

Key Factors in Organizational Change: Case Studies of Netflix and FinoTechno Using Change Management Models

Diwen Zheng^{1,a,*}

¹*The University of Sydney Business School, University of Sydney, Sydney, New South Wales, 2006, Australia*

a. 100288@yzpc.edu.cn

**corresponding author*

Abstract: This research explores the key factors influencing successful organizational change through case studies of Netflix and FinoTechno. With the development of science and technology, enterprises should consider the continuous updating of organizational change to maintain their innovation and competitiveness while pursuing benefits throughout the process of expanding. It utilizes the SWOT analysis, McKinsey 7-S Framework, Kotter's Eight-Step Change Model, and Lewin's Three-Stage Change Management Model to analyze technological advancements, integration of diverse teams, and maintaining a competitive edge. The analysis found that the development strategies of FinoTechno and Netflix should emphasize common values, communication networks and leadership commitment, enhance corporate reputation, and require significant investment in technology infrastructure and customer education. The findings highlight the importance of leadership, communication, and strategic alignment in managing change. Recommendations offer actionable strategies for enhancing technological infrastructure, fostering a unified organizational culture, and driving innovation. These insights provide valuable lessons for organizations navigating complex change processes.

Keywords: Organizational change, leadership, strategic alignment, innovation, change management models.

1. Introduction

Organizational change is a critical process that enables companies to maintain a competitive edge and adapt to evolving market conditions. This involves modifications to policies, strategies, operations, structures, infrastructure, and culture. The importance of successful organizational change is underscored by industry data indicating that approximately 70% of change initiatives fail to achieve their intended outcomes [1]. In today's rapidly changing business environment, driven by technological advancements and shifting consumer preferences, the ability to manage change effectively is essential for long-term success.

Netflix and FinoTechno offer impressive examples of businesses who have successfully navigated massive changes. Netflix was originally the rental company for DVDs is now a major streaming site on the web, whereas FinoTechno is integrating engineering and finance teams in order to increase its infrastructure capabilities. Analyzing these case studies shows the social and commercial importance of understanding the most important aspects that influence the success of changes in the organization.

2. Literature Review

SWOT analysis is a strategic tool widely used in strategic management to determine the internal and external factors that may affect the success of a change initiative. As its benefits are being contrasted with its drawbacks, and opportunities for improvement are being identified, and it are acknowledging the importance of SWOT analysis in strategic management and highlighting its immense role in identifying core competencies and areas for improvement [2].

The McKinsey 7-S Framework is a model in strategic management that investigates seven elements in a company that are mutually dependent: strategy, structure, systems, shared values, style, staff, and skills. In particular, researchers identify a bundle of organizational elements - culture, change readiness, skills of people involved, as well as the results of the entire process [3]. The framework emphasizes the interconnectedness of these elements and the need for a holistic approach to change.

Several studies have explored the factors that contribute to successful organizational change. Some researchers proposed an eight-step change management model, emphasizing the importance of creating a sense of urgency, building a guiding coalition, and communicating a vision for change [4]. This model has derived the major role of leadership and communication when thinking of the change itself.

There is several research point out the ADKAR model which focuses on individual change management and outlines five key elements: Awareness, Desire, Knowledge, Ability, and Reinforcement [5]. This model underscores the importance of addressing the human side of change to achieve successful outcomes.

A large number of scholars mostly emphasize theories and concepts in their work on organizational change management. However, only a few have done detailed case studies on organizations to analyze the practical application of those principles in real life. This research project aims to close this research gap through the analysis of organizational change processes at two companies, Netflix and FinoTechno, which may help to get lessons that can be applied to other companies.

This paper will explore the concept of organizational change success and will do this through a proper approach. To start with, it undertakes a case analysis of the organizations, Netflix and FinoTechno, to get a picture of the changes they made. It scrutinizes the main factors contributing to the efficacy of the chosen organizational changes, such as the leadership style of the management, communication channels, corporate culture, adaptability, and employees' commitment. The paper also compares these true-life examples with well-established change management models defined by Kotter, Lewin, and Hiatt, and it analyzes the level of agreement between the practical cases and the theories. Lastly, it suggests what organizations interested in adjustments can apply from the case studies. It draws the lessons learned from these case studies so that it may be helpful. The conclusion of the paper presents a recap of the research results and their implications in the transformation of an organization.

3. Case Description

The case studies show how the companies went through major shifts in order to keep up with changing trends in the marketplace and customer demands. When looking at these cases it is possible to gain insights on the elements that led to their accomplishments and problems they had to face.

3.1. Netflix

Netflix, originated by Reed Hastings and Marc Randolph in California in 1997, started with a pay-per-rental model that allowed customers to rent DVDs online and receive them by mail. This model

was more convenient than traditional video rental stores, which often had a limited stock and charged customers for late returns [6].

In 1999, Netflix came up with its subscription-based model that took it to a different level. This type of pricing lowered the pressure of late fees and gave a chance to watch a variety of films and TV shows at any time. It drew more customers, continuously enabling the new product developments and innovations.

Another significant event was Netflix's online streaming service introduction, which was available on smart devices in 2007. This technology enabled users to enjoy their regular movies and TV shows through the internet, without physical DVDs. The streaming service was a synapse to the high-speed internet's adoption and a response to the changes people were making about the video consumption mode. Consequently, Netflix saw the number of its subscribers swell within a short time through this strategy.

Netflix's journey of innovation was boosted by mobile apps introduced on the market in 2011, which allowed users to enjoy the service they like on smartphones and tablets. The additional note to this journey was the development of the offline playback feature, which helped the company's users download the content for viewing. Such modifications that were introduced by Netflix have been instrumental in preserving its position in the market and addressing the distinctive consumer requirements.

3.2. FinoTechno

FinoTechno, a major North American institutional fund management and investing company, created a subsidiary called EngiInfra to address the growing demand for infrastructure investments. EngiInfra specializes in public infrastructure projects, leveraging Fino Techno's financial expertise and engineering capabilities to execute large-scale projects effectively [7].

Integration of FinoTechno's financial specialists together with EngiInfra's experts in engineering faced significant difficulties due to their differing culture, knowledge and working methods. In order to overcome these issues, FinoTechno initiated a comprehensive transformation of its organization aimed at developing a cohesive and collaborative atmosphere.

The process of change began by creating a formidable alliance of the top the top executives from both FinoTechno and EngiInfra. This team of leaders led the process of integration and made sure that there was that the integration was in line with the objectives. The vision of the two teams was shared that highlighted the advantages from integrating both teams. This included greater efficiency of projects and increased knowledge.

4. Analysis

To provide a comprehensive analysis of the problems faced by Netflix and FinoTechno, Different models will be used for each problem. This approach will allow us to understand the internal and external factors influencing the success of their organizational changes from various perspectives. Below, the identified two major problems, will be analyzed by the influencing factors, and provide two main problems which address both organization's situation.

4.1. Influence Factors

The key elements that determine the effectiveness in Netflix and FinoTechno's organization changes involves analyzing the strengths and weaknesses within, in addition to potential threats and opportunities from the outside. This thorough approach offers more insight into the crucial aspects that led to their successful changes.

4.1.1. Technological Advancement at Netflix

The transition of Netflix to a digital streaming platform capitalizes on its strengths, particularly the innovative leadership of Reed Hastings and Netflix's established brand reputation, which has resulted in a successful switch from DVD rental to streaming [8]. Despite the numerous positive aspects, Netflix also faced substantial challenges such as the lack of initial technology, and the need to educate customers about the change. As summarized in Table 1, they had the ability to take advantage of their growth by capturing new market opportunities and developing new content that other players in the sector did not have. However, during these opportunities, the company had to overcome challenges from competitors who kept on increasing and need for continuous technology investments [9]. By addressing these weaknesses and threats in a strategic manner, the stronghold of Netflix was made more robust through improved and reliable infrastructure, which led to a well-educated customer base. This made it possible to stay ahead in the ever-changing environment of the entertainment industry, constantly developing impressive innovations and exceptional content that will keep attracting subscribers from new and existing target market [10].

Table 1: SWOT Analysis of Netflix

SWOT Factors	Description
Strengths	<ol style="list-style-type: none"> 1. Innovative Leadership: Reed Hastings' visionary approach and willingness to embrace new technologies. 2. Brand Reputation: Strong brand reputation and customer loyalty.
Weaknesses	<ol style="list-style-type: none"> 1. Technological Infrastructure: Initial lack of infrastructure to support streaming services. 2. Customer Adaptation: Need to educate customers about the new streaming model.
Opportunities	<ol style="list-style-type: none"> 1. Market Expansion: Opportunities to expand into new markets with digital platforms. 2. Content Development: Ability to create and distribute original content globally.
Threats	<ol style="list-style-type: none"> 1. Competition: Increasing competition from other streaming services. 2. Technological Changes: Rapid technological advancements requiring continuous investment.

4.1.2. Organizational Culture at FinoTechno

The aim of FinoTechno to integrate the financial and engineering teams, which is crucial to the company's ability for rapid growth and specialization, was to increase the speed of the processes along with the level of expertise. As shown in Table 2, the forming of the next-generation hybrid organization that combined these two elements of the function into a single team was fundamental to the operation of this new approach. To support this, FinoTechno implemented new communication and collaboration systems, which were vital in overcoming initial barriers and facilitating smooth interactions [11].

Table 2: McKinsey 7-S Framework for FinoTechno

7-S Elements	Description
Strategy	Integration to enhance project efficiency and expertise.
Structure	Creating a new organizational structure that incorporates both financial and engineering teams.
Systems	Implementing new communication and collaboration systems to facilitate integration.

Table 2: (continued).

Shared Values	Developing a shared vision and values to unite both teams.
Style	Leadership commitment to drive the integration process.
Staff	Managing cultural differences and promoting cooperation among team members.
Skills	Leveraging the diverse skills of financial and engineering experts.

A shared set of values and a common vision was instrumental in bringing the teams closer to each other objectives and creating an understanding of the common goal. Leadership was a key factor during this process, with an unwavering commitment to pushing the process of integration forward. Promoting cultural diversity and co-operation were crucial to managing the staff with diverse backgrounds and ensuring that staff members with diverse backgrounds could collaborate successfully [12]. Using the wide capabilities of engineering and financial experts enabled FinoTechno to increase its resource and capabilities, positioning it as a more solid and competitive business.

4.2. Problem Analysis

The analysis of the issues that are faced by Netflix and FinoTechno uncovers the internal as well as external influences that determine the success of their changes to organizational structure. There are different models used to solve each issue, allowing for an understanding that is comprehensive from a variety of angles.

4.2.1. Transition to Digital Platforms

The main challenge faced by Netflix was moving from a rental company for DVDs into a streaming digital platform. The transition required substantial expenditures in technology and infrastructure, as well as convincing consumers to embrace an entirely new method of consumption media. Internal strengths including the innovative approach to leadership and the brand's reputation established a strong foundation to make this change. But flaws such as the beginning absence of infrastructure, and the requirement to inform customers have presented significant hurdles [13]. The opportunities in market expansion and content development offered growth potential, while threats from competition and rapid technological changes required strategic responses.

4.2.2. Integration of Financial and Engineering Teams

FinoTechno was faced with the task of integrating their finance engineering and technical teams in order to improve capability of projects. This McKinsey 7-S framework is a way to assess the alignment of structures, strategy that are based on shared values, styles employees, and skills [14]. The goal was clearly defined that the goal was to improve efficiency and knowledge of the project. The new structure needed to be a completely different organization structure that incorporated each team, aided by a new collaboration and communication methods. The shared values had to be created in order to connect the teams. Leadership is a key factor in the process of integration. The management of differences among staff members and the use of the skills of staff members was essential to successful outcomes [15].

5. Suggestions

To tackle these problems efficiently, every organization has to develop specific strategies that align with the specific circumstances of their organization. These suggestions build on established model of change management and provide practical solutions to each issue.

5.1. Strengthening Technological Infrastructure and Customer Education

To successfully transition to a digital streaming platform, Netflix should focus on strengthening its technological infrastructure and enhancing customer education efforts. The actions for each stage are detailed in Table 3.

Table 3: Lewin’s Three-Stage Change Management Model for Netflix

Lewin’s Stage	Actions
Unfreeze	<ol style="list-style-type: none"> 1. Assess current infrastructure and identify improvement areas. 2. Create urgency by communicating the necessity of changes to stakeholders [16].
Change	<ol style="list-style-type: none"> 1. Invest in technology to upgrade servers, enhance content delivery networks, and implement advanced data analytics 2. Implement comprehensive customer education programs, including tutorials, webinars, and customer support services. 3. Establish partnerships with ISPs to optimize content delivery and reduce buffering times.
Refreeze	<ol style="list-style-type: none"> 1. Incorporate new technological infrastructure and customer education initiatives into standard operating procedures. 2. Regularly evaluate the effectiveness of the new systems and adapt strategies based on feedback [17].

Netflix's move from physical DVDs to digital streaming can be systematically managed with the help of Lewin's Three-Stage Change Management Model. The Unfreeze stage is crucial. The evaluation and explanation of the need for upgrading infrastructure and implementation of the changes during this stage raises the feeling of time and tunes stakeholders into the upcoming actions. As Netflix moves into the Change stage, it should procure technological advancements, organize education programs to make it easier for potential customers to familiarize with the novelties. The ties with ISPs would reinforce the system, which may guarantee seamless streaming services. Second, in the Refreeze stage, the adoption of these practices and their continuous performance evaluation would be their sustainability warrant. This methodology helps Netflix to keep the digital transformation in check in the most efficient manner and stay in competition by being an innovator and customer-centered firm.

5.2. Fostering a Unified Organizational Culture

To enhance the integration of financial and engineering teams, FinoTechno should focus on fostering a unified organizational culture.

FinoTechno's merging of financial and engineering groups could be based on Kotter's Eight-Step Change Model, as it gives instructions on creating a united company culture. As Table 4 shown, being explanatory is what Create Urgency is about - the organization's top leaders should stress the fact that project integration may lead to better results. The building of a strong leadership coalition is the key. Preparation of and communication of a shared vision results in the alignment of the team around the

same goals. The discussion of cultural divergence and fostering cooperation is the way to dismantle barriers. Jubilant completion of small goals gives an additional push, but adaptation of methods guarantees the existence of changes. Ultimately, the development of this new collaborative culture and values strengthens the combination, so it keeps being successful and remains a reliable organization.

Table 4: Kotter’s Eight-Step Change Model for FinoTechno

Kotter’s Step	Actions
Create Urgency	Highlight the necessity of integrating financial and engineering teams to enhance project capabilities [18]. Emphasize the benefits of increased efficiency and expertise.
Form a Powerful Coalition	Establish a leadership team composed of members from both financial and engineering departments to guide the integration process.
Create a Vision for Change	Develop a clear vision and strategy for the integration, emphasizing the benefits of collaboration and unified efforts [19].
Communicate the Vision	Use regular meetings, workshops, and newsletters to communicate the vision and progress. Encourage feedback and participation from employees.
Remove Obstacles	Address cultural differences and promote cooperation by involving employees in decision-making and providing necessary support and training [20].
Create Short-Term Wins	Celebrate early successes such as the completion of initial projects to build momentum and demonstrate the benefits of integration.
Build on the Change	Continuously refine processes and systems to ensure the changes are sustainable. Reinforce the new practices through ongoing support and evaluation [21].
Anchor the Changes in Culture	Embed the new collaborative culture within the organization through continuous evaluation and reinforcement. Ensure that the new values and behaviors are integrated into the company’s culture [22].

6. Conclusion

This study has assessed the major factors that drive changes in the organization through cases of Netflix and FinoTechno using a variety of strategies to analyze the changes they have undergone. Netflix's transformation from being a rental company for DVDs into a leading streaming service was made possible by an innovative leader and a solid reputation, yet it needed significant investments in technology infrastructure and the education of customers. FinoTechno's fusion of finance as well as engineering teams demonstrated how important it is to align aspects of an organization through an approach based on the McKinsey 7-S Framework that emphasizes mutual values, communication networks and leadership commitment. Through the application of Lewin's three-stage Change Management Model, Kotter's Eight-Step Change Model and the model of ADKAR, this study offered practical strategies to address technological advances, creating a unified culture and maintaining an advantage with the development of innovation and agility. The knowledge and advice gleaned from these instances provide valuable suggestions for companies looking to tackle complex processes of change effectively. A well-designed change management process, fueled by alignment with the strategic plan and employee involvement, is essential to the long-term growth of your business and sustainable performance in today's fast-changing business climate.

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