

Unit 12: Principles of Innovation and Change Management

Unit reference number:	A/506/3682
QCF Level 5:	BTEC Professional
Credit value:	5
Guided learning hours:	32

Unit aim

This unit will study the need for innovation and change within an organisation, and how the organisation culture can promote innovation. You will study key principles, theories and models relating to change and the role of communication and relationship management within change processes.

Unit introduction

Well managed innovation and change lead directly the improvement of a business' competitive advantage. New products, services, materials, processes and markets all drive business efficiency and attract new customers so helping businesses meet their objectives.

In this unit you will learn about the need for innovation and change in businesses. Many, such as aerospace and pharmaceutical firms actively seek to innovate by investing in research and development activity. Businesses want to offer more profitable products and services, customers want cheaper and better products and services and regulators impose legal requirements on markets. So for example aircraft are made from lighter materials, use fuel efficient engines so that they can carry more passengers further while at the same time complying with environmental protection requirements. Businesses need to develop a culture that supports and promotes innovation and the consequential changes that are required. You will learn how employees can be encouraged and supported to innovate and change by seeing such developments as opportunities rather than as threats. Consideration will be given to how change may have some negative impact but that the aim is to ensure that this is outweighed by the beneficial impact. Discount retailers take trade away from established retailers who may have to close branches but an established retailer may then move into multichannel retailing with an on-line store and develop convenience stores and station outlets. Change requires all stakeholders to be kept informed and engaged but it underpins businesses' drive to maintain their competitive advantage and to achieve their goals.

Learning outcomes and assessment criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria determine the standard required to achieve the unit.

On completion of this unit a learner should:

Learning outcomes	Assessment criteria
1 Understand the need for innovation and change in organisations	1.1 Analyse the relationship between innovation and competitive advantage in an organisation 1.2 Discuss the contribution of internal and external factors to organisational change
2 Understand how organisational culture can promote innovation	2.1 Evaluate the management styles needed to promote an innovative culture in an organisation 2.2 Analyse the features of a culture that supports innovation in an organisation 2.3 Assess sources of innovation in an organisation 2.4 Examine ways in which innovation is encouraged in an organisation
3 Understand key principles, theories and models relating to change in organisations	3.1 Discuss organisational factors that might enable change and those which might hinder change processes in an organisation 3.2 Evaluate current theories and models relating to change and how they might support effective change management in an organisation
4 Understand the role of communication and relationship management within change processes	4.1 Evaluate ways in which positive work relationships can support change processes 4.2 Discuss the different communication needs and types of support that might be required by different stakeholder groups

Unit content

1 Understand the need for innovation and change in organisations

Innovation and competitive advantage: innovation, e.g. product, service, process, material, markets; sources of innovation, e.g. research and development, invention, improvements, suggestions, patents, licences, collaboration, market research; types of innovation, e.g. incremental, breakthrough, radical; innovation process, e.g. design, develop, test, implement, monitor, review; competitive advantage, e.g. increased revenues, increased sales volumes, profitability, reduced costs, increased market share, technological leadership, market leadership, reputation

Factors affecting organisational change: internal, e.g. objectives (mission, aims, goals), management style, structure, control, culture, efficiency, cost reduction; external e.g. political, economic, social, technical, environmental, legal; maintaining competitive advantage

2 Understand how organisational culture can promote innovation

Management styles: autocratic; paternalistic; democratic; laissez-faire; contribution of different management styles to innovation

Culture: strategic mission; organisational culture, e.g. open, transparent, collaborative; managerial culture, e.g. support, delegation, responsibility, autonomy, accountability; team culture, e.g. synergistic roles; resource availability

3 Understand key principles, theories and models relating to change in organisations

Enabling change: change required (nature, parameters, intended impact); moving to an agreed, desired position; obtaining support; structuring change; resource commitment; communicate change to stakeholders; test; implementation; impact measurement; review processes; evaluation processes; change iterations

Change theories and models: change theories, e.g. evolutionary, planned change, life-cycle, cultural; model approaches, e.g. linear (market pull, technology push, phase-gate, coupling, parallel lines, continuous improvement); types of model, e.g. Lewin's unfreeze, change refreeze change management model, Kotter's 8-step change model, McKinsey's 7-S Model, Prosci's ADKAR model

4 Understand the role of communication and relationship management within change processes

Positive work relationships: open communications; respectful for others' views; receptive to ideas; shared objectives; commitment to change; co-operative working

Communication needs: stakeholders internal, e.g. managers, employees; external, e.g. owners, lenders, government agencies, competitors; stakeholders' interests, e.g. claims, power, influence, priority; impacts of change; benefits of change; disadvantages of change; dealing with uncertainty; transition arrangements; communication techniques