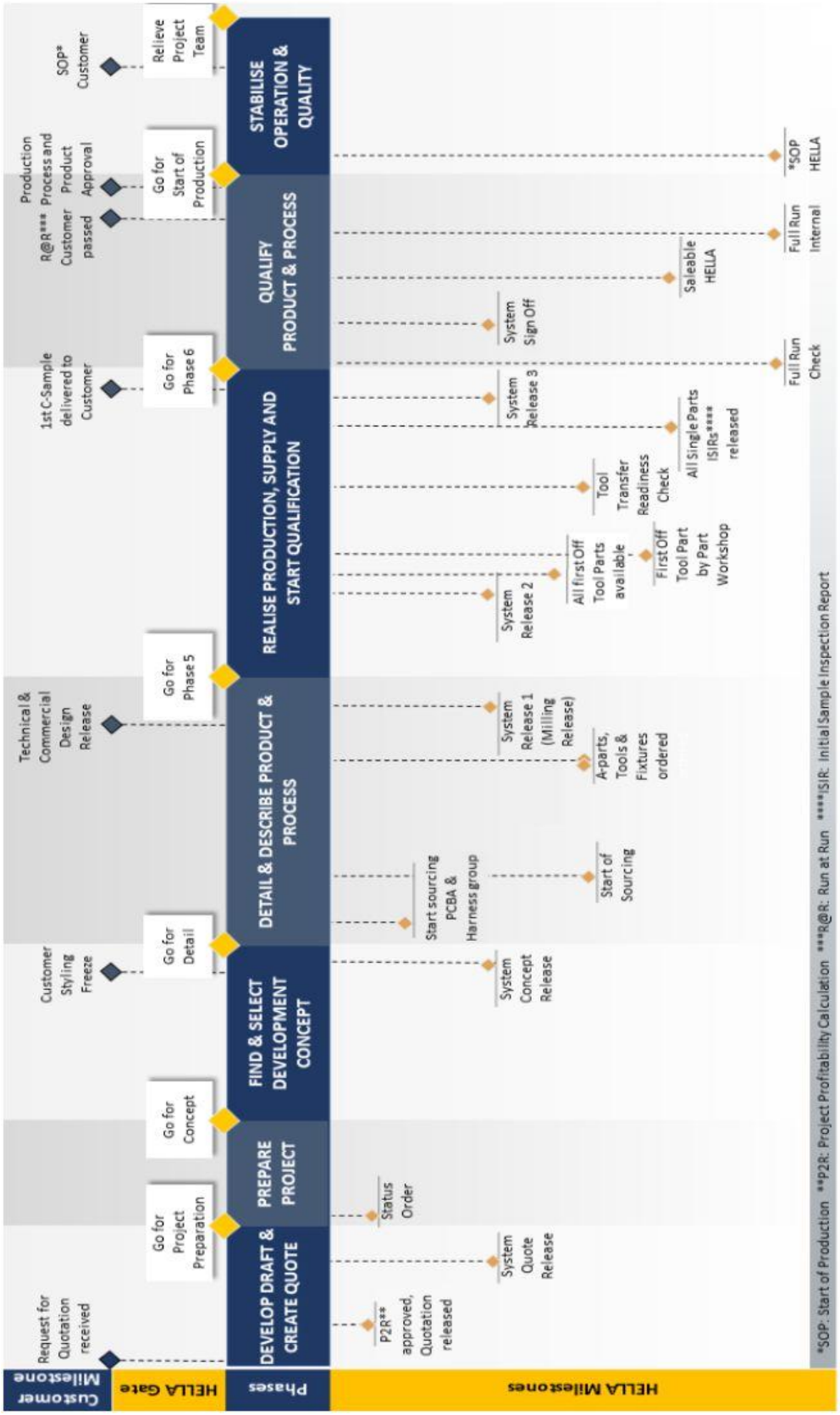
based on that the product design and production process present are in accordance with the verification criteria. The requirement specification is finished. Gate 4: defined list of suppliers for each product's part, and mechanical design freeze.

- Realize production and supply is the name of the next phase out of seven where all parts of the product, either purchased or built are present and marked as qualified for system testing. Gate 5: documentation for product development is available. Available and approved is also the production equipment. Homologation is prepared and ready to be carried out.

- Qualify product and process is the sixth phase of this PEP 7. It is the phase when the product is in developmental stage, and is defined as ready for mass or serial production. During this phase, all resources, equipment, and tools required are ready for production of the product in series. During this phase and before the start of serial production it is concluded that the current project plan is in accordance with the customer's requirements and meets its milestones. Gate 6: the homologation process is taken, the specification testing is marked as done and passed, as well as the Initial Sample Inspection Report (hereafter: ISIRs) are realized. The assembly line for serial production and the full Run are checked and ready, while the audit is also according requirements.

- Stabilize operation and quality is the final phase of the process explained. It is the main practical phase where the outcome should be delivered and includes serial production of the product which results with accuracy and stable manufacturing capability. With the beginning of reproducibility and product and process development, risks are known and can be prevented. The profitability of the project is also known. Gate 7: start of production pre - calculation is done, Key Performance Indicators, (hereafter: KPIs) are stabilized and known, and a report for project closure is prepared.

Figure 7: Hella's PEP 7 chart



Source: Hella Saturnus Slovenia d.o.o. (2016d).

3.3.3 Comparison PEP 5 vs. PEP 7

From the presented explanation and description of both processes above which are based on the information given from the professionals who work in the company and were interviewed for this purpose, as well as from the paperwork available, it is clear that the both of them are narrowed to the same purpose – creating and implementing of successful, effective and high - quality product in the automobile industry. However, if the two of them were completely the same, there will be no need for updating, meaning that there are some differences in them. The reason for introducing the newer PEP 7 is for improving the PEP 5 in those fields where it showed gaps and room for upgrading. For understanding the difference between them, and for finding out what was missing with the previous one, and was achieved with the latter, we are going to make a short comparison between them which is also shown on Table 3. As noted, the information added on Table 3 used for making comparison are derived from the existing internal materials of the company (Hella Saturnus Slovenia d.o.o. 2012; Hella Saturnus Slovenia d.o.o. 2016a; Hella Saturnus Slovenia d.o.o. 2016b; Hella Saturnus Slovenia d.o.o. 2016c & Hella Saturnus Slovenia d.o.o. 2016d) and answers gathered from the interviewees. The table with differences found and the benefits gained with the PEP 7 is made on our own analysis based on the data available for PEP 5 and PEP 7, and comparison between them both.

Table 3: PEP 5 vs. PEP 7

PEP 5	**PEP 7**
Second phase – concept and detailing	The second phase from PEP 5 is divided on separate phases concept, and detail, and another phase prepare is added prior to these two.
Contains 5 gates	The number of gates increased to 7 where the G3 (go for detail) and G6 (Go for start of production) are added.
Uses general management tool for process steps and activities	Uses project portfolio management tool
Non – clear work package responsibility	Clear work package responsibility
Using of sub processes all the time	Using of sub processes only where helpful
Rough description of work packages	Clear targets of work packages
Non – clear responsibilities	Clearly defined responsibilities
Non – clear work results	Clearly defined work results
Not defined input – output relationship	Defined input – output relationship

Source: own work.

The first difference between both PEPs is the simplifying of phases, particularly of phase 2 of PEP 5. This phase, named as concept and detailing was broad and complex as it included two segments, completely different one from another, which can be better explained if separated as two phases – concept, and detailing. Due to its broadness and

wide range of activities included, it had so many inefficiencies and realization issues, and lot of projects failed to achieve the main goal. Additionally to that, for even better simplification of the process, another one, new phase was introduced. The phase prepare was added as second phase, before the two divided. It helped in the way of project planning, understanding and meeting the customer's milestones and requirements, determining resources needed, as well as determining possible risks. With the introduction of PEP 7 are introduced two new additional gates: G3 or the go for detail gate, and G6 or go for start of production gate. The reason behind G3 lays in the fact that PEP 5 has undefined concepts for some of the most important parts of the process such as logistics, purchasing, design maturity etc. and because of that nearly all of the projects in Hella Saturnus did not meet the milestone concept approval (Hella Saturnus Slovenia d.o.o. 2014). In fact G3 acts as a precondition for having a defined concept of the project and moving forward from the concept to the detail phase. The other gate or the G6 improved the parts ready for serial production which now needs to be approved by all business divisions which was not a case with the previous PEP.

Another difference between the PEPs is the introduction of the project portfolio management tool (hereafter: PPM tools) which replaced the older gate management tool (hereafter: GMT). This enables better overview of the project with regard to its time and duration, tasks, responsibilities, time target scheduling and adjusting of Hella Saturnus's milestones with the customer's ones.

The next improvement is seen in the field of PPM in the part of defining the work package responsibilities of business divisions. With this, each business division from sub process level 1 has its own clearly defined core tasks and responsibilities.

One of the benefits that PEP 7 bought to Hella Saturnus which contributed to better overview and organizing the process in the limited usage of sub processes. Namely, with PEP 7 it uses the sub processes where they are only essential and detected as helpful for the project.

One of the many benefits and in the same time difference between the older and the newer PEP in Hella Saturnus is the implementation of clear targets of work packages. With the older process there were only rough, simple definitions or statements given for each work package (Hella Saturnus Slovenia d.o.o. 2014). That led to complex and unclear description and understanding of work packages. Now, there is clear, detailed description of each package, where the target is easy understandable.

Additionally to the previous mentioned difference is the next one – introducing clear responsibilities and entitling them to one particular process step. In the past process there was a lack of this and happened one process step to have several responsibilities, which is not a case right now. With PEP 7 not only each work package is clearly defined together with its target, but also it can have only one responsibility (Hella Saturnus Slovenia d.o.o. 2014).

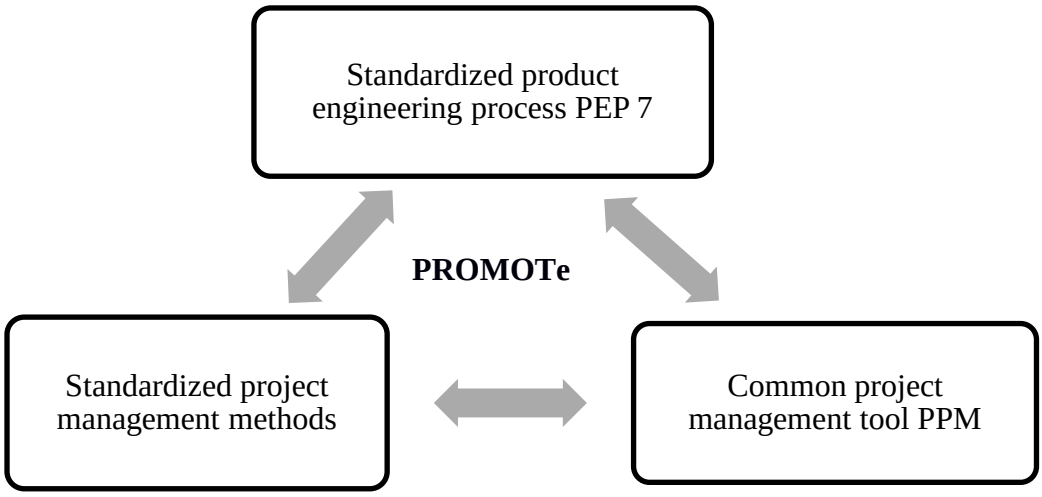
The eighth distinction, yet improvement with the PEP 7 is that it contains clearly defined and transparent work results. PEP 5 did not enable obtaining information what the work result is needed for not who needs that result. It did not even had an info for where to save the final outcome, and which was even worse for the company was the fact that some outputs could be present but information about their inputs lacked. With PEP 7 this is far more improved or there is a constant connection between the input and the output so the user knows where the outcome comes from, where it is needed, and who needs it. It also offers a saving option so there is no risk of losing work results or having misconnection between inputs and outputs (Hella Saturnus Slovenia d.o.o. 2014). With the introduction of the need and option for having defined work results, the PEP 7 also enables having permanent input – output relationship of work products.

3.4 PEP 7 within PROMOTe

In the previous chapters of the practical part of this master thesis we described the product engineering process important for the products in our company. Now, in this part we are going to mention the project PROMOTe which stands for ‘’process method tool – essentials’’ and reflects a process based, tool supported project management solution for HELLA’s development project teams worldwide (Hella Saturnus Slovenia d.o.o. 2017a) that is also important for the thesis, especially for the following chapters.

As a project, PROMOTe was introduced in HSS few years ago. Before its invention, there was an obvious need for having a universal approach which will consist all important processes, tools, and methods involved in the whole cycle of a project/product, and which can be used and applicable in the entire company by all teams involved in project/product development. As a result of the analysis and researches made, this project shown as most convenient way for improving the production processes, and in the same time eliminating the great amount of tools used by the development teams during project activities. By definition, as it is new integrated solution for engineering projects within the company’s global network (Hella Saturnus Slovenia d.o.o. 2016a). Its main goal is to help and improve the quality of project processes and therefore the overall project quality. Moreover, it was intended to achieve transparency and to optimize project steering. These targets are expected to happen by using of PEP 7, standardized project management methods, and common management tool PPM (Hella Saturnus Slovenia d.o.o. 2016b). These three elements make the PROMOTe scope, also shown on Figure 8.

Figure 8: PROMOTe scope



Source: own work.

PROMOTe is currently used in the practical work of the company and is in inseparable connection with PEP 7 as the latter one belongs to PROMOTe and is its main process (Hella Saturnus Slovenia d.o.o. 2016e). We need to emphasize that the transition from PEP 5 to PEP 7 became possible with the introduction and implementation of the PROMOTe project. This project is also important for our further analysis of change management regarding to the introduction of this new solution and the implementation of PEP 7.

4 CHANGE MANAGEMENT AND PROMOTe PROJECT

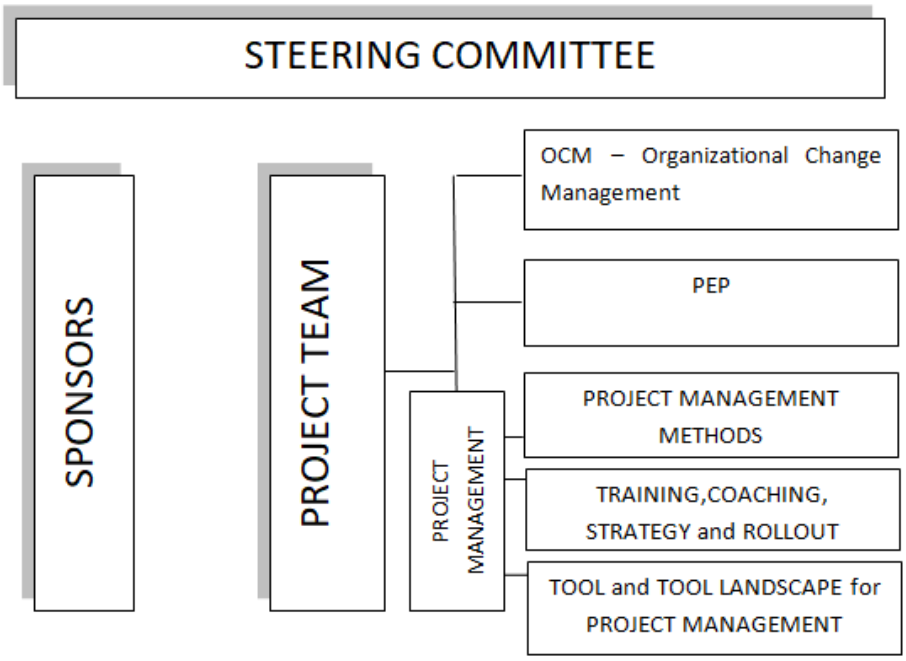
In the previous chapter we introduced the PROMOTe project and the need for change within processes, regarding the processes' and project's quality improvement, achieving transparency, and optimizing project steering using the three segments which are main parts of PROMOTe project: standardized PEP7, standardized project management methods, and common management PPM tool. In this chapter we are going to present the change management regarding the new introduced project PROMOTe in practice within Hella and how Hella was and is still managing and executing its implementation.

4.1 Introducing the change - PROMOTe project organization structure

Despite the defined main targets and role, which are the things that represent what PROMOTe provides for the stakeholders in HELLA, PROMOTe project was introduced with pre - determined team structure which will care for the project implementation and development. The organizational structure of PROMOTe project is consisted of: steering committee, sponsors, and project team as it shown on Figure 9. Every part of the structure has its own function in the implementation and development of the project. The essence of describing the structure lies in the fact that they are connection between the stakeholders

and their plans and project from one side and the realization of those plans and projects from the other. The reliable information about the company structure which is visually presented on Figure 9 are obtained from the internal materials of the company, especially those devoted to its Slovenian seat (Hella Saturnus Slovenia d.o.o. (no dateb) and its structure (Hella Saturnus Slovenia d.o.o. no datec).

Figure 9: PROMOTe organizaional structure



Source: own work.

The *steering committee's* main function is steering the scope of PROMOTe like accelerating or slowing down the speed of the implementation, and also enlarging or restricting the project (Hella Saturnus d.o.o. 2017c, pp.9). In other words, the steering committee role is to make decisions about the future of the PROMOTe and in which way the project would/not go. The *Sponsors'* main focus is to support PROMOTe in a sense of eliminating roadblocks (Hella Saturnus d.o.o. 2017c, pp.9). It means that sponsors must find and enable way for removing obstacles for projects' realization, and they also need to provide better conditions for further implementation. The *project team* is the main part of the structure charged for the implementation of the project. In their scope of work and duties is the whole organization and full support to the lower structures for implementation of the project. Project team is separated in several divisions which have own functions (Hella Saturnus d.o.o. 2017c, pp.4 - 5):

- *OCM's* main scope is: developing change network map, targeting state definition, designing of communication material, setting-up change drivers, installation of stakeholder acceptance tracking, designing of PROMOTe working materials.

- *PEP's* main function is to provide and improve process basis for the development projects

- *Project management methods* functionality is description of designated project management (hereafter: PM) as basis for the SAP-PPM functionalities, creation of training materials for PM methods, controlling methods for all controlling aspects where the focus is on cost and reimbursement planning

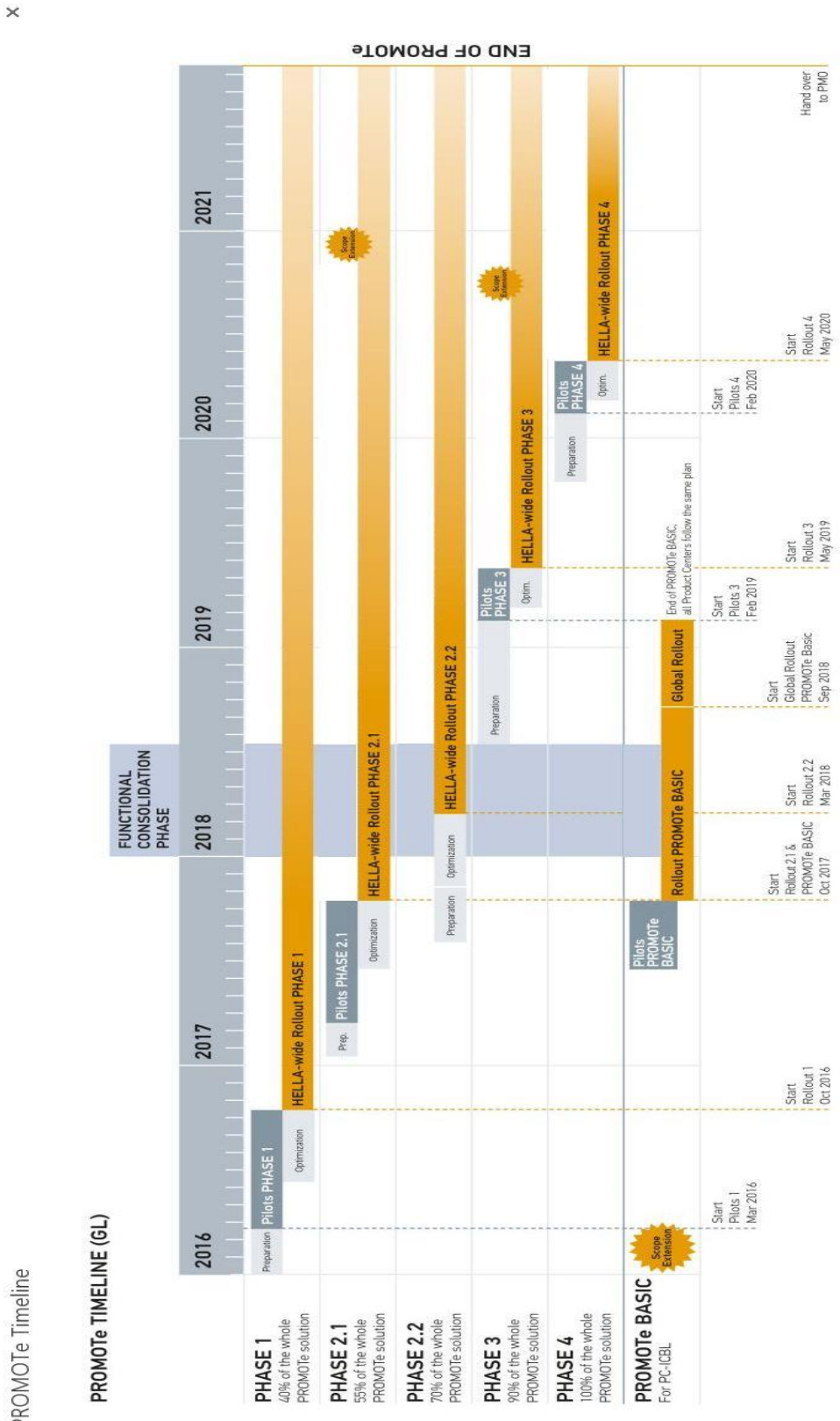
- *Training, coaching, strategy and rollout* division is responsible for the pilot and rollout strategy in a sense of timing and content; training, coaching and support concept; training materials for SAP – PPM usage; training for trainers, coaches and supporters; Leading the pilot and rollout phases.

- *Tool and tool landscape for project management team* is responsible for modifications of SAP – PPM to apply the designated methods for releases #1, #2, #3 and rollout; hardware requirements; SAP – PPM input for training materials; consulting of PM method and team.

4.2 Introducing the change – PROMOTe project time plan

Hella introduced new PROMOTe project with structured time plan for implementation. This project is established as a multi - year project with step-by-step implementation. The main form of the time plan of this PROMOTe is structured into pilot and rollout phases. The pilot and rollout phases describe the gradual step-by-step implementation. During the first one, the *pilot phase,* the project team of PROMOTe starts introducing the new chosen projects as well as the tasks chosen which represent parts of the implementation content. Here, the team chosen (pilot) project is introduced to the PROMOTe which means starting with the trainings, coaching and working, through the development (pilot) project, with PROMOTe solution. By coming to the end of the pilot phase, together with the improvements marked as needed and lessons learned from the pilot phase, the project switches to the *rollout phase.* The start of this phase means that PROMOTe solution is going to be incorporated into other development (chosen) projects. It is very important to explain that in the rollout phases the implementation of the PROMOTe into development projects happens step-by-step as we mentioned, with approximately 20 percent of the whole PROMOTe solution for every rollout phase. It is also important to mention that in this phase, trainings and coaching are still present.

Figure 10: PROMOTe time plan



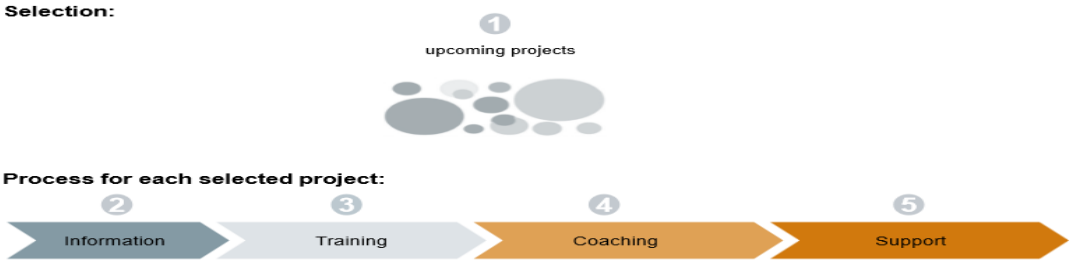
Source: Hella Saturnus Slovenia d.o.o. (2018b).

The implementation continues with new pilot phase which comes together with new chosen pilot development projects and tasks, meaning the process towards PROMOTe solution continues with upgraded work. At the end of the every pilot phase, the rollout phase starts with increased number of development projects. The rollout approach is consisted of four phases and each phase incorporates approximately 20 - 30 percent of the whole PROMOTe solution. The process does not stop until 100 percent of the solution is achieved. The same is shown on Figure 10. As we said, when there is 100 percent of the PROMOTe solution implemented in every development project, then we can say that the implementation of the PROMOTe time plan is finished.

4.3 Introducing the change – PROMOTe project training approach

As explained in the previous chapters, PROMOTe project brings changes in three aspects: product development proces (PEP), tool for product development and project management methods for product development. This shows that PROMOTe is introducing change with new way of working. According to this, with the new way of working people in the organization involved in the product development phase mustto know how to start working by the new path. In order to be able to do that, as well as to become more educated and skilled, people within organization need to be provided with training programs, learning sessions and other sharing knowledge activities. Since Hella started implementing the change (PROMOTe) it also started providing well defined and structured programs of training and coaching of people, as an approach for effective implementation and better work. For this purpose, the company developed training and coaching approach which generally consists of gradually moving phases of learning and working in the same time. It starts from the phase of receiving information and knowledge, goes to (with trainers) working and learning in the same time, and at the end the worker is expected to work independently with occasional support from trainers when is needed. After the selection of the product development project where PROMOTe will be implemented and selection of people who will be part of the product development project team (here after: project team), the PROMOTe training approach starts and includes specific trainings and workshops for project team members. We can see the process training approach on Figure 11.

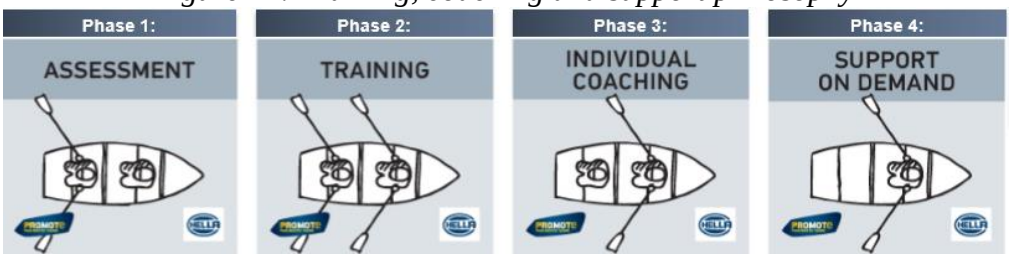
Figure 11: Training, coaching and support process overview



Source: Hella Saturnus Slovenia d.o.o. (2017a).

After that, project team members receive individual coaching programs for specific project topics according to their function. In this phase, the team members will watch and learn from coaches how to work with the tool (PPM) and method. After that team members step by step will be working together with the coaches and coaches will gradually pull back so the team members can be able to start working independently. After coaching phase, the support by coaches will be still present upon request of the team members related to tool, method and process (Hella Saturnus Slovenia d.o.o, 2016a, pp.6). The philosophy of the training approach, also shown on Figure 12, is working and receiving knowledge from the trainings about the new way of working in the PROMOTe and then gradually stepping out from the training team and working independently until achieving 100 percent independent work within PROMOTe.

Figure 12: Training, coaching and support philosophy



Source: *Source: Hella Saturnus Slovenia d.o.o. (2016a).*

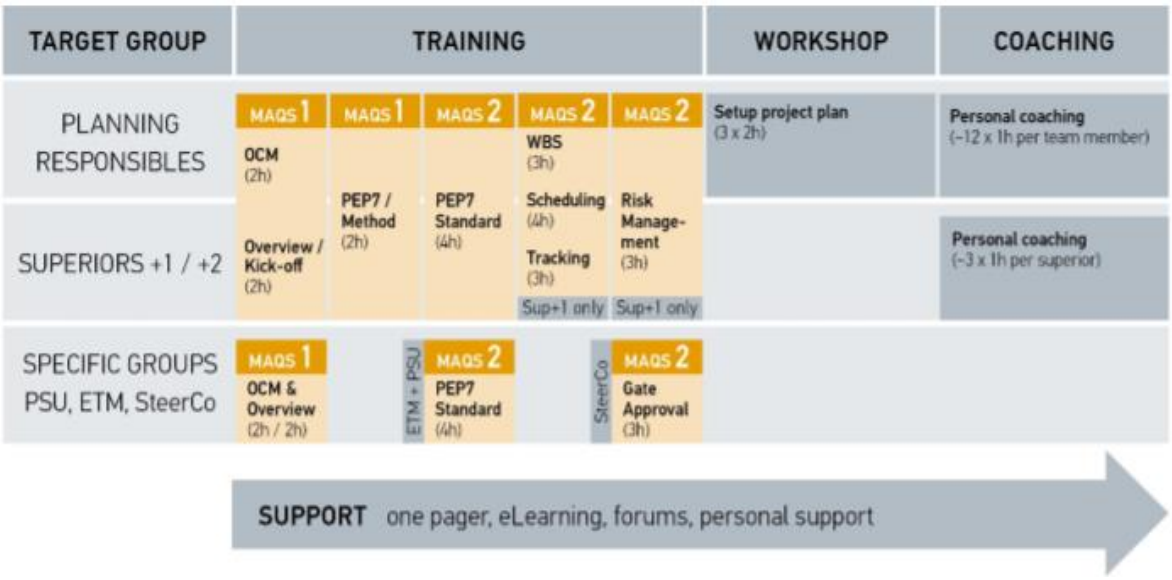
In the following part of this chapter we will also explain what the training concept is consisted of. In order to be able to understand the general picture of the concept, its functionality and purpose, firstly, we will present and describe the connection between the organizational structure involved in product/project development part and the trainings.
The main part of the organizational structure of product development part is consisted of:

- **Project team**, as we mentioned above, which includes people from different departments whose tasks are related to projecting (technical, mechanical, optical, design, calculation, purchasing, logistic, packaging departments etc.). They are nominated for specific project/product (example: headlamp for Audi A6).
- **Extended team members** like project supporters.
- **Project managers** (hereafter: PJM) as team are another part of the structure in the project/product development which are responsible for organizing and managing the project team during the product/project development phase. Another very important task of project managers is planning and tracking the performance of product/project development, and ensuring it is done according to the customer requirements.
- **Superiors** are the functional leaders from different departments who are managing the entire process, and were mentioned also previously in the project team.

- **Project steering** and **project sponsor** are also part of the organizational structure of project/product development. Their role was explained shortly early in the text.

Different roles in the project/product development department need different trainings for specific parts of PROMOTe. Some parts of organizational structure need training for deeper understanding and using of PEP, tool and methods of PEP, while others need skills and knowledge in tracking the product/project development phase. According to this connection of departments' roles and needs, and for ensuring highly effective, efficient, and professional execution of this phase, Hella organizes and delivers different kinds of training programs for different parts of product/project development organizational structure as shown on Figure 13.

Figure 13: Target group oriented trainings



Source: Hella Saturnus Slovenia d.o.o. (2017b).

The training concept in its structure includes the following parts: Trainings, Workshops, Coaching, and Support.

Trainings are the main module in the concept of PROMOTe learning and development, and in the plan and activities include all people employed in Hella who are involved in the product/project development phase. The schedule, duration, and content of trainings depend on the tasks, schedule and duration, roles, and responsibilities of people in the project/product development phase.

Coaching is more specific part of the training concept, and its nature is face to face coaching for putting the project/product development plans into practice, doing workshops for setting-up product/project development phase. Since it is specific part of the training concept, it is devoted to only some of the involved teams in product/project development

phase, or more specifically to the project team, PJMs and superiors. Same as previously, the tasks, schedule and duration, roles, and responsibilities of people in the project/product development phase.

Workshops (except workshop for setting-up product/project development) are done for the general explanation of PROMOTe project. Its content consists of overview of PEP and Methods in PROMOTe and they are meant for all involved employees in project/product development phase.

Support is another part of the learning program included in the training concept and it means the reverse of the other parts explained, or receiving information from the trained people backwards, as shown on Figure 14. In other words, the trainers and coaches receive suggestions from practice about the content of the training or about the training concept itself, which they deliver to the regional Head coaches and then to the master coaches. The information received are essential as they are some kind of feedback for the success of the training program so far, and show they real results, gaps, and fields for improvement. If the support part is followed enough, both the training concept and the PROMOTe project as a whole can be improved. This segment also includes support from other sources like: eLearning (such as Mytallent compass – platform for online trainings), forums (on the Promote intranet page), personal support, online guide (promote online guide), PROMOTe intranet page (Hella Saturnus Slovenia d.o.o, 2017b).

Figure 14: Support on different organizational levels

Source: Hella Saturnus Slovenia d.o.o. (2017b).

4.4 Measuring the results of the change – PROMOTe

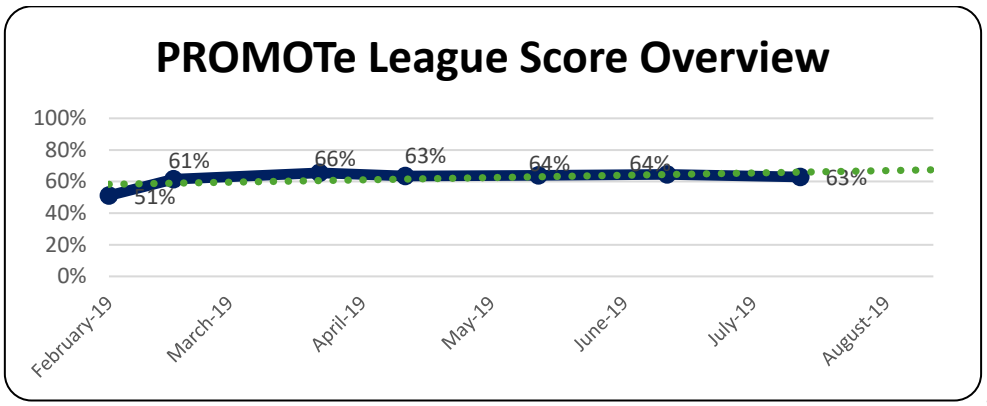
As we explained previously, PROMOTe is an integrated solution for: optimal project steering, developing quality product according to customer requirements, achieving transparency in product development, reducing the documents and tools and achieving minimal risk and change management. The solution is consisted of standardized PEP7, PPM tool and project methods and all of them together define the PROMOTe project.

Changes in organization don't mean always that they will be successful. As in all projects, in order to see whether the change satisfies the goals presented and expected at the beginning of the project, before its implementation, there must be some indicators given which will show the progress of the change. The same situation refers to the PROMOTe. When speaking about this, it needs to be emphasized that Hella does have measurements for project's progress but does not have particular measurements of effectiveness for each segment of the PROMOTe project. That means there are no special measurements for PEP, PPM tools or PM methods, but established measurements in general for the entire project's success and progress as a whole. Additionally, PROMOTe LEAGUE was established in Hella as a set of KPIs for measuring how well Hella's organizational change is performing and whether it is achieving its implementation goal. The KPIs for this part are: scheduling, tracking, gate reviews, risk management, list of open points (here after LOP), and document links. Also, PROMOTe LEAGUE frequently measures the maturity of PROMOTe in projects and the results obtains are published on the Hella's intranet page. Measuring as main activity for seeing the results of the project, is structured in a way that it is taken over every project included in the PROMOTe, and it also consists a condition which imposes that in order to go and start the next new phase of PROMOTe, the current phase must achieve maturity of 80 percent as minimum goal (Hella Saturnus Slovenia d.o.o, 2018c & Hella Saturnus Slovenia d.o.o, 2019a). This condition which needs to be confirmed by the measurements is also shown on Figure 10 above.

We previously mentioned that with every new phase, the content of PROMOTe is increasing from general, basic understandings to more specific usage of PM methods, PEP and PPM tool. It goes from understanding processes, to sub processes, and from creating plans to sub plans of activities, from basic understandings of project scheduling to aligning scheduling with customer milestones and then aligning separate departments' scheduling with the general scheduling of the project. During the entire implementation of PROMOTe project in all its phases, KPIs stay same. With KPIs' tracking and achieving minimum goals set, the management obtains ''green light'' to switch and start with the implementation of new phase of the PROMOTe. In this situation of moving from one to another phase, together with the measurement, the notes registered from the previous phase, disadvantages noticed, suggestions and other possible ideas for improvements of the overall work and project are important and significant things for moving into the new phase. With the feedback and information received, and with the KPIs of the previous phase, the management has enough material for projecting defined structured way how to proceed the implementation in the next phase: where and what are the weak points, on which parts of the project to pay more attention, which improvements in the new phase can be introduced etc. As supportive information of this, on Figure 15 below is presented the recent overview of the KPI results regarding all product groups within Hella. This is the overall analysis for all KPI's and for the all product groups. Here are taken into account all projects within PROMOTe including new projects on which employees will be working

with the new solution, and which are still at beginning of the implementation. If we vague the overall results PROMOTe has steady positive trend of success

Figure 15: PROMOTe league score overview



Source: Hella Saturnus Slovenia d.o.o. (2019a).

5 DISCUSSION ON CHANGE MANAGEMENT IN HELLA SATURNUS SLOVENIA AND SUGGESTIONS FOR FURTHER IMPROVEMENT

In this section we are going to analyze the effectiveness of change management in Hella seat in Slovenia so far, regarding the new PROMOTe project implementation. To describe and to analyze the change management effectiveness, we are going to compare the approaches that change management in Hella used for the implementation of PROMOTe, and activities and models for effective change management explained in theoretical part.

5.1 Activities for effective change management

The five activities for effective change management introduced in the theoretical part were also practically implemented in Hella within the change management process of the PROMOTe. In the following sentences will describe their state and results reached.

Motivating for the change as the first activity for effective change management which means ensuring enough motivation and information about the change was taken for making a clear atmosphere for implementing the change. We found that besides the improvement of process and product quality, achieving transparency and high level of project steering, the company in this phase made a reduce of tools and documents, took activities for simplifying the work as some goals of the PROMOTe to attract people so they can see the change as something better for them and their work. No matter how good is the change in

the organization, people will always have doubts about the change. No one wants to step out of their comfort zone and work in something new, unfamiliar. But with time and good presentation of the change and what it will bring in the future, people will accept. We found that the company knows that and because of that it makes the steps slowly but surely. From the analysis, we realize that the change that PROMOTe will bring is improved, structured and simplified work and great part of the people accept it as the only and best solution for simplified workflow. We also found that company has troubles with delivering the vision of the change and with bringing the motivation on another, higher level. For solving this, the company started organizing workshops for general overview of the project, held and presented by the responsible for the project (trainers: local and regional). In this way employees received all information needed for and about the change. Also we found that information for the change was and are still available on the intranet site of Hella Saturnus within the section for PROMOTe project. It provides all information regarding the implementation of the change: strategy, plan, goals, trainings, tools, processes etc. and also the information on this site gives opportunity to every employed in Hella worldwide to find and read all necessary information about the change.

Related to the previous first phase, the communicated and defined **vision** of what the purpose is, and the defined future state the change will bring, is the second important activity which must be spread across the people in the organization, and in the same time supported and defined from the top management. We found that Hella succeeded in creating and defining the vision of the change. It worked a lot on making sound and well ground vision which will be greatly supported by the top management. We realize that the vision which was presented to employees is developed and standardized solution where all project in the future would be created on the same way with one standardized process, tool and methods regardless in which Hella's location the project takes place. We learn that the project plan will be accompanied with minimal costs, time, risks and change management which will bring more quality on general level and competitive products. We realize that the clearly defined vision of Hella was delivered to all people within organization through internal materials on intranet, Mytallent compass, workshops and trainings. However, we found that Hella seat in Slovenia had and still has problems in delivering and presenting the vision from its side, and its understanding from employees, as well as problems with presenting the purpose of the change to the lower levels of the organizational structure. When we go from the top management to the lower levels of organizational structure the change is less and less understood in a sense of why PROMOTe is a need for Hella. People have difficulties in understanding the essence and reasons that lead to urgency of implementation of PROMOTe and the expected impact of it.

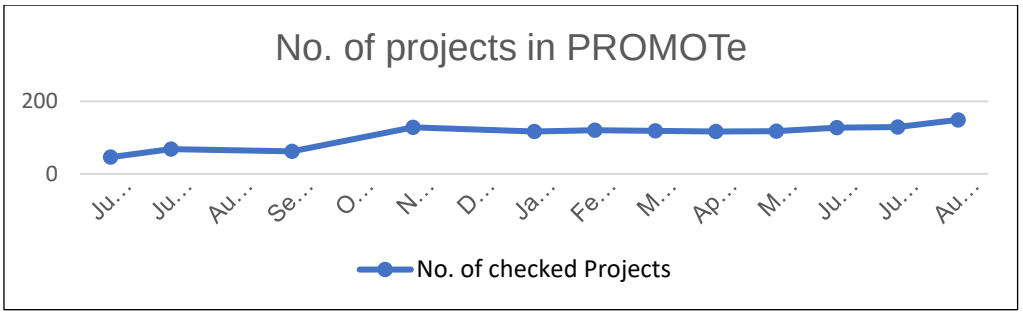
As we mentioned, PROMOTe was introduced as a change across all Hella's locations worldwide with an indication of the seriousness of the project. We learn that for having proper realization and understanding of its purpose above all, it should involve more people with certain knowledge, expertise, skills and experience. Besides that, the support

and permission from the shareholders is necessary. From the very first beginning, we realise that, the top management in the company realizes the potential and the need for change, and because of that it shows great support for the change. We found that the organizational structure of PROMOTe have great support from the shareholders and top management and constant supervision from the shareholders through the steering committee. This all together presents the political support as another factor important for having effective change management. With creating this kind of professional, serious organizational structure within Hella, we can conclude that the project achieves **political support** from all levels of the organization, and in the same time PROMOTe is accepted as serious change that Hella needs.

We mentioned in the previous chapter that Hella proposed and created structured plan for managing the transition from the start to the end of the implementation. We can see that Hella **manages transition** from one phase of the project to another with the structured time plan as shown on Figure 13, by having planed tasks for each phase until the end where will be created mature, developed, and integrated solution for product development. We found that the transition is project rollout based which means that the PROMOTe as a whole project will be developed with multiple projects/phases (product projects) that are chosen in advance. In every phase there are pilot and rollout projects. We can conclude that this type of organizing the process is graded as very good way for notifying the pros and cons of the current phase and therefore pointing out the disadvantages for correction or possible improvements for taking into consideration, during the pilot projects before starting a rollout projects. As we explained in previous chapter, the training concept is very well defined in all segments, starting from the basic organizational structure of the training program to the specific content of each training. We found that the project team for PROMOTe in practice is same as the one defined and shown on Figure 12 above, and all aspects of PROMOTe (PEP, methods and tools) are represented, where all defined tasks important for the implementation of the change are shown.

We found that **the sustaining a momentum** is a strong part of Hella activities, not only as theoretical concept prior the implementation but also as a part of the practical activities it takes. We realise that during the implementation of the change, the company was faced with different obstacles and challenges and because of that, PROMOTe was having many changes. No matter of that, the top management and shareholders are still supporting the change, its executions and they are not stepping back even single moment. Beyond all obstacles and changes, the top management stills works hard and makes decisions for continuously implementation of the change according to defined strategy and timeline. We can also see that the number of projects included in PROMOTe has positive trend (as show on Figure 16) despite issues that occur during implementation.

Figure 16: Number of projects in PROMOTe



Source: Hella Saturnus Slovenia d.o.o. (2019a).

Some of the difficulties and changes that we found during the implementation of PROMOTe :

- Changes in PROMOTe time plan because of unexpected changes in organizational structure. In 2018 one of the sponsors and project managers of PROMOTe resigned from Hella seat in Slovenia. As a result of that the *consolidation phase* was activated since the process of implementation needed to stabilize and optimize. The second phase was divided into two sub phases. The new PROMOTe timeline was established and now with 4 phases instead of 3.
- In the end of 2017 the PROMOTe Basic has started. PROMOTe Basic represented part of the PROMOTe dedicated to projects of different Hella's product groups where the development of that kind of product was going slightly different (on request of top Management this product group to join PROMOTe). PROMOTe Basic ended in early 2019 and that product group is now part of PROMOTe.
- PROMOTe was also experiencing problems with PPM tool in the past and unfortunately, there are still present some of them. People are constantly reporting problems from technical aspects. With that frustrations and doubts about PROMOTe's quality and efficiency are arising. These doubts mainly come from the fact that with the technical issues one very crucial part for people is disrupted and interrupted and that's a people workflow. If the people's workflow is disrupted and interrupted during the implementation of change how will they proceed to work with that change? They are losing faith in that change and feel unsure about its final outcome. As an answer of that, Hella continuously improves the tool by taking into consideration people's suggestions, and still achieving to run the implementation.

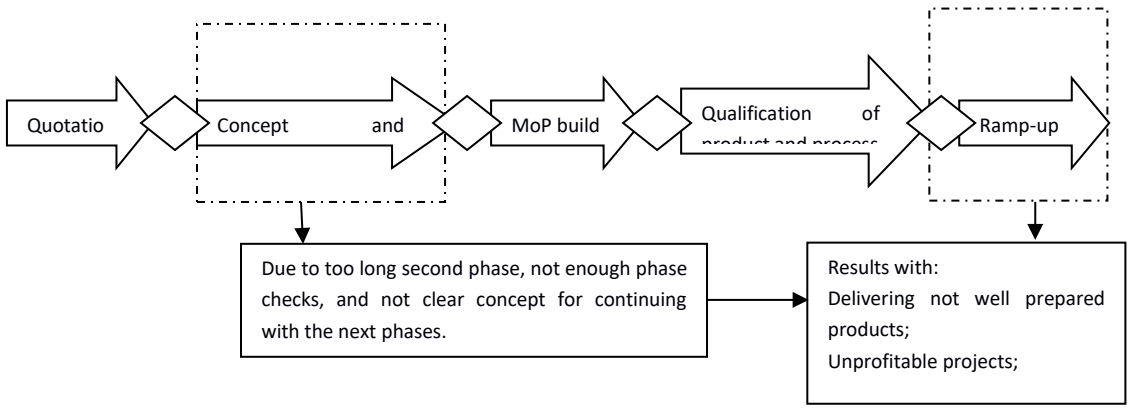
From the above we can conclude that the company does not give signs for stepping back of the implementation but on contrary it is serious change for the company that is increasing its implementation scope with intention for PROMOTe to be solution for all projects in future and in all business division segments in Hella.

5.2 Kotter's 8 – steps change management model implemented in PROMOTe

In the theoretical part of this master thesis we discussed and emphasized the main and most important change management models that practice knows, and among them we explained the steps of Kotter's change management model. From the explained so far as well as based on the information gathered from the interview made with the executive in the company, it seems that the Kotter's model is the most suitable one for comparing the Hella's change management regarding PROMOTe. It means that the implementation of PROMOTe can be guided by using the Kotter's model concept. In this section we are going to compare Kotter's change management model as theoretical scheme with the implementation of PROMOTe into practice and by that will try to understand which elements from Kotter's change management model are currently present in the Hella' change management regarding the PROMOTe project. The purpose of that is to analyze the effectiveness of Hella's change management.

We found that the disadvantages and omissions of the product development before PROMOTe were key signals for creating **urgency** to start with the new way of working. According to Mr. Jorg Schaarmann the former project manager of PROMOTe, the absolutely urgent for starting the PROMOTe is the improving of the ramp-up phase in the development projects (Hella Saturnus Slovenia d.o.o. 2016e). We have also mentioned that the ramp-up phase is actually the end of the development project, where product quality is checked and approved, and the product is ready for series production. Moreover, before the PROMOTe's introduction, there were lots of problems which occurred at the ramp-up phase and impacted critical aspects of its functioning, such as delay, unfinished work packages, projects with no profitability etc. which is also shown on Figure 17.

Figure 17: PEP 5 disadvantages



Source: own work.

Greater amount of the critical points that occur at the end of the development project were due to many failures in the second phase of PEP5, especially when the planning,

scheduling and transparency of work were on low level. Resulting with unprofitable projects and delays from one side and receiving more and more complicated products from customers with different demand from the other side, we realize that it was real burden for the company and in the same time the thing that triggered the new way of working. Even from then, the new way of working was expected to solve everything that the old one could not: being more transparent, more efficient, and more profitable. We learn that the top management realized the note of urgency and it took serious steps towards improving the development plan in all aspects of its work: process, methods and tools. We can conclude that this was trigger for starting the project – PROMOTe.

We learn that the start of the PROMOTe project and its ongoing implementation cannot be fully realized without strong support and people who believe in the change. We found that the one of the indicators that the PROMOTe is serious project is its organizational structure. Creating the **guiding coalition** that will lead and support the project in every aspect is the most important part when implementing change. We realize that in the company these coalitions are consisted of top managers, executive directors, members of executive board from business segments etc. We can conclude that the strong political support, coalitions and organization that PROMOTe has is crucial for successfulness of the change.

Even greater support from top management and shareholders comes from having defined **vision** and strategy which also define the desired final state of change. Quality, effectiveness, cost and time efficiency and fulfillment of customer requirements from the product are the main parts of the vision. As we previously mentioned in the part of the activities for effective change management, the expected and desired state that this change is expected to bring for Hella is one integrated solution for engineering projects within the company's global network. This solution would be possible with developed standardized process, methods and common management tool which will improve process and product quality, achieving transparency and optimized project steering. From everything explained, we can conclude that the vision and strategy are very well defined. They together point out all aspects of change (process, methods, and tools), targets for measuring success (time, costs, planning, tracking…), and interests of the shareholders (quality products, profitability, satisfied customers, increase of market share).

We learn that the defined vision and strategy need to be communicated to the all employees in the organizations. **Communicating the vision** is the fourth step in Kotter's change model which helps employees to eliminate the risks, questions or concerns they have about the change. We found that Hella is large organization and uses many types of communication to spread out the vision on simple way simplifies this part of the change. Before the start of the implementation, PROMOTe was discussed on intro-meetings; kick off sessions; general workshops and other internal events about the change and what this change is all about. Trainings were other source of communication the vision. Trainings

were mainly done on the MyTallent Compass platform. In the same time, the company created intranet site for PROMOTe which was, and as we mentioned, is still used for knowledge sharing and other internal purposes of employees regarding this organizational change. We found that top management is also contributing for the communication of change vision trough frequent releasing of PROMOTe News, results of the successfulness of the PROMOTe so far, workshops for new ideas and improvements. Besides the general support of the change and communicated vision from top management we found that employees (active users) need support and communicated vision in their daily operation which will bring more motivation and promoting of the change. What is the real problem that we find in the organizational structures on lower level is that they not really and thoroughly know what the change is about. They need to be prepared more and better, to be in touch with this segment's working tasks in their everyday work, and be taught what their input is in the whole process, and what will be the output received from it. From this we can conclude that as we are going to the lower levels of organization, the communicated vision of the change is weaker and weaker. We found out that great part of this problem occurs by reaching a level of incompetence or in other words, when stuff climbs through the organizational hierarchy through promotions, also known as ''Peter Principle theory''. We realize that many of the leaders who were promoted on leader functions are specialists in certain fields of work where previously worked, and then promoted to leaders for which functions they lack skills and knowledge. Therefore, the weak competence of promoted employees to crucial functions leads to weak skills and knowledge training within company. The leaders are the ones who need to constantly motivate and communicate the vision with employees, and to put all efforts possible in achieving their internal people not to be consumers of the change but active users with own contribution, feedback, results obtained, and ideas for moving forward. Our opinion is that leaders in Hella need to convince the employees (who are in fact the active users of the change) to be motivated and get actively into the change, and to know why they are doing any ''additional work''.

Another issue is ''walk the talk'' approach from leaders in lower organizational structures where there were situations of behavior which was not in correlation with the vision. One of the factors that contribute for appearing of the problem is the strong hierarchical structure of Hella as in any other automobile companies, as well as the KPIs driven functional leaders. In this context, functional leaders supported the change but only because the top managers supported it. The job they actually do in this part is just to pass it over without any deeper understanding or interest about it. They do not really know the essence of the change and are only occupied with KPIs of their department. If there is defined organizational structure of PROMOTe and with strong support for the change, all aspects of implementation can be covered. We found that the long lasting change implementation showed that the organizational structure of PROMOTe is defined in a mixed way, so, many experts, managers, executives, and trainers who come from different levels of the organization are part in this structure. This group of people knows how Hella

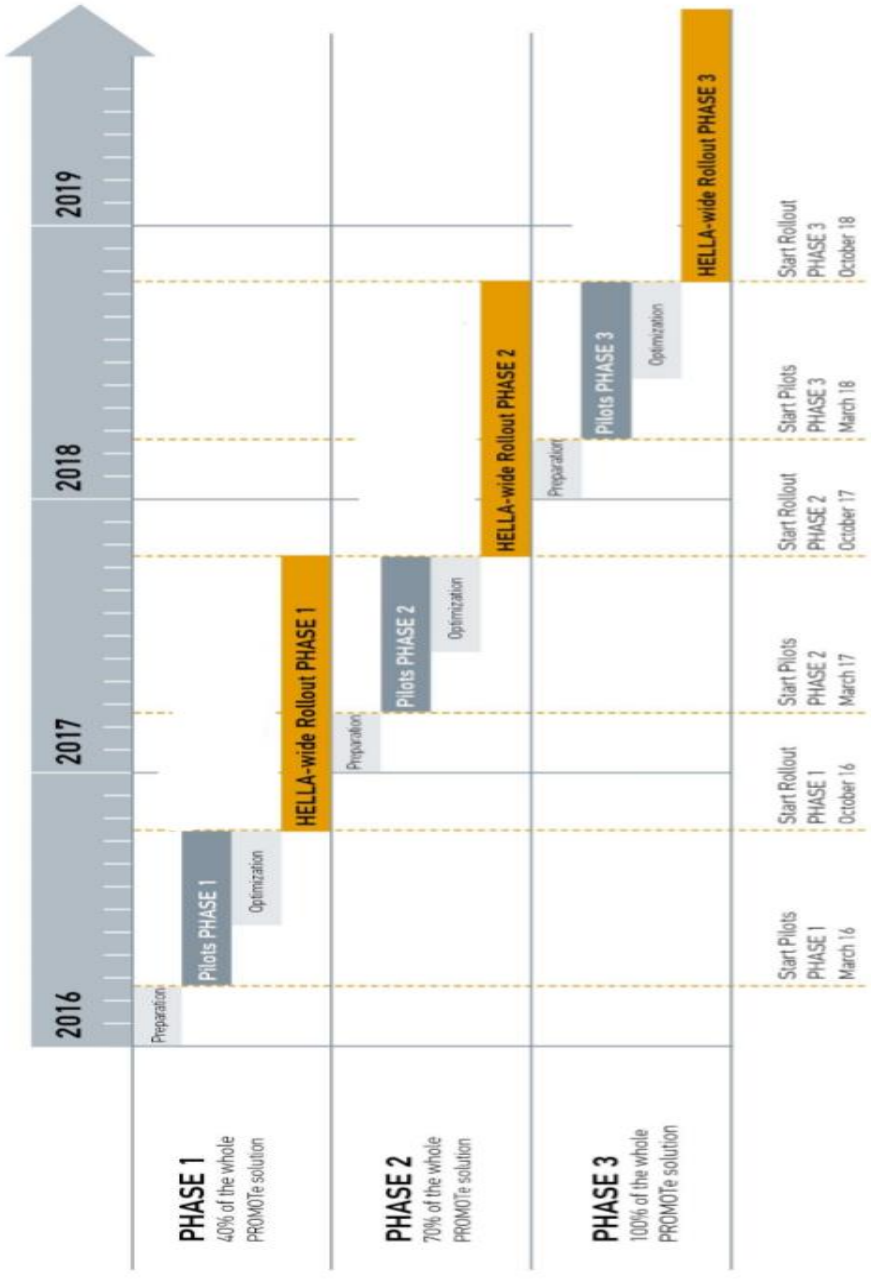
operates. We can conclude that the defined structure and people who have enough information and knowledge, together with support from shareholders can identify the barriers for implementation and can eliminate them. This structure (as shown on Figure 9) is consisted of people from many fields of work and on that way it covers all needed segments for implementation of the PROMOTe such as: sponsors – providing conditions and removing obstacles for continuous implementation; steering committee – giving a directions of change and secure shareholders support; OCM – developing change network map; PEP segment; methods segment; tool segment; training and coaching segment. All these segments with their actions ensure non status quo implementation of the change and reducing the resistance of change. The whole defined organizational structure for PROMOTe presents the **empowered broad-based action**.

We find that the timeline of the change implementation in Hella is phase structured (as shown on Figure 10), and as we said this means that in every phase is clearly defined what needs to be accomplished so the project can go in the next phase with additional content. This explains that with step by step approach of achieving ‘’mini’’ targets the implementation will be more efficiently realized. We found that these **short-term wins** created and accomplished is a big help for the company to enter in every new phase prepared, upgraded from the previous state, and with e knowledge how to overcome the barriers from the previous phase. Also, by having short term targets, it is easier for people to overcome the content of the change more efficiently because of the size and content of it. We also acknowledged that with targets defined to be accomplished, Hella introduced the PROMOTe Award which is given to employees and serves for motivating them to work actively in the change management process. It is given once a month and honors one employee from each Hella location for their outstanding commitment to using PROMOTe in their project work (Hella Saturnus Slovenia d.o.o, 2018a). Employees receive the awards from the people from top management and it presents one more indicator of PROMOTe supporting.

The time line structure is in fact made just for the **consolidating gains and producing more change**. The product of phase structured timeline is not just to generate short wins and achieving targets provided by each phase but also to learn lessons from the previous phase, to solve disadvantages founded in the previous phase, to consolidate and to be ready and stable onto the next phase. With the lessons learned, feedbacks, and results visible, new changes occur during the ongoing implementation. We found that some of the ongoing changes are extension of PROMOTe for developing the other product groups and change in the implementation timline (old timeline is shown on Figure 18). That extension is called PROMOTe Basic and the main reason for its use is adopting PROMOTe for smaller projects (Hella Saturnus Slovenia d.o.o, 2017). Another change that is noticed comes from feedbacks and lessons learned. It is the new time line of PROMOTe. As shown on Figure 10, at the beginning of 2018 the consolidation phase was announced where all solutions and tasks planned for 2018 were stabilized and optimized. The second

phase was extended and no new solutions were introduced until the complete stabilization and optimization of current solution. In the same phase, we found that some other things that happened additionally, unplanned, and immediately became reasons for adding the consolidation phase were the changes within the organizational structure, such as the project's manager and sponsor resignations. Despite these major changes there are also small changes for improvement in each phase like continuous improvement on PPM tool based on the feedbacks from the active users.

Figure 18: Old PROMOTe timeline.



Source: Hella Saturnus Slovenia d.o.o. (2016a).

At the end, we come to the final element of the Kotter's change management model, which does exist within Hella change management model. More specifically, we can conclude that with including new product groups in PROMOTe; the implementation of PROMOTe Awards; increasing the number of development projects within PROMOTe (as shown on Figure 16 above); and the continuous improvements that are making within PROMOTe (improvements of PPM tool, implementing automatic unified reportings for all product centers in the PPM tool) (Hella Saturnus Slovenia d.o.o, 2018a); continuous investments in trainings, and workshops, are strong indicators of present **anchoring change** in Hella. With permanent steps that Hella takes, it proves how much is serious about this change and is about completely ending the old way of working.

So far, we can say that Hella Slovenia is doing very well with the implementation and management of the change. Compared to the Kotter's model of change, Hella accomplished most of the steps described in the model. The Kotter's model is taken for comparison and guiding as it is the most convenient for this kind of organization. Kotter's model is top-down based, meaning that the change is leaded by the leaders-managers with a focus on preparing and accepting the change. The model also suits hierarchical based organizations like Hella is. Step-by-step model is another reason that Hella change management is compared with the Kotter's model because of simplicity and analyzing of more aspects of the change management through the steps is possible. Here we can add that besides the fact that all organizations are different one from another regarding culture, internal rules, procedures, principles, technologies etc., there is no change management model that fully suits the certain organization, it is always better to use some of the models present, within organization's change management than not having one. From the elaborated above, we can say that Hella really uses Kotter's change management model into its current practical change within Slovenian seat.

5.3 Suggestions for further improvement

From previous analyzed, and from the things that can be seen in practice, Hella has some disadvantages regarding change management within PROMOTe project. Despite the fact that change management in Hella is devoted to people within organization and focuses on people as active users in the process who are going to take the initiative for changing and improving, it still has deficiencies in accomplishing that.

The change management in Hella must be better focused on the people as the main power for the change, especially on those employed in the lower organizational structure, the active users. It is not enough only to emphasize that people are the main engine for the implementation of the change on a workshops and kickoff meetings, but it needs to be showed into practice. People need constant motivation and help in removing obstacles in everyday working. Change management must find and secure ways of acknowledging

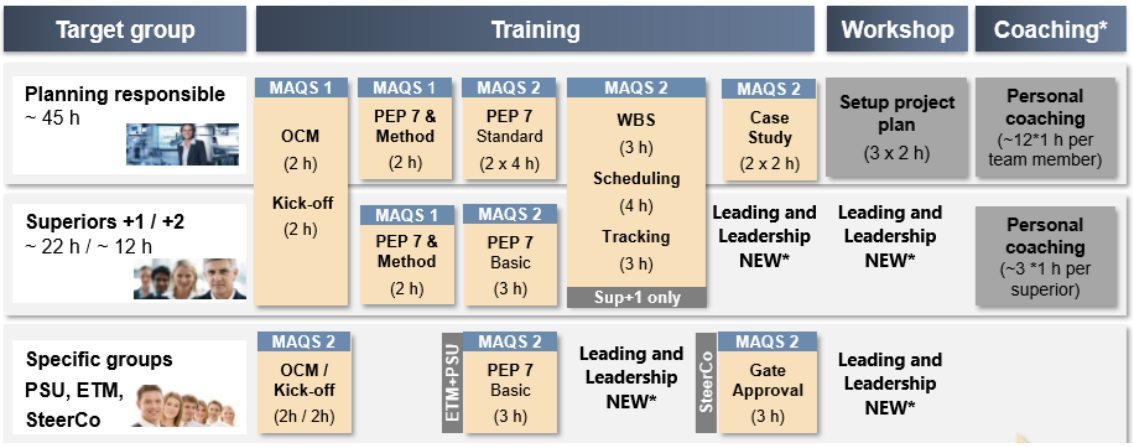
these people about the reason, need and vision for the change in such a way so they will feel the change as something better for the future of their working and organizational working.

There are several ways how things can be improved.

One of the keys is support of **leaders** who must promote the change. Hella must work on creating and supporting leaders and leadership skills. We mention before the essence ‘’Peter principle’’ theory and its existence in Hella. With good way of working, achieving goals and meeting deadlines, too many experts were promoted to leaders in the company but with no knowledge and leadership skills. Generally we suggest fixating this in two ways. Firstly, if the experts are promoted to leaders, then leadership skills must be developed through serious, constant trainings and coaching sessions, not only internally but also externally by using external institutions. Secondly, leader function can be executed by newcomer, people with leadership skills and experience, not only by people who inherit that position because of some success gained. This means that the company should start recruiting new people outside organization who are proven, experienced leaders with long career or to start searching leaders and experts internally who are already present in the organization but are not involved in this project. It is very smart to have right person with needed skills and experience, so they can only gather information for the situation and things that need to be solved. As far as PROMOTe is concerned and lack of leadership projects during implementation of the change we suggest:

- Besides the training of PROMOTe, including continuous trainings, for the leaders involved in PROMOTe, during implementation for building leadership skills (as shown on Figure 19).

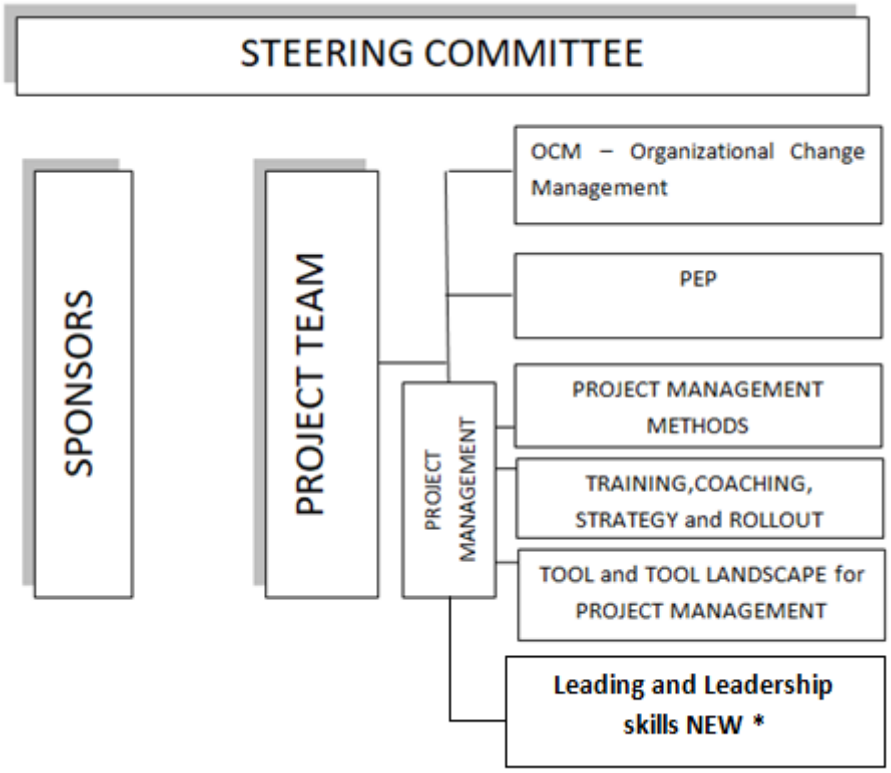
Figure 19: Training and workshop approach for leading and leadership



Source: Adapted from Hella Saturnus Slovenia d.o.o. (2017a).

- Introducing monthly reporting during implementation and what is done by leaders regarding the leadership topic.
- Introducing new additional segment of ‘’Leading and Leadership’’ aspects in the project organization of PROMOTe (presented on Figure 20 below) which will lead the trainings, workshops, reporting from leaders (mentioned in previous bullet).

Figure 20: Suggested organizational structure of PROMOTe



Source: own work.

- The new segment of ‘’Leading and Leadership’’ will also gather feedbacks from the active users through surveys and interviews in the pilot and rollout phases about the working of their leaders regarding leading and making a decisions for improvements, incorporating more or less trainings, more or less support, according to the survey’s results.

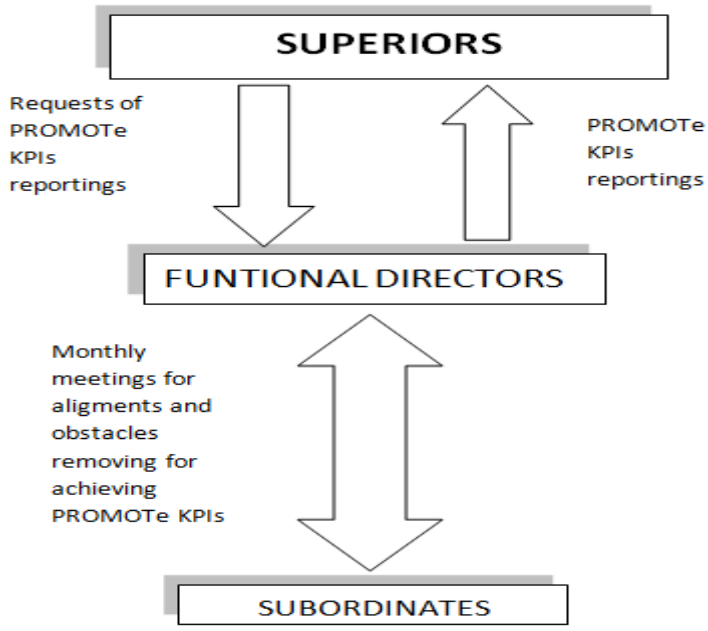
Hella is in automobile industry where hierarchical order and KPIs driven working is overwhelming. We mentioned that PROMOTe has a strong support from top management. In addition to this, we found that the main part of the trainings, coaching and workshops is made with the direct users of PROMOTe or core members of development projects and their leaders. **Functional leaders** (directors) are receiving just general trainings or only information about the change and they did not actively participate in the PROMOTe implementation. Here comes the gap. Functional leaders are only promoting the change

because of the top management's big support. Their main work is not really connected with the practical situation but they mainly work under KPIs given. This results with absence of ''walk the talk'' concept, where functional leaders are speaking for change but working in different way, KPI driven way. This is the other reason of PROMOTe focus lacking. We suggest that change management can improve this by active involvement and cooperation of functional leaders. The figure below presents the involvement of functional leader so far. We draw the figure based on the existing explanations given in publications (Hella Saturnus Slovenia d.o.o. 2016e, & Hella Saturnus Slovenia d.o.o. 2019b).

- First, they need to have frequent workshops about PROMOTe, so they will have active participation in implementation and development of the project and with their ideas and concerns practically contribute for its execution.

- Second, functional leaders should start use the PROMOTe's KPIs in their daily work: in reports to their superiors, monthly meetings with the subordinates about the PROMOTe KPIs and functional director KPIs for alignments and improvements visible on Figure 21.

Figure 21: Involvement of functional leaders in PROMOTe



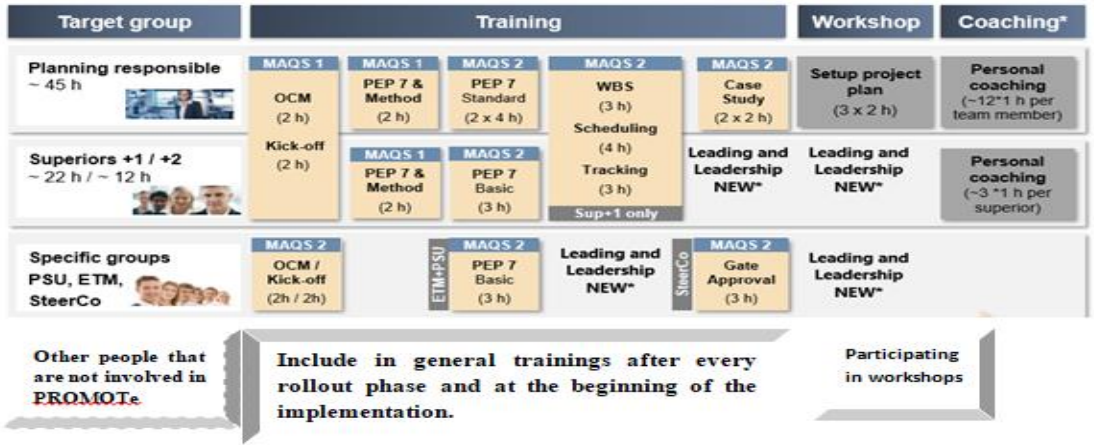
Source: own work.

This will bring PROMOTe to be part of their daily workflow, something that they will be faced with every day, which will give more understanding to them, and will encourage them to focus more on the change and its execution. Functional directors must be convinced why the PROMOTe is needed and to actively promote the change. With this subordinates will acknowledge that PROMOTe development and results is required in

every level in the organization. When lower structures or the direct user of PROMOTe realize that the change is the only direction where is strongly promoted by superiors and top management it will bring strong focus for the change.

PROMOTe is implemented on project base. This means that for every pilot and rollout phase the development project is chosen and in relation to this the development project core members are also chosen. In relation to this the training and coaching and all time support for PROMOTe, and the implementation of the chosen projects and teams within. We found that other projects that are not within PROMOTe's specter are working by an old way which means that other **people who are not involved** in project of PROMOTe are not faced with the change. They can only learn about PROMOTe from the information on the intranet site or if by any case are moved into the project. To improve this situation, we suggest introducing the other people from the company who are not faced with the PROMOTe yet, by including them in sharing knowledge sessions and programs (general trainings and workshops) which are suitable and in accordance to their job, educational background, and competencies. This can be achieved by including them after the end of every rollout phase. The same can be seen on Figure 22. This will ensure other ''future'' active users of the solution (PROMOTe) to have general knowledge about what PROMOTe is, in which direction is going and what the future and already accomplished goals are. If Hella strongly believes in the new solution, new direction of working and that this project is for sure the future way of working, then it is easier for the implementation process as a whole to have all the people acknowledged with the change and in which direction is Hella going, knowing that for sure this way of working will be present for every development project. This will bring more awareness and more interest in people not involved and charged to the new way of working. By getting close and familiar with PROMOTe people can accept the change realizing that in the future they will be working in the same way too. This is not a solution that gives effect immediately but it is more like long term step that prepares all employees for the news and by which the company is helping itself in simplifying the further work processes by all teams and departments that will use PROMOTe in near future. With the greater awareness and knowledge gained about the change it will be much easier in the moments when other teams will face with PROMOTe in their regular working activities.

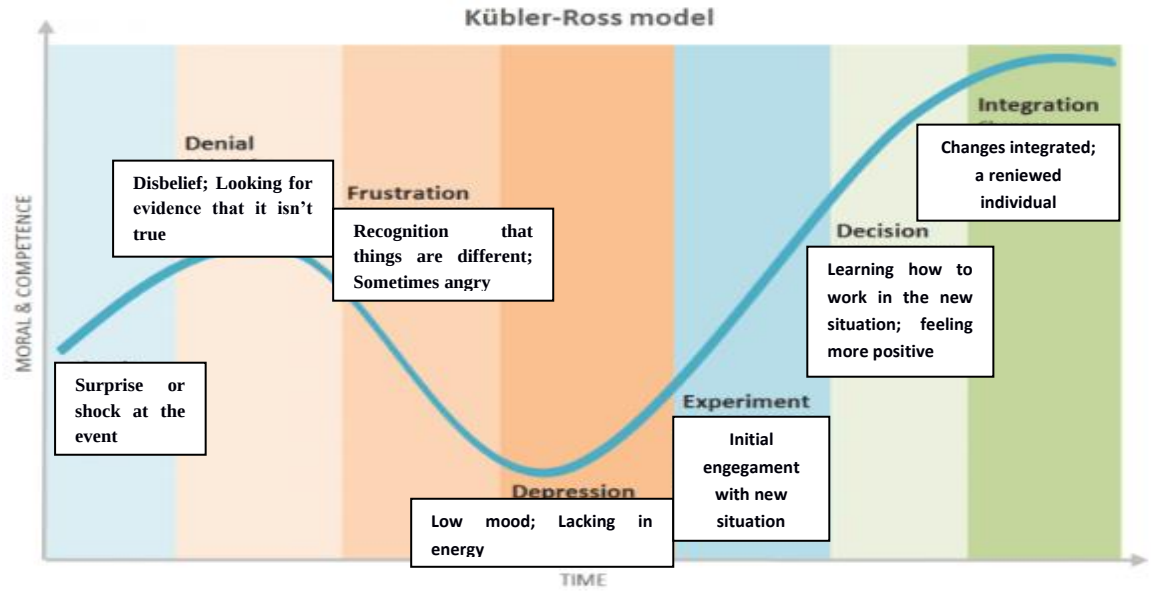
Figure 22: Training for employees not involved in PROMOTe - "future users"



Source: Adapted from Hella Saturnus Slovenia d.o.o. (2017a).

In this section we can mention the tool disadvantages which existed are in great part improved. We found that change management had difficulties with managing and securing tools that will achieve uninterrupted working, and attempted many times to solve this. PPM tool showed as the best and now is one of the main parts of PROMOTe where the methods used and the main process (PEP7) is incorporated together. As stated previously, the direct users of PROMOTe for long period of time had issues with this **tool** from the technical point. Because of that for a long period of the change implementation, they were marked as being in a position of ''depression'', according to the Kubler – Ross curve of change which is also shown on Figure 23.

Figure 23: Kubler-Ross model



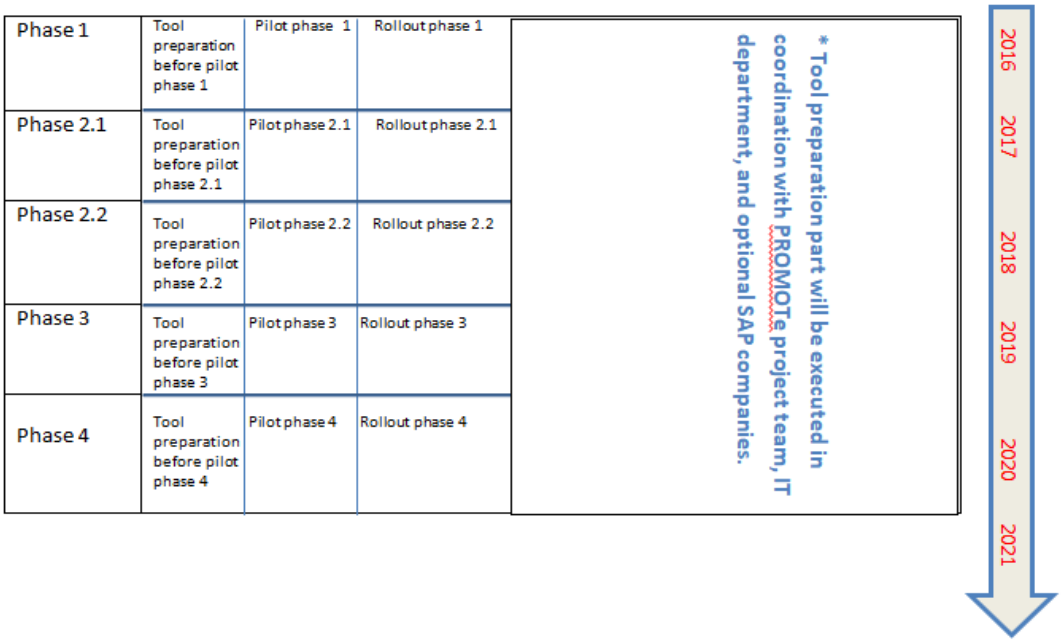
Source: Cleverism; (2015b).

We summarize that the functionality of PROMOTe is indeed correlated with the needs for change but from technical perspective there were and still are lots of obstacles. Obstacles presence indicates risk of additional resistance and nonbelieving in the change. Even the situation with technical issues and gaps is improved compared with the initial state of the project, there are still number of technical issues that need to be solved. From this point we suggest:

- Workshops and meetings between tool segment from the PROMOTe project team and IT department after the end of every pilot and rollout phase where feedbacks from active users are analysing and according them solutions are created for un - interruptive workflow regarding the tool
- Well-planned and custom created tool, with option for making several time checking in the pre – implementation time frame by cooperation with the IT department in the company, PROMOTe project team and SAP software company (PPM tool is a SAP software).

Suggestions we have are also presented on Figure 24.

Figure 24: Suggestions for tool strategy improvement



Source: own work.

The innovation and implementation of this idea will bring more defined and structured tool in the implementation phase that can be able to minimize or even better, eliminate the obstacles, and improve the interrupted workflow of the users. But we can mention that in the company, we found that, thankfully to the suggestions and feedback given from the direct users and also thankfully to the great efforts of the top management which helped into the realization, the PPM tool now is far better that at the beginning of the

implementation. The tool was improved upon suggestions for improvement given by the direct users of the PPM tool and the suggestions for removing the obstacles in the workflow which brought the change in a state of making experiments according to the Kubler – Ross change curve as shown on Figure 23. Since its benefits were obvious, the idea needs to be retrieved again, and Hella should start thinking about having pre tested tool where disadvantages and possible risks can be identified and eliminated, while the possible obstacles during implementation can be minimized.

CONCLUSION

With comparative and inductive methods implemented in this master thesis, we analyzed theory and real case situation in the Hella Saturnus Slovenia d.o.o. with respect of the change management within the company and as a main topic of this thesis. Change of the main PEP process within the new solution (PROMOTe) that Hella is implementing for developing products with higher quality and having more accurate projects with minimal possible costs where customer's requirements will be met, was the subject for this research with a goal to describe and analyze the change management effectiveness.

The new solution introduced was invented and created by internal factors in those parts where the development project showed weaker results regarding, such as low profitability, or change management risks during development phase. The new proposed solution is a remedial change by its nature since it introduces new way of working and is replacing the old one with improved product engineering process (PEP), and in the same time imposes introduction of new PPM tool and project methods. The fact that the entire process of replacing the old way of working for which were found grounded reasons and proofs of inefficiency and room for implementing new change of the workflow was supported by the top management, says that this change can be equalized with the theoretical concept of proactive change.

According to the findings and practical experience gained during the research made for the master thesis, we can conclude that the change management in Hella Slovenia is doing very well with the implementation of the change. Again, the support of the Top Management and change management organization really contributed for this change to be implemented in great part of the total number of development projects in Hella worldwide. With the pre-defined organizational structure, time line of the implementation, defined phase based structure and content of the implementation, defined training concept and content, many aspects of the work which are significant for easier implementation are covered.

Besides all activities takes, there are still some disadvantages in the change management: lack of leadership in the lower organizational levels as well as low motivation, energy, and willingness for change in these group of employees, exclusion of the active working with

PROMOTE of the functional directors who are KPI driven only, complete isolation of the other groups and departments of people who are not involved in PROMOTe from the entire project, and significant technical issues of the management tool were recognized and marked as urgent things that need to be solved, otherwise will negatively affect the entire progress of the project. By following and implementing the suggestions for improvement given in the previous chapter, which are giving reasonable smart solutions for these disadvantages, the PROMOTe will stay on the right path and Hella will soon be in a position to feel all benefits from this change management process, and also to apply it to all other fields of work and divisions.

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APPENDICIES

Appendix 1: Summary of the thesis in Slovene language

Dandanes izzivi tranzicije, preoblikovanja in na splošno spreminjanja organizacij močno vplivajo na management, da išče različne rešitve in izbere najboljše strategije in metode, kako izvesti določene spremembe, kako nadzirati izvajanje sprememb in pomagati ljudem pri prilagajanju na le-te. V sodobnem svetu, polnem hitrih in lahko dostopnih informacij, se morajo organizacije učinkovito odzvati na spremembe, ki se pojavijo in vplivajo na delovanje posamezne organizacije. Obstaja veliko vrst takšnih sprememb in veliko razlogov, zakaj do njih pride. Pri tem je najpomembneje, kako se spremembe uvedejo, uporabijo in izvajajo znotraj organizacije. Poleg različnih sprememb v organizacijah in različnih vzrokov za njihov nastanek je za management sprememb najpomembnejše, kako se določene spremembe lahko izvajajo v organizaciji. Kakšne dejavnosti mora management izbrati za izvajanje sprememb? Kakšen pristop je potreben za njegovo izvajanje? Ali so izbrani pristopi in dejavnosti učinkoviti ter ustrezni za posamezne tipe sprememb? To je nekaj splošnih vprašanj za uspešen management in izvajanje sprememb. Pomembno je, da vodstvo na začetku prepozna vsa vprašanja in odločitve, ki so potrebna za razvijanje pristopov k managementu organizacijskih sprememb.

Namen pričujoče magistrske naloge je izboljšati pristop k managementu sprememb, opisanih s spremembami procesa PEP in projekta PROMOTe v podjetju Hella Saturnus Slovenija d.o.o. Na podlagi teh ugotovitev je namen naloge pridobiti še globlje znanje o managementu sprememb . Magistrsko delo je sestavljeno iz dveh delov: teoretičnega in praktičnega.

Teoretični del naloge je namenjen pregledu strokovne literature – strokovne knjige, znanstvene revije in spletne strani – ki smo jih uporabili za potrebe raziskave in analize managementa sprememb. Iz pridobljenih podatkov bomo analizirali obravnavane modele in vrste managementa sprememb ter vrste vzrokov za spremembe z namenom boljšega poznavanja, kaj je management sprememb in kaj v teoriji velja za najboljše pristope k učinkovitem managementu sprememb. Na podlagi teoretičnih izsledkov bomo izbrali model, ki ga bomo uporabil za analizo v praktičnem delu naloge.

Praktični del magistrske naloge temelji na raziskavi internih podatkov, neposrednem opazovanju dela v oddelku projektne nabave v podjetju Hella Saturnus Slovenija d.o.o. in delno-strukturiranih intervjujih z vodjo program managementa in projektni nabavnik. V tem delu je management sprememb analizirano s spremembo projekta PEP in projekta PROMOTe. S pomočjo zbranih podatkov bomo prepoznali slabosti uvajanja sprememb in predlagali možne izboljšave.

Z izborom najprimernejšega teoretičnega modela managementa sprememb za vzorni model za izvedbo analize o učinkovitosti managementa sprememb v Helli sklepamo, da se velik del modela uporablja za management sprememb v podjetju Hella v okviru projekta PROMOTe. Vendar pa poleg vseh dejavnosti, prevzetih iz managementa sprememb, kot so: vnaprej določena organizacijska struktura, časovnica izvajanja, določena fazna struktura in vsebina izvedbe, definirani koncept in vsebina usposabljanja, obstajajo tudi nekatere pomanjkljivosti, ki jih najdemo pri vodenju, funkcionalnih vodjih, ljudeh, ki še niso vključeni v projekt PROMOTe, in pri novem orodju PPM, uvedenim s projektom PROMOTe. Na osnovi prikazanih pomanjkljivosti oblikujemo predloge za izboljšanje, ki se bodo nanašali tudi na morebitne prihodnje pomanjkljivosti pri izvajanju projekta PROMOTe.

Appendix 2: Interview with the head of program management and regional head coach of PROMOTe, Sergej Ivanuš

1. Was the PEP5 to PEP7 change introduced before or with PROMOTe project?
   - One of the changes that we made with PROMOTe was introducing the standardized PEP7 which means that new PEP7 was introduced with PROMOTe project.

2. Did Hella measure separately PEP7 success or Hella measure the PROMOTe project success?
   - PEP7 is just a main proces that we follow for a better organization and development of the product. It is one of the main part in PROMOTe. We dont measure PEP7 succes. But we can evaluate PEP7 for example with: launch costs for financing one particular project and what were the costs at the end of the project; other indicator can be internal changes in projects which means little activity of project change management – more successfull is PEP7. Overall, success of the change is measured by PROMOTe as a project because here are involved also the tools and methods.

3. What was the PEP5 funcitonality and why it si replaced with PEP7.
   - The PEP5 functionality was the same as PEP7 to develop quality product in organized structured process. The main disadvantage that PEP5 had was the planing and tracking issue. We were not organized well with the previous process. With PEP5 was less tracking and planing. All people know the PEP5 process and all know what to do and what was their job, but the process was not efficiently structured in a way when to do what to do and who to do the work, and all documents related to this. Especialy there was problem in the second phase – development phase ("concept and detailing") and it was long phase and the most important where concept of the project and product was developed and detailed. But in this phase we failed the most. The failure in this phase was shown in later phases in project which means activation of change management new cost arrising and so on. With PEP7 we solved this issue. The process (PEP7) is improved with clear description of roles and work package responsibilities. The second phase is now divided into two new phases where the roles of who does what in which part of the phases is more clear. Also divided second phase of PEP5 contribute for multiple check ins of the workflow status. PEP7 is also improved with more clear milestones and gates, forms and templates for better tracking and planning the project.

4. Are there any evidence of results for succesfullness of PROMOTe or this is just a top management internal work.
   - As I mention before we measure PROMOTe successfulness as a project. The structure of the implementation is created in a way that we have constantly measuring and evaluating of PROMOTe. If you look the timeline of the PROMOTe implementation you will see that it is phase structured which means

that we evaluate every phase and every new phase will be better and improved than prevous regarding the feedbacks, lessons learned, proposal for improvements and so on. Hella established PROMOTe LEAGUE which is a set of KPIs for PROMOTe. PROMOTe LEAGUE measure the projects that implement PROMOTe. You can find on our intranet page with in Promote News the reports of PROMOTe LEAGUE and results. Every project that is selected to work in a PROMOTE way is in the LEAGUE.

5. What are the KPIs for PROMOTE?
   - With PROMOTE we measure:

     1.Shedulling which means are the time plans for the project are input in the tool in right way and according to the our PEP7 process. Here we also check if the time plan is updated correct.

     2. Tracking which means if there is right way of using the main action plan or in other words if all ivolved in the particular project are following and using the main action plan for that particular project. With tracking you can see the exact status of the project in particular time – what si done, what has to be done, from who, support etc.

     3. Documents are also part of the KPIs and this means that documents must be linked in the PPM tool according to the main action plan and according to the phase (of PEP7) where the project is at the particular moment. The right document must be linked in a right phase of PEP according to the main action plan.

     4.Status of the activities is also tracked. Here the LOP (List of open points) are tracked and checked if they are fullfiled. These LOPs are for individual team members and in the PPM tool all the individual LOPs are centralized in one LOP.

     5. Is the Risk Management in right use, is the other indicator of PROMOTe evaluation. Here are the documents linked in PPM, counter measures, analysis ,timing etc.

     6. Gate reviews are the part of KPIs where is measured if they are updated on time, if there are (in the PPM tool) the required documents and all neccessery requirements for Gate approval. Gates are part of the PEP7 which give permision to go into other phase of the project. PPM tool contain all project planning information. With checked all necessery requirements for particular phase Gate is approved to start a next phase. This brings quality check ins for the phases done and going to the next phase with all done requirements from the previos phase. This brings decrease of the possibilities for activation of change and risk management into the project in the folowing phases.

6. What is the PROMOTe organization structure which leads the PROMOTe implemenation?

- As in every project where you need to implement and develop you need a team with different tasks which will work on the different aspects of the project. That is the case also in the PROMOTe. Before the starting of the implementation a team that developed the project was created. Generaly the organization structure of the PROMOTe is consist of: Steering committee, Sponsors and core team.

7. What is their main role?
   - Generaly speaking the main role for examle of the **steering committee (hereafter: StrC)** is to give directions in which way will the project go in a way of expanding or narrowing the project scope, giving permisions of the project to continue or even can shut down the project. According to the results and progress of the project (PROMOTe), which the StrC is monitoring they give directions. Also they communicates to the stakeholders about status and needs.

     sponsors general function is to provide resoruces for simplified implementation of the project. They minimize problems and resistors, provide financial resources, promote the benefits that project will brings etc.

     core team is let say the team that is directly involved in the implemenation of the project (PROMOTe). It consist of different departments which are competent for different aspects of the implementation. The **project manager** is leader of the project, than the organization of the core team is divided into 5 segments: **Organizational change management**, **PEP segment**, **project management methods**, **tool landscape segment** and **traning segment.** Every segment has a role in the implementation of PROMOTe.

8. And in which segment you belong in this structure?
   - I am regional head coach for PROMOTe and I am placed in a the training segment. The training and coaching structure is consist of: **subproject manager (global Hella)** which has a role of planing, leading and steering regarding the training and coaching, **master trainers (global Hella)** which have a role of train and coach(regional head coaches), developin and improving trainings. **Regional head coaches** which are divided for diffrent locations have roles of organizing, preparing, training and coaching (local head coaches) and leading. My region of work is Central and Eastern Europe which means that besides the HSS (Slovenia) I have HAN (Czech Republic), HSKS(Slovakia), HSKF(Slovakia) and HRO(Romania).

9. Did you have any issues with the trainings and coachings
   - Not at all. Thats is our job and we are into that with high profesionalism. Beside that organizaton was also on a high level becase it was planned before how the trainings will be structured. You can also see the training concept plan on the intranet page for PROMOTe.

10. Was there possible resist while trainings?

    - There is always resist. It in the nature of people to see change with a doubt. In relation to this, when you are working on one way for years it is difficult to switch in to other way of working. You need to be open-minded and execept the change and you will except when you understand the goals and vision of change and not to understand as a additional work that will bring with the change.

11. What do you think what are the reasons of these resist behaviours?
    - As I said it is human nature to resist on change esspecialy in organizations where you are working in your own way of working. But I think that is the first reason, if you are open minded and understand the reason for change you will except it. The problem is when people don't understand the reason for change and also see the change as additional work. These kind of reasons for resist is hard to manage.

12. How did you manage these resist behaviours?
    - As a part of PROMOTe team we are really trying to transfer the knowledge and reason for implementation of PROMOTe as a new way of working. We are also track the people with good understandings of PROMOTe and people who do not underrstand and who resist about PROMOTe solution. We are acting appropriate for these to kind of behaviours. We encourage the ones who are for the change and additional support for the ones who are agains the change.

13. What do you think, are people understand the reason or the vision of the change, goals, what will be improved etc.?
    - I think that they understood the tehnical aspect of PROMOTe regarding how will be structured the process of implementation regarding time, phases, trainings. Also the content of PROMOTe is well understood. But I can say that the average of understanding weak about the essence of the change, what will bring, what is the vision behind this change. They see the change as a additional work. Maybe some realized that the change will simplify the work. But I can say that some really understand what is going on.

14. What do you think why is that so?
    - Do you heard about "Peter principle" theory? I think that is the main reason. But it is not just a theory guilty itself, we also have some omissions regarding this. We are big organization and promotions of people is usual occurrence. For example when you have one expert and he become in some point leader and than "Peter principle" theory comming in action, or in other words achieving level of incompetence. Little and short trainings about leadership in this case, from our side as a Hella, we contributing for that level of incompetence from expert to become leader with no or little knowledge of leading. That si the main problem. Leaders must transfer and to know how to transfer the knowledge and the vision of the change to the people. I think that, if you go from top

management to down organizational structures the understandings of change is less and less understood. I think that the big gap of where the misunderstandings of the benefits from change are starting to occur is between functional directors and leaders. Many of leaders can't uderstand the change and don't know how to pass it over. Maybe the problem is also present at the function director levels where they are strong in believings and suportings of the PROMOTe, but they dont know how to deliver the vision to the leaders. This is generaly speaking of course there are exceptions to this.

15. What do you think about change management approach regarding PROMOTe, are there any disadvantages?
    - I think that main problem that people faced during this change and working in PROMOTe it is the tool the PPM tool. The concept of the PPM tool is what we needed and indeed the functions that tool gives us are of huge benefit. But from technical aspect speaking we have a lot of issues with this tool. For example there was some topics to fulfill that were not understandable, even topics that were not related with workflow of certain project members. Also some topics that are relevant for certain project members were not in the PPM tool. I can say that this was big problem, beside the leadership and vision that I mention before, because we all know that we must work in a different way and ofcourse that frustrations were present but when you start working in that new way and with additional issues the frustration is even bigger. I think because of this, when you see the Kubler – Ross change curve model, we were a lot of time of the implementation of PROMOTe in a position of depresion. Thanks to the support of the top management and from the people with their feedbacks and suggestions now we have improved the tool and I can say that now we are somewhere in a position of trying out.

Thanks for your time and contribution for my research.

Appendix 3: Interview with the project purchaser Gašper Ocepek

1. You were part of the core members in the Volvo product/project that was a pilot project for PROMOTe implementation. How was your first impressions about the PROMOTe and do you understand the goals and values of the change.
   - From the kick offs that we were having at the beginning it was obvious that this was new way of work. With the kickoffs and group trainings that we had I understand that with PROMOTe the things in the workfolw will go in better direction. More organized, less documentation and just one tool where whole team and our superiors will know and see what is the project status in certain time. Also the confusion of who is responsible for what will be on a very low level.

2. When did you start with the trainings of PROMOTe, during the development project or before.

   - Before the work with the Volvo project we have not any trainings about the PROMOTe. The group trainings (introduction trainings for all segments of PROMOTe – PEP7 , PPM tool and methods) started at the beginning of work with the Volvo project, than we had individual trainings once a week for approximetly 10 weeks. The individual trainigs were really helpfull to understand the work of the PPM tool and we were practicing on Volvo pilot project.

3. Were trainings understandable and with all necessary information?
   - Yes, the trainings were understandable. We received all necessary information about the PROMOTe and what is expected from this change. About the individual trainings, as I said were really helpful. All unclear matters were resolved together with the trainer.

4. Did you have good support about the PROMOTe except trainings?
   - Yes the support is available daily. Whenever we have some issues or questions we just call or send e-mail and we get answers or explanations. And of course at the beginning we had questions and issues on a daily base.

5. From your point of view, what will you improve or are there any weaknesses of the trainings.
   - There were not big weaknesses or issues about the trainings. But from my point of view I can mention that the mindset of the people was not ready. People were not trained before and it was expected that people will be more self-initiated during learnings. Also here I will add the disadvantages that we were having with the PPM tool at the beginning. Tool was not user-friendly and because of that we have frequent questions and issues.

6. Were your comments, feedbacks and suggestions for improvements were accepted regarding PROMOTe and in what way?
   - As I said we had real problems with PPM tool. But now the tool is far better than it was. Tool was not made as today is. This is a result of our feedbacks, comments and suggestions. We exposed these on trainings, meetings with our superiors, workshops etc.

7. What was your opinion on PROMOTe at the beginning of the implementation and now
   - From the beginning I realize that the concept of working in a PROMOTe will be helpful for all involved in product development, from core members to superiors. It is more organized and simple, more transparent way of working. The project steering is also on a very high level and this is also huge relief for us as project members and for superiors as well. It can be seen where is the development project at any time, what it needs to be done, who Is responsible for the task and so on. Also if there is some issue with the project at a certain phase we can act quickly and we can see where the problem is coming from.

8. What do you think about new PEP7 and its functionality compared to PEP5?
   - I think it is a very good improvement because we have many issues before especially in the concept and development phase which was resulting with not good defined concept and development of the product and as a result of that we were having big problems in the rump up phase where it is supposed for product to go in serious production. Time delays and profitability of the projects were occurring in this phase. Now we have more divided PEP5 with more check points, more transparent and more traceable. Now we are going more secure, more stable, more organized and more defined from one to another phase. This is PEP7 right now.

9. What will you improve or where do you see weaknesses in PROMOTe and in PEP7?
   - As I said previously I have nothing to add about PEP7. The improvement of PEP5 was a must and now I think that we have good and stable main product engineering process. About the PROMOTe, it is a very good concept of working. But I can add that the workflow capacity of people is big, where learning and working with PROMOTe is additional responsibility that we must do. Because of that, learning, working and accepting this new way of work will go not so efficiently and slowly from my point of view.

Thanks for your time and contribution to this research.