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Gap Analysis: Intersect Investments

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### Gap Analysis: Intersect Investments

Due to problems from political and economic instability after the September 11, 2001 attack, financial services industry is having a difficult time gaining the trust of clients. With customers more risk averse due to volatility of financial markets, financial services companies should respond with more innovative financial services and products in order to maintain market presence. Intersect Investment case would require changes in strategy, which would include change in vision and goals, improvement in service delivery model, and an overhaul in organizational structures.

With fast paced environment, change is one important factor in an organization. The point is that globalization of the economy created new demands for managers due to the increasing rate of changes that organizations must face. Technological and societal changes are creating pressures for organizations such that managers need to be more than competent. Organizations should enhance their change management strategies in order to take advantage of the opportunities that are present in these changes that the organization is experiencing in a new economic environment (Kotter, 1996).

Intersect Investment must implement change management strategy in order to direct the goals of each member of the organization towards a common objective. In order for any organization to move forward, a culture that is very responsive to change is very important. The second point that should be considered is the role of the employees in achieving the goals of the organization. It is the ability of the organization to achieve the personal goals of the employee that would help in maintaining employee satisfaction. Thirdly, Intersect should also recognize the change in customer demands as a result of environmental structures such as increase in the level of information of customers and the increase in the number of competitors in the market.

## Situation Analysis

### *Issue and Opportunity Identification*

One of the important issues that the company is facing is the need to create a new vision for the company, which would alter the focus towards customer intimacy and thus making Intersect Investment as the trusted advisors of clients. In order to achieve this, the company implemented a new vision, which is: Provide a broad set of products and services to consumer and small business customers using a model of customer intimacy that will build long-term relationships based on trust and value to the customer.” The problem is that many members of the organization are having difficulty in accepting this change. This new vision is very responsive in the emerging needs of financial services market for customer-focused companies. A change management strategy that would make this vision a common goal of all members is necessary.

The second problem that Intersect Investment is facing is the falling level of customer satisfaction. There is very strong competition in financial services in the United States. In order to acquire more market share companies must use customer service as a core strategy of differentiation in the market. With the need to retain new customers, Intersect investment is therefore changing the service delivery model towards more customer-focused. Customer service will be their method in competing in the market. While cost competitiveness is very important today, customer satisfaction is more important in order to acquire business (Twing, 2006).

The third problem is the high employee dissatisfaction, which results in high turnover rate for their sales department. There is very low morale in the organization and employees are de-motivated, which results to inability to achieve sales target. Motivation can be defined as the ability to mobilize the people towards the accomplishment of the goals of the organization

through shaping of behaviors (Bartol et al., 2001). This means motivation is the ability to influence other people to shape their behaviors towards those who are conducive to the efficient and effective accomplishment of tasks that would lead the organization towards the accomplishment of specific and general goals. Motivation however does not end at a single action that would lead to the accomplishment of goals. The behavior must be sustained over time.

#### *Stakeholder Perspectives/Ethical Dilemmas*

One of the problems is that the falling sales and the deteriorating market share of Intersect investment would affect the trust of the shareholders. It is the responsibility of the management to maintain achievement of bottom line and sales targets. This however would be achieved through change in organizational structure, which may not be aligned with the goals of the employees. While their customer intimacy program is aligned with the goals of the customers, this may affect the ability of the sales team to increase probability of sales calls.

The second ethical dilemma in this case would arise from the interests of the employees. As one would see in this case, employees have low morale due to the low sales and have very low confidence over the capacity of the management to successfully implement strategies. There are rumors of lay offs. Employees are looking for job stability and income increase through commissions. They are also looking for more clarified tasks and training for new roles. This is however in conflict with the structures of the management team. Each member of the management team is in conflict in terms of strategies and goals. This would be problematic for the management because the high turnover rate would cost the company a lot such as training costs and loss of revenue.

Customers are also very important stakeholders of the company. In this case, they want to invest their money on an organization that would provide them with greatest support and investment experts that would take care of their hard earned dollars. They want to ensure that they are getting the necessary services that they deserve as clients of the company. They want excellent customer service. This is in conflict with the general sales strategy of less average handling time per customer and limited services.

#### End-State Vision

The first end state vision that the company would like to achieve in Intersect Investment case is to improve the level of customer satisfaction. The customer satisfaction rating is falling and complaints about the services are worsening. With trust as an important determinant of customer buying decision, there is a need to increase the customer satisfaction ratings of the organization.

The second end vision is to have employees that would become trusted advisors for customers. This would mean high level of expertise and training for their employees. This would also include high level of compensation for the sales workforce. Intersect Investment is aiming for lower turnover rate and higher level of employee satisfaction. The rationale is that the high level of turnover rate is costing the company through high cost of training and at the same time loss in revenue due to resignation of employees.

Finally, the company is aiming to be the number three in the industry. This means increase in the level of sales and revenue, ability to achieve the set sales targets and goals, and improvement in the bottom line of the business. The company would therefore have to improve their products and services in order to attract more customers from competitors and increase the market share of the company.

## Gap Analysis

First, change is very important for organization and change should be implemented in order for the organization to be responsive to the environment. Secondly, one leader is not enough in initiating change. This points to the importance of team work. In the context of globalization, all members of the organization should respond to the need for change. Thirdly, communication and vision is very important. This guides the behavior of the members and allow them to make sense of the changes that the organization need. Fourthly, empowerment of all members is very important in making changes more effective. The more involved people are in the process of change, the more effective the change will be and the more lasting it will be for the company. Finally, change should be integrated into the structures of the organization such as strategic goals of the company, culture, and values of the organization. The culture of the organization should always be responsive to changes (Kotter, 1996).

Emphasis on leadership is at the core of process of change in organizations. Leadership provides vision while managers are administrators. Lynn and Maheshkumar (1998) argued that this perspective on the process of change created an unnecessary dichotomy. The manager could have three different functions, which they usually perform within the organization depending on the needs of the organization. Managers could be doers or action focused, leaders, and they could also become administrators or managing through information. However, while the argument of Lynn and Maheshkumar is very important, they should also consider that the dichotomy is also functional in focusing the role of managers in the process of change, which is to create vision for the organization. The point of Kotter (1996) thus is not to change what it means to be a manager

but rather to change what management today means. This should be emphasized in the management team of Intersect Investment.

The second point that should be considered is the need for Intersect Investment to improve the customer value. Customers are now very sensitive to the value that they would get from the company. Differentiation in the market is achieved through improvements in customer service processes (Twing, 2006). With every company in the industry offering similar products and services, Intersect Investment could differentiate through high level of customer service support and leverage on using customer satisfaction as the core of their enhancement of their brand. Customers today are more demanding. This should be the central consideration in the process of product development. The company would face several proposals for a new product but they must choose the product that would meet their strategic goals. The company's goals would be centered on increasing sales, conquering larger market share, reducing cost of operations, and meeting the bottom line of the company (Duvonik et.al., 2006).

Thirdly, employees are very important resource in the organization. One of the problems in Intersect Investment is the low confidence on leaders and low morale of the employees. This would really affect the ability of the organization to meet their goals. It is very important in this case to improve the motivation strategies in handling human resource.

In the workplace, one of the common sources of motivation is the working environment ("Incentives: The rewards of work," 2005). This includes the physical and emotional environment of the workplace. The working environment helps in motivating the person to accomplish the goals of the organization. Each theory of motivation only describes a specific aspect of the process of motivating an individual (Bartol et al., 2001). Thus motivational theories

are segregated into different clusters depending on what specific aspect of the person is being targeted for motivation.

The process of motivation can thus be illustrated as an interaction between the needs of the employee or member of the organization, the cognitive aspect of the individual, the rewards or reinforcement that would fulfill these needs and cognitive expectations (Bartol et al., 2001). The end goal of the process is to actually shape the behavior of the person. In this case, the needs and expectations of the person interact in such a way that the 'need' shapes the expectations of the person. It is very important thus to recognize the dynamics of needs, cognitive expectations, and rewards or reinforcement system in order to fully capture the nature of motivation. Arnold and Krapels (1996) in their study of motivational theories proposed that it is very important that the goals of the individual must be satisfied within the goals of the organization.

It is very important to always acknowledge that these needs are actually based on the cognitive processes within an individual. For example, if person A wants to transfer to Company B because of higher position being offered, this means that the cognitive expectations worked in acknowledging that person A has the abilities needed to perform such tasks. At the same time, it is able to fulfill two needs, which are higher financial security, and higher self-esteem.

The implication is that there is a need for the organization to maintain that employees are satisfied. This would be achieved through leadership that would show a common vision and behaviors of leaders that are aligned with the culture of the organization. While financial stability is important, it is also important to meet the higher level of needs of employees such as career growth. The company could respond to this through provision of training and professional development that would enhance the capabilities of the employees to achieve the strategic goals of the organization



## Conclusion

With the need to respond to the changes in the industry and changes in customers' demands, Intersect Investment new vision must find its place in the minds of all the members of the organization. Change management is very much needed in this particular case. The difficulty of employees to accept the changes in the organization is a result of an organizational culture that is not very responsive to change. This is emphasized through leaders who are against the changes in vision and strategies in the organization. This means that the organization's new vision is incompatible with the behaviors and actions of the leaders. Employees in this case are confused over which values to follow. This confusion in values and bad examples from leaders are creating an environment that is not very conducive for work. The conflict and lack of team work divides the perspective of Intersect Investment employees. This division is not very helpful in the achievement of common goal. This also creates de-motivation for the employees. Customers themselves are affected through low customer service from de-motivated employees. This would affect the ability of the organization to achieve its bottom line.

In order to achieve the goals of the organization, it is very important that company improve their service delivery model towards customer intimacy and customer service excellence. This would help them become the investment company of choice due to high level of trust from clients. This target of becoming the trusted advisor in financial services should be imbedded in the consciousness and practice of employees. In order for the employees to achieve this, it is very important that leaders act in team and create a solid model of unity and coherent vision. It is through the ability of Intersect Investment to respond to change, and to create a common vision for employees that they would be able to achieve their goals of improving sales and improving customer satisfaction and employee satisfaction.

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Table 1

*Issue and Opportunity Identification*

<b>Issue</b>	<b>Opportunity</b>	<b>Reference to Specific Course Concept (Include citation)</b>	<b>Concept</b>
<p>Intersect Investment is having a difficult time in the financial services industry. In order to respond well with changes in competition, the company implemented a new vision for the company. This new vision is having a problem being accepted within the organization.</p>	<p>The new vision is very responsive in the emerging needs of financial services market for customer-focused companies.</p>		<p>Change management</p>
<p>Intersect investment has also experiencing falling sales.</p>	<p>The falling customer satisfaction ratings and comments call for a change in service delivery model.</p>		<p>Customer relationship management</p>
<p>High turnover rate of sales force.</p>	<p>Comments from employees would show what the key problems in human resource management are.</p>		<p>Leadership Motivation</p>

Table 2

*Stakeholder Perspectives*

<b>Stakeholder Perspectives</b>	
<b>Stakeholder Groups</b>	<b>The Interests, Rights, and Values of Each Group</b>
Management	Concerned with increasing the sales and reducing customer and employee dissatisfaction. They also have an interest on increasing market share.
Customers	Improvement in product lines, value for their money, and excellent customer service
Employees	Increase in commission or pay, stability of employment, and career growth.

Table 3

*End State Goals*

<b>End-State Goals</b>
Provide high level of customer satisfaction
Develop highly skilled workforce that would become industry experts
Increase sales and improve market share