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Networking for success:

A Dual operating system in manufacturing

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Abstract

Manufacturing in Asia is undergoing massive shifts in areas of consumer demands, product, production and distribution. The sustainable survival of manufacturing organizations compels a need for a cultural shift towards an environment conducive of innovation, adaptability and flexibility. While organizations might be aware of the need and make efforts of training toward the shift, effective and sustainable change management requires commitment at the organizational structural level.

This comprehensive examination proposes the application of John Kotter's (2014) dual operating system and eight accelerators in Footwear Group's China headquarter. Footwear Group is a large-scale, Sino-foreign joint venture shoe manufacturing group comprising of enterprises in China and throughout southeast Asia, specializing in the production of footwear for well-known international brands. This examination studies a molding project case between Footwear Co. Ltd. (FCL), Footwear Group's headquarter in south China, and its subsidiary partner facility for mold production. The project stem from inefficiencies in communication and effective problem solving that resulted in FCL's first month of revenue loss since beginning operations.

Chapter one will provide a background to the collective shifts in manufacturing and specific issues faced at FCL. Chapter two will contain leadership analysis and organizational SPELIT analysis. Chapter three will propose leadership theories for implementing organizational change. Finally, chapter four will provide concluding remarks for the change initiative.

Networking for success: A dual operating system in manufacturing

Chapter I: Introduction and overview

The complex and turbulent business environment poses increasingly difficult leadership challenges for global manufacturing organizations operating to achieve competitive value, sustainable development, and long-term viability. Manufacturing organizations are under growing pressure to continuously and creatively innovate and transform business models to capture added value. While traditional manufacturing thrived on simple principles of reliability and stability in the production of material products, present shifts in consumer demands, products, production and distribution require additional attributes of flexibility and agility (Hagel, Brown, Kulasooriya, Giffi & Chen, 2015, p. 2).

Contemporary literature views leadership as a process of influencing people to produce change through establishing direction, people alignment, motivation, and inspiration, which differentiates from management as a process that produces consistency and order through planning, organizing, controlling and problem-solving (Northouse, 2016, p. 14). Leadership and management are distinct processes, both meant to achieve different key organizational outcomes. While leadership is crucial to creating organizational flexibility, adaptability, and agility for continuous transformation and change, management arose out of industrialization in the 20th century to ensure effective and efficient running of organizations through chaos reduction, stability and order (Northouse, 2016, p. 13). Kotter (2014) proposes a dual operating system for organizational success in today's volatile business environment that combines the structures of orderly hierarchical management and agile network-like leadership. This system is especially well suited to manufacturing organizations by offering order, dependability, and efficiency in manufacturing processes, and creativity, adaptability, and flexibility to the sustainable strategic

development of the organization. On one side, a hierarchal system ensures the effective running of the main organizational function of product manufacturing, while on the other side a network system ensures the strategic growth and sustainable development of the organization.

This paper will examine the challenges faced by a large-scale global manufacturing group utilizing theories and models acquired through the core courses of Pepperdine University's Educational Doctorate in Organizational Leadership (EDOL). A listing of the courses can be found in Appendix I.

Background – Manufacturing in Asia

Manufacturing in Asia, and indeed globally, must undergo substantial reshaping of their business models to remain relevant and competitive in the face of considerable industry shifts (Hagel, Brown, Kulasooriya, Giffi & Chen, 2015, p. 2). At the top of global competitive manufacturing is China, coming in number one in a ranking from a survey of global chief executive officers (CEO) (Giffi, Rodriguez, Gangula, Roth & Hanley, 2016).

There is much discussion concerning China's future as the leader of global manufacturing in the facing of raising labor costs and policy shift towards medium to high-tech manufacturing. Under China's one-child policy, the labor pool has markedly shrunken to cause shortages in southern manufacturing hubs. Additionally, since 2001, average manufacturing wages have seen an annual increase of 12% (Sun, 2017). The industry consensus is that the "Mighty five" (MITI-V) countries, consisting of Malaysia, India, Thailand, Indonesia, and Vietnam, are set to inherit China's low-cost manufacturing capacities as China moves on to medium to high-end manufacturing (Sun, 2017). A chief economist at the World Bank, Justin Yifu Lin, posits that China's shift from low-skilled manufacturing to medium to high-tech manufacturing will translate to nearly 100 million labor-intensive jobs for lower-wage countries (Sun, 2017). A

movement to Vietnam and Indonesia is especially prevalent for footwear and apparel manufacturing companies. While labor costs greatly influence manufacturers' decision for facility location, the rise of Industrial 4.0 and robotic technology will have a sizeable impact as well (Lomas, 2017).

The four shifts of manufacturing in consumer demand, products, production, and distribution are worthy considerations for manufacturing decision makers. Consumer demand is shifting towards the idea of “consumer as creators” as Do-it-yourself (DIY), personalization, customization and co-creation of products become more and more proliferate and once niche markets for such products flourish closer to mainstream market. Consumers are shifting from passive recipients of manufactured products to wanting to be active participants in the creation process of products. Personalization and customization of products go beyond surface services of engraving or a wider range of color combinations, into the realm of creating products optimized to the use of individuals, such as footwear made not to standard sizes but to specifics of each of an individual's feet. This creates disadvantages for standardized mass-production manufacturers, but at the same time opens opportunities for manufacturers to pursue new market value in connecting with consumers (Hagel, Brown, Kulasooriya, Giffi & Chen, 2015, p. 7).

The second shift in manufacturing is in the nature of products, specifically from "dumb products to smart product" (Hagel, Brown, Kulasooriya, Giffi & Chen, 2015, p. 10). With current technological advancements in materials and software for interactivity and connectivity, and the maturation of the Internet of Things (IoT), which is the interconnectivity of everyday objects to send and receive data through the internet, there is increasing complexity in the development and production process for manufacturers. Connectivity to internet platforms give material goods value beyond their physical value and provides opportunities for manufacturers to create

platform products that allow aftermarket hardware and software personalization and customization of their products (Hagel, Brown, Kulasooriya, Giffi & Chen, 2015, p. 10).

The third shift in manufacturing concerns the manner and economics of production. The fast pace of technological development has led to three major reductions in barriers: to learning, to entry, and to commercialization (Hagel, Brown, Kulasooriya, Giffi & Chen, 2015, p. 21). First, Barriers to learning are diminished by the increasing ease of communication between people of similar interests and the inundation of instructional materials readily accessible online, through how-to-videos and maker communities, to list a few. This results in a growth of makers and entrepreneurs that, while still unable to directly challenge incumbent manufacturers, signals an in-coming inundation of competitors with access to learning innovative ways of designing, manufacturing and merchandising.

Second, lowering barriers to commercialization will allow easier product entry to market by smaller start-ups and open growing opportunities in small-batch production to manufacturers. This is important for manufacturers to consider and adapt to because a growing small-company segment creates potential market share challenges for the traditional incumbent large unit order clients (Hagel, Brown, Kulasooriya, Giffi & Chen, 2015, p. 21).

Third and finally, reductions in the barriers to entry have resulted from additive manufacturing (AM), robotics, and agile manufacturing. Technological developments cause significant shifts in manufacturing by increasing the economic viability of producing increasingly smaller units of products at quicker and more cost-efficient rates. It is noteworthy that technological developments exist in an environment conducive to convergence whereby the intersecting of technological developments will lead to compounding capabilities and exponential innovation. Robotics investment for automation has become increasing attractive for

manufacturers even in low-wage countries due to the trend of rising global labor costs and decreasing cost of proficient, flexible, and cheaper robots (Hagel, Brown, Kulasooriya, Giffi & Chen, 2015, p. 17).

Larger manufacturers are also showing growing interest in utilizing agile manufacturing methodologies to remain competitive and be responsive to progressively sporadic market signals. This is done through the integration of a digital infrastructure that gives manufacturers access to the real-time point of sale data to more accurately and swiftly create production forecasts, as opposed to traditional forecasts made with less timely monthly or quarterly reports. Additionally, manufacturers pursuing agile manufacturing can focus on producing "minimal viable batch quantities" with agile supply chain when there is less certainty of market acceptance and demand (Hagel, Brown, Kulasooriya, Giffi & Chen, 2015, p. 25).

In addition, AM, also known as 3-D printing, is changing manufacturers' approach production in a number of ways. 3-D printing has rapidly advanced to become applicable and efficient in a wider range of production processes. AM is widely used by manufacturers for product prototyping, but applicability is expanding to other aspects of the manufacturing, such as tooling. Tooling includes the production of molds and fixtures, a traditionally costly and time-consuming process, whereby manufacturers must justify the large upfront cost with mass production runs. AM provides a less expensive and faster alternative with decreasing input costs as it is more economical to implement and removes the need for tooling (Hagel, Brown, Kulasooriya, Giffi & Chen, 2015, p. 16).

The fourth shift in manufacturing is in its distribution and value chain, specifically at three areas of the value chain: direct consumer engagement, faster conception to market, and build to order. Technological innovations in digital communication are lessening the distance

between manufacturers and consumers, increasing their ability to be responsive to market demands. This dictates that larger manufacturers must distinguish their value through flexibility and speed of bringing products to market in response to shifting consumer demands. The shift also opens opportunities for manufacturers to competitively operate in congruence with market demand of build-to-order personalized and customized products instead of only the traditional build-to-stock value chain (Hagel, Brown, Kulasooriya, Giffi & Chen, 2015, p. 28).

The four major shifts illustrate the necessity of rethinking traditional models of manufacturing for manufacturing incumbents and new entrants to be competitive. Leadership and management strategies are especially relevant when manufacturing organizations need large scale organizational innovative change. Indeed, the current United States – China trade war, which asserts immense pressure on manufacturers in China to remain competitive in the face of challenging policies and increased value chain cost to United States consumers, could be considered a blessing by revealing the urgency for change and the fatality of being complacent with the advantages of lower labor costs that is quickly disintegrating (Volodzko, 2018).

Historically, Chinese manufacturing has built on a foundation of importing high value foreign technology and exporting low cost products. However, this strategy is being proven unsustainable for continuous development by the drying of foreign (United States and European) orders since the 2008 global financial crisis and challenges met during the current trade-war with the Trump administration (Huang, Moore & Mccarthy, 2014; Volodzko, 2018). Huang, Moore, and Mccarthy (2014) suggests a shift from made-in-China to made-by-China, whereby instead of manufacturers engaging in low-end global value-chain production with low profits, Chinese manufacturers shift to production of high-end products resulting from in-house innovation and

design, traditionally value added in other countries, and training of a high skilled labor force less susceptible to costing impacts.

Setting

Footwear Group is a large-scale, Sino-foreign joint venture shoe manufacturing group comprising of enterprises in China and throughout southeast Asia, specializing in the production of footwear for well-known international brands. Headquartered in southern China, Footwear Group has multiple factory locations throughout China, Vietnam, Cambodia, Myanmar, and Indonesia. In addition to being a manufacturer to international name-brands, Footwear Group has served as the brands' first strategic partner and contract factories for manufacturing supply chain in Asia since the early 1990s (Footwear Group, 2018).

Footwear Group was founded on the principle of “human-centric management,” viewing employees as valuable assets to be put first. At the foundation of Footwear group is the belief that technological advancements will all eventually be available to competitors, but the value of people within an organization are irreplaceable differentiators. Core values of the group are respect, trust, passion, and professionalism. The group operates in pursuit of three goals: reasonable profits, comfortable living, and sustainable survival, which supports the organizational ideology of a triple win: company win, employee win, client win. The mission of Footwear Group is "to create the greatest value for customer and society through quality, speed, and innovations" (Footwear Group, 2018). The overall vision of the group is being a world-class lean manufacturing facility.

Footwear Co. Ltd. (FCL) is Footwear Group’s headquarter in southern China. In addition to manufacturing facilities and China area head offices, as headquarter, FCL also hosts Footwear Group’s global leadership offices for all regions, including China, Vietnam, Cambodia,

Myanmar, Indonesia, Taiwan, and Korea (Footwear Group, 2018). Demographic of the labor force at FCL is diverse with an average of 95% migrant workers from various provinces throughout China, which is consistent with National Bureau of Statistics of China's (2017) finding that 29.9% of the 76.8 million migrant workers in China work within the Manufacturing industry (National Bureau of Statistics of China, 2018). Migrant workers are defined as laborers who work for a period of six months or more in employment away from their place of origin (National Bureau of Statistics of China, 2017).

Following the 2008 global financial crisis, where over 67,000 factories across China closed down due to a crippling slowdown in exports, FCL leadership strengthened believe and investment in full supply chain integration throughout the supply chain, forming strategic innovative partnerships with downstream suppliers and upstream clients (Wong, 2008). The goal is to ensure the sustainable survival of the organization through differentiation and creating and maximizing value-added. This has proven to be increasingly important as the complexity of product development for new footwear increases, and client demanded value chain end-to-end (E2E) innovation strategy to decrease product development time and production lead time by 20% each, rendering current processes insufficient to satisfy client demands.

As a part of supply chain integration, FCL partners with suppliers to create FCL subsidiary supplier supporting factories within its factory campus. This allows for strategic cooperation towards efficiency innovations and business solutions through increased opportunities for communication and information sharing. The goal is to maximize inherent creative and efficiency power to creating holistic solutions to common problems and wastes based on the premise that effective communication and teamwork from proximity and interdependence as well as the deliberate creation of a cohesive culture can reduce confusion and

problem-solving time. Therefore, instead of individual departments coming up with potentially conflicting or duplicate solutions to the same or similar issues, executive management at FCL believes that solutions generated through cohesive teamwork between FCL teams and subsidiary supporting factories can lead to holistic solutions that have optimal effects for all parties involved in the issue. This provides organization-wide benefits due to the contribution and involvement of multiple stakeholder teams.

Despite the intentions of FCL's executive management for cohesive interdependent teamwork between FCL and subsidiary supporting factories, communications between various FCL development and production departments and subsidiary supporting factories and between subsidiary supporting factories has not been as effective as anticipated. For example, the relationship between departmental teams and subsidiary support factories has become increasingly adversarial, affecting their ability to work together to solve problems. This has culminated into a detrimental inefficiency between FCL product development teams, FCL production teams, and the molding supporting factory (MSF) that significantly hindered the timely completion of production, which lead to significantly increased costs of overtime labor in the production line and shipping costs for expedited shipping.

Purpose - Molding Project Management

The purpose of this comprehensive examination paper is to examine FCL and MSF's improvement project focused on project management opportunities for effectively leading change in organizational attitudes and improving communication and processes. MSF has served as molding support for FCL since 2000. However, the increasing occurrences of tardiness of mold transfers to sole support factory with high quality inconsistency and need for multiple re-trials have severely hindered the schedule for development and mass production. This is

especially detrimental with recent client E2E demands for 20% decrease in product development time and 20% decrease in production lead time, as well as the increasing complexity of footwear designs for development.

Executive management identified the leading hinderances to achieving optimal solutions to be tense and inefficient communication due to teams' attitudes of placing responsibility for issues with other parties. Despite FCL leadership holding the ideology of an organizational culture of cohesion, interdependency and teamwork, communication and relationship, the interaction between FCL departments and MSF did not demonstrate anticipated outcomes. In consultation to executive management at FCL, it is identified that the project objective of the molding project is not to create new technological advancement or technical expertise, but rather to improve management of cross-functional teamwork and communication to ensure organizational sustainability through sustainable organizational cultural change towards constant innovation and flexibility in the face of outside environmental changes.

The molding project serves as an opportunity and vehicle for FCL to carry out resource integration of people, processes and tools to achieve overall organizational efficiency optimization through improved communication and coordination. The identified key performance indicators (KPI) of project success are operational results that lead to increased production efficiency and decreased time through lean waste reduction in the process of product development.

The project goal for relevant departmental and MSF stakeholders will attempt to meet the needs and expectations of all relevant stakeholders, which include the FCL development team, FCL production team, MSF team and FCL project manager, by assimilation and application of knowledge from all directions and lean manufacturing strategies towards a holistic management

solution for reasonable allocation of support resources. Initial project meeting identified 29 improvement opportunities, broadly categorized into people, machinery, items, and processes to be resolved by stakeholders. While these are integral issues FCL and MSF seek to resolve through the molding project, this paper will focus on exploring the change management practices for FCL executive management's overarching goal of organizational cultural change.

Problem Statement

FCL and MSF's problem is reflective of Footwear Group's overall developmental sustainability threat and the necessary shift in organizational structure to support increasing organizational agility and proactivity. Manufacturing organizational sustainability in Asia is increasingly difficult as factories face rising pressures from the external environment, including raising client expectations, complexation of product designs, technological innovation, legal and environmental factors. The sustainable survival of manufacturing organizations necessitates a cultural shift towards an environment conducive of innovation, adaptability, and flexibility. While organizations might be aware of the need and make efforts of training toward the shift, effective and sustainable change management requires commitment at the organizational structural level.

My Role

As a doctoral student in organizational leadership and certified lean six sigma black belt with a background in manufacturing, I was brought in as lead consultant for the management of sustainable change initiative for FCL utilizing the molding project as the vehicle of change. Within this role, I will be advising executive management on relevant leadership and management practices for sustainable change with knowledge and tools attained through her EDOL curriculum at Pepperdine University.

Summary

The shifting landscape of manufacturing has provided a variety of challenges and opportunities for FCL. Competitively and sustainability facing continuous uncertainty requires FCL to fundamentally consider leadership and management strategies and the overall organizational structure and culture to agilely navigate through challenges and grasp arising opportunities. Chapter one has provided a backdrop to the collective shifts in manufacturing and specific issue faced at FCL. It is important to note that the purpose of this project is to go beyond solving the molding issue at hand but to utilize the issue as an opportunity to create organizational change towards higher organizational agility. Chapter two delves deeper with leadership analysis and organizational SPELIT analysis. Chapter three will propose leadership theories for implementing organizational change. Finally, chapter four will provide concluding remarks for the change initiative.

Chapter II: Leadership and Organizational analysis

Leadership

Leadership, followed by organizational values and communication, is the key to successful organizational change (Gill, 2009). Footwear Group is a Sino-foreign joint venture, operating in China and multiple southeast Asian location, serving Chinese, American and European clients worldwide, creating a highly culturally diverse operational environment. The cultural inclination of an organizational leader has a direct impact on leadership practices, values, and communication in an organization. It is therefore worthy to explore the cultural inclinations of top leadership at Footwear Group, Chairman C, in the context of Erin Meyer's (2014) eight scale culture map and discuss implications of interaction with the cultural norms of other cultures within the operational environment according to House, Hanges, Javidan,

Dorfman, and Gupta's (2004) Culture, leadership and organizations: The GLOBE study of 62 societies (Northouse, 2016). Both Meyer's (2014) eight scales culture map, composing of communicating, evaluating, persuading, leading, deciding, trusting, disagreeing, and scheduling, and the GLOBE study's (2004) nine cultural dimensions, comprising of uncertainty avoidance, power distance, institutional collectivism, in-group collectivism, gender egalitarianism, assertiveness, future orientation, performance orientation, and humane orientation, stem from Geert Hofstede's five dimensions of culture: power distance, uncertainty avoidance, individualism – collectivism, masculinity – femininity, and long-term – short-term orientation (Northouse, 2016).

Cultural profile: FCL Chairman C. The cultural profile of Chairman C according to Meyer's (2014) Harvard Business Review assessment is available in Appendix A. The results provide a comparison of Chairman C's personal inclinations with norms of the Chinese culture, Chairman C's self-identified host culture.

Communicating measures how messages are expressed and understood. Chairman C aligns more closely with the United States and German's low-context style of communication, as opposed to the norm of high-context communication in Chinese culture. This means that clarity, precision, and explicit simplicity are valued over nuanced and layer communication open to interpretation.

Evaluation is one's preference for direct or indirect negative feedback. Chairman C scores at the center of the scale, between direct and indirect, while norms for the Chinese culture indicate a preference for indirect feedback.

Persuasion measures a person's use of inductive or deductive reasoning to persuade. Chairman C's result showed a slight preference for utilizing application before supporting with

concepts after as necessary in the argument. The central scoring could also mean congruence with Chinese use of holistic persuasion tactics.

Leading measures how leadership is viewed, between hierarchical and egalitarian. For this measurement, Chairman C's high hierarchical inclinations are in congruence with Chinese culture.

Deciding is also a measurement of how decisions are made on the scale of consensual group agreement and top-down leadership decision. While Chinese culture is strongly top-down in decision making, Chairman C scores closer to the middle of the scale between consensual and top-down.

Trusting measures what decisions to trust is based upon**.** Chairman C has a slight inclination towards basing trust on the relationship built. On this scale, the United States and Germany are considered task-based cultures where trust is based upon work accomplished, while China is highly relationship-based.

Disagreeing measures how confrontational one is, whether someone views confrontational as beneficial or detrimental to group dynamics. Chairman C leans towards avoiding confrontation, viewing it as harmful to team dynamics.

Scheduling measures one’s view on time and their value on structure versus adaptability. Chairman C measures between a linear and flexible view of time, while the United States and Germany lean towards plan, structure and strict linear time, while Chinese cultural norm leans towards flexible time, seeing schedule and plans as suggestions rather than a structured plan.

Chairman C's balanced tendency of cultural dimension inclinations between Chinese and western (the United States and Germany) cultural dimension norms contribute to Footwear Group’s navigation in its diverse operational environment. House, Hanges, Javidan, Dorfman,

and Gupta (2004) identified 10 clusters of world cultures, which can be seen in more detail in Appendix B. In accordance of the cluster categorizations, Chairman C and FCL belongs to the Confucian Asia cultural cluster, while other parts of Footwear Group fall within the Southern Asia cluster and clients of the organization falls within the Anglo categorization. The Confucian Asia cluster is characterized by high-performance orientation, institutional collectivism, and in-group collectivism, which is in congruence with Chairman C and FCL's organizational leadership culture. In contrast, Anglo cultures reflect individualistic tendencies and south Asian cultures are community and family-centered with focus on in-group loyalty (Ashkansay, 2002; Northouse, 2016). Ashkansay (2002) supports that Confucian Asia cultures are flexible and malleable to influences from other cultures, which is consistent with Chairman C's result deviation from Chinese cultural norms. Appendix C shows a polar graph comparison of the three cultural clusters, with significant differences in dimensions of in-group collectivism, power distance, and humane orientation (Ashkansay, 2002).

House, Hanges, Ruiz-Quintanilla, Dorfman, Javidan, Dickson, Gupta & GLOBE Associates (1999) proposed the culturally-determined implicit leadership theory (CLT) which theorizes that cultures are characterized by the most commonly utilized, acceptable and effectual leadership attributes and behaviors within the culture. House et al. (1999) derived six dimensions of leadership base on the GLOBE project results: charismatic, team-oriented, self-protective, humane, participative, and autonomous.

Appendix D shows the leadership dimension measurements of Confucian Asia, South Asia, and Anglo cultural clusters. Within the three clusters, findings indicate close alignment between leadership dimensions, with a higher positive endorsement for team-orientated and humane leadership and negative endorsement for autonomous leadership. The only leadership

dimension that varied substantively between the clusters is participative leadership, being more highly endorsed by Anglo cluster than the Asian clusters. A leader in Confucian Asia cultures is trusted to make decisions on behalf of his or her subordinate due to cultural affinity to high power distances and social collectivity. Southern Asian cultures also have high power distances but are more inclined to in-group collectivism and humane orientation, therefore leaders are viewed as higher level representatives responsible for taking care of lower level subordinates. Anglo cultures value individualism, meaning that leadership contribution at all levels is expected (Ashkansay, 2002). Appendix E lays out rankings of leadership dimensions for the three clusters discussed, from most valued to least valued.

Consideration of these cross-cultural leadership differences is crucial to understanding the development of leadership and organizational culture at Footwear group and FCL and frameworks for their interaction with client and subsidiary organizations. Based on Confucian Asia cluster norms and results of Chairman C's cultural profile, leadership at FCL is hierarchical, values social collectivity and is team and humane-oriented.

Organizational Characteristic

To manage the diverse and large number of employees, FCL adopts an amalgamation of organizational perspectives, in accordance with the function of various parts of the organization. The organization at the leadership and management level takes an overall systemic approach with social collectivity and people-centric values, which is reflected in the interdependence of organizational components and focus on flexibility, innovation, and change (Bertalanffy, 1950; Wheatley & Kellner-Rogers, 1996). This is effective for managing the complexity of the organization with five broad operational functions and multiple categories under each function. The five broad functions are production, quality control, development, business services, and

service and maintenance. However, at the production line level of laborers, a more classical approach utilizing simplification, specialization, and predictability to achieve efficiency, consistency, and timeliness (Taylor, 1947; Weber, 1947).

FCL's systemic approach extends to the systemic integration of their supply chain, forming strategic partnerships and investments from top to bottom of the supply chain. The approach, alongside the organizational leadership culture at Footwear Group primes FCL with the ability to become an agile organization.

Ethics and Accountability

According to Northouse (2013), ethical leadership is founded in five principles: respect for others, service to others, justice, honesty, and building community. These principles are embodied in FCL's Confucian and Taoist cultural ethics. Which, besides being adopted by leadership to make decisions to create a harmonious community with a focus on co-existence and interdependency within FCL, is taught to employees through group study of Confucian texts. Visual reminders are posted throughout FCL's facility, reminding employees the value of service to others, respecting the value others provide, and putting the community's goals and purpose before their own (Northouse, 2016).

SPELIT analysis

The SPELIT analysis provides a systematic analysis methodology for diagnosing organizational environments in preparation for organizational change processes. The methodology is based on the need for environmental evaluation to identify driving forces for opportunities or threats within an organizational environment. Clear identification and analysis of threats and opportunities within the organization provide informed strategic direction for implementing organizational change. SPELIT is an acronym for the six factors within the

methodology: social, political, economic, legal, intercultural and technological. Additionally, environments for analysis can be added or removed from the SPELIT analysis, which allows the methodology to be flexible and adaptable to organizational change needs (Schmieder-Ramirez & Mallette, 2013).

Social analysis. The social environment looks at how people within an organization interacts (Schmieder-Ramirez & Mallette, 2013). Consistent with Footwear Group's principle of "human-centric management" and cored values of respect, trust, passion and professionalism, FCL's organizational environment is relationship and trust focused. This is consistent with leadership dimension and cultural cluster norms for Confucian Asia, where social collectivism, relationships, and trust in leadership is valued (House, Hanges, Javidan, Dorfman & Gupta, 2004). Relationships at FCL are deep-rooted and cultivated from the moment an employee joins the company. The general sense that employees, strategic partners, suppliers and clients get of FCL is that FCL is a family. At FCL, there is conscious effort to build a strong organizational culture and way of life. Some examples of this effort include FCL family day events where employees are encouraged to bring their family to FCL to enjoy events, activities and raffles, a premiere learning center for employee development, various culture and team building initiatives, and the FCL Kindergarten.

The implementation of the FCL Kindergarten is taking the idea of raising and self-creating perfect-fit employees from within rather than hiring best-fit candidates from outside the organization to the next level. By providing employees with the option of sending their child to FCL Kindergarten, the company shows its commitment to taking care of the whole community that it operates within, but more importantly, begin introducing the younger generation to the FCL culture and way of life. This creates a self-sustaining cycle of workers aligned with FCL's

values. Additionally, FCL has taken the initiative to help employees establish a Worker's Union to help communicate needs with leadership, further developing a culture of trust and care. The social environment at FCL is based on the building of trusting relationships grounded in deals of organizational support and service to employees and familial loyalty to the organization. The same ideals are expected by leadership at FCL to be upheld with and by MSF.

Political analysis. The political environment looks at the power within an organization, such as how decisions are made within groups and sources of power for leaders (Schmieder-Ramirez & Mallette, 2013). FCL is led by values of charismatic leadership, team-oriented leadership, and humane-oriented leadership. At the top of the organizational pyramid, Chairman C leads as a charismatic leader based on principles of being visionary, motivational, inspirational, self-sacrificing, trustworthy, decisive, and performance-oriented (Northouse, 2016). This is demonstrated by the clear identification of and focus on ensuring that the core values of FCL are considered and respected in all decision processes throughout the organization. The general consensus from the employees is respect of the Chairman, trust that the organization's leadership will take care of them, and empowerment to grow holistically in their work and life. Team and humane oriented leadership are apparent in the organization through team-building, and heavy investment in skill training programs for employees are all levels to help their progress within the organization. However, despite an environment of collectivity, the power structure of FCL is highly hierarchical. While leaders encourage and empower employees to think critically and propose ideas, respect the value they bring to the organization, decision making is trusted to a top-down process, where leaders are entrusted with the responsibility of making the best decision for the whole community.

Additionally, Chairman C is a significant shareholder of MSF and other subsidiary supporting factories to FCL. Therefore, optimizing the potential of FCL and MSF's partnership is of high interest for leadership from both sides.

Economic analysis. The economic environment refers to the production and consumption of resources within an organization (Schmieder-Ramirez & Mallette, 2013). FCL's facility in southern China occupies over 600 acres of land and employing over 16,000 employees. Total investment in FCL is over $80 million US dollars (USD). FCL averages an annual production capacity of 20 million pairs of shoes, with an annual output value of 3.5 billion Chinese yuan (RMB) (approximately $521 million USD) (Footwear.com, 2019). MSF operates on 20 acres at the back-left side of FCL's facility. In addition to MSF, FCL's facility also hosts five other subsidiaries that form a holistic conglomerate of the footwear production value chain. The goal is that instead of individual small-medium scale suppliers inefficiently performing tasks and investing in resources, the integration of the value chain into a large-scale conglomerate operating at the economics of scale will help maximize the efficiency of information, tasks, and allocation of shareable resources.

Legal analysis. The legal environment describes official laws and accepted rules within an organizational environment (Schmieder-Ramirez & Mallette, 2013). FCL is first subject to operating within the boundaries of official laws of the Chinese federal government and the local government in southern China. Relevant challenges from recent official policy development for FCL include the raise of minimum wages, lifting of the one-child policy, and changes in maternity leave and allowances law. Raise in the minimum wage has a significant impact on manufacturers like FCL, who employs a large number of production floor employees and engages in labor-intensive production. The lifting of the one-child policy and encouragement of a

second child impacts manufacturers such as FCL because of the large number of female laborers employed, with young women having increased chances of requiring maternity paid leave to have children. Pertinently, in addition to various new benefits during pregnancy, the minimum length of maternity leave was increased from 90 days to 14 weeks, with additional days given for special circumstances (Hu, 2017). These governmental policies have a significant impact on FCL hiring decisions and economical bottom-line. In addition to governmental policies, FCL is also subject to rules in a set of code of conduct laid out by clients, with its own labor policies.

Intercultural analysis. The intercultural analysis involves consideration of cultural differences within an organization (Schmieder-Ramirez & Mallette, 2013). While Footwear Group is composed of a mixture of Confucian Asia cultural norms and South Asia cultural norms and with Anglo clients, FCL is predominately of the Confucian Asia cluster, with Anglo clients. Chairman C has expressed cultural differences and tension in communication with clients as a point of challenge for FCL. The tension stems from differences in the understanding of the cultural environment in southern China and clients' often ethnocentric mindset in their enforcement of the code of conduct's requirements.

Technological analysis. The technological analysis looks at man-made tool advancements that help the organization to become more efficient (Schmieder-Ramirez & Mallette, 2013). FCL is successful in the implementation of lean manufacturing and is now pledged to implement Industry 4.0 throughout its manufacturing process. Industry 4.0 factories are the autonomous factories of the future. Industry 4.0 is the adoption of industrial robotics, internet of thing (IoT) and automation in the production process, optimizing information through data-mining, artificial intelligence (AI), and machine learning (Sikka, 2018). The effective implementation of Industrial 4.0 is increasing important for FCL due the 64% rise in minimum

wage within the past four years in southern China, with expectation that by 2019 China's minimum wage would be 218% of India's and 177% that of Vietnam's (Hagel, Brown, Kulasooriya, Giffi & Chen, 2015, p. 21).

Additionally, Industry 4.0 will allow factories to more fully tap into an end-to-end value chain and supplier ecosystem that will significantly increase FCL's ability to identify and implement value-added services and innovations. Experts in Industry 4.0 posit that successful implementation will create twice the advances in manufacturing efficiency through the decrease of quality issues by half and effective preemptive maintenance measures against machine down-time. Additionally, Industry 4.0 will provide a basis for a tighter supplier, manufacturer, and customer integration through the transparency of information, with the potential to boost forecasting accuracy by a third, lead time by up to 15 weeks, and lowering inventory holding costs by 20-40% (Sikka, 2018). While the benefits are apparent, challenges in implementation exist in terms of technological capability and employee adoption of the advancements.

Chapter III: Change Management

Lean six sigma (LSS)

FCL envisions itself as a "world class lean manufacturing facility" (Footwear.com, 2018). As such, lean production has been permeated throughout FCL production processes since the early 2000s. The model for lean production used at FCL was adapted from a client-driven training module for their contract manufacturers focused on cultural empowerment with lean. FCL utilizes lean problem solving and planning tools such as Plan, Do, Check, Act (PDCA). Although PDCA is a straight forward tool for strategy deployment, it is too broadly defined to fix individual problems (Lean six sigma, 2016).

The core principles and steps of being a lean facility are: identify value, map the value stream, create flow, establish pull, and seek perfection. Lean implementation is saturated throughout FCL as multiple levels of the organizational hierarchy. Executives form strategic organizational planning with the use of waste elimination metrics scorecards; middle management is charged with the integration of lean projects across departments; and employees are tasked to perform optimization tasks and empowered to identify opportunities for waste elimination.

While FCL views the process as a lean approach, in fact, the global brand client drew content for their module from a stronger lean six sigma (LSS) model. It is important to note that lean and six sigma are different process management strategies that are brought together to form a stronger process management model: LSS (Lean six sigma, 2016). Lean production focuses on the identification and reduction of eight types of wastes through process streamlining. Within the lean framework, anything that doesn't add value to the final product is identified as waste. The eight types of wastes, also known was DOWNTIME, are defects, overproduction, waiting, non-utilized resources/talent, transportation, inventory, motion, and excess processing. Six Sigma is a problem-solving management tool for the prevention and elimination of defects through striving for perfection and seeking consistency. The six sigma approach is also known as DMAIC: define, measure, analyze, improve, control. Together they form the LSS model, which is a managerial methodology that encompasses the processes and values of lean and six sigma to consistently seek ways to eliminate waste and improve quality while continuously improving the production processes.

LSS will work well with FCL's systematic organizational perspective because it is consistent in the ideology of the organization as an organism, where departments are parts of a

whole that when working effectively and in concert create value greater than the sum of its parts. While lean provides customer value focus on an end-to-end perspective, six sigma focuses efforts on sub-optimization in manufacturing processes to optimize efforts of the whole organization. Lean seeks continuous improvement while six sigma seeks to systematically standardize the improvement. Moving forward, FCL should integrate six sigma practices into its existing lean process to take advantage of a more consistent, sustainable and detailed change management practice. While PDCA can be effective for forming an organizational strategy, the DMAIC tool will provide FCL a more detailed approach to driving change for process optimization. The use of six sigma with the existing lean process will help resolve on of the core issues between FCL and MSF, which is the lack of standardizing processes for optimized partnership between teams and the creation and testing of molds.

While LSS is well suited to the production process management of FCL, even with the addition of six sigma tools, effective sustainable change management for the FCL and MSF molding project requires leadership change frameworks. LSS provides a management framework for change driven by data analysis, which is effective up to a point. However, beyond requirements of process optimization within the project time frame, I was brought in to consult on management and employee issues identified by executive management as lack of synergy and attitudes of blame and irresponsibility toward issues.

Additionally, while lean training is consistently provided to management and employees throughout the organization, one of the major causes of issues between FCL and MSF is understanding of problems and needs between the two sides which stem from inefficiency in communication. Ideally, this disconnect should have been eliminated by the lean process of *Gemba* walks, which is the idea of managers at all levels and across departments periodically

walking through production floors to observe and recognize problems, cooperation and communicate with employees, so that they know you are there to help, and problem solve consistently through creating *Kaizen* events, or events for continuous improvement (Lean six sigma, 2016). However, executive management at FCL found that managers are walking through production floors without engaging in the values of *Gemba*.

Kotter and Cohen (2012) posit that effective organizational change comes from achieving behavioral change, which typically comes from a core methodology of see-feel-change, while analysis-think-change is less effective. Thinking differently comes from the presentation of logical information through data collection and analysis, while feeling differently is inspired by compelling experiences (Kotter & Rathgeber, 2005).

Dual operating system and Kotter's 8 accelerators

FCL operates within an environment that requires both agility and precision. Quality, speed, timeliness, precision, and consistency are core, unchanging performance indicators of FCL's manufacturing process that requires a systematic and managerial system. However, the changing landscape in manufacturing, the exponential technological advancements manufacturers must stay abreast with to remain competitive, the client demanded decrease in product development and production lead time, and the increasing complexity of designs all require agile manufacturing capabilities to adapt and change. Effective management comprises of planning, budgeting, organizing, staffing, measuring, problem-solving, and performing well to consistently producing dependable results, whereas leadership establishes vision, direction, and aligns, motivates, inspires and mobilizes people to achieve (Kotter, 2014, p. 61). Kotter (2014) proposes a dual operation system that comprises of hierarchal and network structures that work conjunctionally within an organization (See Appendix F). The two systems represent the

coordination of a reliable and efficient rational system (management) with a creative and agile emotional system (leadership). The network side will serve to “turbo-charge” the benefits of Kotter’s (2010, p. 13) 8 steps to change management while allowing the hierarchy to focus unencumbered on efficiently performing daily tasks and producing predictable and incremental improvement initiatives (Kotter, 2014, p. 21).

The dual operating system is guided by five basic principles. The first is that instead of change being driven a powerful chosen core group, a “volunteer army” of insiders, comprised of 5-10% of the hierarchy’s managerial and employee population from all over the organization, each with different pieces of the organizational puzzle to drive change needs (Kotter, 2014, p. 35). This also serves as a major differentiator between implementing the eight accelerators within the dual operating system and Kotter’s traditional eight steps within a hierarchal system,

The second basic principle is having a “get-to” mindset instead of “have-to.” Key change drivers for the network can be found within the existing organizational framework and can be empowered with the privilege of joining in a network of exciting and innovative change agents. This goes hand in hand with the third principle of driving action through both heart and head by appealing to people’s fundamental desire be a part of a greater purpose and to serve and contribute towards a better future.

The fourth basic principle speaks to the inseparable dual of leadership and management processes, with management performing crucial duties to enable leadership processes and leadership ensuring organizational survival and success. This leads to the fifth principle which stresses the importance of complete integration between the hierarchy and the network by working as a singular whole, with constant and free flowing of information and activities (Kotter, 2014, p. 25).

On the surface, Kotter's (2014) eight accelerators provide a near identical framework to Kotter's (2010) eight steps to change management, but their difference comes from their fundamental purpose and application. Kotter's (2010) eight steps provided a sequential framework for enacting episodic change by a core power group within the constraints of a traditional hierarchical organization (Kotter, 2012). On the other hand, Kotter's (2014) accelerators are designed to guide a large volunteer army of employees and managers, pulled from all over the organization, in a flexible and agile network system. Comparison of key characteristics between the dual operating system's management-driven hierarchy and a leadership-driven strategic network can be found in Appendix G.

FCL will benefit from the structural shift and executive endorsement of a dual operating system for several reasons. As mentioned earlier, the combination of rational managerial and visionary strategic components aligns with future developmental needs of manufacturing firms such as FCL. Additionally, FCL’s vision for synergic integration throughout the value chain with interdependency of supplier teams, E-2-E information systems, and subsidiary partner factories will benefit from the fully integrated network system that will allow the systemic whole to operate with greater agility in quickly recognizing and grasping opportunities as well as mitigating threats.

In terms of FCL and MSF's molding project, the organizational environment and context of the project provide an optimal structure and opportunity for driving the organization towards a dual operating system. It provides an opportunity for executive management to consider and instigate the formation of the network structure and provide the network with a context to come together and norm together on. The ultimate goal is for the network to drive a culture of speed and agility that can quickly recognize future opportunities and solve issues such as the molding

crisis before the organization suffers a financial loss. Beyond the benefits of agility, the network also provides a wider opportunity for employees within the coalition and volunteer army to grow and develop leadership capabilities and knowledge about the big-picture organization previously unavailable to them in their position in the hierarchy. The dual structure allows employees and managers at all levels to communicate in a way that breaks apart and transcends their hierarchal constraints free crucial information from the bureaucratic silos of the traditional structure (Kotter, 2012).

Kotter's 8 steps and accelerators can be classified into four major action categories: setting the stage (steps 1 and 2), deciding what to do (step 3), making it happen (steps 4, 5, 6, 7), and making it stick (step 8) (Kotter & Rathgeber, 2005). Outlined below is a proposal for how each accelerator step can be implemented in the context of FCL and MSF's molding project.

Accelerator 1: Create a sense of urgency. The molding project was necessitated by the occurrence of multiple (15+) failure attempts to create proper molds for the mass production line, leading to FCL's first ever negative revenue month since it began operations. C-level executives at FCL identified this problem as stemming from a disconnect in communication, lack of shared vision between FCL and MSF and employees' tendency to assign blame to others instead of taking the responsibility and initiative to quickly focus efforts in resolving issues completely. Additionally, while training modules are in place for collaboration and teamwork, and everyone appears familiar with effective teamwork practices, principles are not being integrated into daily work. Therefore, sustainable resolution to the fundamental problem of cultural attitude will benefit from the instigation of the dual operating system that provides structural support that empowers and encourages the practice of training materials.

The molding project provides an emotionally charged opportunity for FCL executives to create a sense of urgency. The big opportunity, as specified by Kotter (2014), extends beyond recognizing the issue of the current loss in revenue and specifics associated with the case, but rather the underlying threats the issue represents: the increasing challenges of client and product demands and the shifting future of manufacturing that requires swift adaptation of exponentially volatile technological advancements. Complacency, especially likely to occur in organizations that have been operating successfully, is detrimental to organizational competitiveness (Kotter, 2010). It is therefore imperative that FCL and MSF employees in the molding project recognize that the current failure is not just an outlier event in an otherwise successful operation process but the culmination of unresolved issues due to complacency. The faults of the complacency are finally exposed by outside forces that will continue to grow increasingly challenging. Strategies to increase urgency include presenting and highlighting troubling data of threats from the external environment and potential results of FCL's inability to agilely adapt and keep up with consumer demands.

Accelerator 2: Build a guiding coalition. While the network structure calls for large-scale participation from all parts of the hierarchy, formation of the core of the network begins with the assembling of a guiding coalition. A guiding coalition is a group of people from across the organization passionate about enacting change, wants to participate in urgently responding to strategic challenges and with enough connections, skills, information, and motivation to lead change efforts (Kotter, 2012; Kotter, 2014, p. 29). The group must be supported, empowered and endorsed by the organization's executives but does not necessarily comprise of top-level executives.

FCL and MSF guiding coalition members would include employees and managers from all different parts of both facilities, not just those hierarchically relevant and connected to molding and production. These individuals are not necessarily horizontally or vertically related on the hierarchy, but rather because they feel the urgency for change and wishes to contribute their knowledge and expertise to driving innovation and change. The benefits of such a mixture of individuals in terms of positions and knowledge are it allows an opportunity for the overall view of the whole organization to be considered in forming strategic decisions. Specifically, in terms of the molding project, this mixture of expertise would be advantageous for technological department employees or managers familiar with Industrial 4.0 market predictability capabilities, customer relation employees or managers familiar with outside environment of the footwear market, and production line workers that operationalize the molds created to come together and openly share knowledge and information to innovatively find opportunities for better processes.

Once the guiding coalition is formed, it can function to be a continuous source of information sharing across the organization, constantly identifying and seeking new initiatives to drive organizational innovation, development, and growth. In contrast, the normally used project teams or work streams for organizational innovation, individuals within the network are not tasked with additional job requirements outside their normal job descriptions, but rather share information that is already a part of their normal jobs in the hierarchy with the network.

Accelerator 3: Form strategic vision and initiative. FCL has an overall strategic vision to be a world-class lean manufacturing facility (Footwear Group, 2018). While this vision is clear in its purpose and broad enough to remain relevant, it was created at the inception of FCL. The guiding coalition could reevaluate and propose potential additions or amendments as they see suitable to executive levels within the hierarchical organization. These amendments should

be directed towards support strategic initiatives for the network identified by the guiding coalition (Kotter, 2014, p. 31).

Accelerator 4: Enlist volunteer army. In Kotter's original 8 steps process, this step is also known as communicating the change vision, which is focusing on creating buy-in and having the guiding coalition drive behavioral change by example. This includes using every vehicle possible to communicate the new vision and strategies and teaching new behaviors by the example of the guiding coalition. While the general principle remains, enlisting a "volunteer army" expands this process to involve not just inspiring a singular behavioral change, but to pull others within the organization to participate specifically or generally in the network (Kotter, 2010; Kotter, 2014).

FCL and MSF employees in the "volunteer army" will freely participate in various relevant strategic initiatives identified by the guiding coalition. Members in these initiatives can move from one initiative to another as needed depending on their skills and knowledge. This can empower employees in knowing that they are participating in the significant strategic growth of the company, as well as give them opportunities to interact with parts of the organization they normally would not in the traditional hierarchy, hence expanding their knowledge horizon, and growing their personal leadership capabilities. Kotter (2012) found that feedback from employees and their managers participating in the dual operating system network found exponential capability development that significantly benefits the organization and employee's personal career growth. This step also holds specific significance for the molding project because it provides internal motivation for employees to participate and seek responsibility instead of pushing responsibility for change initiatives.

Accelerator 5: Enable action by removing barriers. Traditionally, the fifth step seeks to eliminate obstacles to change by restructuring organizational structures to better support the change vision, encouraging innovative ideas and activities, and taking stock and dealing with people who seek to undermine the change (Kotter, 2010; Kotter & Whitehead, 2010). However, within the new dual operating system, the new network structure is already set up to support agility and change initiatives, creating a minimal need to remove any barriers. Therefore, enabling action in the context of the dual operating system means consciously and meticulously ensuring network activity alignment with the hierarchy's operational goals and processes and avoidance of redundant and overlapping actions (Kotter, 2014, p. 32).

In the context of FCL and MSF, this entails network members openly sharing knowledge from their hierarchical positions on what has been done, what is being tried and the goals and improvements each department is trying to achieve. Constant reviewing of alignment with the hierarchal activities is crucial to ensure the practicality, relevance, and effective functionality of the network. Communication can also flow both ways from the network to the hierarchy. Communication of network activities from members to their co-workers within the hierarchy can help pull new volunteers into the network “volunteer army” and generate buy-in from the whole organization for network initiatives.

Accelerator 6: Generate short-term wins. Short-term wins are crucial to the legitimization of the network in the overall organization. In this step, it is important to ensure the visibility of network outcomes and have organization-wide celebrations in large and small ways (Kotter, 2014, p. 32). FCL and MSF's molding project is aimed to decrease product development and production lead time by 20% each. The achievement of this goal would be a great cause of celebration of the overall organization, which could increase faith in the ability of the network,

win support for future initiatives and pull in employees to the volunteer army. However, even before achieving the 20% reductions, ability to achieve faster and more precise development and production of quality molds are a cause for small celebrations and recognition in weekly managerial meetings and the company-wide newsletter. In order to draw in other subsidiaries and suppliers to engage in the network, FCL and MSF's achievements could be shared with others within the value chain through invitation to participate in monthly meetings that recognize these achievements, or posting on a shared online platform, such as the official FCL Wechat account (a common social media platform in China).

Accelerator 7: Sustain acceleration. Acceleration of innovation and change initiatives can be sustained through the consistent flow of energy in ensuring that the urgency is sustained on both ends of the change process. On the front end, a continual urgency to seek new opportunities and potential challenges must be fostered. This can be done by bringing constant updates of the outside market environment into the organization. In the case of FCL and its subsidiaries it can be gathering visuals, videos and articles about industry achievements, risks and client challenges to be shown to the network volunteers (Kotter, 2010). This can be accomplished through social network groups on Wechat established and managed by members of the guiding coalition. On the other end of the process spectrum, it is important that besides support for major strategic initiatives effort is given to completing sub-initiatives related to the major initiatives. In the example of FCL and MSF, effort must be made to ensure that sub-initiatives such as production line employee training efforts, quality assurance renovation, or visual decorative facility improvements for efficiency encouragement are completed to support the major initiative of decreasing overall lead time. The accomplishing of the sub-initiatives will

allow employees to see the larger initiative as increasingly attainable and be empowered to aim for further changes.

Accelerator 8: Institute change. This step is about the articulation of network successes and integration of the strategic initiatives into the hierarchy's systems, procedures, processes, and behavior, effectively ingraining the network as a fundamental system of the organization (Kotter, 2014, p. 33). FCL and MSF's molding project is a starting point for implementation of the dual operating system into the FCL, subsidiaries and supplier integrated conglomerate. Achievements of the network in creating a more agile, responsive, urgent and motivated culture focused on strategically innovating and problem-solving will provide a framework for implementing the network across a wider body of the FCL conglomerate. It is crucial to note that once the network is established, all the accelerators are constantly operating within the organization as the leading coalition identifies opportunities or threats and various strategic initiatives and sub-initiatives are being performed across the organization. The successful integration of accelerators one through seven into FCL's systemic integrated value-chain structure will provide increased agility and engagement of employees throughout the large conglomerate, leading to competitive innovative potential from the influx of expertise and knowledge being shared from all departments and levels.

Further implications

The network's ability to create agility in FCL's conglomerate will have implications for the application of the network structure for integration of Footwear Group's global enterprises, allowing facilities around the world to effectively support and integrate knowledge to seek opportunities and avoid threats. This would hold paramount value for Footwear Group as facilities with the group hold experiences from different operational environments around the

world (China, Vietnam, Cambodia, Myanmar, and Indonesia), serving different global footwear brands with different corporate social responsibility (CSR), product designs, product development, and production lead time requirements. The full integration and mutual learning a group-wide network could provide would be invaluable in driving Footwear Group towards being the top global footwear manufacturer.

Evaluation

To validate the implementation of the dual operating system structure throughout the global group meticulous evaluation of the effectiveness of the implementation strategy and success of the operating system in FCL is imperative. Kirkpatrick (2006) proposes four levels of evaluation for training: reaction, learning, application, and business impact. While evaluation of the first two levels could be used to measure employee personal gains from the shift and be used to determine necessary strategic changes in the implementation, evaluation of application and business impact has greater value to evaluating structural change. In the case of FCL and MSF, tangible results that can be evaluated are the degree of reductions in product development and production lead time. Furthermore, evaluation for the overall impact of the structural change can come from a comparison of number and quality of innovative decisions from before the change to after.

Chapter IV: Conclusion

At the inception of this project, various change management models and theories were considered to provide resolution to FCL and MSF's project needs. Major models considered include Lewin's theories and Kruger's iceberg model of change management. However, while Lewin's theory provides a simple model for driving change through increasing positive forces to support change or decreasing resistant forces of change, its desire to reestablish equilibrium of

the change force field after reaching desired change to prevent further changes does not speak to the required agility required of contemporary organizations. Kruger's iceberg model provides a model for pursuing constant change through the identification of opponents, promoters, hidden opponents, and potential promoters. However, the scope of Kruger's model is only focused on identifying and managing barriers to change by organizational managers and would be less effective in enacting the organizational wide sustainable agility desired by FCL.

Ultimately, I determined that Kotter’s (2014) dual system aligns with the organizational needs of FCL in their need for both management for reliability and leadership for agility. The results of the SPELIT environmental analysis and application of the dual system to FCL indicates that the optimal operation structure for FCL is the application of the lean six sigma model and tools to manage the hierarchal side, while the network is guided by Kotter's 8 step accelerators (Kotter, 2014).

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Appendix A – FCL Chairman C Cultural Map Profile

You selected China as your nationality. Observe where you fall on each of the eight scales:

Communicating. This scale measures the degree to which a culture prefers low- or high-context communication, a metric developed by anthropologist Edward Hall. In low-context cultures (such as the U.S., Germany, and the Netherlands), good communication is precise, simple, and explicit. Messages are expressed and understood at face value. Repetition and written confirmation are appreciated, for clarity's sake. In high-context cultures (such as China, India, and France), communication is sophisticated, nuanced, and layered. Reading between the lines is expected. Less is put in writing, and more is left to interpretation.

Evaluating. Often confused with the Communicating scale, Evaluating measures something distinct: the relative preference for direct versus indirect criticism. The French, for example, are high-context communicators relative to Americans yet are much more direct with negative feedback. Spaniards and Mexicans are equally high-context communicators, but the Spanish are much more direct than Mexicans when it comes to giving negative feedback.

Persuading. This scale measures preference for principles-first versus applications-first arguments (sometimes described as deductive versus inductive reasoning). People from Germanic and southern European cultures usually find it more persuasive to lay out generally accepted principles before presenting an opinion or making a statement; American and British managers typically lead with opinions or factual observations, adding concepts later to explain as necessary.

Leading. This scale gauges the degree of respect and deference shown to authority figures, on a spectrum between the egalitarian and the hierarchical. The former camp includes Scandinavia and Israel, whereas China, Russia, Nigeria, and Japan are more hierarchical. The metric builds on the concept of power distance, first researched by Geert Hofstede, who conducted 100,000 management surveys at IBM in the 1970s, and later researched by Robert House and Mansour Javidan in their GLOBE Study of 62 Societies.

Deciding. We often assume that the most egalitarian cultures in the world are also the most consensual, and that the most hierarchical ones are those where the boss makes top-down decisions. That's not always the case. The Japanese are strongly hierarchical but have one of the most consensual cultures in the world. Germans are more hierarchical than Americans but also more likely to make decisions through group consensus. This scale explores differences between building group agreement and relying on one person (usually the boss) to make decisions.

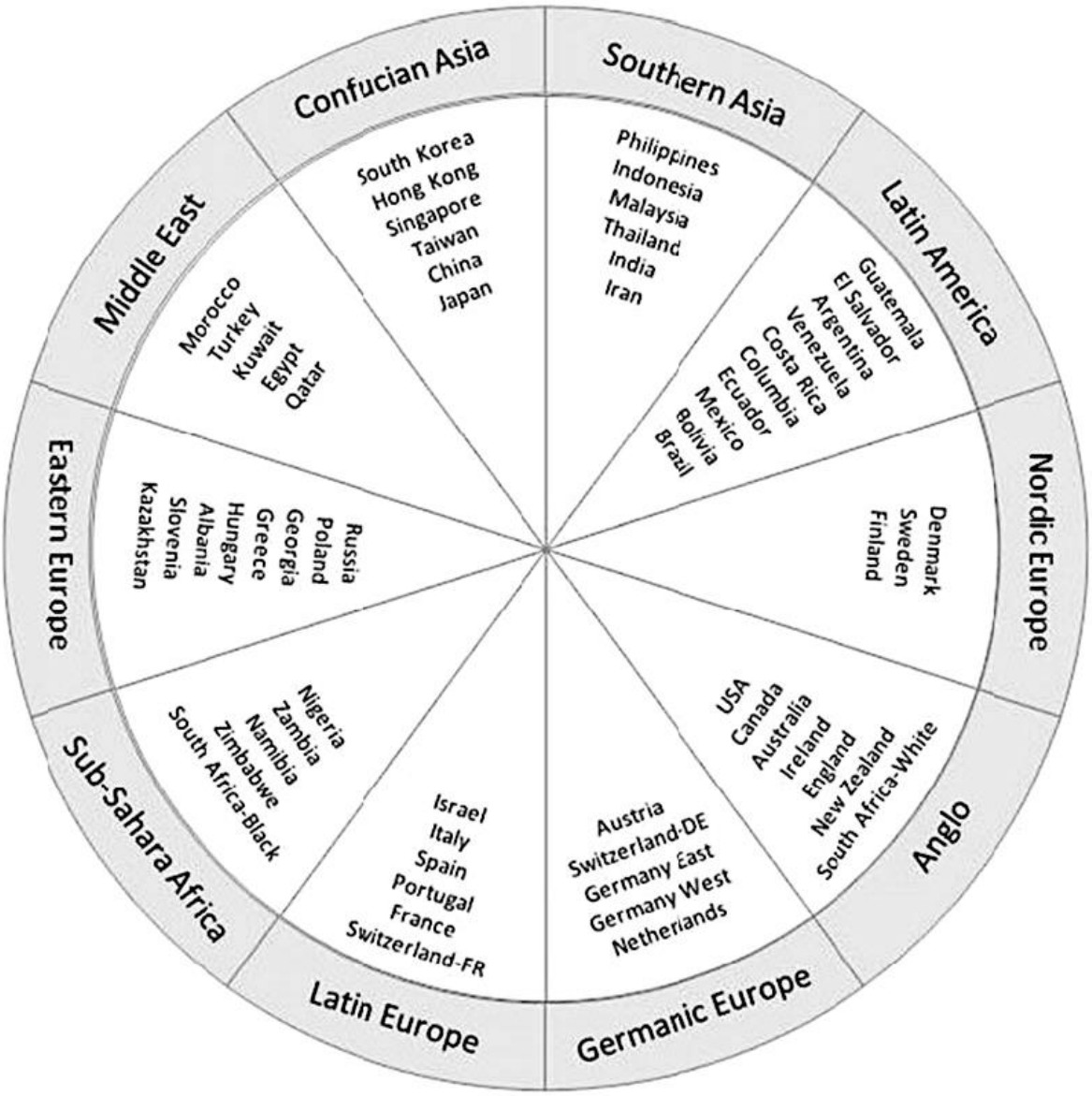
Trusting. This scale balances task-based trust (from the head) with relationship-based trust (from the heart). In a task-based culture, such as the United States, the UK, or Germany, trust is built through work: We collaborate well, we like each other's work, and we are fond of each other—so I trust you. In a relationship-based society, such as Brazil, China, or India, trust is built by weaving personal, affective connections: We have laughed together, have shared time relaxing together, and have come to know each other at a deep, personal level—so I trust you. Many scholars, such as Roy Chua and Michael Morris, have researched this topic.

Disagreeing. Everyone knows that a little confrontation is healthy, right? The recent U.S. business literature certainly confirms that viewpoint, but different cultures have varying ideas about how productive it is. People in Indonesia, Japan, and Thailand view the public airing of disagreement very dimly, whereas those in Germany, France, and the Netherlands are quite comfortable with it. This scale measures how you view confrontation—whether you feel it is likely to improve group dynamics or to harm relationship within a team.

Scheduling. All businesses follow timetables, but in India, Brazil, and Italy, people treat a schedule as a suggestion. In Switzerland, Germany, and the U.S., people typically stick to the plan. This scale measures whether you view time as linear or flexible, depending on how much value you place on structure or adaptability. It is based on the monochronic/polychronic distinction formalized by Edward Hall.

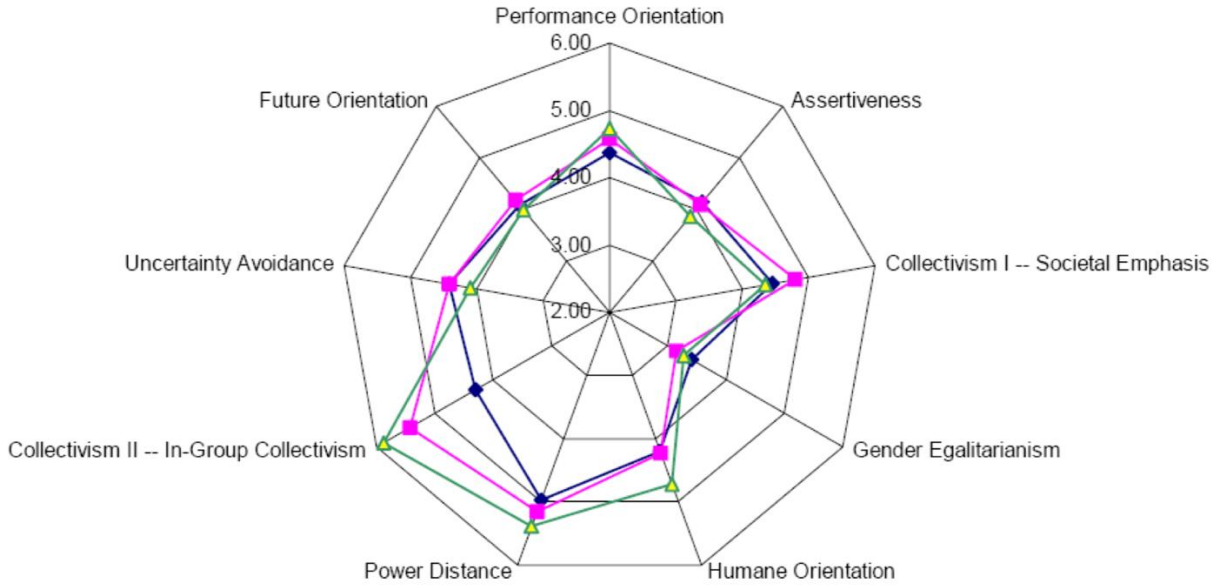
Source: Meyer, E. (2014). What's Your Cultural Profile? Retrieved from https://hbr.org/web/assessment/2014/08/whats-your-cultural-profile

Appendix B – GLOBE Country Clusters



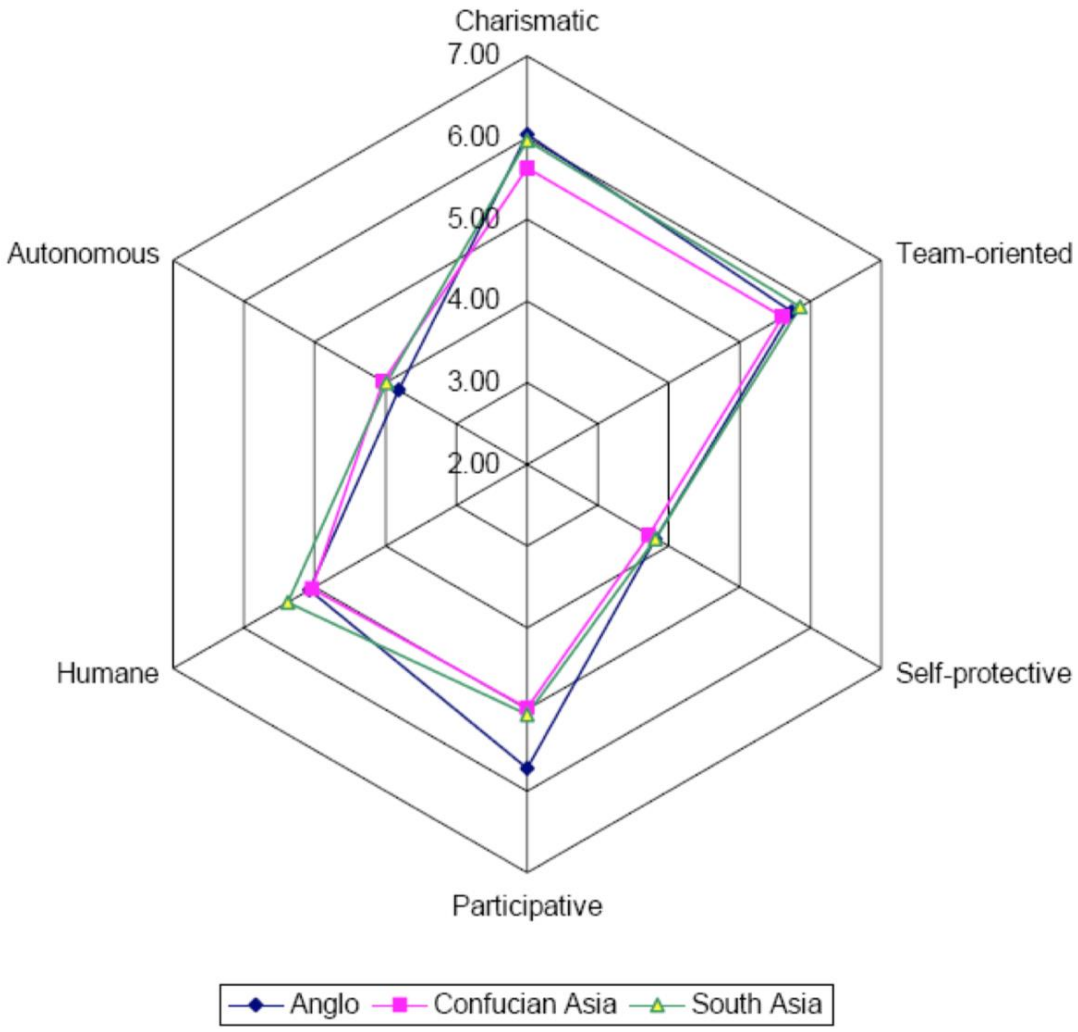
Source: House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. (2004). Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies. Thousand Oaks: SAGE Publications.

Appendix C – Polar Graph of Confucian Asia, South Asia, and Anglo cluster cultural dimensions



Source: Ashkanasy, N. (2002). Leadership in the Asian century: Lessons from GLOBE. International Journal of Organizational Behavior, 5(3), 150-163.

Appendix D – Leadership Dimension for Confucian Asia, South Asia and Anglo culture clusters



Source: Ashkanasy, N. (2002). Leadership in the Asian century: Lessons from GLOBE. International Journal of Organizational Behavior, 5(3), 150-163.

Appendix E – GLOBE Leadership Dimension desirability ranking profile of Confucian Asia, South Asia, and Anglo clusters

Leadership dimensions are listed from most desired to least desired within the culture cluster.

Confucian Asia

- Self-protective leadership
- Team-oriented leadership
- Humane-oriented leadership
- Charistmatic/value-based leadership
- Autonomous leadership
- Participative leadership

Southern Asia

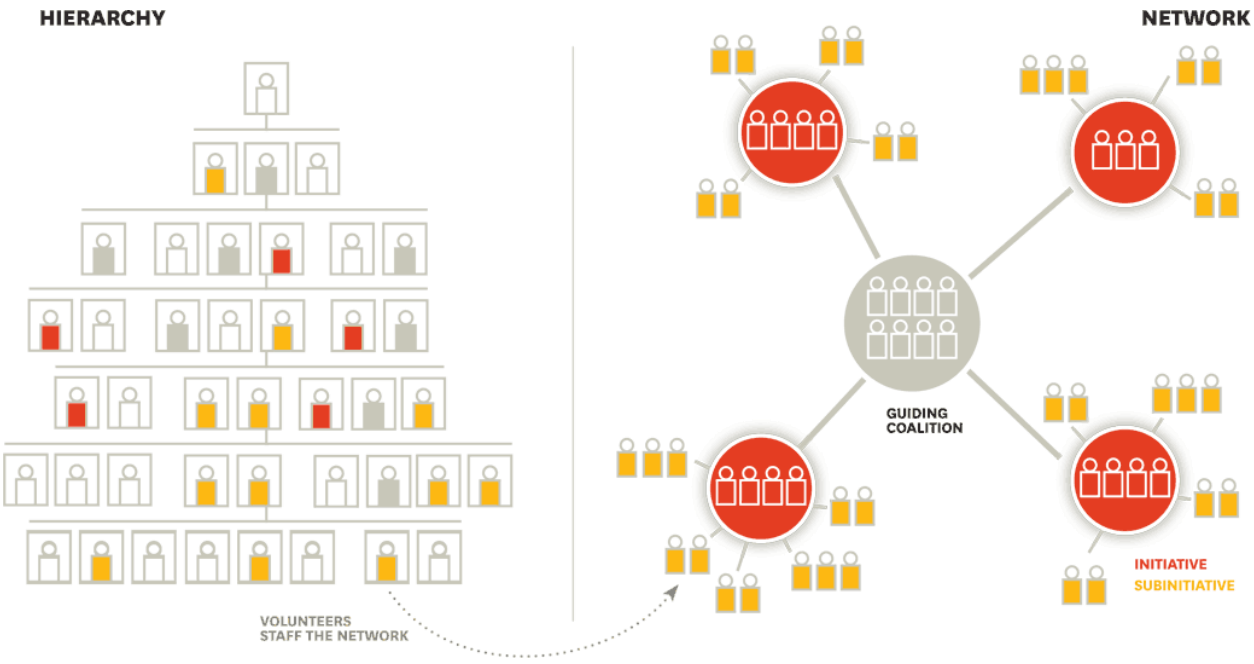
- Self-protective leadership
- Charismatic/value-based leadership
- Humane-oriented leadership
- Team-oriented leadership
- Autonomous leadership
- Participative leadership

Anglo

- Charismatic/value-based leadership
- Participative leadership
- Humane-oriented leadersip
- Team-oriented leadership
- Autonomous leadership
- Self-protective leadership

Source: Northouse, P. G. (2016). Leadership: Theory and practice (7th ed.). Los Angeles, CA: SAGE Publications.

Appendix F – Kotter's Dual Operating System



Source: Kotter, J. P. (2012, November). Accelerate! Retrieved February 13, 2019, from https://hbr.org/2012/11/accelerate

Appendix G – Key Characteristics of the dual operating system

Source: Kotter, J. P. (2014). *Accelerate: Building strategic agility for a faster-moving world*. Boston, MA: Harvard Business Review Press.

Appendix H – TurnItIn (TII) Originality Report

Appendix I – EDOL Courses taken

Course	Description	Professor	Term
EDD 755	Virtual Learning and Collaboration	Polin	Fall 2017
EDD 724	Ethic Leadership, Equity, Cultural Proficiency, and Social Justice	Caesar	Fall 2017
EDD 759	Law and Dispute Resolution	McNair	Fall 2017
EDD 700	Leadership Theory and Practice	Madjidi	Spring 2018
EDD 767	Qualitative Research Design and Analysis	Cain	Spring 2018
EDD 765	Organizational Change, Innovation and Creativity	Mordechay	Spring 2018
EDD 754A	Global Economics and Public Policy	Madjidi	Summer 2018
EDD 754B	Global Policy Experience	Frazier	Summer 2018
EDD 766	Quantitative Research Design	Sublett	Summer 2018
EDD 734	Inferential Statistics	Sublett	Fall 2018
EDD 714	Organizational Behavior Theory and Design	Cain	Fall 2018
EDD 763	Learning Design, Cognition and Evaluation	Allen	Fall 2018
EDOL 764A	Consultancy Project	Stephens	Fall 2018
EDOL 746B	Consultancy Project	DellaNeve	Spring 2019
EDD 787	Comprehensive Exam Seminar	Harvey	Spring 2019