



END OF SEMESTER EXAMINATION

JANUARY- APRIL 2022

DEPARTMENT OF LEADERSHIP

COURSE CODE

POLD 810

COURSE TITLE

LEADING INNOVATION AND CHANGE

EXAM DATE

APRIL 2022

DURATION 3 HOURS

SECTION 1

1. Read the case study below and answer the question that follows:

Uchumi Supermarket Case Study

Question One

Listed retailer Uchumi Supermarket collapsed after many years of rich history that reads like a script from a fairy tale by Wilhelm Grimm, 'The sleeping beauty'. The princess was extremely gorgeous that she became the talk in the Kingdom. During one of her birthdays, her family invited fairies from the Kingdom but forgot one. After eleven of the fairies had presented their gifts, the thirteenth suddenly appeared. She was angry and wanted to show her spite for not having been invited to the feast. "When she is thirty years old, the Princess shall prick herself with a spindle and shall fall down dead," the disgruntled fairy cursed and left the party in a huff. Since the princess was loved in the Kingdom, it became everyone's responsibility to supplicate every day to their gods to revise the curse. The curse penalty was finally revised. When she turned 30 years, the princess pricked herself with a spindle and slept forever. Opened in 1975 to create outlets for the equitable distribution of commodities and to create retail outlets for Kenyan manufactures, Uchumi Supermarket grew to become a retail success story in Africa. It was the first in the region to list on the stock exchange in 1992. The listed retailer closed down, albeit temporarily, and was placed in receivership during June 2006 after 30 years of business. It was simultaneously de-listed from the NSE. At the time, its closure was described as "one of the greatest corporate disasters in independent Kenya history. Just like the sleeping princess, the retailer has remained in a coma despite numerous rescue plans by the government. The retailer was pegging its survival on Collective Bargaining Agreements (CBA) with creditors it owed Sh3.6 billion and Uchumi knew in case it fails to materialize, the 'sleeping beauty' that is Uchumi Supermarket will die.

The Star spoke to the company's chief executive Mohamed Mohamed who said is ready for any decision made by creditors. He was however optimistic that creditors will back the CBA that ought to inject life into the firm.

Star: It is now two years since you took over Uchumi's stewardship. How has the journey been?

Mohamed: It has been a labor of love, always ready to face a new challenge every day. The determination to revive Uchumi keeps me going. You got to love what you do. I took over fully aware of the retailer's poor financial muscle.

Star: We've seen strong corporate leaders like your predecessor come and leave Uchumi in the same financial position. What were you planning to do differently?

Mohamed: My predecessors played their part. The revival of Uchumi is not a supremacy battle. My joy is to see the firm playing its unique role in the country's economy again. The few stores are still up and running. No job has been lost at Uchumi since I took over. We now have a CBA in place. My next assignment will be to oversee its implementation for the good of every stakeholder

Star: Uchumi was once a model of excellence in East Africa's retail sector space, where did the rains started beating it? Who should we blame for this mess?

Mohamed: Uchumi collapsed in 2006 due to poor corporate culture. The firm is paying the price to date. I can't rule out corruption, we've seen people arraigned in court. During its prime times, leaders from the continent and beyond trooped into the country for benchmarking. I won't dwell on blame games; my job is already cut once we start acting on elaborate revival entrenched in the CBA.

Star: The supermarket has occasionally been bailed out by the government but no results. Is it safe to say that it is a cash cow?

Mohamed: That is the wrong perception which is playing in the public domain. The fact of the matter is that every coin received from the government is channelled for the intended purpose. The problem is that almost every coin received goes to debt payment. The huge debt backlog has been our undoing. It is for this reason that we are in talks with our creditors to work on a plan that will ease the burden so that we dedicate resources to production.

Most of our creditors have already endorsed the plan to take a 70 per cent cut on debt. We hope that the remaining few will come on board soon.

Star: What if the CBA fails to go through, which other options you have?

Mohamed: Everyone will lose if the CBA fails. The decent thing to do will be to close shop and send our 300 employees, including myself home. There will be nothing left to salvage. It is the reason why we are appealing to those creditors as opposed to the recovery plan to rethink their positions for mutual relief.

Star: How will you feel if the retailer is liquidated?

Mohamed: It will be extremely painful for me and many Kenyans who have a history with Uchumi. I have a personal attachment to the firm that goes beyond the salary I receive. I won't want to be remembered as the man who came to put the last nail on the coffin. It is however beyond me. I am hopeful for the best but if the worst happens, so be it. I will have played my part.

Star: What are you doing at the office now that credits are holding the firm's soul?

Mohamed: Most of our plans are on hold until the CBA is ratified. We are mostly engaged in negotiations with our partners and of course overseeing operations in our remaining stores.

Star: We've seen international retailers coming to occupy space left by Uchumi and Nakumatt, what do you have to say about this shift?

Mohamed: The cake is big enough for everyone to have a piece. Competition is healthy for any liberal market like Kenya. The government should, however, put measures in place to ensure the local economy is reaping the benefits of this diversity. Local retail stores source their raw materials from local suppliers. It is difficult for the government to dictate to multinationals though.

As an expert of leading innovation and change, discuss what went wrong with Uchumi Supermarkets and what could have been done differently for its survival.

(10 Marks)

SECTION II

Question Two

In his televised speech, the new chairman of Afya Bora Project Board explained to the project team and senior managers that change management requires adequate coalition building and sponsorship for success. He also highlighted that a gap on either of these leads to collapse of any change management program. As an expert in innovation and change, discuss what the chairman implied with this statement.

(5 marks)

Question Three

Tesco, a giant grocery and food chain, is considering transitioning from manual operations to full automation of its processes to compete effectively in the global arena. The automation is part of the company strategy to grow its market share as well as help in preparation stages to becoming a globally listed company in NYSE. In his opening remarks, the CEO hinted that ineffective change management will lead to loss of staff and customers and is very cautious lest the company fails to meet the agreed targets with its stockholders. Discuss how the recently appointed change manager can apply the Lewins model for frictionless change process to achieve the desired outcomes.

(5 Marks)

Question Four

PWC has approached Innovex consultants for a subcontract in a huge turn-around strategy assignment meant to support Lion of Africa's 2.0 innovation and change management, focusing on restructuring following recent funding by the National Treasury. As the lead consultant of Innovex, discuss 5 change management factors for considerations in your approach with regard to the proposed undertaking.

(5 marks)

Question Five

Leading innovation and change is people-centred and an adequate engagement of stakeholders provides a boost in any success of innovation management program. Discuss key strategies a change leadership and management office can implement in

supporting innovation and implementation process.
(5 marks).