

# Unit: HRMT20028 – Organisational Change Management

## Term 2, 2018

### Assessment 3: Individual Case Study Report

**Individual case study report:** 40%

**Word limit:** 2000 words (excluding title page, reference list and any supplementary material)

**Due date:** on Monday, 1 October 2018, 11:45 pm (Week 12)

**Referencing:** APA style

**Assessment submission:** all assessment must be submitted through Moodle

#### Assessment Task

The assessment requires you to examine an organisational case study. The chosen organisation is [Australia Post](#). The case study is selected due to various changes and reforms implemented in the company. Students are required to undertake the following before undertaking this assessment:

1. read and analyse the most recent [annual report](#) of the company. The annual report outlines the organisations performance in various areas, challenges, organisational strategy, and governance arrangements
2. read and review internal news releases of the company related to its performance, leadership and changes (see attachment 1 which has examples of 3 selected news). Other Australia Post news can be accessed on [news releases](#). Students are welcome to review other documents available on company website to understand their performance and contributing factors
3. read about and analyse Australia Post and other organisations on changes and reforms from external media sources (e.g. Newspaper/magazine), and academic journals

Once you have read and analysed the above, then you are required to prepare a report which analyses the following questions/topics.

- a) Outline key changes and reforms implemented by Australian Post
- b) Discuss driving factors that contributed to the reforms
- c) Identify people development strategies implemented by Australian Post to overcome any resistance to change
- d) How Australia Post has aligned its future strategies to manage change and innovation to lead in global business environment?
- e) What lessons have you learnt after analysing the Australia Post case study?

Students are welcome to outline their views, ideas or perception, however it needs to be supported by academic literature.

Your essay should be structured as follows:

<b>Introduction</b>	Clearly outlines what the essay is about. The introduction provides a brief synopsis of the essay.
<b>Analysis of the discussion questions/topics</b>	You will address the five discussion questions below. Students are asked to have separate headings on each of the discussion questions. The use of 15 academic papers will be cited in this section of the essay. Please do not plagiarise the text from the organisations website. Use of any material must be properly acknowledged  <ol style="list-style-type: none"><li>a) Outline key changes and reforms implemented by Australian Post</li><li>b) Driving factors that contributed to the reforms</li></ol>

	<ul style="list-style-type: none"> <li>c) People development strategies implemented by Australian Post to overcome any resistance to change</li> <li>d) How Australia Post has aligned its future strategies to manage change and innovation to lead in global business environment?</li> <li>e) What lessons have you learnt after analysing the Australia Post case study?</li> </ul>
<b>Conclusion</b>	Outline a brief conclusion. The conclusion will provide a summary of your findings.

A minimum of 15 academic papers should be part of your literature review. Reference to the corporate or strategic plan and other corporate documents is in addition to the 15 academic papers.

## Attachment 1: Media News

### Australia Post delivers strong full year profit before tax of \$126.1m despite record letter volume decline

25th August 2017

- Revenue up 3.7 per cent year-on-year to \$6.8 billion
- Strong performance in Parcels business with PBT up 4.8 per cent to \$299.7 million
- Letters business continues to face significant challenges in the face of record letter volume decline of 11.8 per cent contributing to \$180.2 million loss before tax
- Capital expenditure of \$296 million on network investments across parcels and letter facilities
- Increased support to our crucial licensee network, including \$29 million in additional payments, bringing total payments to \$450 million this year
- All community obligations, including service performance standards, exceeded for the 17th consecutive year

Australia Post today announced a full-year profit before tax of \$126.1 million, up from \$41 million (or 307 per cent) in FY16, as continued strong growth in the parcels business allowed for reinvestment in customer service initiatives.

Parcels profit before tax increased by 4.8 per cent to \$299.7 million, a strong result in a very competitive market. Addressed letter volumes, down 11.8 per cent, contributed to a \$180 million loss before tax in the postal business.

Australia Post Acting Managing Director and Group CEO Christine Corbett said this result demonstrated the shift to becoming a major eCommerce player is paying dividends.

"Our parcels business has experienced a strong year with 4.8 per cent revenue growth and an increase in volume delivered across the domestic and international network. Last Christmas we had our largest ever parcel delivery day, with more than two million parcels delivered in a single day, and we've continued to experience strong growth throughout what is traditionally a quieter second half," Ms Corbett said.

"With new entrants to the market contributing to overall growth in eCommerce volumes, we expect our parcels business to continue to grow, allowing for reinvestment in customer initiatives like MyPost, parcel lockers and digital trusted services.

"A pleasing highlight this year was an increased Net Promoter Score for customer engagement and we recently signed a new three-year Enterprise Agreement strongly supported by our large award workforce.

"The letters business still presents a significant challenge, with our largest ever 12 month volume decline experienced this year. We need to continue to ensure this business is sustainable, while managing the declining foot traffic in post offices, and we are speaking with the community on how they may use the letters service in the future."

Australia Post has advised strong parcels growth is expected to continue however the structural decline in letters will put pressure on the profit outlook for FY18.

Australia Post also today released the 2017 Remuneration Report for key management personnel. This report is available at [auspost.com.au/about-us/news-media/publications](http://auspost.com.au/about-us/news-media/publications)

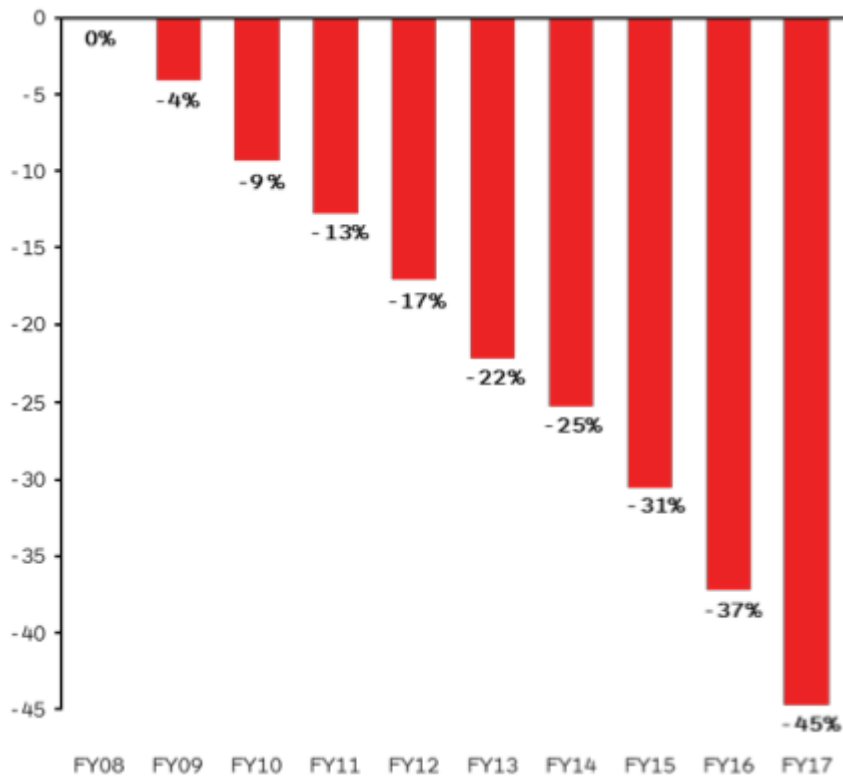
The Annual Report will be tabled in Federal Parliament later this year.

-Ends-

**Figure 1: Commercial and Community Service Results for FY17**

Our Commercial Results				Our Community Service Results		
Australia Post is required to deliver its services: "in a manner consistent with sound commercial practice".				Whilst providing a letters service that: "is reasonably accessible to all people in Australia, wherever they reside or carry on business".		
Commercial performance	FY17	FY16	% change	CSO performance standard	FY17	Target
Revenue	\$6,807m	\$6,562m	+3.7%	Street post boxes	15,217	10,000
EBITDA	\$516m	\$400m	+29.1%	% of letters delivered on time	98.7%	94.0%
Profit before tax	\$126m	\$41m	>100%	POs nationwide	4,379	4,000
Profit after tax	\$95m	\$36m	>100%	POs in rural & remote areas	2,546	2,500
Dividends paid	\$50m	Nil	N/A	% of points to receive deliveries 5-days-a-week	98.8%	98.0%
Addressed letter volume declines	-11.8%	-9.7%	-2.1%ppt			

**Figure 2: Cumulative volume loss in addressed letters (FY08 – FY17)**



## **Ahmed Fahour resigns as Managing Director & Group CEO**

23rd February 2017

Australia Post today announced that Ahmed Fahour has resigned as Managing Director & Group CEO and will step down from the role in July 2017.

Mr Fahour tendered his resignation at yesterday's Board meeting, having served as MD and CEO of Australia Post since February 2010.

Mr John Stanhope, Chairman of the Australia Post Board, said that Mr Fahour's legacy as CEO will be felt for many years to come.

"By any measure, Ahmed has done an astounding job in transforming the business," said Mr Stanhope. "When he started, he was set the challenge to 'write the next chapter in the history of Australia Post' – and he certainly rose to that challenge."

"Now, with the business entering the next phase of its transformation, Ahmed's decision to resign provides opportunity for a new leader to continue the development of Australia Post into a leading international eCommerce player.

"Ahmed was appointed at a time when Post was still highly dependent on revenue from the letters service, but the community's use of letters had already peaked and was in the early stages of decline.

"He led the team that developed an entirely new strategy focused on investing in the parcels and eCommerce business.

"It was the right strategy. It has put Australia Post on a pathway to a sustainable future and avoiding a taxpayer bailout.

Under the guidance of Mr Fahour, Australia Post invested in its Parcels & eCommerce business. The investment included:

- Acquiring the remaining half of StarTrack from its JV-partner Qantas;
- Doubling the capacity of its Melbourne and Sydney parcels centres;
- Installing 24/7 Parcel Lockers at 264 sites, and partnering with Woolworths to install a further 500 sites, to make parcel collection more convenient for Australians;
- Building the innovative MyPost platform to enable Australians to register their delivery preferences online.
- Investing in and forming an international eCommerce alliance with Aramex.

As a result of these investments, Australia Post's revenue and profits from the Parcels business has more than doubled during Mr Fahour's tenure.

Mr Fahour's other achievements included the successful reform of the letters service.

Since peaking in 2008, the amount of letters delivered, per letterbox in Australia, has halved.

In response to growing losses, Mr Fahour developed and implemented a letters reform package that included introducing a new two-speed service. The package allowed Australia Post to invest in its Post Office network, including supporting its many licensees, as well as maintaining daily delivery and a discount 60c postage stamp for concession holders.

"Without those reforms, the losses from the letters service would have overwhelmed the business – and, ultimately, it would have crippled our ability to maintain services in communities across Australia," said Mr Stanhope.

"By remaining a self-funded business, the taxpayer avoided a potential \$6.7 billion bailout over the next decade. Instead, Australia Post has received no taxpayer money but delivered to government over \$4 billion in dividends, taxes and CSO funding in the past seven years.

"As well, we have been able to support our people through dramatic change. Almost 10,000 staff have now been retrained and redeployed into new roles through our Post People First Program."

Australia Post today also announced a \$197 million half year profit before tax which follows the organisation returning to profit in 2016. This result included the Postal business breaking even and the Parcels business increasing market share and lifting profits by 16%.

Mr Stanhope said the Board would begin the search for a new CEO immediately. The Board will consider both internal and external candidates – and are expecting to announce Mr Fahour's successor in the coming months.

## Fact Sheet

### What are the changes?

The Federal Government's decision allows Australia Post to introduce an additional speed of service for senders of mail.

- A new **Regular** service will provide the cheapest option for consumers to send non-urgent mail and will be delivered two days slower than the current timetable. The regulated performance standards for letter delivery will now be aligned to this timetable.
- Customers wanting to send mail at the current schedule will pay more for a **Priority** service.

This brings regular mail in line with service changes introduced last year for business mail and widely embraced by customers. About 70 per cent of business mail is already sent via the slower **Regular** service.

- **Express Post** will continue to be available as a guaranteed next day delivery service, when sending and delivery is within the Express Post network.

Australia Post is not seeking, or expecting, to make profits from these changes to the letters service.

### What is driving the changes?

The rise of digital communications has resulted in the number of letters delivered per household to fall by one third since volumes peaked in 2008. That means our posties are delivering 1.2 billion fewer letters than they did seven years ago.

The decline in letter volumes reached 8.2% in the first half of this financial year. Australia Post's current forecast for FY2015 is for a company-wide loss – driven by a loss of about \$350m in the mail service. It will be Australia Post's first full-year lost in over 30 years.

Cumulatively, losses in Australia Post's letters business are approaching \$1 billion. It is currently forecasting an enterprise-wide loss in FY 2015, the first in more than 30 years, as the losses in the mail service overwhelm the profit from parcels.

An independent report commissioned by the government found that, without reform, the losses in the letters business would soon grow to \$1 billion a year and lead to overall losses at Australia Post of \$6.5b over a decade.

Australia Post is a fully self-funded business and receives no taxpayer funding.

The decision will allow Australia Post to better manage the losses and sustain Australia's mail service while it grows the services the community wants, such as in parcels and trusted services.