



**Proceedings of GLOGIFT 12**  
July 30 – August 1, 2012  
University of Vienna, Austria  
pp. 75-89

## **Managing Continuity and Change Side by Side: An Inductive Study of Strategic Practices**

**Arushee<sup>1</sup>**

### **Abstract**

*This paper deals with the management concepts of continuity and change and focuses on the synergies created when taken together rather taken in isolation. Continuity and change, though paradoxical, need to be considered simultaneously rather in separate water-tight compartments. The main proposition of this paper is that the management of change could be better leveraged by managing continuity of the organization along with change. The methodology adopted is that of caselets obtained through secondary sources and based on that an inductive study of strategic practices followed by various market leaders and organizations is carried out. This has been dwelled into by taking up latest examples and cases both from the international scenario and specific to Indian economy as well. And finally the paper highlights four strategies adopted by different organizations for simultaneous management of continuity and change wherein different organizations give weight to continuity or change depending upon the sector of the economy they are part of.*

**Keywords:** Change, Continuity, Strategies

---

### **Introduction**

**Continuity** of an organisation relates with all aspects that relate to the preservation of its identity and maintaining stability over a period of time.

**Change** in an organisation relates with all strategic and operational initiatives that contribute to dynamics, improvements, renewal and transformation such as restructuring, reengineering, entering new markets, change in scale of operations, technology, behavioural patterns of people etc.

Traditionally organizations have adopted and employed the management strategy of continuity year after year. This often led to stagnancy in most or even worse leading to failures in others. Changing and turbulent external environment led management thinkers and strategists to believe that continuity treated in isolation to be an inadequate and deficient strategy which did not take into account the change factor. Also focusing only on change led several organizations to deviate from core business as they lacked continuity in their vision. Hence there emerged a simultaneous, though paradoxical, combination of continuity and change.

The work of Collins and Porras, *Built to Last* (1994) highlights the issue of continuity and change side by side. Their work studied the leaders in a variety of sectors and then came up with an inference common to mostly all by comparing them with their not so successful counterparts: "Growth should be fostered only after upholding the foundation, that is, the core".

---

1. Shri Ram College of Commerce University of Delhi, India

### Objective

This paper deals with the management concepts of continuity and change and focuses on the synergies created when taken together rather than taken in isolation. It envisages how management of change could be better leveraged with lucid and clear understanding of continuity and how organisations can increase their lifespan with efficient confluence of change and continuity in key result areas.

### Methodology

A four step methodology has been followed:

*Step I Continuity* and change forces are studied in seclusion through various caselets of organizations globally managing either change or continuity.

*Step II* Various failure cases are examined and then confluence of management of both continuity and change is studied.

*Step III* Such inductive study of various strategies lead us to utilize continuity-change matrix (Sushil, 2005) highlighting different strategies organizations can adopt for flexible simultaneous management of continuity and change in their respective sectors

*Step IV* A case study is given at the end to show the success of an enterprise by managing continuity and change side by side.

### Stimulating Forces

There are various forces that guide and stimulate the two co-existing principles of management, i.e. continuity and change within the organisation and business environment. These are discussed as follows:

#### Continuity Forces

Why an organization should maintain continuity in its strategy? A set of forces keep pulling it to be clinged to the current business and also the manner in which it is carried out. These are the forces of inertia caused by the organizations themselves. The larger and better performing the organization is, the larger would be this inertial force. In the current business domain, this momentum helps the organization to steer through the obstacles and grow over time. It is a paradox that the forces that contribute to better performance in the current situation become counterproductive to lead change. Some of the important continuity forces are:

#### Customer Base

One of the important corporate objectives of any organization or business entity would be to increase its market share and grow in its business domain. The larger the market share it captures, the larger would be the current customer base it has to serve. But higher the organization climbs the growth curve, higher is the inertia for it to cling with the current products and services and its delivery mechanisms. The increasing size of customer base creates higher inertia to maintain continuity.

- A significant example of organisations clinging to their customer base is the new strategy of **upgradation of models** and products.
  - **Maruti Suzuki**, for instance, has launched Swift DZire and claims to launch eight new

*Managing Continuity and Change Side by Side: An Inductive Study of Strategic Practices*

cars in the next three years including a three-box version of the Swift which could be a possible replacement for the aging Esteem.

- **Nokia** to retain its customers has on a continuous basis developed new models and added features to the existing ones such as the C, E and X series.
- When **Microsoft** changed its product from 'DOS' to 'Windows' right at the peak of growth curve of DOS, is a great example to show how firms follow **cannibalization strategy** to counteract the inertia of continuity to maintain customer base.



**Infrastructure**

Infrastructure is a major physical continuity of any business enterprise. A sound infrastructure of manufacturing and after sales service would facilitate an organization for higher business success in terms of profitability and growth. But larger the manufacturing and service infrastructure an organization creates; it demands larger continuity of operation for higher capacity utilization.

For example:

- Inertia created by infrastructure was so high in American telecom industry that a well established GSM infrastructure deterred better technology of CDMA which late entrants like India took advantage of.
- The infrastructure built up for the **Delhi Metro** is irreversible and it'll take immense effort on side of Government to build up a whole new infrastructure in case of an alternative means of public transport.



**Technology**

Technology is a major strategic driver for leveraging the success of any enterprise. It requires technological excellence to achieve the performance objectives of cost, quality and choice. The manpower capabilities to handle particular type of technologies and associated technical capabilities provide an organization cutting edge and competitive advantage.

A large number of examples can be cited, to see the leading organizations becoming prisoners of their own technological excellence forces.

- The end of 26 years successful JV (joint venture) of **Hero and Honda** (2010) will not impact the renewal of the technology agreement in 2004 and it will last till 2014. And post that it has stitched up a technology tie-up with US-based race bike maker Erik Buell Racing (EBR) (2012).
- The buyout of **PeopleSoft by Oracle** (2004) maintains that Oracle had to serve the customers of PeopleSoft for 10 years by the original ERP (Enterprise Resource Planning) Technology



Arushee

of PeopleSoft and later on providing them with a fusion technology to easily shift from the ERP technology of PeopleSoft to Oracle's.



### **Core Competence**

One of the widely proclaimed strategic concepts is that of core competence. The leading organizations concentrate their efforts to create a bundle of skills and technologies that are competitively unique and provide a distinct value to the customer.

- In the case of **Sony** it is 'miniturization' and their emphasis remains on 'pocketability'.
- For **Honda** it is 'engines and power trains' that provides 'zippy acceleration' to all its automobiles.
- **IBM (International Business Machines)** continued in its core competency of computers though it took a lot of time and effort to shift from manufacturing mainframe to minicomputers to microcomputers and finally diverting to computing solutions.



Since these core competencies are unique, the organizations try to defend them and make them harder to imitate. These core competencies, at times, may act as a major continuity force for the leading organizations.

### **Supply Chain and Distribution Network**

Supply chain management is primarily focused to fulfil customer demands through the most efficient use of resources, including distribution capacity, inventory and labour. To enhance customer value, it aims to strategically strike a balance between lowest material cost and transportation, implementing JIT (Just-In-Time) techniques to optimize manufacturing flow and so on. For this purpose, the huge investment made though helps the system to function smoothly but at the same time acts as a major stabilizing force. It can be seen that global organizations in consumer durables industries, such as Toyota, Honda, GM, Ford, Electrolux and Whirlpool have been operating with a lot of continuity in their offerings.

- **Maruti** has the largest supply chain and distribution network in India. It accounts for almost 800 service centres followed by Hyundai which has almost half the number of its service centres.
- **Walmart** too has an extensive retail supply chain and are extending their network to other parts of the world including India with a JV with Bharti to form a global supply chain.



### **Culture**

Culture of any organization is a major unifying force to maintain continuity. Quite a few radical change initiatives could not succeed as the culture of the organization did not match with the radically changed processes/systems. Cultural change in any organization is a cumbersome and slow process. Good work culture is always considered to be a major contributor to organizational performance, but it also acts as a stabilizing force inhibiting major change efforts and usually creates a resistance to change.

For example, **3M (Minnesota Mining & Mfg.)** has an innovation culture under which it follows a strategy where 30% of its turnover is to be generated from the products developed in the last 5 years. The HR (Human Resource) policy to support this strategy is the 15% rule in which the employees are to contribute 15% of their time to innovative thinking for the development of ingenious products.



### **Performance**

The aim of every organization is to witness growth in top line, bottom line, market share, customer satisfaction and the like year after year. For this it focuses on enhancement of performance for current and future financial terms. High performance though accoladed, can lead to stickiness as it forces organizations to abide by the framework leading to high performance. This does not create any dissatisfaction with current state, which is a prerequisite of change.

- As in case of **Maruti**, in order to maintain its high performance it had to break away from its sluggish and stagnant growth and had to incorporate dynamic steps like higher range models, introduction of new models etc.
- **Honda** complacent with its high growth caused it to not focus on the increasing diesel car market in India which led other entrants like VW Vento to take over the market share of its flagship model Honda City and subsequently forcing them to introduce diesel models in future.

### **Change Forces**

The continuously changing business situation, in particular due to globalization, generates forces that direct the organizations to strive for change. The situational change forces could be both external and internal. The external change forces may emanate from changes on political, economic, social and/or technological fronts, whereas the internal change forces may be because of poor performance (low profitability, loss of market share), change in top management, and so on. Some of the significant change forces are discussed here.

### **Globalization**

In the last two decades, the process of globalization has increased exponentially leaving no

sector of the economy untouched. Even though some nations have tried to promote localization side by side but international trade bodies like World Trade Organization (WTO), increasing customer needs, forced liberalization, economies in cost, free flow of technology, etc have made the presence of globalization even stronger.

The presence of world-class global or transnational corporations, such as GE, GM, Ford, Electrolux, Toyota, Honda and Philips has impacted the market and the customers in their everyday life, right from the morning Chinese toothbrushes to the late night show on a Japanese or Korean television set.

- **L&T (Larsen and Toubro)** restructured its business by turning 9 operating units into independent companies to capture a bigger share of the country's booming infrastructure market. These include power equipment, hydrocarbon, heavy engineering, infrastructure, building and factories, etc.
- It also puts demanding situation in front of indigenous organisations like **Godrej** to improve their performance due to the entrants from abroad.
- The phenomenon of reverse globalisation has also come into picture when companies like **Tata** acquire Corus of UK in steel and Jaguar and Land Rover in automobiles.
- Globalisation also brings in new opportunities like **Credit Suisse** is planning to open its first branch in India soon.



Thus, globalization can be seen as a major change driver that is influencing all other change forces, either directly or indirectly.

### **Competition**

The changing face of competition may also drive the organizations to change. In the wake of globalization, the competition to domestic companies suddenly starts coming from global competitors. This has been experienced by the Indian industry in the post liberalization era. For example:

- **New product launch** is one the most important strategies to face and beat competition.
  - In automobile sector, Hyundai Santa Fe, Mahindra XUV500, Audi Q5, BMW Mini Cooper, Tata Aria, Chevrolet Beat, Skoda Yeti are few new launches.
  - In electronics sector, dual sim handsets by Nokia, Apple iPhone 4S, Samsung Tablets, Hp Slate etc. are new introductions.
- **Brand Repositioning** is another way to tackle competition for example **Airtel** has changed its logo and brought a whole new concept and image to sell itself.
- Prior to liberalization '**Maruti**' was almost a monopoly in Indian automobile industry in new technology cars, which was subjected to tremendous competition by major competitors, such as Hyundai, Toyota, Ford and so on resulting into a continuous loss in its market share. This has prompted 'Maruti' to adopt 'lean manufacturing' on the one hand and to integrate multiple services on the other.

### *Managing Continuity and Change Side by Side: An Inductive Study of Strategic Practices*

- Before the reforms of 1991, the **banking sector** was mainly dominated by nationalised banks such as SBI and PNB. But with the entry of foreign banks such as Standard Chartered and Citibank and private domestic banks such as ICICI and HDFC has forced the public sector nationalised banks to provide better and more efficient services to the customers.
- **Pepsi rejigs its top management** by promoting PepsiCo America Foods' chief John Compton to a newly-created post of PepsiCo President, and Brian Cornell, a former executive brought back from retail joint Wal-Mart to fill his position and thus creating pool of potential successors to its long serving Indian-origin chief Indra Nooyi.

Rather than only cost, other performance areas, such as quality, choice and speed are also emerging important competitive advantages.

#### **Customer Needs**

Customers themselves act as another stimulus for change. Due to globalization, myriad varieties and increasing awareness, customers are more demanding and quality conscious. 'Bending towards customers needs' rather 'Bending customers to existing products' is the new *mantra* adopted by firms for success in today's world. Another major change force constitutes of customers themselves. The enterprises need to keep up with the ever changing tastes and preferences of customers which are also governed by new product features and options available with technological innovation in the industry.

- The introduction of **MNP** (Mobile Number Portability) from Jan 20, 2011 has been done keeping the greatest customer satisfaction as main focus.
- Demand for luxury cum economy, the German luxury car maker, **BMW**, introduced its cheapest model in India, SUV called 'X1' priced at Rs 22-29 lakh.
- **Maruti** in order to meet customer needs has scaled up from pure economy models to economy with style with models like Swift Dzire, Kizashi etc.



#### **New Technology**

Not only the market-pull is a change force, technology-push is another greater force in the era of globalization. The globalization brings out new technology in the market place which forces existing organizations to upgrade their technology portfolio.

- In case of **home appliances industry**, with the entry of global majors like Electrolux, Whirlpool, LG and Haier, the local players are either vanished (for example, Kelvinator of India) or had to acquire new technology (for example, Godrej and Videocon). For example, **OLED TV** are the future display sets.
- Launch of **3G technology** in telecom sector in which application services including wide-area wireless voice telephone, mobile Internet access, video calls and mobile TV, all in a mobile environment and provide peak data rates of at least 200 kbit/s has compelled the manufactures of the handsets to produce 3G compatible handsets and the industry in on the onset of introducing **4G technology**.
- The **hybrid technology** in automobiles has been brought to India by **Toyota** which launched Prius in India at the Auto Expo 2010 in New Delhi. This was followed by launches in Auto Expo 2012 such as France's Peugeot SA hybrid 3008 car, Volvo Hybrid buses, Mahindra & Mahindra's range of Reva Electric cars.

Arushee

- **Delhi Metro** is developed on the lines of **regenerative braking technology** which has enabled it to earn one of the highest carbon credits in the world.



### **E-Commerce**

Developments on the front of information technology (IT) have led to the emergence a new business paradigm, that is, e-commerce. The e-business model has shown tremendous advantages in terms of speed, accuracy, lower transaction cost, larger customer reach, any time-anywhere business, and so on.

- A prominent example of this is the **Dell's direct marketing model** which has offered it tremendous flexibility and cost advantage and pushing it up in the competitive ladder.
- **Ford**, an auto major, which used e-business widely to service their global networks. They created big e-market place namely Car point.
- In India mainly **services** such as e-health, banking, railway or airline reservations have become popular through e-commerce followed by m-commerce (M-mobile) instead of retail sector.

### **Mergers and Acquisitions**

As the markets are maturing, the industries are getting consolidated and mergers and acquisitions (M&A) are becoming a major drive. M&As are taking place due to a variety of reasons, such as efficiency, diversification market power, control and others. Some of the recent M&A's are:

- **Facebook** overtook **Instagram** for USD 1 billion (April 2012).
- **SXC Health Solutions** acquired Catalyst Health Solution for nearly USD 4.4 billion (April 2012).
- **Jindal's JSW Steel** acquires 45% stake in debt-laden **Ispat** Industries (Jan 2011).
- **Reckitt Benckiser** bought **Paras Pharma** for Rs 3260 crore (Dec 2010).
- **Abbott Laboratories** acquires **Piramal Healthcare Ltd.** for \$3.7bn.
- Others such as Bharti Airtel-Zain, M&M-Ssangyong, iGate-Patni Computers etc.

The M&A revolution is acting as a big change force for the organizations for either to go for acquisition or get acquired. The M&A activity, on the one hand, changes the nature of competition in the market and creates cross-cultural integration pressures within the organizations, on the other.

### **Government Policy and Legislation**

Government policies and legislation act as macro change drivers. Government fiscal policies, by way to setting levers of taxes and duties, promote or restrict certain products and sectors, encourage foreign trade, facilitate technology flow, and so on. The working of industry is greatly influenced by change in governmental policies which may be either favourable or adverse to it

in the current business framework and thus force the organizations to change their strategies.

For example:

- **Retrospective tax legislation** introduced in Indian Budget 2012 created an uproar in the economy as it disputed the Supreme Court ruling of dismissal of tax demand from **Vodafone** for \$2.2 billion for its acquisition of Hutchison, Indian mobile assets, in 2007 for \$11 billion forcing Vodafone to adopt new strategies to tackle the change.
- The Indian Government has invoked a law which allows Hyderabad-based **Natco Pharma** to manufacture and sell cancer-treatment drug **Nexavar**, manufactured by Bayer, at a **cheaper rate** approximately by 90%. All the high prices drug makers have now been attacked by the bug of change (2012).
- Jan 22, 2011 **RBI** (Reserve Bank of India) said that new entry norms require systematically important foreign banks-those with a share of more than 0-25% of banking assets-to mandatorily convert themselves from a branch into a **wholly owned subsidiary**. These include banks like Standard Chartered, Citi, HSBC etc. This would enable to expand the network locally and allow foreign banks to acquire existing banks, subject to holding a maximum 74% equity post acquisition.

### **Managing Continuity 'OR' Change: Path to Failure**

Traditionally the firms managed either continuity or change in isolation. This led to high chances of failure of enterprises. Some glaring examples are:

#### **Managing Continuity**

Some major business entities have seen the face of failure and back by following the continuity principle in segregation without the appropriate mix of change principle. Here the firms used to follow the '**exploitation strategy**' where the high performing enterprises kept on exploiting their strengths to the extent of being pushed to the brink of failure going into bankruptcy.

- **IBM** focussed for a long time in their business of manufacturing high end computers such as mainframe and later on minicomputers. Such practice finally led them into 'red' i.e. debt.

**Louis V. Gerstner** is credited with saving **IBM** from going out of business in the early 1990s (starting with his arrival in 1993). The subsequent refocusing on the IT services business (which grew to nearly 50% of the IBM's revenues), the embrace of the Internet as a business phenomenon, and a broad effort to revive the company's culture are widely seen as having resulted in one of the most remarkable turnarounds in business history.

By redefining the company as a computer solutions company, he finally turned around IBM from red to black i.e. back into profits.

- The **auto giant GM** have similar stories to tell. It exploited its core competency to such an extent that it eventually led to bankruptcy and almost to the brink of extinction (2008).

Under the changed scenario of:

- Intense Japanese competition led by introduction of high quality fuel efficient cars,
- Demand for the big vehicles dropped quickly and customers went for smaller, less expensive, less profitable cars,
- Change in external business environment due to Global financial meltdown,

### Arushee

Their denial to cope with changes and continue with the same production and deliveries, led them one of the historic bankruptcy cases.



- The continuous and gradual decline of **Air India** can be attributed to their static practices and lack of dynamism to compete with the mushrooming low cost carriers like IndiGo and SpiceJet.

The Indian carrier being so deep in debt eventually attracted a bailout of Rs 30,000 crore. The funds are proposed to be pumped in over the next nine years but there will be an immediate infusion of Rs 6,750 crore to meet the airline's working capital requirement. The aviation minister, Ajit Minister, gave green signal to go ahead with the induction of 27 new Boeing 787 Dreamliners.



### Managing Change

Two major change patterns adopted globally particularly by American Industries which have resulted more in negative than positive effects are:

- **Downsizing on HR front**

A downsizing strategy reduces the scale (size) and scope of a business to improve its financial performance (Robbins & Pearce, 1992). A reduction of the workforce is one of only several possible ways of improving profitability or reducing costs.

The overall effects are as follows:

- **Mixed effects** on firm performance: some short-term costs savings, but long-term profitability & valuation not strongly affected.
- Firm's **reputation** as a good employer suffers.

**Example: Apple Computer's** reputation as good employer declined after several layoffs in 1990s.

- Downsizing forces **re-thinking of Employment Strategy**. Lifelong employment policies not credible after a downsizing.

**Example: IBM** abandoned lifelong policy after several layoffs in early 1990s.

- Employee **motivation disrupted**: increase in political behaviors, anger, fear - which is likely to negatively impact quality of customer service.

- **Re-engineering in terms of radical changes in processes**

Reengineering implies changes of various types and depth to a system, from a slight renovation to a total overhaul. Here the problems in company's core processes are discussed and redesigned. The final stage is to adopt the new design

Michael Hammer, literally the author of the book on reengineering stated his belief that the

failure rate of reengineering is much higher — “on the order of 70%.” This is usually the result of a faulty new design or the inability to implement one once it is created. Lack of support from management and employees also contribute to this surprisingly large rate of failure.

For example: A business process reengineering (BPR) initiative was undertaken by a **U.S. telecommunications company (TELECO)** in response to imminent survival-threatening competitive pressures in its traditionally monopolistic market. A series of BPR steps ultimately led to the “failure” of the initiative at TELECO.

### **Managing Continuity ‘AND’ Change: Success Framework**

The combinations of continuity and change forces could be mapped on a continuity-change (C-C) matrix (Sushil 2005). Four extreme combinations of continuity and change forces are possible to provide an industry classification. Using these four continuity-change combinations a flexible strategy framework is generated, which is discussed for its implications. The continuity as well as the change forces could be ‘low’ or ‘high’ and accordingly the combinations are: high continuity-low change (fertilizers, steel), low continuity-low change (coaching), low continuity-high change (BPO), and high continuity-high change (Auto, Telecom, Pharma, Computers) (Sushil 2012).

### **Incrementalism and Evolution**

For organizations that are ‘stabilizers’, operating under ‘high’ continuity forces and ‘low’ change forces, the major strategy adopted could be of ‘Incrementalism and Evolution’, which deals with continuous and gradual change. The change in such an organization, it is very slow and the strategy is predominantly guided by the forces of continuity.

For example:

- **SAIL (Steel Authority of India Limited)** has followed this strategy by instituting suggestion schemes and quality circles. It obtained ISO 9000 certification and adopted continuous improvement philosophy.
- In petrochemicals industry, **Reliance** has grown steadily by way of vertical integration. It has gone for backward integration up to exploration and forward integration to many petrochemical products such as polymers, and marketing and distribution.



### **Freewheeling and Experimentation**

The strategy of ‘Freewheeling and Experimentation’ can be adopted by organizations that are not under any major pressure of either continuity or change forces. As these organizations do not have a major continuity pull, may be because of low customer base, limited infrastructure and low investment in technology, they can easily opt for freewheeling to any new areas and experiment to encash even small opportunities.

- One major example of this type of strategy could be seen in **computer education and coaching industry**. During IT wave small computer coaching institutes got mushroomed all around. and again with the growing opportunities in **ITES/BPO industry coaching institutes** of different kinds have now flourished

### **Strategic Renewal and Transformation**

The ‘Change Masters’, that are subject to ‘low’ continuity forces and ‘high’ change forces, are driven by the strong wind and may follow a strategy of ‘Strategic Renewal and Transformation’.

Under this strategy, the predominant driver as well as outcome of the strategy is 'change'. These organizations have low continuity pull due to less elaborate infrastructure, faster technological obsolescence (such as Information Technology), and flexible and flatter distribution network (particularly in case of services).

For example:

- **ICICI Financial Services** has kept fast speed as the aim and to achieve this, the structure is managed through empowered teams, which leaves very little role for top management in day-to-day functions of the bank. The central authority is also diffused with discretionary powers to the product teams as well as the front online sales teams. Thus, to be first in the market, ICICI depends on its ability to foresee the future and park funds and resources in the new direction. At the same time, the entrepreneurial approach and experimentation, which is constantly on at ICICI, gives the bank the competitive success through intermittent phases of radical and incremental changes.



### **Strategic Flexibility for Integrating Opposites**

The fourth category of organizations, that are under high continuity forces as well as high change forces, are 'Synthesizers' and are supposed to exhibit strategic flexibility to integrate the opposing forces acting simultaneously. These are the leading organizations that usually have big continuity pull on multiple fronts. The leaders in their own area are also subject to high change forces. The strategy proposed for this category is most challenging and comprise of 'Strategic Flexibility for Integrating Opposites'.

This strategy frontier needs to be explored further for a right balance and synthesis of opposing forces acting on well established organizations, so as to divert their inertia on new frontiers without losing the benefits of continuity.

For example:

- The inertia of vast infrastructure can be dealt with by way of '**outsourcing**'.

The strategic option of 'outsourcing' is used by quite a few, but one unique example is of **Bharti Tele-venture** which has dared to even outsource the core activity of management of large telecom network to IBM and hardware to Nokia and keeping largely the marketing and branding functions with it. This has provided the organization with benefits of strategic flexibility to experiment new schemes coupled with savings in cost.



- The widening of scope to '**offer solutions**' in place of individual products and services can aid in tapping new opportunities and change in customer requirements by utilizing the strengths of existing products and services. The force of new opportunities can also be beneficially channelized by 'extending the application of core competence'.

The widening of scope by 'offering solutions' is utilized effectively by **IBM and Maruti Suzuki** in different ways.

- IBM has used the route of M&A to move from a computer company to a computing solutions company. It has sold its PC division in Asia and acquired part of Price Waterhouse Coopers to offer consulting services for offering comprehensive solutions.
- Maruti Suzuki, a leading automobile company in India, has integrated a large number of services such as financing, insurance, after sales services, reverse logistics and so on by way of strategic alliances to add value under a highly competitive situation with depleting margins.

The set of strategies discussed in the previous sections proposes to effectively combine various types and levels of continuity and change forces.

### **Case Study of Titan Industries Limited**

#### **Background**

Titan Industries Limited is a company belonging to the Tata Group, which is among India's old, large and respected business conglomerates. The company interests are currently in four areas: watches, jewellery, prescription eyewear and precision engineering.

- The **watch business**, first launched in 1987, enjoys a major share in the domestic market with four leading brands- Titan, Sonata, Fastrack and Xylys. It has also made a foray into international markets.
- The **jewellery business**, launched in 1996, has two brands- Tanishq and Gold plus- which are making a definite impact in the large and fragmented jewellery market in India.
- The **prescription eyewear business**, began in 2007, attempts to transform the traditional eyewear business.
- The **precision engineering business**, commenced in 2004, is engaged in manufacturing precision engineered parts for aerospace, automotive, and other industries, serving a large global market.



#### **Change with Continuity**

There have been various initiatives taken by Titan Industries Ltd. to effectively manage change with continuity. Various **examples** to show that are as follows:

- ❖ Titan announced the launch of **Raga Flora**, in 2009, an exquisite range of watches for women inspired by exotic flower. This collection promises to add sensuality and sparkle to the attire.



Arushee

- ❖ Tanishq has several brands under various themes; '**Paheli**', '**Lightweights**', '**Aria**', '**Daisy**'; examples of products that are targeted to meet the needs of specific consumers.
- ❖ Titan introduced a company-wide programme initiative called '**Consumer First**' in 2007, for setting new world-class benchmarks in the area of customer experience with the objective of attaining long term sustainable advantage.
- ❖ **Karatmeter** is an example of need based product innovation by the Company related to its jewellery business, the only non-destructive means to check the purity of gold.
- ❖ **Design to Cost**, is an initiative taken to strength its engineering expertise, that led to inculcation of cost discipline in design and in the creation of a standardization matrix for watches.
- ❖ It launched recent, in 2007, eye wear '**Titan Eye+**' to meet prescription eye wear needs.
- ❖ Since 2008, a '**People First**' programme is being implemented that is designed to sustain a spirit of competitive camaraderie in every single person in the organization and enabling each to experience 'the soul of Titan'.
- ❖ '**Future Shock**', launched in 2004, is an example of long term exercise aimed at involving all Titanians in strategizing towards future aspirations for the Company.
- ❖ '**Mission Impossible**' program aimed at getting the involvement of the entire organisation in the common innovation goal of the Company helps in inspiring people and infuse a spirit of oneness in the organization's innovation goals.
- ❖ Projects such as '**Tell Me**', an annual employee feedback survey, were to rejuvenate the Titan brand.
- ❖ Tanishq has a **Kaizen Corner** in every retail shop, where customer-related concerns are discussed and suggestions for improvements are invited.
- ❖ Titan's initial **European foray** was not successful despite large investments, arduous engineering efforts and huge advertising. But, it subsequently devised a new business model, restricting to four key European markets, Spain, Portugal, Greece and UK; thus gaining lost ground.
- ❖ Company has been **collaborating** to enhance its innovation portfolio
  - Technical collaboration with Franch Ebauches (FE)
  - Partnership with Casio Computer Company of Japan for manufacture of digital and ana-digi watches.
- ❖ The Company has a provision for **change in strategy and closure of ineffective projects**. It also focussed on careful market segmentation and the development of different sub-brands for each segment such as Edge, Steel, Dash, Raga, Wallstreet etc.
- ❖ It recently signed a **long-term agreement with Hamilton Sundstrand**, a subsidiary of United Technologies Corp. USA, to manufacture high precision components for auxiliary power units, ram air turbine, engine control, environmental control systems, etc. that are deployed in leading commercial aircrafts like Boeing, Airbus, etc.



### **Conclusion**

Traditionally, the enterprises used to follow either the continuity or the change principle. With the increasing debates in the industry as to manage either or both together has been ignited by the various failures of organizations following one of the principles in isolation. This leads to movement towards a framework that manages both together as there are various forces acting to emphasize continuity and change. Thus a confluence of various forces is necessary for success in today's scenario. An appropriate strategy supplementing the nature and scope of industry has to be adopted to manage continuity and change. These can be any of the four strategies discussed in the paper, viz. Incrementalism and Evolution, Freewheeling and Experimentation, Strategic Renewal and Transformation and Strategic Flexibility for Integrating Opposites.

### **References**

- Collins J. R. and Porras, J. I. (1994), *Built to Last*, Harper Collins, New York.
- Mintzberg, H. (1987) Crafting Strategy. *The Harvard Business Review*, July-August, 66-75.
- Sushil. (2005) Flexible Strategy Framework for Managing Continuity and Change. *International Journal of Global Business and Competitiveness*, 1(1), 22-32.
- Sushil (2012) Flowing Stream Strategy: Managing Confluence of Continuity and Change, *Journal of Enterprise Transformation*, 2(1), 26-49.