



**Master of Business Administration
Department of Business Administration**

Old name, new management

How to integrate the past with the future

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Abstract

The aim of this paper is to tell the stories of two different organizations that, after a bankruptcy, got new owners. The paper investigates the relationship between a CEO and a newly bankrupt organization and how the rebuilding process is, through the readings of change management. The paper examines how the past is integrated with the future, what the challenges are in finding a new identity under an old heritage and how important the name of an organization is. In the change process, what are the main challenges and how important the manager is, as well as how does an organization build its image after facing a crisis. Secondary analysis and semi-structured qualitative interviews with the CEOs of the two organizations who rebuilt or are in the process of rebuilding organizations were conducted. Kotter's eight-stage model was used to compare the approaches that these two organizations used in the change process. Using the data from the interviews and second-hand analysis and incorporate it into the model.

The study shows that it is essential to get every stakeholder on board with the change in the change process, and if it comes from higher management, it is more likely to be a success. The size of an organization does not matter; the role of the CEO is to lead and stand for a clear vision, get the people to follow, and make them feel involved. By talking to people who know and understand the heritage, the new management can best determine how to celebrate it and use it for their advancement. The study shows us that the name is the game; it can significantly benefit a newly bankrupt organization to keep the same name. Opposing voices are the main concerns organizations face when going through changes.

Keywords

Change management, management, CEO, crisis, bankruptcy, change process

Declaration of Research Work Integrity

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature of any degree. This thesis is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by giving explicit references. A bibliography is appended.

By signing the present document, I confirm and agree that I have read RU's ethics code of conduct and fully understand the consequences of violating these rules in regards of my thesis.

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Signature

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1. Introduction

Crises can have a significant effect on both the personal and professional environment. When hard times hit businesses, it is essential to take time to assess and evaluate the situation. In the paper, the main focus is on the crisis, bankruptcy, which is a legal proceeding involving a person or business that is unable to repay their outstanding debts (Tuovila, 2020). When an organization gets new owners after bankruptcy and wants to rebuild the business, a change in management is often the right step. The CEO is the public face of an organization, and often the best way to rebuild an image is to get a new public face to represent and convince the people that everything is going the right way. This paper aims to look into the relationship between a CEO and a newly bankrupt organization and how the rebuilding process is through the readings of change management. Change management has been of much interest in the most recent years, both academic and in the business world. Some say that change management is the fad in business nowadays. Special attention will be on John P. Kotter's eight-stage model, Kotter is one of the most recognized scholars on change management in the world, and his model fits well with the subject of the paper. There is a lot to be said about a model that was written about in the '90s in the book *Leading change* by Kotter and is still being used today in change management courses.

As the title indicates, Kotter's model is set up of eight stages for organizations to follow when implementing a change; the stages are as follows:

1. Establishing a sense of urgency
2. Creating a guiding coalition
3. Developing a vision and strategy
4. Communicating the change vision
5. Empowering broad-based action
6. Generating short-term wins
7. Consolidating gains and producing more change
8. Anchoring new approaches in the culture (Anchor the change)

(Kotter J. , 2012)

Changes in society often affect businesses, big and small. The paper investigates two separate organizations and tells their stories that happen over ten years apart. The reason these two stories were chosen is that not only does the author find them fascinating, but

she also wanted to investigate if the size and type of business would make the process inherently different or if the core of change is always roughly the same.

The financial crisis in 2008 led to significant changes in the Icelandic banking industry, the biggest bank, Landsbankinn, kept its original name, while the two other big banks changed their names. In June 2010, a new CEO took over the control in Landsbankinn, Steinþór Pálsson; he was the CEO from 2010 to 2016.

The second story is the story of Íslenska auglýsingastofan that started collapsing after the fall of low-cost Icelandic airline, WOW air, began a mini financial crisis. Then the final nail in the coffin hit with the Covid-19 pandemic, those are some reasons there was a change in ownership at Íslenska auglýsingastofan (e. The Icelandic advertising agency). In 2020 the agency went bankrupt due to the pandemic and the loss of some big clients, not long after the bankruptcy, there was news of new owners. A father and son team bought the brand and assets of the agency, both of them have much experience in the advertising world, and the son Baldvin Þormóðsson took over as a CEO.

New management can affect employees, customers, and other stakeholders differently, while most celebrate change, there are always some that don't. It is important to understand why some people are against changes in their professional surroundings and what can be done about it. Looking into two different change stories from two very different organizations can help understand the whys and how's of the change process and realize the best management style to deal with change. The change affects not only the infrastructure but also the outside image, and therefore there is all the more reason to deal with it the right way. The CEO is the public face of an organization and an important figure in the change process. Kotter has mentioned that without the higher management approval of the change process, failure is more likely. Hence if the CEO selects the method in which the change is implemented and communicates it to his subordinate's success is more likely. Kotter's model relies on management to implement the stages.

Using secondary analysis and semi-structured qualitative interviews with the CEOs who rebuilt or are in the process of rebuilding the organizations, these research questions will be answered.

Old name, new management. How to integrate the past with the future?

- Challenges in finding a new identity under an old heritage.
- How important is the name of an organization?
- What are the main challenges that organizations face in the change process?

- How does an organization build its image again after facing a crisis?
- What is the role/importance of the manager?

When rebuilding after a crisis, it is important to have everybody on board speak truthfully and tackle challenges with an open mind. Managers have to talk to their employees, and listening is essential. When going through the change process, the size and nature of the business do not matter in the fact that the process is usually the same. Managers should always put a lot of thought into the plan and follow through.

Organizations can use existing literature to help them in the change process, there are many models out there that are useful for different stages and environments.

The Kotter model captures the organization's change process well, fundamentally the model tells us that despite the very different organizations, the change process can be applied to the same model. While the organizations in question did not initially use the Kotter model for their journey, it suits their thought process really well and therefore fits the purpose of this paper. The findings tell us that it is vital to go into any change project with a strategy in mind, it will never end well if jumped in blindly.

By answering these questions, there can be a lot of interesting answers to how the rebuilding process can and should be to gain successful future business. Now that the business world can finally begin to slowly rebuild, we can finally see some light at the end of the tunnel since the Covid-19 pandemic hit, the research can give some insight into how the readings of change management can assist in the process and what actions managers should adapt to regain former glory.

There are some limitations to this study, the most important one is that since the only interviews that are conducted are with the CEO's the answers are only from their point of view, and the change experience is a one-sided story. Semi-structured interviews can sometimes restrict the flow of information in such a way that people do not always remember everything down to every single detail in one sitting. So, there might be some minor details left out of the research, but all in all, the most critical information is included.

The structure of the paper is as follows:

1. Introduction
2. Problem statement
3. Literature review
 - a. Key concepts, theories, and studies

- b. The readings of change management and other that are relevant to the study.
 - c. Introduction to Kotter's 8 stage change model as well as the most known errors that are made when applying it.
- 4. Conceptual framework
- 5. The Study
 - a. Research questions and relevance and importance of the research
- 6. Methodology
 - a. Research designs and overview over the selected methods.
 - b. Implications and considerations.
- 7. Data findings
 - a. Landsbankinn – background and the interview
 - b. Íslenska auglýsingastofan – background and the interview
- 8. Evaluation of findings
 - a. The change processes adapted to Kotter's 8 stage model
 - b. What the processes had in common
 - c. What the processes did not have in common
 - d. Summary of findings
- 9. Discussion
 - a. Answers to research questions
 - b. Limitations and future research
- 10. Conclusion and recommendations

2. Problem Statement

After facing a crisis, organizations often battle it with change in management. The literature tells us that one of the most important things to do when making an organizational change is to anchor it into the culture. But what happens when there is a new management team in the organization. How does the new management go about rebuilding a reputation after facing a crisis and getting up to the same standards business-wise, that is one of the problems the paper hopes to answer.

Another problem the paper hopes to answer is how an organization that has been in business for a long time can build up the reputation after a crisis.

3. Literature review

3.1. Key Concepts, Theories and Studies

Crisis, a situation that is extremely difficult or dangerous (Cambridge Dictionary, 2021), can be challenging on organizations, and more often than not, it demands a shift in leadership, especially when there is a need to build up the organization and reputation again. It will be important to understand the CEO's perspective on how he manages/managed the change, what the need was, and whether it was in the organizational culture, stakeholders, or the vision. The literature may be able to help understand the need, but only the interviews can help understand this particular need for organizations in these specific crises. Covid-19 has not, in the historical sense, been around for a long time, even though for everybody involved it has been a lifetime, so there cannot be much research regarding building up an organization again, integrate the past with the future due to this particular situation. While there are 13 years since the financial crisis hit in Iceland, there is a lot to learn from it still today, especially for organizations in a transition period. The sub-sections that follow are chosen to fully understand what goes into the change process. To understand the process, it is important to understand these concepts, it dives into what an organization is all the way to the change model itself, what the different stages of it imply, and the common errors. In between the literature review explains various concepts the role of the CEO and the employee, the change process, successful change, and so on, this helps to understand Kotter's model as well as the journey the organizations went on in the stories told later on.

3.2. Organization

A company or other group of people that works together for a particular purpose (Cambridge Dictionary, 2021). Organization can be understood as a social system that comprises all formal human relationships. The organization encompasses division of work among employees and alignment of tasks towards the company's ultimate goal (Organization, 2019).

“Process of Organization

Step 1: Determination and classification of firm's activities.

Step 2: Grouping of the activities into workable departments.

Step 3: Assignment of authority and responsibility on the departmental executives for undertaking the delegated tasks.

Step 4: Developing relationship amidst superior and subordinate within the unit or department.

Step 5: Framing policies for proper coordination between the superior and subordinate and creating specific lines of supervision (Organization, 2019).”

You can divide the structure of an organization into two categories.

1. Formal organizational structure and
2. Informal organizational structure

The formal structure can then be divided into substructures such as:

- Line organization,
- Functional organization,
- Line and staff organization,
- Project management organization and
- Matrix organization

“The organization structure is a basic idea, which depends on the activity authority relationship in the company. It is designed in such a way to realize business objectives (Organization, 2019).”

3.3. The role of the CEO

A chief executive officer or a CEO is an organization's highest-ranking executive and is a central figure of the business' operation and success. The CEO holds a great deal of responsibility and decision-making power as well as usually being the most well-known

employee of the organization. The CEO has many roles and responsibilities, here we name a few:

- *Representing the company* – The public face of the company and usually the one that issues an official statement.
- *Strategic planning* – Makes the final call for big decisions and has to be able to make strategic decisions for the organization.
- *Overseeing strategic implementation* – Not only does the CEO play a primary role in setting the course for the organization but is also responsible for ensuring that the course is followed. Ensures that the course is followed by communicating with managers in each department.
- *Executive evaluation* – Has the responsibility of behaviors of his executives. Performs annual reviews and makes decisions concerning discipline or termination of senior staff.
- *Monitoring markets* – “A CEO’s job can be summarized as protecting the well-being and prosperity of the company, so one of the key tasks they must undertake is risk minimization.”
- *Setting corporate policy* – The CEO has to set the culture for the organization and be able to institute new policies when needed to address any concerns.
- *Communicate with the board of directors* – “A company’s CEO is the primary point of contact for the board of directors who look out for the interest of its investors. The CEO will commonly be expected to attend board meetings and give updates on the company, including financial projections and status reports on any initiatives currently underway at the company (Team, 2021b).”

“Leaders are under constant pressure from a rapidly changing environment, organizational transformation, the need to manage multiple boundaries, the irrational demands of staff, and their own psychology. To function in the role, encourage a sense of community and authorize staff competence, CEO values and vulnerabilities must be visible to the staff (Shapiro, 2000, p. 130).”

The CEO has to be a role model, people tend to mimic a person in charge, and therefore, it is crucial to show the behavior the CEO wishes others to deliver. The CEO is the one that can get people on board with plans and processes, and that is why it is important that the inspiration comes from above. In dealing with a crisis, employees and

other stakeholders usually look to a CEO as the culprit and the savior. That is why it happens frequently that an organization gets a new CEO following a crisis, the newly appointed CEO then often has to jump right into a change process, rebuild a broken organization.

3.4. The role of the employee

The employees are the face of the organization, and it is important to appreciate them because they are the ones that are in the most communication with the outside world. If an organization wants to set forth a plan or a process, the management has to keep in mind that to be successful, they have to be sure to get the participation of its employees because, without them, the plan is likely to fail.

“More than ever, managers are recognizing the importance of considering the needs and values of their members. Many of today’s workers are leaning less toward financial rewards and more toward quality-of-life alternatives. Hence the advent of flexible working hours, the compressed workweek, and on-site childcare facilities. Changes in employees’ needs and values can be an extremely strong force driving organizational change (Dunham, Gardner, & Pierce, 2002, p. 629).”

The employee’s role is especially important when in the midst of change because they are the ones that can make or break the change. While the CEO is the one that decides on the change and gives direction, the employees are the ones that enforce it.

3.5. Visionary leadership

Kotter says that leaders are different from managers; they do not make plans or solve problems but prepare organizations for change and help them cope as they struggle through it.

“He identifies three areas of focus for leaders and contrasts these with the typical focus of a manager:

- *Setting direction versus planning and budgeting.*
- *Aligning people versus organizing and staffing.*
- *Motivating people versus controlling and problem-solving (Cameron & Green, 2009, p. 144).”*

Visionary leaders do not follow one specific leadership style, instead, they adopt and apply various types based on situational, organizational, or human cues. Let's look at three qualities of visionary leaders:

1. *Visionary Leaders See the World Differently* – They see opportunities where others do not and are more open to the possibility of change. They are more likely to see what's not there or what's not there yet.
2. *Visionary Leaders Help Others See the Vision* – When you are in the middle of change, it can be hard to see and understand your role in the final outcome, it can be hard to see the future vision. That is where the visionary leaders are strong, bringing in teams and leading them in a common direction.
3. *Visionary Leaders Turn the Vision into Reality* – Visions are useless if not followed up by action, the visionary leader can make them happen by being open and charismatic as well as focused and disciplined (What are the Qualities of a Visionary Leader?, 2021).

While the interviewees do not identify themselves as visionary leaders, there is evidence that they are, in fact, visionary leaders. The three qualities mentioned above suit them well, as will be seen later on.

3.6. Organizational change

Change management is the process of continually renewing an organization's direction, structure and, capabilities to serve the ever-changing needs of external and internal customers. Change management is not about managing change, it is about managing people (Moran & Brightman, 2001).

“Individuals, teams, and organizations all play a part in the process of change, and leaders have a particularly onerous responsibility: that is, making all this happen (Cameron & Green, 2009, p. 9).”

Organizational change is more than just change, some might say that it is the movement of an organization from its current state to a future and hopefully a more effective state. Change is not something that just happens, instead, it occurs when the forces encouraging change become more potent than those resisting change. The push for

change can come from inside the organization as well as the outside (Dunham, Gardner, & Pierce, 2002).

3.6.1. Change leaders

Change leaders have the ability to inspire and influence action in others, and their main job in an organization is to challenge people to align their purpose, identity, and mastery with necessary organizational change (Moran & Brightman, 2001).

Effective change leaders share several common characteristics:

- Effective change leaders show the change as a result for the organization and the effect on the individual. They encourage others to align themselves with the change and provide everything needed.
- They are open and experimentative, encourage people to try the new change, give recommendations, and behave and operate differently while the change is taking root in the culture.
- They show leadership in the change process with their words and actions. They are role models and have the responsibility to give out legitimate reasons for the change. Change leaders should also be able to identify and overcome potential resources of resistance.
- Change leaders are dedicated to the change, and their focus is on results and success. They determine why the failure occurred and encourage others to try again.
- They interact with others in the organization to explain the who, what, when, where, why, and how of the change. Change leaders use every opportunity to communicate the change, why it is important, challenge people and answer questions. They know that not everybody is on board and needs convincing, while others jump on board immediately. They understand that they see the change in a different way than everybody else and therefore need every communication vehicle to help close that gap (Moran & Brightman, 2001).

3.6.2. Change management teams

Management teams are often composed of fewer feelings and perceiving types and are likely to put emphasis on the business instead of the effect on people. There are

advantages and disadvantages of the preferences for teams making decisions in organizational change:

Where individuals draw their energy

- **Extraversion** – needed to take action, show enthusiasm, make contact and raise the energy and at the same time can seem overwhelming, superficial, and intrusive.
- **Introversion** –needed for deep understanding and thinking things through simultaneously can seem aloof, cold, and withdrawn.

What an individual pays attention to or how she/he receives data and information

- **Sensing** – needed to be practical and pragmatic and base ideas firmly in reality, can seem pessimistic and mundane.
- **Intuition** – needed to generate innovative solutions and preparedness for the future can appear impractical and implausible and look to have the head in the clouds.

How an individual makes decisions

- **Thinking** – needed for the tough decisions and to balance benefits against costs, often looks to be critical and insensitive.
- **Feeling** – has the emotional intelligence to negotiate and reconcile, can seem irrational and too emotional.

What sort of lifestyle an individual enjoys

- **Judging** – needed to organize and complete things and see them through, may seem immovable and overly rigid.
- **Perceiving** – is flexible, adaptable, and needed for information gathering, can seem irresponsible and unorganized (Cameron & Green, 2009, p. 51).

Above are listed personality traits that can be useful in management teams and should be considered when putting together a team, especially one that is in the management of change.

“Team-work is important for management teams when they work on risky issues that require them to share views and align (Cameron & Green, 2009, p. 95).”

Team mission, planning and goal setting, team roles, team operating processes, team interpersonal relationships, and inter-team relations, if these elements are addressed, they can help make teams more effective (Cameron & Green, 2009).

3.6.3. Change Process

“Change is nonlinear; there is often no clearly defined beginning or end. Change consists of a series of closer and closer approximations to increasingly ambitious goals which are embraced by more and more people in the organization. For this reason, change can seem confusing and endless. Often, those involved in the change process feel as though there is no light at the end of the tunnel (Moran & Brightman, 2001, p. 2).”

The process is a series of tasks outlined to move from the current state of affairs to a new one, all the while not disturbing the workflow and not causing any damages. It is a step-by-step measure designed by the organization to change in critical areas (Varon, 2021).

“A good change management process ensures the following in your organization:

- *Prevention of accidents*
- *Increase in asset reliability*
- *Traceability of changes*
- *Evaluation of alternative (Varon, 2021).”*

Although this above will not be discussed directly in the stories later on, this is direct evidence of the importance of a good change process and is therefore relevant in the broader sense.

3.6.4 Roles in a change process

There are four important roles in the change process, they are:

Sponsor – Has the authority to make the change happen and controls the resources, such as time, money, and people. There are also sustaining sponsors, they are responsible for their own area (Cameron & Green, 2009).

Implementer – Is the one that has to implement the change, it is essential for them to ask questions in the beginning to have a clear vision. They answer to the sponsor and

can help them avoid gaining tunnel vision and save them from surprise (Cameron & Green, 2009).

Change agent – Is a facilitator of change, helps the sponsor and implementor to stay aligned with each other.

“The change agent acts as data gatherer, educator, advisor, meeting facilitator, and coach. Most often, he or she has no direct line authority over the implementers and is therefore in a naturally occurring triangle among sponsor–implementer–agent (Cameron & Green, 2009, p. 158).”

Advocate – Has an idea on how a change can happen but needs a sponsor for support. All change needs to be sponsored. They are often passionate and highly motivated (Cameron & Green, 2009).

3.6.5. Successful Change

“A successful change is one that delivers its intended benefits. (period) (Eastman II, 2017).”

According to Kotter, successful transformation stories reveal two important patterns.

1. Useful change is often associated with a multistep process, a process that is powerful and motivation sufficient.
2. The process is never effective unless it is driven by high-quality leadership. It is essential to distinguish between management and leadership, all managers should be leaders, but not all leaders are managers (Kotter J. , 2012).

One fundamental insight is the base for successful transformation, a significant change will not happen easily, and that is for a long list of reasons. Most major initiatives are made up of a number of smaller projects and add up to accomplished change projects. Leadership and attention to detail are important to achieve successful change. Another thing that can make a change successful is a measurement, by being able to measure the goals and processes, you can almost guarantee success, and the change is more likely to be long-lasting.

“Simple does not mean easy. Achieving success requires committed, equipped leaders and managers who engage people to foster individual adoption of the change.

Equipping leaders and managers requires the diligent efforts of a change professional using a guiding framework. The change professional will need resources (time, money,

people, mindshare) to activate the framework. In midst of activity, it is possible to lose focus and fall short. Focus is maintained by knowing a successful change is one that delivers its intended benefits (Eastman II, 2017).”

3.6.6. Challenges in change management

Many believe that what isn't broken should not be changed, that is a problem many leaders face in the change process. Some employees are set in their ways and do not see the need for change. Some of the most damaging potential results to resistance to change are:

- *Discouraging creativity* – Without change, there is a chance that your most creative and open-minded employees will leave for better opportunities.
- *Burning out employees* – When stuck in the same ways all day, every day, employees will get disconcerted, and that is a sure-fire way to burn them out completely.
- *Falling behind the competition* – Resisting change and not adapting to the future is almost a guarantee that you will fall behind the competition.
- *Poor internal communication* - If employees get the feeling that they are not allowed to bring up new ideas, it can really hurt the health of your company (Kelly, 2015).

Another challenge the change process faces in leadership is when the leaders of the change do not apply themselves and have no vision for the future. When the roles in the transformation process are not clear, it can cause huge misunderstandings, and conflicts can arise between participants. Yet another challenge that is worth mentioning is that people tend to try to invent the wheel every time they take on a new project. The challenge in this is that it is usually no need to do something that has not been done before, in most cases, someone has found an excellent way to do things.

3.7. Sense of urgency

“Urgency is a combination of thoughts, feelings, and actual behavior. The thoughts are, there are great opportunities out there, great hazards. The feelings are a gut-level determination that we're going to do something now, we're going to do something to win. And the behavior is this hyper-alertness to what's going on. It's a sense of coming

to work each and every day with a commitment to making something happen that's on the important issues (Kotter J. , 2008)."

By creating a sense of urgency, you are identifying what it is that needs to change, whether it is the current system, product, service, or whatever comes to mind. When the case can be made that there would be more harm in not changing, you can create urgency (Carpen, 2021a).

It is imperative that the urgency is a true sense of urgency, the opposites are complacency and false urgency.

Complacency means a feeling of contentment or self-satisfaction, especially when connected with an unawareness of danger or trouble. False urgency is different from complacency because while complacency embraces everything staying the same, false urgency is often filled with changing activities (Kotter J. , 2008).

When creating a sense of urgency, management needs to be honest, be transparent, and communicate with their employees about the consequences of change that are not enforced. By communicating, both management and employees can learn to understand the importance of change (Carpen, 2021a).

"The need for change, of course, is inevitable and often beyond our control. The impetus for change can come from a variety of sources, including the following:

- *New competition*
- *New technology*
- *Innovations*
- *Regulations*
- *Market conditions*
- *Demographics (Carpen, 2021a)."*

If an organization can sustain a high sense of urgency, it has the potential for great success. To maintain the urgency over time, it requires to be well-created and that it can be re-created again and again (Kotter J. , 2008).

3.8. Guiding coalition

The coalition is a powerful team of different people from across the organization. It is essential to choose a diverse group of people, people who bring unique skills, experiences, perspectives, and networks. This diverse group of people can help establish positive energy toward the change as well as minimized resistance. The coalition should have enough power to shape, implement, and sustain the efforts and support the leadership in the transformation (Carpen, 2021b).

“Their distinct views allow the team to see all sides of an issue and enable the most innovative ideas to emerge; their varied roles and titles give credibility to the change effort; and their enthusiasm helps push the campaign forward with the speed and momentum necessary for success (Goin, 2012).”

Similarity and difference between teams can have both advantages and disadvantages:

- Similar individuals in a team are faster to reach a common understanding, but at the same time it is a greater possibility of error through the exclusion of some possibilities
- Different team members take longer to reach a common understanding, the decision process is longer but will take more views and opinions into account (Cameron & Green, 2009).

What behaviors leaders should avoid including in a guiding coalition

- Naysaying
- Distraction
- Selfishness

Behaviors leaders should include in the guiding coalition

- Introversion and Extroversion
- Unconventional thinking (Goin, 2012)

It is important not to go in blindly when forming the coalition, look for key qualities, and have group members represent different levels, let's look at some points to consider:

- Clear objectives
- Trust

- Expertise
- Credibility
- Leadership
- Management

To empower the guiding coalition, senior managers should continue to engage with the group, and the group should report directly to them. With that in mind, it ensures that decisions are in line with the organization's goals and in its best interests (Carpen, 2021b).

3.9. Vision and Strategy

3.9.1. Vision

Vision is defined as the ability to imagine how something could develop in the future or the ideas that come with imagining in this way (Cambridge Dictionary, 2021).

“Being forward-looking – envisioning exciting possibilities and enlisting others in a shared view of the future – is the attribute that most distinguishes leaders from non-leaders (Kouzes & Posner, 2009, p. 20).”

Vision can help decide what core is valuable, should be preserved, and what future to stimulate progress toward. The fact is, though, that as important as having a vision is, the word has become one of the most overused and least understood words in the language, meaning that different people have come up with different understandings. It can be beneficial to use a conceptual framework to define a vision and give practical guidance for articulating a coherent vision.

“The basic dynamic of visionary companies is to preserve the core and stimulate progress. It is vision that provides the context (Collins & Porras, 1996, p. 76).”

A well thought out vision should consist of two major components: *core ideology* and *envisioned future* (Collins & Porras, 1996).

3.9.2. Core ideology

When an organization is changing, such as expanding and diversifying a core ideology is the glue that holds it together, it has been defined as the enduring character of an

organization. Core ideology should be relatively fixed, but the same should not be said about business strategies and practices, they should evolve. It should guide and inspire personnel and consists of two distinct parts:

- *“core values – a system of guiding principles and tenets*
- *core purpose – the organization’s most fundamental reason for existence*
(Parikh, 2015).”

3.9.3. Envisioned future

“Envisioned future means defining 5-10, 10-20, and 20-30-year audacious goals and what it will be like to achieve those goals (Parikh, 2015).”

- *Audacious goals – are generally very long-term goals that make us think differently about how we do business. Tend to inspire businesses to do their best work and not be afraid of change. It should be simple, measurable, and focused, have a clear finish line that helps to establish a sense of accomplishment (Parikh, 2015).*

“Core ideology should not be confused with envisioned future (setting goals). Core ideology is not a specific goal- it is the reason why the organization exists. The envisioned future is a clearly articulated goal. Core ideology is eternal and can never be completed, whereas the envisioned future is reachable in 2-3, 5-10 to 20-30 years (Parikh, 2015).”

3.9.4. Strategy

Strategy is defined as the way in which a business, government, or other organization carefully plans its actions over a period of time to improve its position and achieve what it wants (Cambridge Dictionary, 2021).

Henry Mintzberg defines strategy with five Ps

- 1. Plan** – the most known definition, some sort of consciously intended course of action, a guideline (or set of guidelines) to deal with a situation. According to this definition, there are two essential characteristics that are made in advance and developed consciously and purposefully. As plans, strategies can be general or specific.

2. **Ploy** – As a plan, a strategy can be a ploy as well, really just a specific “maneuver” intended to outwit an opponent or competitor.
3. **Pattern** – If strategies can be intended, they can be realized. By this definition, strategy is consistency in behavior, whether or not intended.
4. **Position** – A means of locating an organization in its environment. By this definition, strategy becomes the mediating force between organization and environment, that is, between the internal and external context.
5. **Perspective** – Here, its content consisting of not just a chosen position but of an ingrained way of perceiving the world (Mintzberg, 1987).

Vision and strategy go hand in hand. It is important to strategize the vision once it is realized.

3.10. Organizational culture

“Although the concept of organizational culture was popularized in the early 1980s, its roots can be traced back to the early human relations view of organizations that originated in the 1940s (Baker, 2002, p. 2).”

Organizational culture refers to norms of behavior and shared values among a group of people. Shared values are important concerns and goals shared by most people in a group that tends to shape group behavior and often persist over time even when group membership changes (Kotter J. , 2012).

Culture is powerful for three primary reasons:

1. Because individuals are selected and indoctrinated so well.
2. Because the culture exerts itself through the actions of hundreds or thousands of people.
3. Because all of this happens without much conscious intent and is thus difficult to challenge or even discuss (Kotter J. , 2012).

“Every organization has its own unique culture or value set, and different organization may have its own comprehension of culture meaning. The culture of the organization is typically created unconsciously, based on the values of the top management or the founders of an organization (Sun, 2008, p. 140).”

3.10.1. The importance of culture to your organization

A well-run organization does not ignore the culture, it can have an impact on employee morale and motivation, productivity and efficiency, quality, and attitude, to name a few. The culture can be used as a management tool by using selected rites, stories, symbols, and common values to control and direct employee behavior (Sun, 2008).

“In order to achieve a successful culture, managers shouldn’t ignore organizational culture and its themes, because culture can be used as a competitive advantage during organizational development, and a strong culture (one in which beliefs and values are widely shared and strongly held) can also offer many advantages, such as cooperation, control, communication or commitment (Sun, 2008, pp. 140-141).”

8 reasons why organizational culture is important

1. *Increased employee engagement* – It motivates and inspires employees to be more engaged when there is organizational culture, and the culture is driven by purpose and clear expectations.
2. *Decreased turnover* – Happy employees are the ones who feel valued and respected and are in turn less likely to leave. It is essential for organizations to foster a culture that supports their core values and mission statement.
3. *Elevated productivity* – Employees that have everything they need, such as resources and tools, are more productive, and it helps increase the performance level. Organizational culture tends to bring like-minded people together.
4. *Strong brand identity* – People tend to make assumptions about businesses based on the exchange they have inside, and outside the organization, the culture represents its public image and reputation.
5. *Transformational power* – Strong organizational culture has the ability to turn employees into total brand advocates. By recognizing efforts and celebrate success, they celebrate employees and make them feel accomplished.
6. *Top performers* – With high morale and community in the workplace, organizations have the ability to keep their best performers. High-performance organizational culture strengthens the work.

7. *Effective onboarding* – Businesses with organizational culture are more and more relying on effective onboarding, which is a great way to ensure new hires understand the core values of the business.
8. *Healthy team environment* – When team members know about the processes, they are often more inclined to finish projects. Organizational culture helps improve workflows and guides the decision-making process (Team, 2021a).

3.10.2. How to improve organizational culture

It is important to keep the organizational culture healthy and to do that, managers should always be finding a way to improve it. Here are four ways to help improve the culture.

1. *Communicate well* – Communication is one of the most important things in the business world. Communicate well, and that can improve the culture. Miscommunication can hurt it and is one of the main reasons people become unsatisfied.
2. *Listen to concerns and ideas* – Be open to listening to ideas, opinions, and concerns. Employees feel more valued when they know they can talk to their supervisor.
3. *Encourage feedback* – Do not shut people down when they want to leave feedback and take time as well to provide feedback. Encourage people and keep the communication professional and honest.
4. *Be consistent* – Try and keep processes and procedures maintained. Being a consistent leader helps people experience a sense of stability (Team, 2021a).

3.11. Identity and heritage

This explores how society creates, consumes, interprets, and revives history and heritage while incorporating the role of identity and memory (de Maaker & Mignosa, n.d.)

According to the Cambridge Dictionary, heritage in business English is defined: the history, traditions, practices, etc., of a particular country, society, or company that exist from the past and continue to be important. In the same dictionary, identity is defined: the reputation, characteristics, etc., of a person or organization that makes the public think about them in a particular way (Cambridge Dictionary, 2021).

“Given the conceptual complexities attending both heritage and identity, the interrelationships between them are multi-faceted and both spatially and temporally variable (Graham & Howard, 2008, p. 6).”

3.12. Why is there a need for change?

New management, mergers, new owners, wanting to change, a whole lot of different reasons can be for the need for change. One of the most essential things is realizing the need and follow through. Whether the need is of business, economic, social, or even organizational force, it should not be ignored, identify the need, and answer the call. Sometimes the need does not come from only one force but a mixture of 2 or more. A lot of times, there are social forces that encourage change, the general public is a strong force for organizations.

“Changing public tastes means organizations must continually shift their marketing and sometimes their image, and always the way they do business (Dunham, Gardner, & Pierce, 2002, p. 629).”

Sometimes people feel that a change is a waste of time and do not see the need. However, who is right in this scenario? The employee who is happy at their workplace or, for example, a visionary that sees a better future for the organization with change. Let us imagine that said visionary is in higher management in the organization and is working on a vision. The first step should be to get everybody on board, and there are different ways to do that, for example, get the employees’ help on working on the vision, make the vision clear, understandable, and feasible.

One way to start is to decide on what model to use.

“Adopting the right change management tool is a watershed moment in your change management process. An effective tool simplifies the task and helps you to achieve your objectives better and faster (Varon, 2021).”

To understand organizational change and the model chosen to use in this paper, Kotter’s eight stage change model, it is important to understand different components that make these topics, such as organizations, the role of the CEO and employees, vision, and the

need for change and so on. The section above reads extensively on these different components needed to understand the topic of the paper and the questions asked.

In this paper, the change process for both organizations will be put into context with the help of Kotter's eight-stage model. Below is a detailed explanation of the model and how it works, as well as the most common errors.

3.13. Kotter's eight-stage change model

The book *Leading Change* by John P. Kotter can give guidelines to identify the change process in said organizations, it gives insight into successful organizational change. By interviewing the CEOs and ask them about their process, it can be seen if it fits into Kotter's eight-stage model, as the model is one of the most famous and successful models in change management and organizations often follow it in some way, consciously and unconsciously.

As the title indicates, Kotter's model is set up of eight stages for organizations to follow when implementing a change, the stages are as follows:

1. Establishing a sense of urgency
2. Creating a guiding coalition
3. Developing a vision and strategy
4. Communicating the change vision
5. Empowering broad-based action
6. Generating short-term wins
7. Consolidating gains and producing more change
8. Anchoring new approaches in the culture (Anchor the change) (Kotter J. , 2012)

3.13.1. Stage 1 – Establishing a sense of urgency

The first stage is to establish a sense of urgency. When going into a significant change in any organization, one of the most important things is to understand the environment, by examining the market and the competition, identifying, and discussing crises, potential crises, or major opportunities, there is a chance to establish a sense of urgency (Kotter J. , *Leading Change*, 2012). Establishing a sense of urgency is essential to get everybody on board. There is no point in going into the change process if employees do not understand the urgency level.

The book *Leading Change* by John P. Kotter suggests 9 ways to raise the urgency level, with number 1 being:

“Create a crisis by following a financial loss, exposing managers to major weaknesses vis-à-vis competitors or allowing errors to blow up instead of being corrected at the last minute (Kotter J. , 2012, p. 44).”

Crisis can create a sense of urgency; organizations can use a crisis to begin the change process and get everybody on board. For example, after facing a crisis, organizations often battle it with change in management. For the remaining employees, that is often a change that is hard to swallow, but by making this change urgent, it can be a start of a successful change journey.

3.13.2. Stage 2 – Creating the guiding coalition

The second stage, creating the guiding coalition, refers to that it is crucial to get key players on board when starting the change journey. With them in the guiding coalition, it will help get everybody on board, especially those with doubts. When putting the guiding coalition together, it is good to keep the following in mind, according to Kotter:

1. Position power – Are enough key players on board?
2. Expertise – Are the various points of view relevant to the task at hand?
3. Credibility – Does the group have enough people with good reputations?
4. Leadership – Does the group include enough proven leaders to be able to drive the change process (Kotter J. , 2012)?

Furthermore, when building a coalition that can make change happen, keep this in mind:

- Find the right people
- Create trust
- Develop a common goal (Kotter J. , 2012)

3.13.3. Stage 3 – Developing a vision and strategy

The third stage, developing a vision and strategy, tells us that without a vision, it is hard to keep the eyes on the price, and without a strategy, it is hard to take the necessary steps to achieve that vision.

Characteristics of an effective vision:

- Imaginable

- Desirable
- Feasible
- Focused
- Flexible
- Communicable (Kotter J. , 2012)

Kotter also gives points on how to create an effective vision:

- First draft: The process often starts with an initial statement from a single individual, reflecting both his or her dreams and real marketplace needs.
- Role of the guiding coalition: The first draft is always modeled over time by the guiding coalition or an even larger group of people.
- Importance of teamwork: The group process never works well without a minimum of effective teamwork.
- Role of the head and the heart: Both analytical thinking and a lot of dreaming are essential throughout the activity.
- Messiness of the process: Vision creation is usually a process of two steps forward and one back, move to the left and then to the right.
- Time frame: Vision is never created in a single meeting. The activity takes months, sometimes years.
- End product: The process results in a direction for the future that is desirable, feasible, focused, flexible, and is conveyable in five minutes or less (Kotter J. , 2012).

3.13.4. Stage 4 – Communicating the change vision

Stage four, communicating the change vision, emphasizes that communication is key, makes the vision more accessible.

Key elements in the effective communication of vision:

- Simplicity
- Metaphor, analogy, and example
- Repetition
- Leadership by example
- Explanation of seeming inconsistencies
- Give and take (two-way communication) (Kotter J. , 2012)

3.13.5. Stage 5 – Empowering broad-based action

Stage 5 talks about empowering broad-based actions. Kotter explains it very well in the book as follows:

“Effectively completing stages 1 through 4 of the transformation process already does a great deal to empower people. But even when urgency is high, a guiding coalition has created an appropriate vision, and the vision has been well communicated, numerous obstacles can still stop employees from creating a needed change. The purpose of stage 5 is to empower a broad base of people to take action by removing as many barriers to the implementation of the change vision as possible at this point in the process (Kotter J. , 2012, p. 102).

3.13.6. Stage 6 – Generating short-term wins

The sixth stage is to secure short-term wins. They provide evidence that sacrifices are worth it and can greatly justify the short-term costs involved (Kotter J. , 2012). The short-term wins can help those employees that do not believe in the change to see that it is working and get them to follow and become believers. The more that are onboard, the likelier it is that the plan will succeed.

The role of short-term wins

- Provide evidence that sacrifices are worth it
- Reward change agents with a pat on the back
- Help fine-tune vision and strategies
- Undermine cynics and self-serving resisters
- Keep bosses on board
- Build momentum (Kotter J. , 2012)

3.13.7. Stage 7 – Consolidating gains and producing more change

The seventh stage is to consolidate gains and produce more change, which means it is time to use the increased credibility to change systems, structures, and policies that do not fit together and do not fit the vision. It also means that now is an excellent time to hire, promote and develop employees who can implement the vision as well as reinvigorate the process with new projects, themes, and change agents (Kotter J. , 1998).

3.13.8. Stage 8 – Anchoring new approaches in the culture (Anchor the change)

The eighth step is anchoring new approaches in the culture (Kotter J. , 2012). It is crucial to anchor the change into the company’s culture because that is how you get your employees to stick to the change. It is not easy to change a company’s culture, and that is why it is the last step in the model, because if the change will not become a new norm, then it is useless to force it into the culture.

3.14. Why does change fail

“Change is top-down and bottom-up. Change must be top-down to provide vision and create structure, and bottom-up to encourage participation and generate support.

Ultimately, leading change is a shared responsibility of everyone in an organization, from top to bottom. If the whole organization is not on board with the change effort, it will fail (Moran & Brightman, 2001, p. 3).”

One of the most critical and frequent failures is the leader trying to shorten a critical phase. There is some room for flexibility in the eight-stage model but not a lot (Kotter J. , 1998).

Kotter has identified the most common errors, they are.

3.14.1. Error #1: Allowing Too Much Complacency

Transformations always fail to achieve their objectives when complacency levels are high. Therefore, the biggest mistake is to go into change without establishing a high enough sense of urgency. When there is no sense of urgency, people will not go that extra mile (Kotter J. , 2012).

3.14.2. Error #2: Failing to Create a Sufficiently Powerful Guiding Coalition

Underestimating the difficulties in producing a change is the failure discussed here, which is why a solid guiding coalition is highly important. A guiding coalition without strong line leadership never seems to achieve the power needed to go through the project (Kotter J. , 2012).

3.14.3. Error #3: Underestimating the Power of Vision

A sensible vision is one of, if not the most important part of the change process. A vision plays a key role in producing beneficial change by helping to direct, align and inspire actions. Without a strong vision, change efforts tend to fall apart by dissolving into a list of confusing, incompatible, and time-consuming projects that can go in the

wrong direction or nowhere at all. Unsuccessful transformation effort sometimes has a sense of direction but are too complicated or blurry to be useful (Kotter, 2012).

3.14.4. Error #4: Under communicating the Vision by a Factor of 10 (or 100 or Even 1,000)

When you do not communicate the vision effectively with your employees, they are usually unwilling to help, whatever their status is. Change usually involves some sacrifices, and if the employees do not see the potential benefits of change are attractive and believe the transformation is possible, they are unlikely to participate. So, if communication is lacking, employees' hearts and minds are never captured. Communication can be shared with both words and deeds; deeds can be more powerful. Behavior from important individuals can underestimate the change when inconsistent with the verbal communication (Kotter, 2012).

3.14.5. Error #5: Permitting Obstacles to Block the New Vision

Major change requires a lot of people. New initiatives fail far too often when employees, even though they embrace a new vision, feel disempowered by considerable obstacles in their paths. Sometimes the roadblocks are only in people's minds, other times they are real. Organizational structure is at times to blame, how business is conducted might stop the change effort, and more often than not and probably the worst of all are supervisors who refuse to adapt to new circumstances and go against the transformation (Kotter, 2012).

3.14.6. Error #6: Failing to Create Short-Term Wins

When going into a change process, there has to be the understanding that real transformation takes time. Time-consuming transformation can discourage employees from participating in the process. That is why short-term goals are necessary to meet and celebrate. It is important for managers to create those short-term wins, rather than hoping for them, they should plan for them in the yearly agenda. Achieve the goals and reward the people (Kotter, 2012).

3.14.7. Error #7: Declaring Victory Too Soon

As mentioned above, the change process takes time, and people might feel tempted to declare victory when a major change goal is achieved. It is always good to celebrate

milestones but keep in mind that even though the goal is paramount, it is not the final step and do not declare victory.

“Declaring victory too soon is like stumbling into a sinkhole on the road to meaningful change. And for a variety of reasons, even smart people don’t just stumble into that hole. Sometimes they jump in with both feet (Kotter J. , 2012, pp. 13-14).”

3.14.8. Error #8: Neglecting to Anchor Changes Firmly in the Corporate Culture

“In the final analysis, change sticks only when it becomes “the way we do things around here,” when it seeps into the very bloodstream of the work unit or corporate body (Kotter J. , 2012, p. 14).”

New behaviors take time to stick, and the change will not become permanent until it is rooted in social norms and shared values of the organization (Kotter, 2012).

4. Conceptual framework

Using theories and other concepts from the studies of change management, this study attempts to answer the research questions stated earlier in the paper. These questions aim to understand how change management helps organizations get back up on their feet after a trauma. The literature review looks deeply into the concept of change management, and with the focus on Kotter’s eight-stage model and the phrases and concepts Kotter uses in the model are explained in detail. The literature review shows that a lot of components come together in change management, and people need to have an understanding of many different topics to really apply a change in organizations, not just the ones directly related to organizational change. The topics written about above help understand the journey the organizations went on in their change, which helps the reader navigate through the paper and understand the answers given to the research questions.

First of all, it is crucial to understand what an organization is, as well as the role of the CEO and the employee. The clause about visionary leadership becomes evident in the conclusions. Organizational change is the most significant component of the paper and, therefore, important to understand it and its different aspects. The paper uses Kotter’s eight-stage change model. The literature review explains components of the different stages, such as sense of urgency, guiding coalition, vision and strategy, and

organizational culture. Then the literature review explores identity and heritage and answers the question; Why is there a need for change?

The last two topics of the literature review are, firstly, Kotter's eight-stage change model. As the name gives away, there are eight stages that organizations go through in the model. The stages are explained, why they are important, and examples are given on how they can be reached. Secondly, an explanation is given on why change fails. Kotter has identified the eight most common errors.

5. The study

This chapter aims to tell two stories, the stories of two very different organizations that went through bankruptcy and got new management. Let us be blunt, thesis is not always the most enjoyable reads and can get dry and dull really fast. That is why in this paper, the author decided to mix it up a bit and report the findings as a story instead of summarizing the interview in the conventional style. By writing stories, readers can hopefully capture the atmosphere the interviewees were working in at the time.

The story of Landsbankinn happened 11 years ago, following the financial downfall of 2008. That story is the longer of the two because not only do we get the first-hand experience from the then CEO, but also much has been written about these years, both about the crash and Landsbankinn.

The second story is about Íslenska auglýsingastofan, which is a shorter story, shorter in the sense that their story has just begun, the company went bankrupt in September 2020, got new owners in October 2020, and started working under new management in January 2021.

What is interesting to note is that while the infrastructure of these two organizations was changed, the name and business purpose was kept the same.

It will be interesting to see if there is any likeness between the two stories, is the role of the CEO in planning and driving the change process the same no matter the size and business purpose of an organization. The interviews will help put the change process in context and answer the research questions.

5.1. Research Questions

Old name, new management. How to integrate the past with the future?

- Challenges in finding a new identity under an old heritage.
- How important is the name of an organization?
- What are the main challenges that organizations face in the change process?
- How does an organization build its image again after facing a crisis?
- What is the role/importance of the manager?

5.2. Relevance and Importance of the Research

The research can give insight into the importance of CEOs and what should not be done in the change process.

The research can give insight into how new management should and can behave in an organization after a crisis has demanded a shift in leadership.

6. Methodology

6.1. Research design

The stories are written with the help of secondary analysis as well as semi-structured qualitative interviews with the CEOs who rebuild or are in the process of rebuilding the organizations.

6.2. Secondary analysis

Secondary analysis is the re-analysis of data for the purpose of answering the original research question with better statistical techniques or answering new questions with old data. Secondary analysis is an important feature of the research and evaluation enterprise (Glass, 1976). In this study, old data, as well as new data, is used to answer questions.

6.3. Qualitative interviews

A popular method of data collection is the qualitative interview in which interviewees are given the floor to talk about their experiences, views, and so on. Settings, events, interviewees are purposively sampled, which means guided by the researcher's need for information (Boeije & Hox, 2005). In this study, semi-structured interviews are used, which is when the researcher sets the outline for the topics covered. However, the

interviewee's responses determine the way in which the interview is directed (Stuckey, 2013).

To break it down, the interviewer has a guide based on the research question to follow. It is called semi-structured because discussions may diverge from the interview guide, which can be more interesting than the initial question that is asked (Stuckey, 2013).

6.4. The interview

The interviewer had the same list of questions in front of her while interviewing the two CEOs but adjusted them accordingly to each individual and situation. The two CEOs were asked about their education and experience, the organization and the change process, the positives, and negatives.

6.5. Report findings using narrative

Because the aim is to tell a story, the findings will be reported using narrative. Using the answers from the interviews with the CEOs plus secondary analysis, the research questions will be answered. Using narrative to set the stage, the big picture, the main character, and identify the plot, the hope is that the reading will be enjoyable. The stage, big picture, and main characters will be described, and the plot will be told as a story with direct comments from the interviews.

6.6. Practical Considerations

One potential obstacle is that the interviewees might not answer truthfully or be reluctant to answer some questions. While the research is designed to interview only the CEOs of the organizations, it can limit the information flow as it will only show their side.

On the one hand, the experiences the CEOs are going through are similar, but on the other hand, their emphasis and approaches are different. There are over ten years since one of the two started their process, he has had the opportunity to take in and understand the process. The other is in the midst of it all. These different experiences will be looked at as strengths and be used to further the research outcome.

6.7. Practical Implications

As said earlier, the different experiences of the CEOs, because of the time, size, and nature of the businesses, will be seen as a strength to further the outcome of the research. The reason for that is, it can help improve processes by using different experiences and pick and mix the best ones. Kotter's eight-step model can help identify the CEOs and to see if they are similar, if they are using similar tactics, it will help improve the findings and processes for other organizations.

6.8. Theoretical Implications

While the world is going through a crisis together, this paper can help people understand the best way for organizations to find new heritage under an old name.

7. Data findings

7.1. Landsbankinn

Background

The run-up to the financial downfall in October 2008

Up until the turn of the century, Icelandic banks were privatizing and proliferated following that. Activities abroad increased, buying financial companies in other countries, opening branches, and increasing Reykjavik's international trades. They were able to grow this much because of their membership in the European Economic Area (EEA). Iceland created a legal and regulatory framework for the financial system based on EU directives (Ingimundur Friðriksson, 2009).

In the years after 2000 and up until the middle of 2007, unusual conditions prevailed in international financial markets. The supply of credit was almost unlimited and interest rates lower than they had been for a whole century. The bank's good credit ratings greatly contributed to the banks' entry into the bond market. The banks became an essential factor of the economy, their expansion, and Icelandic companies enjoyed widespread support. They paid high wages. The treasury had substantial tax revenue from them, directly and indirectly (Ingimundur Friðriksson, 2009).

The banks attracted international attention at the end of 2005 and the beginning of 2006. Attitudes towards them changed, and they received much more critical coverage than they were used to (Ingimundur Friðriksson, 2009).

In February 2006, the government concluded an agreement between the Prime Minister's Office, the Ministry of Finance, the Ministry of Commerce, the FSA, and the Central Bank of Iceland on consultations regarding financial stability and responses, and a consultative group was established on that basis (Ingimundur Friðriksson, 2009).

The banks sought to respond to the criticism in various ways. Increasing the dissemination of information to international markets and thus transparency in operations, sought to reduce cross-ownership, improve liquidity and equity ratios, and began preparing to enter the deposit market to increase the share of deposits on the debt side of their balance sheets. They were encouraged by rating agencies and various foreign analysts. Landsbankinn presented the Icesave deposit accounts in the UK at the end of 2006 (Ingimundur Friðriksson, 2009).

Great and sudden changes took place in the international financial market from the middle of 2007. Investors' risk aversion increased significantly, and the supply of credit decreased greatly. Credit default swaps (CDS) spreads began to rise, incl. at the Icelandic banks (Ingimundur Friðriksson, 2009).

Conditions in international markets continued to deteriorate for the remainder of 2007, stock prices fell, access to credit narrowed sharply, and interbank market transactions deteriorated abruptly. CDS spreads rose, as did the spreads of all Icelandic banks. Many hoped for changes for the better at the beginning of 2008 or after the financial statements of financial companies were generally available in the first weeks of the year. That hope did not come true. Conditions continued to tighten, and credit became more difficult than before. CDS spreads on Icelandic banks rose further and became extremely high (Ingimundur Friðriksson, 2009).

Conditions in the global financial system, especially after the collapse of Lehman Brothers in the United States, were the worst since the Great Depression. It can perhaps be argued that with the collapse of Lehman Brothers, the fate of the Icelandic banks had been decided. Nothing could have saved them when they got there. Asset sales became almost impossible due to extreme risk aversion and liquidity crunch around the world, 11 Icelandic banks faced an increasingly harsh operating environment, and it was

expected that significant restrictions would be placed on their deposit accumulation if it was not simply stopped and so on (Ingimundur Friðriksson, 2009).

In early October 2008, an emergency law was passed that authorized the FSA to take over the banks' operations. The government was forced to take action immediately against the three big banks and divide their activities into two, old banks and new ones. The new state-owned banks took over the banks' domestic operations and the old banks the foreign operations.

In its response in October, the government was guided by securing domestic banking and payment intermediation domestically and abroad in extremely difficult circumstances (Ingimundur Friðriksson, 2009).

“Guð blessi Ísland” (e. God bless Iceland)

On October 6, 2008, the Icelandic Prime Minister, Geir H. Haarde, held a memorable speech on television that marks the beginning of the financial downfall in the mind of most Icelanders. At the end of said speech, the Prime Minister finished with the words ‘God bless Iceland,’ these words were supposed to be friendly and welcoming, but they did not sit well with the nation. They felt more like a warning about what was coming. People were scared and did not know what to think, Eiríkur Bergmann, an Icelandic scholar, captures the feeling in his book: *Iceland and the International Financial Crisis - Boom, Bust, and Recovery* from 2014.

“On Monday 6 October 2008 Prime Minister Geir Haarde addressed the nation on television. Apart from the traditional annual New Year’s Eve address, this is something our PM never does. We were all watching, gathered round TV sets and computer screens in our workplace, in cafés and at home on that misty afternoon. It was not just that this sophisticated and usually perfectly composed man seemed shaken but that he concluded his unique address by asking God to bless Iceland. This is when we knew we were in serious trouble. Iceland is quite secular. Unlike American politicians, Icelandic politicians never refer to God in public – at least not without cracking a joke (Bergmann, 2014).”

The days that followed were filled with confusion and anger. The years before had been such a good time to be alive, at least financially. In Iceland, the year 2007 is known as

“the good year,” “everybody” had money and could do as they pleased and live large. Today looking back, we can see that this was too good to be true, and now, when people are doing something outrageous with money, fill their home with glitz and glamour, it is said to be “so 2007”.

Búsáhdabyltingin (e. The Pots and Pans revolution)

The so-called Pots and Pans revolution began following the collapse of the banks in the autumn of 2008. Not only were there protests, but also, so-called Saturday meetings were organized every Saturday from October 18 until January 17, 2009. The protests peaked in January 2009 with the fall of the government of Sjálfstæðisflokkurinn (e. the Independence Party) and Samfylkingin (e. the Coalition Party).

The demands were clear, the Board of the Central Bank and the government should walk away as they were devoid of all public confidence (Wikipedia, 2021).

It is safe to say that these events were especially big in Iceland and touched most inhabitants of the Island. Once a source of pride, the Icelandic banks were now ridiculed, a disgrace and a laughingstock. The financial downfall of 2008 almost entirely took away any trust Icelanders had in the banking system. The years that followed went into rebuilding, the finances, the trust, and the hope. The organizations had to build their infrastructure as well as their image. People had to start to believe in organizations again as well as the government.

Landsbankinn 2008 – 2010.

On October 7, 2008, the Financial Supervisory Authority (FSA) of Iceland intervened in the operations of Landsbankinn to ensure the continuation of commercial banking in Iceland. The Ministry of Finance founded a new bank on October 7, 2008, under the name of New Landsbanki Íslands hf., but at a shareholders meeting later that October, it was decided to name it NBI hf. It operated under the trade name of Landsbankinn, from now on referred to as Landsbankinn or the Bank (Consolidated Financial Statements 2008, 2010).

Skipping to 2010, in February, a new Board of Directors was elected. The new Board hired Steinþór Pálsson to replace Ásmundur Stefánsson as CEO of the Bank, starting from June 1, 2010. One of Steinþór’s first actions was to advertise all managing

directors' positions and fill them in October (Consolidated Financial Statements 2010, 2011).

“The year 2010 can rightly be described as a year of preparation and restructuring. Foundations in the form of revised and new processes have been laid for the Bank to become a force for change in the Icelandic economy. Focus has been placed on internal rebuilding and renewal and a new strategy implemented to guide powerful participation in the economic recovery of Iceland.

Landsbankinn announced its new strategy on 1 October 2010, setting out its goals and vision for 2010 through 2015. At the same time, a new organizational chart entered into effect (Consolidated Financial Statements 2010, 2011). “

7.2. The story of the change at Landsbankinn

Introduction

Main character

Our main character in the story of Landsbankinn is Steinþór Pálsson, a well-educated man with a lot of experience. Much of his experience comes from overseas, starting with MBA in Scotland on to managing a pharmaceutical company in both Malta and the United States, overseeing operations in India and China. In Iceland, his experience comes from a glass factory, a startup in biotech and banks.

On June 1, 2010, Steinþór took on a big new role as the CEO of Landsbankinn, ahead of him lay trying times to rebuild employee's faith and the faith of the nation in financial organizations.

The stage

Let us look at October 7, 2008, the new Landsbanki is founded on the ruins of the old one. Iceland is in shambles, the nation is traumatized and feeling betrayed following the “God bless Iceland” speech from the prime minister on national television. The feeling

of anger is in the air, and to be honest, confusion; “What is happening?”, “why is this happening?”, “what can we do?” are among the questions frequently asked.

Our story started barely 2 years later, on June 1, 2010. Landsbankinn has not rebuilt its image successfully, but there is hope now that a new CEO has taken over, a new CEO that has not been associated with the financial downfall in Iceland, because of his experience overseas.

The big picture – why the need for change

In 2010 the environment was still very hostile, customers angry and irritated, the media and politicians difficult, and the employees were scared and powerless. It is evident that there is a need for change, and the starting point is to change how the outside world views the Bank.

The story

Eleven years have passed, but Steinþór still remembers the events that led him to be the CEO of the biggest bank in Iceland.

The year is 2010, and after spending years abroad, his eye caught an advertisement for the position of CEO of Landsbankinn. For Steinþór, it was an exciting challenge, and even though it would reduce his salary many times over, he felt that he had the passion and means to do it. If the project is exciting enough, money is not everything. Not only did Steinþór have a lot of experience in the world of banking, but also experience in financial downfalls.

“I had a lot of experience in banks and had some experience from the downturn and problems in the 1990’s.”

His experience was not the only thing in his favor, the fact that he had spent many years abroad made him desirable. He was not one of the key players in the downfall or even a side player, in fact, he had nothing to do with the financial downfall in Iceland and, therefore, the perfect candidate to take over the position, in his own words:

“I was “pure” with extensive experience, having been abroad so much in the confusion here at home.”

What Steinþór was walking into

In 2010 two years had passed since the fateful October day of the 2008 financial downfall or the “Crash.”

What a mess the infrastructure of the Bank had become over the last years, the assets, loans, and financing were not in a great state. The new Bank owed the old Bank, and that debt was expected to be paid in full quickly, and in foreign currency. That was not an easy task, in fact, it was practically impossible.

But wait, it was not just the infrastructure that was in pieces, oh no, the nation had some strong opinions on financial organizations. There was disbelief and mistrust towards the banking system. The people were so angry that even the employees did not feel safe, they were being attacked on their way to and from work. It did not matter if they had started working there after the crash or before, they were scared and felt powerless. The employees even had a hard time going to family gatherings or parties because of the negative attitude towards people working in banks.

First things first, what could he do

It is safe to say that Steinþór walked into a whirlwind of different problems and feelings, he had to do something fast. So, what did he do, something that is so often forgotten, he talked to his employees and got them to give him their opinions and ideas. He took the first weeks and months over the summer to meet every employee. He gave a speech for about 10-15 minutes and then asked questions. He asked his employees to either answer individually or work together in small groups, he encouraged them to answer from the heart and not to hold back.

While talking with his people, he asked them to envision the future, take matters into their hands, and think about where they could see themselves in 5 years.

“I, for example, said that in 5 years you would stand and look in the mirror and be proud to be a banker because your customers love you and your colleagues are so great.

I saw that people looked at me thinking, who brought this lunatic here!”

It is evident that Steinþór wanted to cheer people up and help them overcome the stress and fear they were experiencing, both in and out of the workplace.

Steinþór has a lot of experience in change management, so when it came to formulating the change vision, he knew exactly who to talk to and involve. He knew that his role was to lead and stand for a clear vision, formulate it, and set out where they wanted to go and get his people on board. That is why he talked to his employees, he knew that they needed to think of the change process essential and noble and, what might be the most important thing; make them feel involved, that they are participating in the shaping of the vision. He, as a newcomer, needed information from those that had been in the bank longer, he needed to know:

- What was good in the infrastructure?
- What should be kept?
- What should the focus be?

By using points from these conversations, people felt involved, and seeing their views in the strategy and vision, made them believe that it could be done. Steinþór's future vision might become a reality.

Even though Steinþór was optimistic, there are always challenges

He stepped into harsh conditions, and it was chaos. As discussed earlier, his people were scared, and they felt powerless, and in the hostile environment, it was hard to get the engine running. Not only did people feel deflated, but they were also scared because of the attacks from the public. The attitude they got was that everything they were doing was meaningless and that they were assholes and fools.

There were not only challenges in dealing with the employee's problems, but the Bank itself also still had much work to go through. The customers had defaults and loans that needed to be recalculated. As we know, the public did have strong negative opinions on banks and therefore were impatient, not willing to wait for results.

How to work on these challenges

"It was such a big pile that had to be shoveled through and it took time."

The first thing on Steinþór's mind was to gain faith in the market and to be able to go abroad to get a credit rating for the Bank. To do that, they had to fix both the asset side

and the debt side to get the credit rating to be able to go out to the market and refinance. All in all, they had to have in mind that it was an asset side and a debt side, and work through bad experiences to get people going.

Changing inwardly to better serve the customer

The Bank was working under the trade name Landsbankinn, which was the old Bank's name, and the name people knew. When Steinþór and his people were working on what vision and strategy to take, they had to think about the outer image of the organization, and one important thing on their minds was the name. How important did they find the name. It was decided that rather than making drastic changes to the outer image, like name changing and branding, they would change from the inside. Changing the name would not fix anything, it would only be a cost that would not generate a return on investment. Changing inwardly and show that the service change is a sign of an organization that is serious about changing for the better. There has been a trend of organizations "dressing" up and promising change, but that is it, nothing changes it is all just empty promises.

"When we came up with a new policy, we did not announce it externally straight away, we wanted to work on it with the employees, to show that we had changed and working inwards to be better able to work outwards. The name was a part of this, it does not mean anything to have a new name on the door. What matters is the service and attitude and the employees.

We decided that the name held too much value to be changed."

They knew that outer image reinvention would not solve the problems, only actions could show the people that they really meant to change, leave the past in the past.

The year 2011 was spent on reaching milestones, building credit, goodwill, and faith in Landsbankinn. That was done by changing and working out the problems that arose when the downfall hit, they made public statements and announced when they achieved their goals.

The environment made it hard for the public to gain faith in them, the negativity was still in place, and people were not willing to see the change that was happening straight away, but little by little, customers began to believe that something was being done for

them. Though as in everything, some customers were not willing to see the positive things that the bank was doing and to be honest, that is still going on today. People have a hard time forgetting, and today there is still some negativity against financial organizations, but not as much as it was back then.

Values of the old Bank, are they something you hold on to?

The organization's core is one of the most important things to make use of, so if the core is good, it needs to be used. In the core are the values, and in fairness, the old Bank was not all that bad, it had been around for a long time and had built values that were good and valuable. It was only in the few years before the financial downfall that people kind of made a mess out of finances worldwide. So Steinþór and his team saw that some of the values from the old Bank were worth holding on to and kept in their mind that values change slowly. So, while rebuilding, he knew that it was a lot of work both adjusting the old values and adding new ones.

“Look at what is good and important to hold on to, people try to rekindle their pride based on some of this good that had been and associate with it.”

In the change process, the organizational culture is vital, and one of the most important things is to add the change to the culture, but keep in mind that it takes time.

Appearance and behavior cannot be changed in one go.

To sum up, how did the rebuild go.

Steinþór and his employees had their ups and downs in this major change process, but all in all, it seems that Steinþór was definitely the right person for this major task.

“I think it went just fine, the market share increased a lot and we achieved increased business. We managed to significantly improve the pride and satisfaction of employees, we also achieved some results in customer satisfaction even though attitudes towards banks was not very high, not as before the crash.”

He made this journey successful by starting on the most important thing, helping his employees gain their confidence again. With the employees being once again proud and willing, they could turn the Bank's success around, strengthening the Bank's finances

significantly, increasing deposits, and improving asset quality. They managed to remedy shortcomings and convert loans. They gained faith and trust abroad and got foreign financing, which led them to be able to pay the old Bank the debt owed, and in return, the old Bank could pay the dreadful Icesave bills.

To sum up, they built up a lot of equity, managed to pay a massive amount into dividends, and job satisfaction and pride increased significantly.

Steinþór's final words

"I think in general a huge amount of good has been done in the transformation."

7.3. Íslenska auglýsingastofan

Background

2019

A lot happened in 2019, most importantly, WOW air (one of two major airline carriers in Iceland) went bankrupt, and the first news of Covid-19 hit.

The fall of Wow air

WOW air's history started in 2011 by Skúli Mogensen as a low-cost airline. In 2018 operation costs rose, and the competition was highly competitive. The timing for the airline to acquire three new aircrafts turned out to be less than fortunate, due to the high costs. There was some talk of new investors acquiring the company, but it fell through. Without investment, the problems just grew (Hayward, 2020).

"On March 28th, 2019, WOW Air announced it was ceasing operations. Passengers were left stranded overseas, but the collapse was not really a surprise. The airline had been canceling flights for days beforehand. And there had been extensive negative press in the weeks and months leading up to it. This certainly did not help as the airline tried to deal with investment offers and generate revenue (Hayward, 2020)."

“The collapse also had a serious impact on the economy of Iceland. Tourism forms a major part of Iceland’s economy, and WOW Air played a big role in this with its low-cost flights (Hayward, 2020).”

The reason the bankruptcy of WOW air is mentioned in this context is that following its fall, many businesses in Iceland got scared and held back. The result was a lot of layoffs, not just in the tourism industry but also in other industries. Advertising agencies were not spared because one of the first things organizations do when cutting back is downsizing in advertisements.

Loss of one of the biggest clients

In September 2019, Íslenska auglýsingastofan, from now on referred to as Íslenska auglýsingastofan, Íslenska or ÍA, lost one of their biggest and oldest customers, Icelandair. It must have been a big shock for the agency as the airline had been a customer for over 30 years, and their business amounted to well over two hundred million ISK a year (Sigurjónsson, 2019). Although the departure of Icelandair from ÍA is not correlated with the fall of WOW air, it is the combination of these two events that proved fateful for the company. Losing your most important client when the overall demand for advertisements was lowering was too much for ÍA.

A likely reason for Icelandair switching to the advertising agency Hvíta Húsið (e. White House), is that Icelandair’s new marketing manager used to be the CEO and one of the owners of that agency.

2020

2020 was a weird year, the first case of Covid-19 was confirmed in Iceland, and all of a sudden, everybody had to change their day to day lives.

Covid-19

It is safe to say that everybody knows Covid-19, and everyone feels its effects, whether it is an individual or a business. One of the first industries that got affected by Covid-19 was the tourism industry, and the effects spread wider and wider. Travel restrictions hit Iceland particularly hard because tourism had become one of the country’s largest export industries.

Bankruptcy

At the end of September 2020, the board of directors of Íslenska auglýsingastofan requested that the company be declared bankrupt.

New owners

On the 9th of October, the news broke that Íslenska auglýsingastofan had gotten new owners. A father and son team had bought the brand, goodwill, and assets.

7.4. The story of the change at Íslenska auglýsingastofan

Introduction

Main character

Our main character in the story of Íslenska auglýsingastofan is Baldvin Þormóðsson, the CEO, a young man with experience in the advertising world taking on his first management role. Baldvin did his bachelor's in London College of Communication, there was no business in his education, it was creative, and that fits his persona well.

The stage

Íslenska auglýsingastofan is having a fresh start, new offices, and new people. With its long history in the advertising industry, the new people are ready to start this journey. Íslenska started operating again in January 2021.

The big picture – why the need for change

It is courageous to buy a bankrupt organization in the midst of a worldwide pandemic, especially one in the advertising industry because advertising is one of the first things companies put less money into when the economy is in a downturn. However, the people behind ÍA are not afraid and welcome the challenge. In Iceland in June 2021, it seems that things are finally returning to somewhat normal, and the advertising industry is coming to live again, people are ready to take some chances. Building up a reputation after bankruptcy calls for a change process, and the first step is to assemble the best team to take on this change.

The story

Baldvin stepped into a new and important role in October 2020 or January 2021, depending on how it is looked at. Baldvin was appointed the CEO in October 2020 when the organization was bought, but operations started in January 2021.

It is a big challenge to take on the job of the CEO if you have no experience and especially if you do not have that much interest in the position. When you desire to see your organization succeed, you gladly take on that responsibility, but it can be hard when you do not really know what to expect.

Baldvin has a strong opinion on the position of the CEO. In his mind, it is the most boring position in an organization, and the reason is that the CEO has to do the most work for the least credit. Moreover, he is correct, it is a demanding job, and you are constantly putting out fires. It is hard to be the CEO, for a creative guy like Baldvin, who likes to show up for work, put on his headphones, and dive into his work, because as the CEO you have to be smiling and in control. You cannot be stressed and unpleasant, which is why he perceives the CEO position as the most boring position.

“Basically, your employees are people, and you need to have certain emotional intelligence, I think that is one of the most important qualities you can have and be able to calculate (followed by a little laugh). If you have these two qualities, then you are a good manager in my opinion.”

Baldvin started a business and saw himself as doing the creative stuff, not tend to the day-to-day business. However, when they held their first or second board meeting, it became clear that someone needed to take over the position of the CEO, and Baldvin volunteered. He is a creator and a copywriter as well as the CEO, and he feels that the first two mentions are where he creates value.

The structure

Baldvin had some ideas about how the organization should be run, his idea was to have a flat structure, no titles. But as the operation started, he and his co-owners quickly realized that titles are something they needed.

Their structure is:

- The chairman of the board, who is at the top.
- The CEO

- A project manager
- Two art directors
- And a social media consultant

On the board of directors sit everyone who has a share in the company and the project manager.

The business is still small, and the owners are all male, so unfortunately, it is biased against women, but the policy is to achieve gender equality. In a small organization as Íslenska it is important to keep in mind that in the first year of operation there is some grace period, for example to reach gender equality. It is smart for a newly acquired organization to keep up with the times and having equality in their long-time vision is not only a smart move but also helps grow the business.

New owners taking over an established business

Taking over an established organization as Íslenska auglýsingastofan, can be a major project, especially if you want to build an image on new values. Keep the excellent reputation that the business had and at the same time prove the new business. It is crucial for the newly appointed CEO to take his role seriously in that process. The CEO should lead the work, he is taking over an accustomed business and building the image of new values. He should draw attention to the new policies within the company and spread the word to the world, about the new owners.

Even though Íslenska auglýsingastofan had been a well-established and respected organization, it had changed towards the end with the previous owners, everything had become a bit stiff, and they were not doing their job well enough, losing customers.

The new owners need to reverse that image, make people see that business is not being done the same way.

A non-traditional advertising agency with the most traditional agency name

Part of the change process is to realize what the vision and strategy are going to be and how the organization will conduct its business. Íslenska auglýsingastofan has one of the most traditional advertising agency names that you can find in Iceland, but tradition is not the goal of the newly reinstated agency. They plan to be a non-traditional agency focusing more on the executives, that is to say, dealing directly with the ones who

decide. Instead of trying to sell three different ideas to the marketing managers, they want to work with the marketing people on creating the one and only idea.

They came up with a good idea on how to be a non-traditional agency. They are going to have a vacant desk where marketing managers, executives, or others from the clients can sit with them one day a week, one day a month, or whatever suits the schedule when working on a campaign. That way, they brighten up the office by seeing new faces regularly or seeing “old” faces every few months, shake things up.

Challenges in the process, integrating the past with the future

Following a bankruptcy, the problems do not just magically go away. The new owners cannot wash their hands of them, they must deal with and solve them.

First, they needed to terminate the old agency's lease agreement on their offices in Bræðraborgarstígur, which was fairly expensive, about 4 million ISK a month. When they had terminated the agreement, their next step was to move the company to better premises, and the new offices were an open space, all on one floor, where ideas could flow. Then it was time to update all the data, which turned out to be quite the conundrum. It was challenging to get approval from Google to change the address and get access to Facebook, Instagram, and LinkedIn, LinkedIn was especially difficult. As it turned out, the old owners did not run up to help with the task, were not helpful, and never responded.

“So, it was a bit of a hassle to deal with the faceless tech giants about getting access to all of this. It was such a challenge.”

What happened in the two weeks between the filing of the bankruptcy and the new owners?

A whole lot can happen in two weeks. By the time the new owners had bought the company, most of the customers had gone somewhere else. When they called to let them know about the change of ownership, a lot of the customers were already doing business with other agencies.

The advertising industry in Iceland is not that big, it is often said that everybody knows everybody's business, so when a big established agency goes bankrupt, the word spreads out, then there are the different ways other agencies handle the news.

For instance, a CEO of another ad agency that, as soon as Íslenska auglýsingastofan went bankrupt, started to call other agencies, and tell them not to bother to call the old customers, because he was going to take them all. It takes quite the gut to publicly declare something like this, but people in the advertising industry have quite a reputation for being gutsy. When he made the calls, there were not many customers left, but he got about half of them. Not only did he get some of the clients, but he also hired one of the owners from the old ÍA and two illustrators.

It did not bother the new owners, though; they did not buy the organization because of the customers but because of the name.

The name, keep or not to keep

Íslenska auglýsingastofan is a well-known name in the Icelandic business circle, so now, in the beginning, at least it is imperative to keep that good, firm name. Some might say that it is probably the strongest Icelandic advertising agency name and probably safe to say that most people have heard of it at some point. There is an excellent reason to keep the name, the agency has been operating for 32 years, and therefore the name is the same age. Because of the heritage, there are more bells and whistles when the new owners take over than if they had just opened a new agency with a new name. The name alone helped spread the word of the new owners by offering media coverage, especially if you call a big company and introduce yourself as an employee of Íslenska auglýsingastofan, you get connected with the one you want, with little to no restrictions.

At least while they are still establishing themselves in the business, they are keeping the name, though it is not dear or sacred to them, and might change the name once they are established.

Is the name only thing worth keeping?

In this instance, the name was the only thing that the new owners valued. They wanted everything new, a new logo, a website, and everything else connected with the brand. The reason they wanted to freshen everything up is that according to the employees, there was a masculine environment at the old company and a big gap between the creative department and the executive board, which is far from the culture the new owners want to establish. The gap could be seen in that the creatives were downstairs in

a small carpeted crowded room while the executives were upstairs with beautiful parquet floors and nice offices. In today's environment, this might well have contributed to the downfall, old fashioned power structure.

Attraction of new owners

The Icelandic media picked up the news of the new owners of Íslenska auglýsingastofan, and it was talked about all over. Baldvin has a story about an incident where a stranger had heard the news:

“I even met a guy in a poker game I’ve never met before, and he asks; what do you do? I say that I am working at Íslenska Auglýsingastofan and his reaction; ahh yes, the one that the father and son team just bought, and I say; Yes, that is me, I am the son.”

Because of the status of the agency, the bankruptcy also got a lot of media coverage, it came as a shock to most people, understandably so. It stands to reason that because of that, it also became news when the new owners took over.

Might not have been such a surprise bankruptcy when looking into the infrastructure

The downfall started in 2019, when one of their biggest clients left, Icelandair. That is when the income started to drop, followed by losing clients one by one, and adding insult to injury, Covid-19 hit. For about six months, they had not been able to pay the rent and owed their landlord, about 24/25 million ISK.

They knew that they had to do something about the situation and there was even talk about that the landlord, who is a well-known Icelandic businessman, would buy them out, they held meetings about the situation. Then, out of nowhere, they declared bankruptcy without the landlords or anybody else's knowledge. The landlord only found out when reading the papers. The employees got the news of the bankruptcy by email at 23:30 the night before, and the email said something along the lines of; You do not have to show up at work tomorrow. Not much more than that. This notification came at the end of September. They wanted to get this done before the end of the month. The landlord saw no other solution than to change the cylinders to the doors.

The father and son team bought the organization, but they were still in for some surprises.

They made an offer to the bankruptcy estate, and it was accepted. It took about two weeks to go through.

The new owners contacted the landlord, he grants them access to the offices, and they did a walkthrough with an IT guy. The IT guy notices that something does not add up, all the computer equipment is ancient. He takes a closer look at one of the computers, an iMac from 2011, the computer was set up at 23:30 on the day of the declared bankruptcy. They had staged the offices, taking all of the equipment that was in use and set up old ones instead, making it look like that was the way it had always been. There was really nothing Baldvin could do about it, it would have been nice to get some new equipment, but it was not the reason they bought the estate.

The story of Íslenska auglýsingastofan is just starting after the bankruptcy

“We take over, talk to Arnar and Arnar (the creative directors), and they come in as partners, then Alexandra joins us.

Our first formal working day was January 4th, so the company has been in business for about 4 ½ months (when the interview is taken). There has been a lot of stress, we have had to create cash flow, we owe the estate, and all that.

But it has been going really well, and we got a lot of interest and a lot of customers. We are actually maxed out. That is a lot of fun.”

Baldvin is still getting used to being the CEO. It's far from being the creative guy who shows up, puts on his headphones, and dives into his own. As the CEO, he has to be cheerful, show up on time, work long hours, and be a role model. It's an increased responsibility, and he wants to step down as soon as he can. They hope to find a woman to take over as the CEO.

Almost too much to do, good thing after a hard year with the pandemic

The rebuilding is going well, as expected there are some growing pains, and they want to expand to meet demand, but they also know that it is important not to grow too fast. They do not want to hire many people to meet the demand, but not have enough projects

for them in the future. Now everything is brightening up after the pandemic, and people and organizations are more willing to take some chances.

“The difficulty with the advertising industry is to make it stable, get a steady cash flow, it comes in waves. People pulled ashore in Covid-19. There is a lot of people reviewing their marketing and there has been a lot of auditing, so yeah, we are at the right time. Everything is starting up again!”

8. Evaluation of findings

To compare and contrast the approaches that these two organizations used in the change process, Kotter’s eight-stage model is used. Using the data from the interviews and second-hand analysis incorporating it into the model. It might tell us if the change process in different organizations and situations are basically the same or if size, situation, and industry have an effect on the process.

In this situation, though it is crucial to keep in mind that while the force for change for these organizations comes from a similar place, crisis, the organizations are in different phases of change, it is still likely that the base is the same in the change process.

In the table below, there are side-by-side evaluations of the change process for each organization put into Kotter’s eight-stage model.

8.1. The change processes

Landsbankinn change process	Íslenska Auglýsingastofan change process
<p>Stage 1 – Establishing a sense of urgency</p> <p>Major forces created a sense of urgency for Landsbankinn, financial downfall that led to the bankruptcy of the Bank and anger of the people, that felt betrayed by the financial organizations and the government.</p>	<p>Stage 1 – Establishing a sense of urgency</p> <p>Loss of a big client and some smaller clients due to a mini financial “crisis” (due to the fall of WOW air), followed by Covid-19 pandemic, led to financial difficulties that led to bankruptcy. Being bought by new owners establishes a major sense of urgency.</p>

<p>Stage 2 – Creating a guiding coalition</p> <p>The first step was to hire Steinþór as the new CEO, an established businessman that had no ties to the Icelandic financial crisis and experience in change management. One of his first steps was to hire all new managing directors and talk to all of his employees, one on one, in small groups, and in large groups, this way, he could confidently create a guiding coalition to guide the change.</p>	<p>Stage 2 – Creating a guiding coalition</p> <p>Baldvin became the new CEO of the agency, and alongside his father, they got new partners involved in the organization. Everyone that owns a share is on the board of directors, and together they make up the guiding coalition.</p>
<p>Stage 3 – Developing a vision and strategy</p> <p>Steinþór decided to incorporate all of his employees into developing the vision for the Bank, by talking to them and with them. He felt that by showing them that their ideas were used in the vision, he felt that the employees sensed that they were heard and that there was a willingness to change for the better, create a better future.</p>	<p>Stage 3 – Developing a vision and strategy</p> <p>In the agency's situation, the coalition is made up of most of the people who work there, and together they develop a vision and strategy for the organization. In this instance, everybody is on board and can imagine the future. For a new agency building its reputation on the ruins of an old one, the vision for the future is always in development, with an end product in mind, the journey is flexible.</p>
<p>Stage 4 – Communicating the change vision</p> <p>Landsbankinn has significant duties, not only to its employees but to the Icelandic nation, so the vision needed to be not only visible but accessible. Steinþór went all over the country to communicate with his employees as well as customers, where he would communicate the vision and listen to the people. There was a lot</p>	<p>Stage 4 – Communicating the change vision</p> <p>Again, for the insiders at the organization, the communication of the change vision is relatively easy as almost the whole organization is made up of the ones that created it. Communication to the customers has been very open, and they talk openly and honestly.</p>

<p>of criticism because people were angry. However, by showing that he was serious by doing what he said he would, the anger started to fade, and the Banks reputation started to improve.</p>	
<p>Stage 5 – Empowering broad-based vision</p> <p>This stage shows the importance of the top management to be on board with the change by removing obstacles and empower the people. That is precisely what Steinþór did, he opened a way for everyone to be able to communicate their thoughts and worries. Encouraged people to speak up and give ideas.</p>	<p>Stage 5 – Empowering broad-based vision</p> <p>Baldvin and his people are very open-minded and creative. They decided from the start to have a different type of agency and are open to nontraditional and exciting ideas, activities, and actions. Íslenska Auglýsingastofan is a very empowered place that knows its obstacles and is working on getting rid of them.</p>
<p>Stage 6 – Generating short term wins</p> <p>As mentioned before, times were hard for the employees in the hostile environment because of the anger from the nation. Steinþór thought a lot about his people and wanted them to feel good and safe at work. He generated those good short-term wins by listening to people and make them feel heard, use their ideas, and encourage them. It helped them adjusting and fine-tuning the vision and provided evidence that the change was happening.</p>	<p>Stage 6 – Generating short term wins</p> <p>Rebuilding an organization is hard work, and people might sometimes feel like things are not working out as planned and lose confidence. While this is hard work, they can also see the rewards and are able to visualize a great future. After about 4,5 months of operation, they are about maxed out, proving that the sacrifices are worth it.</p>
<p>Stage 7 – Consolidating gains and producing more change</p> <p>Steinþór decided to hire all new managing directors, a fresh start. With this new management, the change went</p>	<p>Stage 7 – Consolidating gains and producing more change</p> <p>As this is, in essence, a new organization, everything is new. However, new does not always mean best, and Baldvin is</p>

<p>more smoothly, and new ideas and structures were introduced.</p>	<p>constantly rethinking and evaluating how they are doing things, wondering what the best way is and thinking of improvements.</p>
<p>Stage 8 – Anchoring new approaches in the culture (Anchor the change) The culture in Landsbankinn had not been good the last two years before Steinþór arrived and there was serious need for improvement, but it is never easy to change the culture. It takes time to rebuild and reinvent a broken spirit. However, with confidence and patience, the culture in the Bank became more positive, and employees could once again be proud to work in the Bank because the change had started to show as a positive entity.</p>	<p>Stage 8 – Anchoring new approaches in the culture (Anchor the change) As mentioned above, in essence, this is a new company, so in reality, they are building the organizational culture as we speak. It in itself is a substantial change, and once they see their vision come true, they will need to anchor it into the culture.</p>

Table 1. Kotter's 8 stage model

8.2. What the two stories have in common

It is hard to imagine that a big bank in the year 2010 and a small advertising agency in 2021 can have a lot in common. Nevertheless, looking at the data from the interviews with the CEOs fitted into Kotter's change model, it can be seen that, in fact, they do have a lot in common, their change process does have a lot in common. The size and the industry they are in is not the only thing that differentiates them. Since the story of Landsbankinn is from 2010, the change process is done, it has been anchored into the culture. It is also worth mentioning that Steinþór left his position five years ago, but the positive aspects of his process could be seen by that time. Íslenska's story is happening now, and they are in the midst of building their organizational culture, learning how to make their business a success.

The urgency for both organizations is somewhat alike, financial difficulties due to outside forces, a crisis that led to bankruptcy, and that is where the need for rebuild came.

When it comes to building a strategy and vision, the foundation is similar. The CEO is not the only one making the decisions, he is depending on his employees and fellow managers in envisioning the future. That is an excellent way to do this, by incorporating the ones that have to follow through in the change process, you get a greater chance of success because people are more willing to participate.

There is a difference in how the change vision was communicated inside the organizations, but there were some similarities in communicating to the outside.

Landsbankinn is a big, visible organization that communicated with the outside about what they wanted to do and how they saw the future. The same can be said about ÍA, but in a much smaller sense, because of the organization's size. Both organizations decided to be open about their change, and that helped them regain the trust of their customers.

In both organizations, the top management is involved in the change process, empowering the broad-based vision. When the management is involved, it is easier to get rid of obstacles.

In both organizations, the management was put together of new people. That is positive in the way that with fresh faces and ideas, the change can run smoothly.

8.3. Important differences in the two stories

The change process for the two organizations was similar in many ways, where they did not have things in common lies mainly in the size and grounds for the reimagination.

When generating the short-term win, Steinþór was considering his employees' feelings and needed them to feel safe. By working towards that goal, he managed to support them and help generate short-term wins, thus encouraging them. When an organization is this big, it can benefit it greatly to have milestones while changing.

For Baldvin, all of the employees had just started with the company, and his way to generate short-term wins was to encourage the people and make them realize that all of their hard work will be rewarded later on.

The culture in the organizations is wildly different, mainly because in the case of Landsbankinn, the culture has been around for a long time, and in Íslenska auglýsingastofan, they are slowly building up a brand-new culture. That is due to the fact that while there are new CEOs in both organizations, in the Bank, a significant part of the employees remained the same. At the same time, in ÍA, all of them were new. With that in mind, it is hard to find similarities in stage eight, anchoring new approaches

in the culture, because of the difference in the culture. The culture in the Bank had been in despair the last two years before Steinþór's arrival, and it is hard to change it in one fell swoop, but the changes Steinþór implemented helped the culture. Anchoring the change in the culture also helped to improve the energy.

In ÍA's case, the culture is being realized, and the change is helping to build it. One could say that the culture is being built while implementing the change. In both cases, the name has been around for a long time and is a well-known name however, in different groups. The public knows Landsbankinn as it is the biggest bank in Iceland, and in the business and advertisement world, Íslenska auglýsingastofan is a well-known name.

8.4. Summary of findings

The model captures the organization's change process well. Fundamentally, the model tells us that the change process can be applied to the same model despite the organizations being very different. While the organizations in question did not initially use the Kotter model for their journey, it suits their thought process well and therefore fits the purpose of this paper. The findings tell us that it is important to go into any change project with a strategy in mind. It will never end well if jumped in blindly.

Landsbankinn	Íslenska auglýsingastofan
Likeness:	Likeness:
Financial trouble led to the need for change	Financial trouble led to the need for change
CEO consults his employees	CEO consults his employees
Communicated the change openly	Communicated the change openly
New top management was heavily involved in the change	New top management was heavily involved in the change
Differences:	Differences:
Big visible organization	Small more obscure organization
Current and new employees	All new employees
Old culture	New culture

Table 2. Summary of findings

9. Discussion

It is hard to imagine that two organizations that are as different as is the case in this paper can have anything in common, especially when thinking about the scope of the work. However, change processes can often be associated with different organizations and projects, because in its essence, the process is the same.

Change processes are most likely to succeed when the top management is on board and lead the journey. So, when the newly appointed CEOs find the opportunity exciting and are willing to go the extra mile to make it work and have the employees' best interest at heart as well as the organizations, it is almost always the equivalent to success. It is refreshing to talk to two very different individuals with vastly different experiences, both in the business world and the personal one, because of the age difference and education, and still get the same feeling from them. They want their organizations to succeed and are willing to do almost anything to achieve it. When talking to Steinþór and Baldvin, it was clear that they both have passion for what they do, even though Steinþór does not work in the Bank anymore and Baldvin is not a big fan of being the CEO. The passion shines through and the pride can be heard in their voices when they talk about the process. In Steinþór's case, how he left the atmosphere and the status of the Bank, and in Baldvin's case, the hope he has for the future. The project each of those men took on was significant and should be taken lightly. The role of the CEO is a major responsibility on its own and becomes even more significant when you must put out fires coming from all over and rebuild. That is what they both embraced with open arms. They were not shy to get their hands dirty, share and get help from others. Here below, each research question will be answered with the help of the literature, secondary analysis, and the data from the interviews.

9.1. Old name, new management. How to integrate the past with the future?

When taking over a management role in an established organization, it can be challenging to integrate the past with the future, and sometimes there is no desire to do just that. But if a decision is made to rebuild an existing organization, it is essential to honor the past even if the decision is made to break away from the past. You can never completely lose the past and therefore should use the positive aspects of the old organization to help in the rebuilding. The past for the organizations differentiates by the fact that one is a big bank the public knows, and the other is a small advertising agency mainly known by professionals. When integrating the past with the future,

patience is the lifeline, and it does not happen overnight. When making a strategy to do this, it is a good idea to make it up of smaller projects that add up along the way. The end result is a business that celebrates its heritage. Although it is important to integrate the past with the future, it should be kept in mind not to let the past overshadow the future. It is easy to fall back into the old ways, it is imperative to encourage the employees to adapt to the new ways while respecting the past and not be negative towards the future. It might be harder to respect the past when all of the employees are new. However, when rebuilding an organization that has a long story, there are always ways to understand the heritage, talk to former employees, read online and even interact with the clients.

All in all, celebrate the past but do not let it take over.

9.1.1. Challenges in finding a new identity under an old heritage.

According to Cambridge Dictionary, heritage in business English is defined: the history, traditions, practices, etc., of a particular country, society, or company that exist from the past and continue to be important. In the same dictionary, identity is defined: the reputation, characteristics, etc., of a person or organization that makes the public think about them in a particular way (Cambridge Dictionary, 2021).

Organizations have their history and traditions, and reputations can be edged in people's memories, which can be hard to change, especially if something damaging has happened in its story. Bankruptcy can negatively affect the perception of the firm, and therefore, it is important to build on the positive aspects of its older reputation.

Leadership is the number one factor in finding a new identity under an old heritage. If the leaders are discouraged and do not apply themselves, the project crumbles. After a crisis, the negative voices are often louder than the positive ones, they can easily discourage, make people feel deflated, and not willing to find a new identity because they do not feel it's worth it. To battle those feelings, the higher-ups need to be available and willing to listen to what bothers the employees and work with them to resolve those issues.

In the case of Landsbankinn, there were many negativities surrounding financial organizations, the fall of the banks was still on top of people's minds and the negative aspects of the old Bank ruled their thoughts. That was probably the most significant

challenge Steinþór faced in rebuilding the Bank, as well as the low morale amongst the employees.

In the case of Íslenska Auglýsingastofan, there were problems left by the old owners for the new ones to solve. The culture at the old organization was masculine, and a big gap between the higher-ups and others, this contributed to the outer perception, and the new owners are working hard on changing that perception.

The main challenges for organizations in finding a new identity under an old heritage are; changing the organization's outer perception, showing the outside that the main objective is to change for the better, do better for the community and clients.

9.1.2. How important is the name of an organization?

A name can make or break an organization. In the case of both organizations, the name has been around for a long time and has its value. The name is the first thing people learn about your organization, and it is their way to remember it by. The name plays a role in branding, growth, and investor relations. If we look at an organization as a person, you know that usually, the first thing you do when you meet someone for the first time is to introduce yourself and tell the other person your name. That is the first impression. To get someone to remember your name, you have to do something memorable, and it all depends on yourself if it is a good impression or not, and you can think the same way with organizations. Get people to remember the organization's name by offering excellent service and staying true to your vision and promises.

That being said, as important as the name is, it does not mean that it could not benefit an organization to change it later in the game, but for those two organizations, it benefits/benefitted them to keep it.

Steinþór and his people thought about changing the trade name Landsbankinn but decided that even though people thought negatively about banks, the name had too much value, and it was better to show that they were changing from the inside rather than the out.

Baldvin and his people bought the brand, goodwill, and assets of Íslenska auglýsingastofan, because of the strong name and the value it had held for over three decades. For them, at least in the beginning, the name is very important, but they might change it later, only the future will tell. If they decide to change the name later on, it should be done over time and be well prepared. It is important to get people to connect

your good reputation and the old name with the new name. Being an advertising agency, they are well equipped in doing just that, have an advertising campaign, make a strategy and a timeline, and stick to it. Start in a timely manner to tell people about the intended name change and slowly change the name, make a big deal about it when the name is officially changed.

The name carries great weight. It is culturally relevant as people tend to know and prefer doing business with organizations that they know. The name often carries the history. That does not mean that you cannot ever change it. If the decision is made to change it, it should be done in a respectful way, meaning that it should not shock the stakeholders, give them time to adjust to the change.

9.1.3. What are the main challenges that organizations face in the change process?

Opposing voices are one of the main challenges that organizations face, and they can indeed put a lot of strain on the process. If you have people holding back and not willing to participate in the process, it makes success much harder to achieve. When people are holding back and not willing to participate, there are many potentially damaging results, like discouraging creativity, which would be bad in a creative environment like an advertising agency, employees burn out quicker, and the competition can quickly get ahead of the business. One thing that might be the most damaging is that opposing voices could result in poor internal communication and healthy communication is important.

Leadership is one of the most important elements when it comes to the change process. If the leadership is lacking, there is a good chance that the change will fail. Leaders must apply themselves and be open about the process. If the vision is not clear and people do not understand their roles in the change, the leadership is to blame.

For Landsbankinn, the negative voices came from the public, they were angry and reluctant to see the organization's willingness to change for the better.

For ÍA, the challenges are mainly related to business decisions taken by the old management, the lease agreement, for instance, and the reluctance to help the new owners get access to the organization's resources.

Do not try to overdo the change, do what is needed and do it well. Get inspiration from all over and not be afraid to be open to ideas.

9.1.4. How does an organization build its image again after facing a crisis?

With hard work and positivity. You cannot do this alone, but nothing is impossible with positive people and a strong vision. Managers are more and more realizing how important their employees are, and if their values and needs are taken into consideration, the more likely it is that you can count on their support when facing hard times. When rebuilding after facing a crisis, organizations could adapt visionary leadership.

Visionary Leaders Turn the Vision into Reality – Visions are useless if not followed up by action. The visionary leader can make them happen by being open and charismatic as well as focused and disciplined (What are the Qualities of a Visionary Leader?, 2021). By doing so, the focus is more on setting direction, aligning, and motivating people, not on budgeting and controlling, and that is an important way to steer your people in the right direction. Of course, you can never stop budgeting, planning, and controlling, but it is essential to not focus on that to motivate people during hard times, not make them feel responsible for the downfall.

Landsbankinn knew that they had some serious rebuilding to do, and instead of changing the name as the other big banks did, they decided to focus on changing from the inside, work with the customer. They decided to develop a clear vision and strategy and advertise milestones when they reached them to show that they were serious about changing for the better. They also wanted to get ideas from all stakeholders (employees, customers, etc.) with open forums.

For Íslenska auglýsingastofan, that is still in the rebuilding process, the first step was to relocate the offices to a better-suited and more affordable location, where everybody is equal, and there is not an old-fashioned power struggle environment. It is not only important to make the infrastructure excellent and stable but to show on the outside too that you are changing and have all stakeholders (employees, owners, customers etc.) needs in mind.

Be optimistic and rely on the people around you, ask questions and learn what is needed. Do what is best for the organization, meaning the employees and other stakeholders, not just what looks good, but what actually makes an impact. Deliver on promises made and try not to repeat mistakes made in the past.

9.1.5. What is the role/importance of the manager?

This paper focuses mainly on the CEO as the managerial persona. He is the organization's highest-ranking executive and a central figure of the business.

The CEO has many roles and responsibilities, here are a few:

Representing the company – The company's public face and usually the one that issues an official statement.

Strategic planning – Makes the final call for big decisions and has to be able to make strategic decisions for the organization.

Overseeing strategic implementation – Not only does the CEO play a primary role in setting the course for the organization but is also responsible for ensuring that the course is followed. Ensures that the course is followed by communicating with managers in each department (Team, 2021b).

The CEO is the public face of the company. After a crisis, the CEO usually takes on the blame and is, therefore, more often than not, replaced.

In that instance, there is a lot of pressure on the new CEO to prove to not only the employees, investors, board members, and other stakeholders but also the public that there is hope and a new, better era is on its way. In the change process studied in this paper, the CEO has the enormous challenge of reimagining the organization with the preface of celebrating its heritage, a big job. This change involves taking a good look into the infrastructure and seeing if it is working and realize what has to be done to get the best out of it. When taking over an organization, especially one that has gone through hard times, it will probably always require some kind of restructuring, regardless of how well it works, simply for the reason that a new highest-ranking person is in charge and has other ideas than the former ones. While restructuring, it is a good idea to involve both new and former employees and still stay true to yourself. It will always be hard to please everybody but staying true to oneself and focusing on the goal will end up being the right thing to do.

The CEO is one of the most important factors in the change process. Without the support and encouragement of the higher-ups, the process is more likely to fail. When the change order comes from above, people are more open to participating. The CEO encourages the employees, but he also has to oversee the process and ensure that the course is followed, which can be done with open communication. The CEO needs to keep a close eye on the infrastructure as well as the markets around the organization,

keep an eye on his executives and share the vision as often as possible. The vision has to be easily understood and communicable. Last but not least, the CEO must be open about his values and not afraid to show his vulnerabilities.

Steinþór says that the role of a CEO is to lead and stand for a clear vision, formulate, and set out where to go, get the people on board. The CEO needs to get the people to follow and feel important and that they are participating in the shaping of the vision.

Baldvin sees the role of the CEO of Íslenska auglýsingastofan as someone who should lead the work, take over a well-established company, build an image of new values, as well as drawing attention to new policies within the company, let everyone know that there are new owners.

The most important quality of the CEO is to have a clear vision for the organization. He also needs to be able to get his employees, his board of directors, executives, customers, and other stakeholders to believe in his vision.

9.1.6. Summary

Success is something you want to hear about, it is fun to read success stories, and it is safe to say that those two stories are a success. At least it is a success in the sense that each of their milestones was reached and sometimes even surpassed. Landsbankinn, for example, has been able to reap what they sowed for some years now. The happiness of the employees went up and customer satisfaction as well. The first working months for Íslenska auglýsingastofan have gone way beyond expectations, and that gives hope for the future. Looking at the data from the interviews, there is a lot of similarity to the processes the organizations go through, but as well some differences between them. When thinking about the size difference, it is interesting to see the similarities, let us take the role of the CEO, for example. The interviews show us that whether it is a 6-person organization or a 1500-person organization, the role of the CEO is to lead and stand for a clear vision, get the people to follow, and make them feel involved. A small organization can have the exact urgency needs as a big organization, especially when outside forces are impacting the whole nation.

When the story of a business goes on for decades, there is usually something in its history that is worth keeping, sometimes it is the first thing people know about it, the name, and sometimes it is the core and values. When building up the future on the old values, it is essential to only keep the positive ones because customers need to see the

positive side, especially if they were in business before the bankruptcy. Use the information out there to understand the heritage of the organization. There are limitless ways to integrate the past with the future. By talking to people who know and understand the heritage, the new management can best determine how to celebrate it and use it for their advancement.

If the customer experiences that the negative aspect of the bankrupt business is still present, it is highly likely that they will take their business elsewhere. Because it shows them that there is a chance that the organization will fall into the same pattern as before the shock. Leadership plays the most prominent role in this, if it is lacking, it spreads to the rest of the organization and on to the customers. Keep the customers happy and constantly reassure them that the future is bright. That being said, managers will have to remember that one of the most important assets that any organization can have are its employees. Hence, as important as it is to keep the customers satisfied, it can be more important to keep your employees happy, they are the face and the voice of any business. Without their participation in the change process and rebuilding, it is likely to fail. That is why more and more organizations are realizing how important of an asset the employees are. Income and customers are lower on the importance list because you will not achieve any success with either one without the employees. Treat the employees with the respect they deserve, and that will almost guarantee organizational success.

One of the most important things learned in this study is that planning is everything and that no organization should go into a new project, whether it is a change or something else, unprepared. Taking the time to visualize and strategize an oncoming project is what makes or breaks it. Never dive in headfirst without a plan. Planning is a critical element in business. It is customary to make a budget, marketing, and a sales plan. That is why it should be common practice to make a plan when a change is in the cards, big or small.

Mintzberg defines strategy with five Ps, and it could benefit managers greatly to adapt them in their business. The five Ps are:

1. Plan
2. Ploy
3. Pattern
4. Position
5. Perspective ((Mintzberg, 1987)

Make the plan realistic and rely on others who might know details, no one person knows everything, and when people put their best abilities together you have the most probability for success.

It is also essential to keep in mind that you rarely must invent the wheel. In most cases, someone has dealt with the exact same problem as you and found a solution that you can adapt to your own situation. Spend some time researching your situation to see if there are similar ones out there, what was done in those situations, and look for success stories. There could be some proven models out there that could benefit you greatly and if so, take advantage of them. In this paper, the eight-stage Kotter model was used to demonstrate the change process. With the data collected, it was adapted to each organization's situations, this shows that more often than not, you can find a path to the solution in existing models.

The study shows us that the name is the game. It can significantly benefit a newly bankrupt organization to keep the same name, especially if the business is well known it can have value. While keeping the name can help in the rebuilding, it still is a lot of work, but with positivity and the help of proven methods as well as good staff, an organization can rebuild its image. Show the outside that you are willing to change for the better. Be open about the how and why, and as a manager, use all the resources available to you.

Opposing voices are the main concerns organizations face when going through changes, more often than not, there is someone who is against the process. Because of those voices, there is value in the support of the CEO because from that support comes trust and faith. People are more open to change when the idea and plan come from above.

9.2. Limitations and future research

Since the interviews were only conducted with the CEO's the perspective is one-sided, as they can only give their opinion. Since it is over ten years since Steinþór took over as CEO of Landsbankinn, there may be some details he has forgot, though he seems to have a great recollection, there might always be something that has not come to light. Moreover, in the case of Baldvin and Íslenska auglýsingastofan, because of his lack of experience in management, there might be some things that he does not realize are important for the study. He has not reached the end of his journey, so there is no way to know how successful it will be in the end, though it looks promising.

One of the biggest limitations to semi-structured interviews is the human element. As well prepared as one might be, there is always a chance that something might go unnoticed and not be asked. The researcher might not pick up on clues that the interviewees give out and therefore miss out on some good opportunities. This could be a change in the voice, facial expressions, and hand gestures that might give some indications that there is more information to gain than the words are expressing. Future research related to this could be interesting, telling the stories through the employees' eyes. Taking a cross-section of employees from Landsbankinn, people that worked there during the financial downfall in 2008, employees who started in 2010 when Steinþór took over, and the ones that were still there in 2016 when Steinþór resigned. Get their experience about the change process and what they felt during these trying times and then if they felt that the change process was a success.

It could also be interesting to take some years to follow ÍA through the change process, talk to the employees who are a part of the organization from the beginning, talk to them again in a few years' time, and learn how they experienced the change process. It could even be interesting for the researcher to get permission to observe the organization and their daily routines, experience the change process firsthand.

The employee aspect might give a deeper understanding of the change management process and what it means for organizations that go bankrupt but do not give up. It might also help CEOs understand what is expected of them and how they should step into a new position in a business that is rebuilding.

10. Conclusion and recommendations

The good thing about living in such a small country as Iceland is that you run into all kinds of people. One day you might be having coffee, and suddenly, you are in a deep conversation with a CEO about everything related to his/her organization. You learn a lot by talking to people and listen to what they have to say, which is the most exciting way to spark new interests, might add something to your train of thoughts that you would not have figured out yourself. Talking with interesting people about their interests can spark an idea for a subject for one's master thesis, and that is how this paper came to be.

People are not always willing to open up about their business, it is vital for students who are writing a thesis not to give up, be positive, and soon someone will turn up who is willing to be interviewed. When finalizing on what to research for this thesis, the author

was afraid it would be hard to find anyone willing to talk openly about their experience, mainly when tasked with an as hard job as rebuilding after a crisis. Finding two people as willing as Steinþór and Baldvin to talk openly about their roles in rebuilding an organization after bankruptcy was crucial. They were willing to take all the time needed to meet, one online the other in person over lunch, and talk and share their experience, listen to questions, and give good insights. For the author of this paper, it was quite the experience to get to conduct those interviews and hear straight from the mouths of the CEOs about their journey. To hear them describe their thought process and how they dealt with their surroundings made the author quite happy to have chosen this subject and gotten those two to interview. It was fascinating to learn the stories of those two organizations. At the beginning of the journey, the author was sure that the processes would be wildly different, but as it turns out, there is not that much difference. Whether you are big or small, new, or old, bank or advertising agency, when it comes down to it, your process while changing is, in its core, the same. That is quite the realization and can help put the change process and the role of the CEO into context. It helps the author apply this newly found knowledge into action in the business world. The feeling is that it will not only apply for the change process when organizations are rebuilding after facing a crisis, such as bankruptcy, but also in other instances. In fact, the author believes that this knowledge will apply in any change processes organizations face. Going into organizations with this in the toolbox can significantly benefit businesses in today's world. Businesses getting back on their feet after the cruel reality we have been living in the Covid-19 pandemic.

For any organization going into a change process, the main recommendation coming out of this paper is for them to always keep in mind that planning is key and that managers, not just CEOs, should always keep the plan at the back of their minds. While strategizing and visualizing, managers should always include their employees in the decision-making, which makes them feel involved and more willing to participate. When going into a change process, it could be advisable to adapt visionary leadership. Visionary leaders do not follow one specific leadership style but adopt and apply styles that fit. Because of that open management style, visionary leaders tend to see the world differently and are good at communicating the vision. By seeing the possibility that change can have and encourage employees, visionary leaders have the right skill set to turn the vision into reality.

When going through a change process that affects the infrastructure and the exterior, it is important to keep promises made, do not advertise to the public that various things are about to happen without delivering, go through with the change. Show the outside that you do not just make the promise, but you go all the way, take your promises seriously, and are willing to be there for your customers.

Appendices

**Interview with Baldvin Þormóðsson CEO of Íslenska Auglýsingastofan.
Wednesday 19.05.21 at 12:15 at the offices of Íslenska Auglýsingastofan.**

1. Tell me a little bit about you and your experience in management.

Answer:

I have very little experience, this is my first time in any management position, first started in January (2021) or October (2020), depending on how you look at it, about six months, give or take. I think the position of the CEO is the most boring position in the company. I think so because it's the most work for the least credit, it is demanding, it's really just putting out fires. If you have nothing to do, then the company is in a good place, if you are really busy then in a not so good place.

We are a really small team of 6, still it is important to have project management and everything in order. I am constantly realizing that this is a hard job, much harder than you think, because you always have to be smiling and in control, you can't be stressed and unpleasant. Basically, these are just people, and you need to have certain emotional intelligence, I think that is one of the most important qualities you can have and be able to calculate (followed by a little laugh). If you have these two qualities, then you are a good manager in my opinion. This is my brief experience.

Me: What is your education?

I did my bachelors in London College of Communication, it was creative, more art school than anything else. I've never studied anything related to business.

2. Tell me a little bit about the structure of the organization.

Answer:

Before we reopened, I wanted to have a flat structure, no titles. But then we realized that is something we needed, as a company.

So, we have:

Chairman of the board, who is at the top. Then the CEO, and a project manager, two art directors and a social media consultant. Everyone who has a share in the company sits on the board as well as the project manager. Unfortunately, it is biased towards women, but the company's policy is to achieve gender equality.

Me: It can be difficult at the beginning to have an equal gender ratio.

Yes, especially when all the owners are men, that was just a coincidence.

Me: Hard to say; You are a man; I cannot start a business with you.

No, exactly.

Me: How many are you, 6?

Yes.

Me: Then you just have to accept that you cannot reach the gender equality right away.

That's right, we will reach that goal later.

Me: New companies get some grace period to reach their goal.

Yes, exactly. We will get there.

3. How did it come about that you became the CEO?

Answer:

It was, I think at the first or second board meeting, where we made the decision that someone needed to take on the position of the CEO, and I volunteered.

Me: Do you have other responsibilities?

Yes, I am a creator and a copywriter, that is where I create value for the company.

Me: Could we say that it is your main job?

Basically yes, the CEO title is just that, a title.

4. What is the role of the CEO in the change process? In your case, new owners taking over an established business and building the image on new values.

Answer:

Lead that work, take over a well-established company and build an image of new values, as well as drawing attention to new policies within the company, let everybody know that there are new owners.

Everything had become a bit stiff at the end with the previous owners and they were not doing their job well enough, losing customers. So, we basically have to reverse that image. We are not going to be a traditional advertising agency, our focus will be more on the executives, deal directly with the decision makers instead of trying to sell 3 ideas to marketing managers, we want to work with them to create one. We are going to have a vacant desk where marketing

managers, executives and others from the clients, can sit with us one day a week or a month when we are making a campaign or something like that. Advertising agency is an overused/over practiced word somehow, anyone can open an advertising agency, since digital/social media.

We are trying to be a non-traditional agency, yet we have the most traditional agency name.

5. What were the main challenges you faced in the change process, integrating the past with the future?

Answer:

Put together the team and terminate the lease agreement that the old company had made, which was really heavy, about 4 million ISK (about 23 thousand GBP) a month in rent on Bræðraborgarstígur.

Our first step was to move the company to better premises and update all the data. It was very difficult to get approval from Google to change the address and get access to the accounts, Facebook, Instagram and LinkedIn, LinkedIn was especially difficult, and the old owners were not particularly helpful, never responded. So, it was a bit of a hassle to deal with the faceless tech giants about getting access to all of this. It was such a challenge.

Then we have, yes, we called all the customers, but by that time most of them had gone somewhere else. It took about two weeks from the time they went bankrupt until we bought them out, most of them had gone.

There was a CEO of another ad agency that, as soon as Íslenska Auglýsingastofan went bankrupt, started to call the other agencies and tell them not to bother to call the old customers because he was going to take them all. He also hired one of the owners of the old agency and two illustrators. By that time there were not a lot of customers left and he took about half of them. This was not a problem, we were not necessarily buying the company because of the customers, but because of the name.

Me: It wasn't your goal then to start with a large customer base?

No, we started with no base.

Me: Rather than trying to get everyone over to you?

Yes, it was not necessary in our eyes. We called all of them more to be polite, but it was not the goal, even though it would have been nice, we would not have said no to them.

6. How important do/did you find it to keep the name of the organization?

Answer:

At least right now in the beginning it is very important, because it is a strong name, probably the strongest Icelandic advertising agency name, most people have heard of it at some point. The agency and therefore the name is 32 years old, and that is why there were more bells and whistles than if we had just opened a new agency with a new name.

However, the name is not dear or sacred to us and we might change the name later on.

Me: The name offered quite the media coverage right from the start?

Yes, it offered media coverage and if you call for example Íslandsbanki (one of the three large banks) and say that you are calling from Íslenska Auglýsingastofan, then you get connected with the one you want (little to no restrictions).

7. What other elements (brand, structure etc.) did you find important to keep?

Answer:

We wanted everything new, we did not keep any old features except the name. No logo, website or anything.

8. What are the negative points about holding on to some of the old elements?

From your point of view as well as customers?

Answer:

According to employees there was really a masculine environment at the old place and a big gap between creative department and the executive board. The creatives were downstairs in a small carpeted crowded room while the executives were upstairs with parquet and nice offices (The great, good people). I think this contributed to the downfall.

Me: So, they were really structured?

Yes, really an old-fashioned power structure.

9. In your opinion, how is the rebuilding process going?

Answer:

Me: How do you feel the rebuilding is going? Do you get external feedback because this is Íslenska Auglýsingastofan?

It hasn't been going on that long.

Me: That is why I am asking how is it going not how it went?

I think it's going pretty well; it is well known that there are new owners, we have managed that well.

I even met a guy in a poker game I've never met before and he asks; what do you do? I say that I am working at Íslenska Auglýsingastofan and his reaction; ahh yes, the one that the father and son team just bought, and I say; Yes, that is me, I am the son.

So, this change of ownership has attracted a lot of attention, it also attracted a lot of attention when they went bankrupt. It was a shock.

Me: Yes, I was very surprised.

It came as a great surprise to many, understandably so. This was such a well-established company.

Me: Yeah, but looking at the rent, the management and so on, it might not be such a surprise.

No, they had 30-40 employees. The downfall started in 2018 when they lost the business of Icelandair. That's when the income started to drop a lot, followed by losing clients one by one and then Covid-19 hit. They had not been able to pay rent for about 6 months and owed the landlord about 24/25 millions ISK (about 138-143 thousand GBP).

Me: Hard to pay when the income is none.

The landlord is a well-known businessman in Iceland, and he had put an offer on the table about maybe buying them out or something along those lines, they had a meeting. Then all of a sudden, they declared bankruptcy, without talking to him or anyone else. He read about in the papers. They didn't even tell the staff, just emailed them at 23:30 the day before; You do not have to show up at work tomorrow and something along those lines.

The landlord changed the cylinders. This was at the end of September, trying to get this done before the end of the month. Then my father and I made an offer to the bankruptcy estate and they accepted, it still takes around two weeks to go through. We know the landlord and he grant us access to the old offices and we take a walkthrough with our IT guy. The IT guy immediately notices something

strange; all the computer equipment is really old, he takes a look at one of the computers, an iMac from 2011, he can see that they set it up at 23:30 the day they declared bankruptcy. They had taken all the equipment, set up the old one and made it look like the old ones had been in use. It was staged. There was really nothing we could do about it, as we were not buying the estate for the computer equipment, it would have been nice though, get some cameras and stuff, but it was all gone.

We take over, talk to Arnar and Arnar (the creative directors) and they come in as partners, then Alexandra joins us.

Our first formal working day was January 4th, so the company has been in business for about 4 ½ months. There has been a lot of stress, we have had to create cash flow, we owe the estate and all that.

But it has been going really well, we got a lot of interest and a lot of customers, we are actually maxed out. That is a lot of fun. For example, Rangárþing Eystra sent me an email that said that they wanted to create a campaign that gets young people to move to Hvolsvöllur, which is cool. They said in the email something about that they thought it was so cool what we had done for Selfoss in 2018, which was the old company. I answered, yes, what Íslenska did for Selfoss was insane, I did not lie but I did not correct them either. So, now we are working on a campaign for them.

We get a lot of emails, like Samfylkingin and others who contact us, because Íslenska Auglýsingastofan is still kind of top of peoples' mind. A lot asking for quotes, like rebrand for Harpa, which we did not get, we simply do not have the time.

I am still getting used to this, I am so used to be just the creative guy, who shows up, puts on the headphones and doesn't have to say anything, now I always have to be cheerful and make sure I show up on time and work for long hours.

Me: Be a role model for the others?

Yes, it is such an increased responsibility. As soon as I can step down, I am going to. We are looking into getting a woman to be the CEO so I can take care of my main responsibility, and not be sending out invoices and such. So yes, the rebuilding is going well.

Me: I follow closely and have only heard positive things about the new Íslenska Auglýsingastofan. From the outside the rebuilding is a success.

Yes, exactly, I think so.

Me: And based on what you say, maxed out in 4,5 months.

From a business point of view, it is very good, some growing pains and you want to expand to meet demand.

Me: Be careful to not grow too fast.

Yes, exactly, do not hire 10 people at the same time and not have enough projects for them.

Me: Good to be almost drowning, at least in the first year.

Yes, that is correct. The difficulty with the advertising industry is to make it stable, get a steady cash flow, it comes in waves. People pulled ashore in Covid-19.

Me: Yes, you are coming in at the right time, when people are starting to see the land and start looking around.

Yes, there is a lot of people reviewing their marketing and there has been a lot of auditing, so yeah, we are at the right time. Everything is starting up again!

Interview with Steinþór Pálsson former CEO of Landsbankinn. Tuesday 11.05.21 at 16:00 over Teams.

1) Tell me a little bit about you and your experience in management.

Answer:

I have a business degree from Háskóli Íslands. Went to work for a new company, a glass factory, had worked a little bit in a bank during my studies, Verslunarbankinn. Was at the glass factory for a year as a financial office manager. Then again Verslunarbankinn where I was in lending, then went to Íslandsbanki when it was created from several banks, including Verslunarbankinn. I was a director there for 10 years, went between departments there and then went on to graduate school in Scotland and got my MBA. After Íslandsbanki I went on to a startup company, UrðurVerðandiSkuld Biotech and was there for over year.

Then I went to Malta, managed a pharmaceutical company and transformed it. It was such a big change for the company, we had been producing old drugs for

the third world. We rebuild the factories, we stopped all the old products and introduced new products, we set up a development unit and a sales unit, and then started to focus on Europe as well. From there I went to the United States, was in charge of operations and development, had factories in India and for a time also in China. Spent 4 years in Malta and two years in the States.

Came home and was leading strategic planning and acquisitions at Actavis for two years. From there I went to Landsbankinn in 2010 and stayed there until the end of 2016, 6 ½ years. Have now been a partner at KPMG for three years and am leading a team in management consulting. I have various experience, with a few employees up 1300/1400/1500 employees at the most, can't remember the exact number.

2) Tell me a little bit about the structure of the organization.

Answer:

When I started in Landsbankinn everything was a mess, the assets, the loans were a mess, and the financing was very difficult. Debt to the old Bank that was supposed to be paid of very quickly in a foreign currency, that was practically impossible. There was a lot of disbelief and mistrust in the banks, when there was bad news, which happened a lot, we were always afraid the deposits would fall out. We had trouble with the liquidity situation, so the assets were not good, difficulty with debts, to little equity, the employees feeling down and mostly focusing on taking care of each other. The environment was very hostile, the customers angry and irritated, the media and politicians were very difficult too, all media shown negative. It was hard, the staff was actually being attacked on their way home from work, they were scared and powerless, they even had a hard time going to family gatherings and parties, because there was such a negative attitude towards people working in banks.

Me: So, this was a good time to take over?

Yes...

3) How did it come about that you became the CEO?

I found this to be an exciting challenge, it was advertised, and I applied, even though it reduced my salary many times over, I felt I had the means to do this. I

had a lot of experience in bank and had some experience from the downturn and problems in the 1990's. I found this an exciting project to deal with, so I applied and was selected, presumably because I was "pure" with extensive experience, having been abroad so much in the confusion here at home.

Me: Can't blame the crisis on you.

No, not so much, I had the experience but had been away from it.

Me: Sometimes it is good to live abroad.

Sure is.

4) What is the role of the CEO in the change process?

To lead and stand for some clear vision, formulate and set out, where to go and get the people on board, get them to follow, people need to find this important, noble and that they are participating in the shaping of the vision.

What I did when I got there was to start meeting all the staff in small groups, took the summer doing it, the first weeks and months. Met the people, talked for about 10-15 minutes, had questions and asked the people to either work in small groups to answer them or just answer straight from the heart. I talked a lot about the things being in our hands, where we wanted to see ourselves in 5 years, I for example said that in 5 years you would stand and look in the mirror and be proud to be a banker, because your customers love you and your colleagues are so great. Saw that people looked at me thinking, who brought this lunatic here! (We laugh).

I asked people, what is good and what do we need to focus on, give me advice, I'm new here. I was trying to get the conversation going and listening to people. When making the strategy we used points from these conversations, so people would feel involved and see their views in the strategy and focus, this helped to get the people to believe in it that this could happen. This took some time and when I look back it happened in certain steps, when advertised for new directors, when I equalized the gender balance in the executive board (fall 2010).

It was not until I went around the country and had an open meeting, invited the public to come and have a conversation, we started advertising that we are going to finish this before this time, then people started to have faith in this.

Maybe because I was ready to put my head out and we advertised we were going to finish this before this time and this before this time, I just had to focus on this.

So, it was like changing the culture and going more into a kind of sales culture, more towards the customers, it actually took many years, so in the beginning it was a bit like the staff was there for themselves, not for the external environment so it took a while. But yes, it was like this; form a vision, listen to the people and take them into the vision and then get them on the journey, that was the key.

5) What were the main challenges you faced in the change process, integrating the past with the future?

Answer:

It was chaos. People felt powerless and scared, we had to get the engine running again but at the same time the environment was very hostile, everything we were doing was impossible, everything was you are fools and assholes, there were huge defaults and you had to work on loans and more. People were impatient, why is this not finished! It was such a big pile that had to be shoveled through and it took time.

We had to gain faith in the market and be able to go abroad, get a credit rating for the bank. Fix both assets to get a credit rating and go out to the market and refinance, it was an asset side, a debt side and work through bad experiences to get people going.

6) How important did you find it to keep the name of the organization? Would the rebuilding have been easier with a new name, like the other big banks did?

Answer:

We thought about it a lot, at that time it was called NBI (National Bank of Iceland), the old bank was called Landsbankinn, and we were trying to be allowed to use that name. We advertised that we did not change the name, we changed the mindset. I think in the minds of people and employees, the name Landsbankinn was so integrated that we decided a name change would not fix anything, it would really just be a cost. When we came up with a new policy, we didn't announce it externally straight away, we wanted to work on it with the employees, to show that we had changed and working inwards to be better able to work outwards. The name was a part of this, it doesn't mean anything to have a new name on the door, what matters is the service and attitude, and the

employees. We decided that it was not smart to change the name and got a lot of goodwill because we went around the country and held endless meetings. Here in Reykjavik, the people that was at Austurvöllur protesting came and crowded the front seats with protest signs. We decided that the name held too much value to be changed. Kaupthing was a much younger example and Íslandsbanki went back to an old name. We looked into changing the logo, add a little something to it but we thought we could not easily create something new without changing the name, that was our conclusion.

7) What other elements (brand, structure etc.) were important to keep?

Answer:

We thought we should stick to the logo but make more promises of change and action, take care of the customer, listen to them and serve them. Put the effort into being there for the customer.

Me: That you were not going to make a change of appearance, but work with the client on changing inwardly?

Yes, changing inwardly to be able to better serve the customer. Make statements, finish doing what we said we would finish, before given time. So, we advertised; we are done with this promise and so on. In 2011 we were working reaching milestones, building credit, goodwill and faith in us.

8) What are the negative points about holding on to some of the old elements?

From your point of view as well as employees and customers?

Answer:

There was a lot of negativity in what had been going on before, people had so many questions and worries. Loans too high for example. The problems would not have been solved with a name change, people had huge debts and were waiting for them to be recalculated or getting some debt relief or something else. That's what mattered, not how the logo looked like but that their loans went down and good things like that. Customers began to believe that something was being done for them. But of course, some people didn't want to see the good things, connected the bank with the crisis and kept on thinking that.

9) Is it important for employees/customers to keep the values of the old organization to build up on?

Answer:

If the core is good, it needs to be used. Values change slowly, culture changes over time, you can't change behavior and appearance in one go. Look at what is good and important to hold in to, people try to rekindle their pride based on some of this good that had been and associate with it.

10) In your opinion, how did you manage rebuilding the image of the organization?

Answer:

I think it went just fine, the market shares increased a lot and we achieved increased business. We managed to significantly improve the pride and satisfaction of employees, we also achieved some results in customer satisfaction even though attitudes towards banks was not very high, not as before the crash.

Me: Did you feel like Landsbankinn was better of than Arion for example?

Yes, maybe, not for me to say (did not want to comment much on this).

But we also gained increased market share, and we also gained faith and trust abroad, which was very important. So, I think it went just fine, we achieved the goal of remedying the shortcomings and converting loans, take these problems away. Strengthen the bank's financial significantly, deposits increased, asset quality improved, got foreign financing, we could pay the old bank which could then pay the Icesave bills. We build up a lot of equity, we managed to pay a huge amount into dividends and job satisfaction and pride increased significantly. I think in general a huge amount of good has been done in the transformation.

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