

## Whitbread PLC

### 1. What were the forces that led the management at Whitbread to shift their focus from a beer and pub business to a more restaurant, hotel and leisure business?

Thomas' change process was a reality because of him wanting to leave a strong and effective organization upon his retirement in 2004. Also, Thomas' predecessors realized that there will be fewer younger men while economic trend will reduce the number of blue-collar jobs.

In 1992 a Beer Orders policy was introduced to reduce monopoly power, which limited Whitebread's number of pubs integrated brewers could own. This meant that they lost the expansion opportunity and were going to see increased competition.

They need to change strategy in order to make profits for the shareholders.

Pressure from globalization. Many international players comes to the market.

### 2. Why do you suppose, Whitbread continued in its attempts to acquire a large number of pubs from Allied Domecq in spite of the above shift in focus? The CEO wanted to hold on to the firms' identity. The CEO was also known for being aggressive when making decision.

The s Curve.

The psychodynamic view of organization: We need focus on the culture before we can focus on the strategy.

The task force was selected from different parts of the company. Each member of the task force interviewed 10 people. Next, they shared the data conducted from the interviews.

Here you are allowing each part of the organization to be autonomous. Top management is in the outer side of the circle and the task force is inside sharing their information.

We need to get deep with feelings that creates the culture and the reason behind why people are motivated.

### 3. What was the shift in organization required to align with the changed strategy from being an operation led company to a brand management company?

Brand management instead of operation.

If we fire a lot of people it could create fear among the organization's culture. Divest, meaning we would sell parts of the organization.

Heterachy should be implemented to create synergy between the organization. Create a shared identity towards a common goal.

Giving more autonomy in the business lines. They identity vary which should not be there.

First, they needed to change their portfolio (what brands they own). Next, they changed the way people behaved. They need a better leadership too be the best.

The company needed to address its problems which resulted in the "Strategic fitness process". It is a guided strategic leadership process where teams develop consensus on their firm's strategic direction. There will be meetings regarding the organization's effectiveness. The strategy helps the firm to change to a better strategy.

#### 4. What was the resistance towards this shift and where and why was this resistance coming from primarily?

The leaders were stuck in the past and were not talking about the future of the company. There was no direct plan.

General managers (barrings) are not working together.

The managers fear losing power.

#### 5. Extra notes

The task force summarized the feedback in four themes: Why Whitbread, brand management, culture, and leadership.

**Why whitbread:** People were concerned that whitbread's existents was unclear.

**Brand management:** People was confused with whether or not Whitbread was creating it's own brand or will Whitbread require other brands.

**Culture:** There was a culture that the people did not address tough issues quickly and did not address performance issues. It was to internal focused and did not look at the competitors.

**Leadership:** Many people thought that Whitbread needed a strong, clear focused leadership.

**Statement of intent:** The comment on this was, that I was "motherhood and apple pie"

#### The 11-point plan:

Restructuring:

**Butterfly effect:** Small changes can have a big effect in an environment that is changing rapidly.

**Chaotic systems:** That path you will choose will lead to different results. An organization need to have minimal order and. Embrace chaos to navigate in a chaos environment.

System's perspective: Emergence. A group will come together and learn from each other. Opposite from "open system" where each member have their own task and will not discuss the tasks.

**Hierarchy:** Chaotic system uses a heterarchy. This is like a circle where information floats between all members. Open system has more of a traditional system. A hierarchy of self-regulating holons. It first function first as autonomous wholes in supra-ordination to their parts.

**Holon organizing:**

Holons are autonomous, self-reliant units that possess a degree of independence and handle contingencies without asking higher authorities for instructions.

**Open system:** Holistic. You at the organization containing some parts. There is not emergence.

**Stakeholder model:**

Actors, interest and power.

**Text 3:**

They find that cultural change can happen quickly. Our behavior can change over time. Culture change is very hard to change.

**Basic coordination Mechanism**

**Market:** Competition, exchange, prices

**Bureaucracy:** Hierarchy, legitimate authority rules.

**Clan:** Shared values and beliefs, trust, culture.

**What should be done for the power to shift from the powerful divisions towards the brands at Whitbread?**

Change the incentive system and have a measure for performance in collaboration. We need to make the managers believe they will not lose their power.

**What did the company do?**

They called the first plan crap. The feedback made no difference. The feedback the first time was very nice and did not challenge the GMs. There was still a nice culture. The second round of feedback was more though.

By 2004 the 11 point plan was implemented. The YSC personal development reviews had been fully implemented and were seen as very helpful.

Less progress had been made in reorganizing the company so that brands reported directly to the CEO. The power was beginning to shift in the organization from the once strong divisions and towards brands.

The master class and Brand template activities were increasing capabilities at the brand level.

For the future there was still more to do to ensure the company met its goals for 2010 and returned to the FTSE. In early 2004, Whitbread named Alan Parker was replaced David Thomas as chief executive.,

Financial analysts too were still skeptical.

The goal in 2010 was to double the business through winning brands. It will be part of FTSE.

The organization ended up being the largest in UK.

In 2018 Whitbread divested and made Costa Coffee not being part of the organization.