MAKING SENSE OF CHANGE MANAGEMENT, 2ND EDITION
CASE STUDIES – TEXT AND QUESTIONS

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CASE STUDY 1: ASTER GROUP

Case study text: Aster Group

Introduction

The Aster Group is a thriving group of companies providing homes and housing-related services in central Southern and South West England. The Group has assets of over £420 million, annual turnover of over £65 million and employs over 680 staff. The operating companies own and manage over 15,000 homes and provide services to over 40,000 people.

Aster Group is one of the Housing Corporation's Lead Investors and provides development agency services to other organizations and the New Futures partnership of regional and specialist housing associations.

Aster Group operating companies have a substantial degree of operational independence but work closely together to gain maximum benefit from their combined strength and resources.

Residents and other clients play a strong role in influencing the operation, and surveys show that Aster enjoys high rates of satisfaction with the services it delivers, with around 90 per cent of tenants saying that they are very or fairly satisfied with their landlord.

The strong growth over the last three years was recognized in 2006 when Aster Group was given the 'Beacon Company' award by the South West Regional Development Agency. It is the first housing association, and one of just a few not-for-profit organizations, to have been given this award, which 'brings together some of the South West's most forward thinking and ambitious companies to promote success and spearhead the growth of the region'. This status is given to companies that can demonstrate outstanding achievement across a range of criteria. In Aster's case the rapid growth and influence of the Group was a factor in its nomination. Other companies can turn to Beacon Companies for examples of leadership and business performance.

Housing Corporation Assessment for Aster Group

Viable
The Group meets the expectations set out in the Regulatory Code in terms of financial viability.

Properly governed
The governing body gives effective leadership and control, has a wide range of skills and experience and, supported by appropriate governance and executive arrangements, is improving its own performance and that of the organization.

Properly managed
The Group generally meets the standard expected given the context in which it works and the available resources.

Development
The association demonstrates a good performance by achieving or exceeding its annual targets, maintaining good progress against targets during the year and delivering quality housing that meets our standards.

(Housing Corporation's assessment, June 2006, http://www.housingcorp .gov.uk/)

History, culture, orientation

The Aster Group's history can be traced back over a decade when Sarsen Housing Association was born out of a housing stock transfer from the Local Authority. The Local Authority Director of Housing became the new Chief Executive and a board was set up comprising four tenants, three representatives from the Council and eight independent people from the business and community.

For five years the Association focused on delivering on its original promise of improving homes to modern standards whilst keeping rents stable. Sarsen was efficient and effective in its operation. As a result it was able to begin to generate revenue surpluses in 2004, three years earlier than envisaged in the original plan. Both the board and the management then realized that they needed to develop their strategy further.

The board and the Chief Executive quickly became more entrepreneurial and began to seek out opportunities for growth and development. So, for example, during 1997 they began new initiatives – 'care and repair' for elderly people, developing new homes outside their original base and putting their toe in the water of market renting being just three. This was evolutionary change but they were beginning to be more confident of their capabilities and began to ask the more strategic question of where they might go from here.

Aster was 110th in the league table of housing associations, with 5,000 housing units. A relatively medium-sized association, to be in the top 50 it would have to grow to 10,000 units.

Sadly the Chief Executive died suddenly in November 2001, sending a shockwave through the organization. The new Chair, John Heffer, had been in place just a week. Appointing an interim Chief Executive from in-house Aster began to look for someone to lead it who was entrepreneurial, pacesetting, had a track record but who would work with its values and its staff.

One of those short-listed – Richard Kitson – wanted to know from his side whether Sarsen was ambitious, keen, prepared to take calculated risks and adventurous. A match had been made.

Richard had experience within the public sector – leading and growing a local authority housing service, and within the housing association world – managing the fastest-growing region of a well respected national association with a long history of success, including managing large numbers of staff in an operation that was noted for its efficiency and its substantial development. He also had prior industry credibility as the President of the Chartered Institute of Housing.

Sarsen entered its second transition period as it moved further away from the local authority world, shedding a rather bureaucratic culture. One of the first tasks was to create a group structure to facilitate the growth that was the emerging strategic theme. One or two senior people left, of their own accord, and this provided the opportunity to recruit senior people with an ethos of not only delivering a stable high quality housing service but also those with an eye on proactivity, seizing development opportunities and the continuous improvement of existing services together with a move towards creating innovative new products and services.

The organization turned more outward, making connections, using its networks to get business, establishing a reputation with its stakeholders and attracting new blood into the organization.

A formal new group structure was created in the autumn of 2003 and a new top team was formed with new teams underneath them. Silbury Group had been launched.

An important focus was to increase the capacity and capability across the organization. This required shifting the culture away from the traditional local government mindset. New members were recruited to the Group board, which became a blend of the old and the new, and a management development programme was launched for the top 30 managers. Individual managers and groups of staff were asked what the key organizational issues were and this in turn informed the design of the development programme.

A theme throughout this period was the relative stability of the board. There was a clear demarcation between executive management functions (the management team) and the governance (the board) and working relationships were always excellent. The board did change over time as the

Group grew. It had to cope with governance issues over an ever increasing range of activities – hence one of the reasons to adopt a group structure, which enabled the different companies to be managed and have effective governance. And of course the board sought to get the requisite variety of people onto it with a mix of skills appropriate to the businesses being overseen. Interestingly the board was not committed to growth for growth's sake. In John's words, 'We are not bothered about being big but about being the best, and if growth can add to economies of scale and synergies then so much the better.'

Drivers for change

There were a number of internal and external drivers for change:

- the continuing shift away from a local authority culture to one of an autonomous not-for-profit business;
- the untimely death of the Chief Executive and consequential re-evaluation of strategy and need to appoint a new chief executive;
- the Housing Association world continuing to grow with the creation of organizations receiving the housing stock of local authorities, a particular feature of South East and South West England. This change was significantly increasing competition in the sector;
- a continuing housing crisis in the UK with house prices increasing dramatically year on year and not enough new homes being built to satisfy demand;
- migration of older people to the South and South West of the country looking to retire with affordable housing but also the necessary services for their population group; and
- a pivotal event was the Housing Corporation's decision to restrict the number of associations it did business with.

Rather than invest in over 350 separate organizations it decided to restrict itself to investing in around 70. Silbury had been 110th in the league so therefore needed to redouble its efforts to grow. A number of growth strategies were considered but two seemed to be paramount – the development team had been acquiring land and building new homes and was continuing to prove successful at that. But the board also began to think in terms of partnering, mergers or acquisition. They considered a number of associations informally but there were obvious reasons for not moving ahead – too different geographies, unaligned systems and processes and strategies, and different world views. However they became a preferred partner in their own right, scraping in at number 69 out of 71.

The Role of the Housing Corporation

The Housing Corporation is responsible for investing public money in housing associations which are registered with the Corporation (legally known as Registered Social Landlords) to provide homes that meet the needs set out in local and regional strategies and, through regulation, for protecting that investment and ensuring that it provides decent homes and services for residents… to encourage innovation and good practice and to promote improved performance.

The growth agenda had been set and they started actively to seek out potential partners. They already had links with one similar sized organization and both Chief Executives, Board Chairs and Vice-Chairs had a number of informal meetings to see if there was a match. All were keen on exploring each other's philosophies and the degree of compatibility. This wasn't just six people, it was who they represented. The informal meetings became formal and then there was widespread consultation with all stakeholders – especially tenants' representatives and staff. Testway – the other association – set 20 criteria for the selection of a merger partner.

The two Chief Executives realized they needed to acknowledge that there would be winners and losers from individuals' and different teams' perspectives. This led to some tricky but open discussions – 'let's think about this and come up with an acceptable formula'.

They also agreed that a group structure would work best with a continuing fair degree of autonomy for individual businesses. All key players were involved and those people most likely affected were engaged.

As the grouping became more and more likely the meetings of necessity became more formal, but from the inception of the idea staff in both organizations were given full updates and asked to contribute their views. Managers recognized the need to disseminate information and build confidence throughout the new Group. So, when in April 2005 the grouping happened it seemed that no one really noticed – it was effected with the minimal degree of disruption. The Aster Group had taken off.

Following the successful grouping the board were becoming more and more comfortable with the decisions of the Chief Executive and fully supported him when, for example, he formed a working partnership with a black and minority ethnic housing association in an urban area – away from Aster's heartland. He also pushed for becoming one of the four strategic partners in an important sub-regional configuration of urban local authorities. Aster was bidding against national and established competition but was short-listed and successful, being described as coming with 'A fresh approach and a good team'. Currently it is a major player in the region and another housing association has since joined the Group.

Leadership

Although the previous Chief Executive had led the Association out of local authority control to being a stable housing association in its own right, he had done this with a rather autocratic management style. Richard Kitson was determined to move the organization away from that. A rather coercive style – useful in some situations – can lead to a risk-averse culture and create dependency upon its leader. Creativity and innovation can also be stifled. There were elements of all of these in the previous culture.

Richard managed this transition carefully. On the one hand he relied on voices from outside to feed back to staff and managers inside what sort of leader he was; and on the other hand he engaged in regular and open conversations with staff and all managers. Naturally they were apprehensive at first but, through staff briefings, conferences, small group and individual discussions, they saw that here was a man they could trust and follow, and who was open to ways in which they could contribute to the future.

His initial style can be described as pace setting – knowing where he wants to go, having the intellectual firepower to argue his corner, encouraging people around him to participate in creating the future, leading from the front and by example and taking people with him. What was interesting was how the culture as a result shifted from one of, 'We don't normally do this' or, 'I'm not sure we can do that' to one of, 'Let's try' and, 'I think we can win this contract.'

In the longer term Richard is aware that he needs to spread the leadership across the senior management more and down into the organization. His challenge is to sustain the success by becoming a leader who is primarily a facilitator or enabler and also to continue to build the leadership capacity throughout all parts of the Group. The relationship between CEO and Chairman has been a critical success factor. They share similar viewpoints and both operate on the basis of no surprises for each other. Once convinced of the other's arguments they are both willing to promote the arguments. The board seeks to challenge and test the ideas and suggestion from the management team and once satisfied that the thinking has been rigorous enough they tend to be happy for the managers to proceed.

The Aster Board mirrors the Aster GMT in that they are focused on longer term strategic issues rather than this year's bottom line. And as such the operating businesses have considerable autonomy in terms of day-to-day operations.

No shotgun wedding

Testway had a somewhat different route to the grouping. John Spens as Chief Executive had steered the association out of local authority control just four years before, delivery of a premier housing service to its tenants being a primary aim.

For Testway the first three years after the housing stock transfer was one of finding its feet, establishing its reputation and credibility and also, in a sense, discovering its new identity. By the spring of 2003 there was some pressure for change – managers and board members were beginning to ask what was next in the strategic picture. They recognized their vulnerability due to their size. The initial impetus of the transfer had made them fully aware that they hadn't transferred out of local authority control just to stand still. They spent some time with an external adviser working out strategic options for the future. Their deliberations started by taking a long hard look at their internal capabilities and assessing the current and future market and external environment.

Through a combination of an ongoing working party and a series of board away days they developed the following options:

1. Stay as we are.
2. Stay as we are plus increased development activity.
3. Stay as we are plus increased development activity plus acquiring other local authority stock.
4. Growth through merger.

They concluded that if they could find the right partner then the fourth option was the best.
It was at this time that the Housing Corporation announced its intention to limit the number of its strategic partners (external driver) and also, following a number of performance issues, it was decided to replace its development team (internal driver). Informal links were made with the neighbouring Silbury, which offered help resourcing the development function. Continuing in that vein of cooperation, the two Chief Executives started to seriously discuss the possibility of closer working between the two associations.

The grouping criteria were agreed and both parties looked at whether there was indeed a match. The other partner needed to be:

- of equal size (and equal partners);
- an active developer;
- high performing:
    - upper quartile
    - meeting Housing Corporation Key Performance Indicators

    - low rent arrears
    - efficient turn around of vacant properties
    - good repairs record
    - good rent collection;
- reputable (eg with the Housing Corporation);
- with a geography that would be different enough to avoid overlap but close enough to produce synergies;
- financially strong;
- with a natural synergy when it came to attributes such as stability, being a charity and having similar values.

The Testway board went through a rigorous process of analysis and assessment of the 35 or so associations within the distance specified and filtered them down to 10. A series of meetings and further appraisal reduced the possibilities down to just three or four. However, there was one clear front runner. The board were already witnessing the two CEOs working well together and trusting one another and they recognized that there was most likely a good cultural fit.

Staff and tenants were kept updated with open communication and consulted about all of the options. The grouping proposal went through the usual due diligence processes – assessing the financial, cultural, commercial and legal risks; the two Annual General Meetings; and a number of board meetings. The difficult issues were put on top of the table (not under the table!) and discussed, with a clear challenge on the tricky issues – 'What's best for the business?' The grouping was ratified. As a symbol of the beginning of the new organization and to demonstrate that it was a merger of equals a new name was given and Aster was born.

The transition period – one year on

Aster Group is now beyond the honeymoon period. At a high level there was a cultural fit – and indeed the set of espoused values are very much values in practice – but the devil will always be in the detail and differences have emerged. This is not surprising, given the somewhat different backgrounds, some different attitudes and different sets of competencies. So a period of learning how to live together was experienced. But, continuing the wedding metaphor, they decided against an exit clause or pre-nuptial agreement.

The glue in the first few months was the two Chief Executives (or rather the new Chief Executive and his Deputy Chief Executive). They kept the dialogue going as and when differences or issues emerged.

Aster's vision of 'passion for excellence, pride in performance' is encapsulated in its mission to be a leading provider of high quality affordable homes and services and to help create thriving and successful communities. Its business objectives for 2006–2009 are:

1. Achieving excellent customer and community focused services.
2. Delivering more new homes.
3. Strengthening the foundations.
4. Maintaining robust businesses.
5. Developing our people.

The Group has adopted a set of values that underpins how it operates. These are to be customer responsive, honest, open and true to their word and fair to all. Within this there is a strong emphasis in involving and responding to the needs of customers.

(Housing Corporation's assessment, June 2006, http://www.housingcorp .gov.uk/)

On a detail level the cultures, although similar, had different emphases. There were many more similarities than differences, but where there were differences they needed to be identified and discussed and worked through to reach a common understanding and an appropriate way of working together. There were good and bad aspects to each of the cultures, but there was enough openness for people to say, 'Hang on a minute, let's talk about this'.

Also there was a difference in life stage – one had been autonomous for almost a decade, the other until quite recently had still been wrestling control away from the local authority (which found it hard to relinquish control).

A number of binding and bonding interventions have helped the different companies operate alongside each other, managing the 'what's tight – what's loose' tension between each other and the centre. An expanded management development programme has brought the senior managers together on a number of occasions and there are clear signs that a new Aster culture is emerging.

Many staff – often the managers – have embraced the change wholeheartedly and have been focused on making things happen by just doing it. Others further away from the decision-making process felt it was more like the proverbial emotional roller-coaster. The pace of change was such that on an emotional level there were a lot of feelings to deal with and on a task level there were quite a number of things that needed doing or clarifying.

Whenever a new structure is implemented there are always issues around the difficulties of managing and control – where are decisions made, where the power and authority lie, who has clarity about roles and responsibilities.

What helped people during this time was the development and communication of a clear strategy, the reflection back of a core set of values that were role-modelled by senior mangers, a sequence of staff briefings and cascades and the establishment of an annual staff conference to celebrate success, involve and engage staff in the future direction and test out ideas.

It seems that there has been no period of consolidation – the Group grows, other partners seek to join and change continues at a similar fast pace.

Project management

Both the technical and psychological aspects of the project management of the grouping process were conducted with openness and no hidden agendas. A key question all parties returned to when there were difficult decisions to be made was, 'What's good for the business?' Staff were asked for their views and ideas about what form the partnering should take.

An external project manager was appointed who had the sponsorship of the two Chief Executives. The project manager was called in from outside for a number of reasons:

- the project seemed too big for anyone to take ownership of and do their business as usual as well;
- they wanted an experienced credible project manager for such a high-profile initiative; and
- both associations welcomed an objective third party.

The project itself was run along effective best practice project management guidelines with a detailed plan of activities, all tasks having a responsible person owning it and clear reporting procedures.

A key wish was for there to be limited staff upheaval, certainly no redundancies, and indeed with the growth agenda, promotion of cross-organization staff opportunities.

Terms and conditions differed in the different parts of the Group and whilst some integration has taken place many of the differences are actually down to the varied levels of maturity and development of the businesses and the fact that the same set of policies and procedures wouldn't necessarily fit across the whole. There no doubt will be convergence over time if appropriate. Part of the process is defining what is tight and what is loose – movement towards one integrated IT system makes sense; a coordinating HR function with semi-autonomous units in the businesses might also evolve. Financial control systems and diversity and equality policies emanate out of the centre – but financial management is left with individual businesses. A central tenet is to give as much autonomy as possible to individual businesses provided they perform against business plan and budget. Where there is scope for efficiencies and synergies, grab them.

Organizational development

During the initial period of change prior to the grouping, external consultants were brought in to help Silbury manage organizational change. As part of the mobilization process all managers and a cross-section of all staff were invited to give feedback as to how they saw the organization, what the key issues were and what some of the solutions might be. The following were the main themes to emerge from the discussion groups and interviews with managers.

Developing common purpose, values and shared understanding of objectives

Some managers and staff were very clear about what the Group's vision and values were. Others were not so sure. People needed more clarity about what the new organization would look and feel like in the future.

Developing a shared understanding of what sort of organization we need to build for the future

People saw the need to further develop the vision and values for the organization through greater communication and engagement, both vertically and across the organization.

Managing for growth

Balancing the drive for growth whilst maintaining and improving the level of current service emerged as quite a creative tension. Ways had to be found to increase management capacity and capability.

Balancing between managing and leading

Managers needed to shift the balance from managing the increasing complexity of the Group (planning, organizing, controlling and problem solving) to demonstrating leadership and strategic thought (through setting a direction, aligning people, motivating and inspiring).

Where do we need to innovate as managers/management team?

More creative and innovative ways of doing things were needed to get to grips with the challenges. That included creating an environment where some risk taking was more acceptable and mistakes were inevitable but could be learnt from.

Individual and collective energy

Managers needed to be able to match their efficiency (doing things right) with their effectiveness (doing the right things). As roles, responsibilities and structures change the challenge on an organizational level seemed to be, 'Where should managers' time best be deployed and how much can they empower their staff?'

Personal responsibility

Managers acknowledged the shifting culture and are generally and genuinely signed up to developing it and taking their part in shaping it. However, it might be difficult to step fully into the new role of manager and leader and even more difficult to develop staff to play their part.

Developing management and leadership capacity and capability

A series of workshops were designed to address these issues:

- to help managers share knowledge and understanding across the whole Group;
- to develop skills to better manage change;
- for managers to understand their management style and the impact it has on others; and
- to address the important and pressing issues arising from a dynamic and changing organization.

In addition three working groups were set up to:

- develop practical ways in which people will 'buy-in', own and act out the values;
- develop ways for managers to keep their 'finger on the pulse' – know the key issues emerging for staff and the organization to take action on; and
- generate ideas as to how people can take on responsibility and grasp opportunities.

Managers and staff were involved, in a variety of ways, with developing the ongoing agenda for change. In addition to the workshops there were staff briefings, staff discussion groups and a staff conference (which now continues annually) where the forward agenda was communicated, ideas generated, and potential obstacles highlighted and worked on collaboratively.

A key component of the grouping was the bringing together of all the managers from both organizations. They spent time together over two days addressing the following challenges:

- meeting and getting to know one another's organizations and ways of working;
- developing a shared view of Aster's strategic opportunities;
- identifying some of the practical synergies for individuals and constituent businesses; and
- agreeing key lines of ongoing organizational development.

As a result of the workshop three working parties were set up, initially with managers from across the Group and then involving staff. The key themes to be addressed were:

Direction – guided by Aster's vision and values and taking account of the strengths and weaknesses of the Group, where would you want Aster to be in five years' time?

Improvement – examine current service improvement practices to confirm, a) whether they are appropriate for Aster Group and, b) how they can better engage and be made more meaningful to staff and customers.

People – taking account of the staff surveys across Testway and former Silbury Group, examine and made recommendations of what we need to do to make the Aster Group a better place to work.

At the time of writing a further housing association has joined and once again managers and staff have been enfolded into the Group. Roles and responsibilities, synergies and business opportunities were all discussed openly and frankly. Whilst still embedding the previous grouping, Mendip Housing Association approached Aster as it was desperately seeking a partner. It needed support, protection, guidance and advice. Aster GMT recognized the resource implication and recruited a dedicated person to deal with these aspects of the Group's development. The joining criteria were different for Mendip. Whereas Testway had a reputation for award-winning community development and Silbury had a reputation for development, Mendip had expertise in care and support and the elderly. The process was the same as for Testway/Silbury but was concertinaed into a much shorter timeframe.

A key creation has been the concept of the Aster Group Manager – someone who not only exhibits good management and leadership within his or her own area of the business but who has rights and responsibilities across the Group both at an operational level (for example, spotting and sharing best practice, efficiencies and economies of scale) and a strategic level (for example, shaping and responding to the external environment and key partners, contributing to leadership thinking and development of strategy across the whole organization).

The challenge for the Aster Group going forward is how to maintain momentum in its growth strategy whilst embedding the changes that have already been made; and how to manage change fast enough for the senior management but at the right pace for staff to continue to perform effectively and provide an excellent service to their customers. Of course, since Aster is now the largest in the South West the relationship with the Housing Corporation has changed from one where it was needing to seek attention and probably had very limited influence, to one where it plays an important part in the Corporation's plans and as such could always pose a risk if it doesn't perform. Aster very much sees itself as a true partner with the Corporation – the challenges now being to continue the growth strategy, staying on the preferred list of partners and having to make year-on-year efficiency savings as laid down by the regulatory authorities.

Case study questions: Aster Group

Individual change

a) If you were a member of staff during these changes what might be some of your worries?

b) If you were a manager (not leading the change) at Aster what would be some of your key tasks? Please be as specific as you can.

c) Which of the four psychological approaches to change (Behavioural, Cognitive, Psychodynamic and Humanistic) were evident through the change? In what ways do the each of the four approaches inform the change process?

Reference can also be made to the following application chapters for input on individual change: 5, 6, 7 and 8 and also chapter 10

Team change

a) Can you identify some of the different types of team during this period? How effective do think they were?

b) If you were a team manager/leader in Aster what would be some of your key tasks? Be as specific as you can.

c) Is there evidence of people going through a team process (such as Tuckman's) during the changes?

d) Would you have advocated more or less team-work throughout this period of change? Justify your assertions.

Reference can also be made to the following application chapters for input on team change 5, 6, 7 and 8 and also chapter 10

Organizational change

a) Richard Kitson managed a clear cultural change from 'we don't normally do this' to 'let's try'. Use Beckhard and Harris' formula to analyse why and how this change worked.

b) The Testway and Silbury corporations were brought together to form one organization. How would this be done if you used the Machine Metaphor to frame this challenge, and how would it be done differently if you used the Political Systems Metaphor? Which metaphor was actually used in Aster to complete the integration of the corporations? Justify your answer.

c) If you were advising the Aster Group on its next steps as an organization, given its future challenges, what advice would you give and why? Use the ideas of Kotter, Senge and Stacey/Shaw to help you.

Leading change

a) What signs are there of visionary, connective or adaptive leadership in the Aster case study? Which of these types of leadership approach appeared to work best at Aster, or was there another style at play? Give examples, and explain your reasoning.

b) How do you think O'Neill's four change roles might have been carried out within the Aster story?

c) Take each of Goleman's six leadership styles and say who could have used this style, and to what positive effect within the Aster story.

CASE STUDY 2: THE INSTITUTE OF PUBLIC HEALTH IN IRELAND

Case study text: The Institute of Public Health in Ireland

The Institute of Public Health (IoPH) in Ireland, funded by the respective Departments of Health in Northern Ireland and the Republic of Ireland, was established in 1999 to promote cooperation for public health in the whole of Ireland. It was a major cross-border initiative, which emerged at the same time as the Belfast Agreement intended to end the centuries-old conflict.

At a high level the Institute's remit includes providing public health information and surveillance; strengthening public health capacity; and advising on health policy. In reality it has made its major focus the tackling of inequalities in health across Northern Ireland and the Republic.

The Belfast Agreement was signed on 10 April 1998, a Good Friday, hence its unofficial title of the 'Good Friday Agreement'. Former US Senator George Mitchell, Canadian General John de Chastelain, and the Finnish ex-Prime Minister Harri Holkeri chaired the multi-party talks that led to the historic Agreement. The participants included the governments of the Republic of Ireland and the UK, and 10 political parties representing unionist, loyalist, nationalist, republican and cross-community constituencies in Northern Ireland. The US President Bill Clinton provided political support and encouragement.

The work of the Institute

The Institute of Public Health has been engaged in the development of information, policy and practice relating to poverty and health as part of the organization's overall commitment to combating health inequalities in Ireland.

The Institute uses the World Health Organization's definition of health as 'a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity'.

It also has developed an all-Ireland Population Health Observatory that supports those working to improve health and reduce health inequalities by producing and disseminating health intelligence, and strengthening the research and information infrastructure in Ireland.

The Institute firmly believes that the development of strong multi-sector partnerships is a crucial step in tackling inequalities in health. As a result it has developed a framework for partnerships in health and organized the first all-Ireland conference on partnerships for health.

It has developed an all-Ireland Leadership Programme to create a network of leaders from different sectors who will work collaboratively and creatively for a healthy society. Over the last five years it has produced publications and reports, held numerous seminars and conferences on key issues in public health, developed innovative and effective programmes and contributed to significant policy developments in Ireland and Northern Ireland. It has worked with a range of partners to bring people and organizations from across Ireland together to promote collective action for sustained improvements in health.

Beginnings

The original idea for an all-Ireland health body came from the Chief Medical Officer in Northern Ireland who began conversations with his counterpart in the Republic. He identified the need for greater cooperation on health. There was an exploratory small group set up by him and his counterpart. They discussed the idea and its potential for success with a whole range of people across the field, from universities to environmental health. One of the key observations was that people clearly didn't want any duplication, though something with a low resource and probably with an emphasis on things uncontroversial (ie, not political) such as focusing in on specifics like a register of diseases. The political context was delicate and so the focus at this early stage could only really be about information exchange.

Through careful networking and discussions, the civil service and some politicians were eventually won over. The Good Friday Agreement provided the necessary momentum to crystallize the idea and the Institute of Public Health for all Ireland was established – the germ of an idea with the starting point of employing just six people from different health professions and seeing what happened.

The Director's job was advertised later that year. The Institute actively sought someone who would develop the original ideas and move the health agenda forward proactively with limited resource, which was highly credible in the health field but politically astute concerning all the North–South sensitivities. Jane Wilde was appointed as Director of the Institute in the autumn of 1998. She had been active politically in the Northern Ireland Women's Coalition and professionally as Director of the Health Promotion Agency. She had been a consultant in public health and on a health board, having trained both in the UK and the United States.

Initial challenges

Immediately a number of challenges arose for the Institute. One key issue was where it was to be located – in the system, more than geographically. The Republic and Northern Ireland had different jurisdictions, different cultures, different health structures organizationally, different budgetary regimes and time periods and clearly different political institutions.

The Institute was to be housed literally and metaphorically within the Royal College of Physicians in Dublin. It was a beautiful building with porticos and marble. However, the Institute hadn't been allocated any space – it had to work from what amounted to a broom cupboard with no windows and a redundant PC.

One possibility was to be further absorbed into the Royal College but the College was focused on standards, training and exams. It was steeped in history, some might say rather archaic. Jane conceived of the Institute as being modern, transparent and permeable, facilitative and enabling rather than imposing and laying down the law.

For the first six months she went out meeting people all over the island, initially those in the more obvious public health roles. She saw her job as going out and meeting, asking people what they were doing and reassuring them that the Institute was not in competition with them. Her endeavours were generally met with support and warmth. The timing was right as over 80 per cent of the Republic's population had voted for the Belfast Agreement and there was a strong feeling of wanting this North–South process to begin. Health was a relatively non-contentious issue so it had the possibility of progression.

Although the Director initially knew only a few key people in the Republic the Chief Medical Officer acted as her chief sponsor, engaging her in conversations and meetings. She had had a credible track record and indeed, first by listening to people and then explaining what they were willing and able to do, people became interested and wanted to be involved.

Concurrently the organization's infrastructure was developed. Technology, web and internet, e-mail and other lines of communication were established. Recruitment processes were set in motion, and budgetary, purchasing and financial systems established. It became clear that the future of the Institute required independence to set its own direction.

During this initial time people were recruited based on what they could contribute and deliver on certain things, rather than from what profession they came. It was during this period also that the Director and her emerging team began to shift the focus away from just providing advice and information towards tackling health inequalities, though not straying from the original remit. There was a certain nervousness at having it as a main aim but the Institute was convinced that its focus should be on the wider determinants of health, highlighting the inter-connections between transport, housing, education and social networks, and how these are intimately connected with health and well-being. Initially radical, the approach is now more widely accepted. This set the scene for the Institute to be involved in areas outside the usual health arenas. It was going beyond the disease model, using systems thinking and seeing its place in the whole system.

It recognized that it had a small place in the system, with little responsibility or executive power. It had its ambitions for influencing and impacting health inequalities without becoming a gigantic bureaucratic institution.

Of course the more you start to become successful the greater the demands on your limited resources. One of the key philosophies of the IoPH was to be innovative and light many fires across the health scene. That suggested there would always be this tension between concentrating on running the successful projects and continuing to develop and implement new ideas and initiatives.

Strategy implementation

The strategy development process involved a lot of time together with the new team. It involved stakeholder mapping and brainstorming, and shaping the future possibilities within the context of understanding future needs and possible scenarios. These were then shaped up into work programmes, which were generally cross-cutting themes rather than one or two specialist areas – such as developing a diabetes register – which might have been too limiting. This was partly looking at the longer term and positioning the Institute in the context of the wider health picture – it could easily have got bogged down in just one important time-consuming initiative. It decided to operate more at a 'meta-level' and wanted to start out as it planned to continue.

Soon people were seeing the Institute as a resource that could be utilized. For example, the Department of Health in Ireland saw it as really useful in developing the National Anti-Poverty Strategy specifically to produce health targets. This in turn developed into a wonderful networking opportunity to better connect with the web of people and institutions absolutely essential for the IoPH to realize its aims.

The Institute works at a whole systems level providing some resource and expertise, supporting and influencing through facilitation via its networks. Its aims include building capacity and capability within its own organization to do the same for all organizations involved in the all-Ireland health agenda.

Vision and values

Jane Wilde had a very clear take on the importance of the vision and values to the organization and its way of working:

> The vision and values are crucial, even more important than a clear set of objectives. At the top are the vision and values, at the bottom is the infrastructure – accounting, systems, processes – both very worked out and clear and effective. In the middle is the room to juggle and be flexible – we don't need to fight for our existence, we fight for our vision.

The Institute has its work plan developed from its strategy process but it recognizes that things will come up or it'll spot things and need to decide whether to factor them into the ongoing work. It has its flagship programmes which are the core of its work, and are quite responsive at taking on additional things during the year, mobilizing resources and spending additional funding quickly and easily and in a very focused manner.

It is more interested in things being achieved than being precious about keeping ownership of things or about who controls the resources. It's not about being territorial, more about effective deployment of resources.

Vision and values come out all the time, whether it's the way the offices are furnished or how the senior management team and management board minutes are published. Keeping communication open between the Belfast and Dublin offices can sometimes be problematical though regular video conferences are organized and face-to-face 'programme' days are scheduled. It can be difficult to get people who have no reason to go to the South, say, to get to know about the South, though the ethos is to constantly reiterate the need for an all-Ireland focus.

A very cosmopolitan staff group have been recruited, drawn from many countries. They operate with a belief that says tensions are more about where they should invest their energies rather where there's conflict to be avoided. They try to do everything to a high standard, with a real attention to both the task and people process, ensuring clarity of agendas and outcomes and that all staff are supported. They support and look after each other with team days designed to allow time for creativity, reflection, de-stressing, growth and development.

Leadership style

The leadership style exhibited by the Director and her senior management team on the one hand reflect the personalities and values of the managers themselves, and on the other hand, mirror the requirements of the Institute from formation through to being a successful player in the Irish health field.

A balance was struck between being affiliative, democratic and authoritative. The Institute needed to get close to all of its stakeholders, build trust and discover what the needs and ideas were of all of these bodies and the constituencies that they represented. It then had to craft a vision and a strategy that would command respect, be authoritative and encourage engagement.

Core values which permeate the leadership are:

- being determined to stand up for what they believe (ie, tackling health inequalities in an inclusive way);
- setting out a motivating vision;
- setting consistently high standards;
- being collaborative, building relationships and fostering networks wherever and whenever it's possible; and
- building and maintaining momentum on a number of fronts with a number of initiatives.

A key leadership competency for the senior management team is being politically astute, with no game-playing whilst watching and managing the political and organizational boundaries.
In the top team the Director's style is very facilitative; occasionally she needs to remember – or be told – that she has to take the lead and make the final decision. As a matter of course there is a collaborative and consensual approach to strategy making, problem solving and decision taking.

Management board

The non-executive management board had the ultimate responsibility for directing the Institute, though in reality the process seemed to be one of collaboration and negotiation. The Director and senior team would go to them with ideas and get approval for the agenda. Initially more directive, the board evolved a way of working that is rather low key, but open, honest and transparent. The relationship between the non-executive management board and the executive senior management team has developed over the years. A lot depended on the differing states of maturity of the board as opposed to the senior management team (maturity in terms of knowledge and experience of the organization, its agenda and its place within the health arena).

The Institute tended to be senior management-led within the broad parameters laid down by the board. In some ways this reflects the confidence the board had in the senior management, though in other ways it probably needed to demonstrate greater critical challenge.

Working across the border

A key challenge was the need to work across the border with both the political sensitivities and cultural differences that implied. The line across the border proved to be a very big line indeed. The two governments had different ways of transacting and different priorities. The Institute acted as facilitators between the two in an attempt to better align the different health agendas and priorities. For example, at one stage there was restructuring in the South, another time budget cuts in the North. At both these times people outside of the Institute tended to look more inward and take their eyes off the collective agenda. It was for the Institute to hold firm to its vision and work with what and who was available. Indeed it found that rather than wait for a total agreement on any one initiative it would start things off in one area and other areas would pick it up if they saw any value in it.

Leadership programme

The leadership programme is a good case in point as its aim was to build leadership capability and capacity across all organizations working on the island. This innovative programme focused on personal development, systems change and collaborative leadership, addressing individual leadership challenges whilst promoting and developing networks. In addition to the individual and group learning there have also been two specific products created by the participants – an imaginative book, Reflecting Leadership, and an advocacy toolkit which is being further developed as a web-based resource. Four programmes have been run with 100 people from all health sectors nominated or self-selected to attend. These include academics, public health doctors, community health workers as well as managers from local government.

The programme didn't just focus on individual leadership development but also on the impact on their respective organizations – creating a cadre of leaders, making wider connections and operating in an all-Ireland system. The ongoing peace process has helped – creating more porous borders, being more fluid and less threatening. Likewise this increased level of communication and understanding has helped the peace process.

A key symbolic act on the Director's part was to enrol in the first leadership programme along with some of her associate directors. She recognized that full and wide participation on the leadership programme was important. By acknowledging that she was prepared to show her vulnerabilities, address her weaknesses and further develop her strengths she set a particular tone for the Institute itself and for all leaders and would-be leaders across the health arena in Ireland. This was one of the factors that ensured other high profile people attended, and the programme became something which others wanted to attend.

Learning

The key lessons from this change process are as follows.

Good sponsorship

It was imperative to have a good level of sponsorship from someone who was already respected and had power and authority in the field. The Chief Medical Officers played this role during the birth of the organization and its crucial first few months and this role has now been adopted by members of the management board.

The importance of inclusivity – looking after your stakeholders

This means identifying all of the stakeholders, discovering their needs and wants and factoring them into your strategic deliberations and demonstrating that they have been listened to.

Appropriate influencing skills

The Institute was a legitimate entity but was operating without specific powers. It adopted an influencing style based on drawing people into discussions and deliberations and offering knowledge, experience and resource as a way of gaining commitment and engagement.

Features of this style would typically be building on others' ideas, testing understanding, seeking information, being democratic and sharing power, being involved and building trust. Interestingly this works best when one has no formal power.

The importance of vision and values

The 'what' of the vision and the 'how' of the values provided a compass en route to achieving the objectives. They were used as a crucial part of the decision-making process and provided a raison d'être for the organization rather than having to concern itself with ideas of growth and acquiring and monopolizing resources.

Developing a lean, agile, responsive organization

As a consequence of clarity of vision the organization didn't need to demonstrate success by growth, assets or size but by how well it enabled the health inequalities agenda to be moved on. To do this it need to develop a lean, agile and responsive organization which it did through recruitment of the right people (professionally and attitudinally); particularly good influencing and enabling skills; demonstrating value through building flagship projects and programmes; investing time in research and reflection; spotting the right opportunities in the myriad of issues and initiatives; and harnessing the power and influence of the networks around it.

Transformational leadership style

The senior management team adopted more of a transformation leadership style. Some of the qualities associated with this style include:

- setting out and working towards a longer-term vision;
- creation of a facilitating environment, enabling people to operate in an environment of trust, openness and empowerment;
- working towards changing the status quo and not being afraid to confront (in skilful ways) situations or people that are not committed to this process;
- recognizing that building overall capacity and capability rather than being directive and hierarchical is a means towards the end; and
- seeing and demonstrating that authority comes from the ability to influence through a network of relationships and a relationship of networks.

The use of reflection as an aid to action

Partly because the organization is involved in research and reflection, partly due to the personalities of the senior management team, there is a great emphasis placed on individual and team reflection and addressing the group process. The organization recognizes the need (as demonstrated in its leadership programme) to invest in leadership processes that pay due regard to individual and team development and dynamics as a prelude to taking action.

Non-executive board and senior management team

For an organization to be operating at full effectiveness there needs to be a stronger relationship between the non-executive board and its senior management team. Healthy relationships need to be brokered between these two groups to ensure clarity of goals and effective operating processes.

*case study text taken from Green, M (2007) *Change Management Masterclass*, Kogan Page, London.

Case study questions: The Institute of Public Health in Ireland

Individual change

a) What were the main ways in which people were motivated during the change process together with any underlying assumptions?

b) If you were a manager (not leading the change) at IoPH what would be some of your key tasks?

c) Using the Satir model describe how the IoPH change process evolved?

Reference can also be made to the following application chapters for input on individual change: 5, 6, 7 and 8 and also chapter 10

Team change

a) In terms of the four personality types, which one(s) were most in evidence? What might some of the benefits and pitfalls of this type have been?

b) If you were a team manager/leader in IoPH which of the five elements of effective team work would be most important?

c) Would you create any different types of teams at the IoPH to help in its evolution?

Reference can also be made to the following application chapters for input on team change 5, 6, 7 and 8 and also chapter 10

Organizational change

a) Identify some example of the political systems metaphor, and the Flux and Transformation metaphors in action in this case study.

b) William Bridges wrote about transitions in his work. Can you see and evidence of Endings, Beginnings or Neutral Zones in the process of change at IoPH in Ireland? If so, what ended, and what began? What was accomplished by the leadership in the neutral zone? If not, does that mean there was no real transition? Discuss.

c) Take Kotter's eight steps to transforming your organization, and see if you can find any parallels, or obvious areas of mismatch. Is there any work still to be done, or work that was missed out, that you can deduce from carrying out this comparison?

Leading change

a) Would Warren Bennis say that Jane Wilde focused on managing or leading? Give examples to support your argument.

b) How would you encapsulate Jane Wilde's 'story' – see Garner's 'leaders' stories'? What was it about this 'story' that worked as a way of motivating and aligning people? How could it have been clearer or more evocative/inspiring?

c) Senge talks about local line leaders, executive leaders and network leaders all being necessary for organizational change. Who played these different parts in IoPH, and what challenges and support did they have? What worked well, and what could have been better?

CASE STUDY 3: THE KITCHENWARE COMPANY

Case study text: The Kitchenware Company

It was almost 15 years ago when Dennis and Nick, two young sales executives, were chatting together as they were driving to see one of their clients. The topic was careers and what they really wanted to do with their lives. Like many people they dreamt of running their own business. But unlike most people they held onto their vision and commitment and drive over many years to make it a reality.

From that initial conversation, it took another seven years for them to refine their vision, decide on the nature of their business, spot their opportunity and get the finances agreed and then to step into their new lives.

They were kindred spirits, with a mutual affinity for sales, and they alighted on the fast-moving homeware business as the one where they had knowledge, competence and skills enough to make an impact.

During this gestation period they set about acquiring more skills and contacts in their chosen field and also putting money away to finance their potential loss of earnings through the period of transition. Nick was working as a sales director in the homeware industry for a household name. Although extremely successful he was frustrated at being constrained in his ability to shape the future of the brand and the business. He was the guardian of the brand – getting customers to accept what the brand was like, not taking feedback from the customer to improve the product and the brand. That was decided not by customers, not by employees, but by the senior management. Dennis was in a similar position, again in the UK homeware industry.

They bought a very small company where they had a remit for sales but subcontracted the existing warehousing and logistics to a long established company. Dennis took over the running of this operation whilst Nick continued in his employment for a further year. The business grew to a £1 million turnover and they decided to separate from the warehousing company. However, the larger company's owner wanted to sell his company to them.

They approached the acquisition with optimism and although their research suggested this was a viable company, they based their decision more on a sense of their own competence, their knowledge of the market and their abilities in sales, marketing and managing a sales force. The acquisition was completed with the managing director of the homeware company taking a one-third stake.

The company turned out to be more problematic than they first thought. It had poor quality products, a large slow-shifting stock, a sales force and a strategy that targeted wholesale outlets rather than key retailers, and the warehouse itself was 200 kilometres away from the head office. They had a small number of key customers and the majority of their purchases from the Far East were paid in US dollars. The economic environment had been relatively stable for the previous five years and there were no indications of a downturn. The company was purchased. The deal was financed by their borrowing £1.5 million to refinance the business and agreeing a scheduled purchase of all shares owned by the previous management over a period of 10 years. With more attention to detail and less of a gung-ho attitude they probably could have negotiated a better finance deal.

Drivers for change

In the first 12 months, four of the company's main clients were lost – two accelerated their pre-existing, but unbeknown, plans to withdraw, one went into receivership, one into administration. At the same time the exchange rate for the dollar against the pound moved from around $1.70 down to $1.40. The more the new owners met their customers the more they realized how bad their customer relationships actually were. Fulfilment was perhaps the single highest irritant from their customers' perspective.

Internally they began to realize that the stock that was moving was the stock that was newly bought. There was a considerable amount of old stock which was not being moved at all and hadn't for some considerable time.

It wasn't long before Dennis and Nick realized that the managing director they had inherited was out of his depth. He suffered from a lack of ability to establish meaningful relationships with key customers, an unresponsiveness to market demands and a poor buying and stock management capability. His sales force management skills were also lacking.

Nick went out to meet one of the longer-term customers who had decided to move his business elsewhere. He was met by the owner-manager who's first comment was, 'You're the worst f***ing supplier I've ever had. The only reason I'm still with you is your sales agent has always done the best he could, in bloody difficult circumstances.'

Nick, as part of his preparation for the meeting, had visited various outlets and realized that there were a number of lines that were missing. He talked straight: 'This is unacceptable and we'll do something about it starting today.' The customer stayed with the business and sales have increased six-fold!

Taking the bull by the horns

On entering the business they had decided to take six months to understand it before trying to change it. They agreed that you don't change something until you understand it. One of their two core product ranges was described generally as something that was a little grubby, poorly perceived, and an undervalued secondary brand. For many people this would have been an ideal opportunity to ditch the product and concentrate on the other, higher value brand that they had. Their analysis, after evaluating the product and seeking customer views, was that it could be turned into a cash cow and today it is one of the most widely distributed in the industry, well known and recognized everywhere, 'from wholesalers to Harrods' as Nick likes to put it.

After six months they realized they needed to concentrate on the front end of the business:

1. Marketing became the main focus, developing one product line into a bolder brighter brand. It had exceptional distribution, was quite well known but had appalling packaging. By radically re-branding this they could set their business apart from similar suppliers and make a huge impact on the store shelves. With the second product line a new award-winning product was launched – a better quality, innovative ergonomic range of kitchen tools, designed to be comfortable and functional for both left- and right-handed users.
2. They extended the spread of distribution by saying 'yes' to anything – whether the customer wanted the company brand, their own brand, or a modification. Their aim was to consolidate the customer base, by understanding all their customer requirements.
3. They shifted the emphasis from predominantly wholesale distribution to include retail.
4. They invested heavily in wooing the buyers from the range of supermarkets and stores just under the main supermarket chains – the buyers, more personable, had greater decision-making power and also were able to respond much quicker. This was a key business decision. The decision-making process for the larger players was often cumbersome and drawn out. With the many smaller players there was immediacy in the contact and both parties could agree to tailor their needs and responsibilities according to what the relationship demanded.

Whilst developing a number of strategies to make this happen they also had to address some other key issues within the organization.

The sales force were suspicious of the new owners who wanted a new sales process quickly implemented. As Sales and Marketing Director, Nick actively set about upgrading the sales aids for the sales force – quality literature was produced (rather than the shabby dog-eared photocopied brochures that they were used to). A national accounts manager was recruited from the industry to manage the key accounts tightly.

The nucleus of back office staff in the HQ was entrenched in their own culture and uncaring of the downtrodden warehouse staff. A tough decision was made – to close down the head office and relocate it in to the warehouse. Those who wanted to move could, but the reality was that a whole new tranche of people would be recruited and subsequently were employed locally. The huge overhead cost of the previous offices stopped; the prevailing culture was disbanded at a stroke; and the warehouse staff felt that something significant was occurring which made them realize the new value that was being put on them. Having been largely ignored for a number of years they had developed into a relatively undisciplined and at times rather disrespectful group. Dennis and Nick from early on had demonstrated that the relationship needed to change. They had moved the HQ there, they showed drive, energy and commitment to the business and also a real interest in the staff and what they were capable of.

This was reinforced the first time Dennis and Nick visited the warehouse. They were met with a whiteboard on the wall which read, 'Problem Customers' and had a large list of customers who wanted something different in terms of product specification, price, delivery or relationship. Rather than fulfilling the different customer needs the warehouse staff saw these needs as problems. Dennis and Nick had the whiteboard removed.

They also created an ethos of promoting from within unless there wasn't the capacity or the capability. The old stock was got rid of – sold at knock-down prices or dumped. It had merely been keeping the warehouse full and using up valuable space.

Leadership

The company strategy was all about getting close to the customer and delivering what they wanted. Their vision became 'Grow our business stronger and better.' In Nick they had a front person who was the customer's advocate – committed and passionate about the products and satisfying the needs of the customer.

War stories soon became commonplace as the new owners worked tirelessly on reorientating the company, developing better customer relations and supporting and challenging the sales, warehouse and back office staff. For example, at Europe's biggest trade fair they spent the day and evening wooing customers and suppliers, and galvanizing the sales force and then returning late at night to their hotel rooms to work on the business (or battle) plan. Dennis and Nick's personalities and roles complemented one another. Dennis, very affable and focused on relationship-building dealt primarily with suppliers and with employees. Nick was very focused on the task of engaging with customers and galvanizing the sales force.

Moving forward

Given that they were in a market with lots of competition, low-cost goods and little margin, all the players were relatively indistinguishable with very little points of difference. They were being squeezed on cost by the supermarkets on one side and price increases on new stock from the other.

Where the company seemed to stand out was through its poor and inconsistent stock fulfilment! The move towards a sales driven/customer needs culture, however, was under way. They relied heavily on their customer feedback, which they actively sought and then responded to wholeheartedly. They invested in the stock that was wanted and gave continuity with guaranteed supply. It wasn't about price, it was about availability.

It took nine months for customers to understand and embrace this approach but over that time customer orders rose 40 per cent and this provided some room to move prices up 17 per cent.

However, there were unintended consequences. With orders starting to flood in there were more and more strains put on the warehousing and procurement staff. Dennis and Nick had put the majority of their efforts into the customer-facing front end. When orders flooded in, the back end collapsed. The sales effort had created real success and orders were climbing month on month. However, the warehouse was falling behind in its fulfilment. Indeed events came to a head and Nick one day dramatically took his whole sales force off the road and brought them into the warehouse to pick orders.

They had inherited a nightmare in the warehouse – there were 36,000 square feet and 2,000 active stock lines but no stock management system. They had tried appointing a stock manager from within but there was no real expertise in the company so they externally recruited a capable operations manager, but it still took 18 months to produce an efficient and effective system.

Taking stock

They had doubled the turnover, increased profitability six-fold, created a stable workforce and were beginning to get a reputation in the industry for fulfilment and customer responsiveness.
They had learnt from initial enthusiasm to be more disciplined, to hold regular strategic reviews and to be extremely responsive to customer needs on the one hand and adding to the product ranges on the other. They needed to be incredibly fleet of foot.

On the product side, although there was a wide range of products which, overall, were selling, there was a real need to improve. They were in a market where it was hard to differentiate one company's offerings from another, and small improvements in terms of product enhancement or new product lines would, at least for a little while, provide an advantage.

Their attentiveness to their customers' needs was matched only by their attentiveness to their suppliers. So not only did they convey what was needed from their customers, they also listened to what the suppliers believed would be good ideas. This listening and engagement led to suppliers, over the course of time, becoming less intransigent and more flexible in their responsiveness.

Stakeholders

Staff were treated as colleagues with an open door policy and ability to contact managers at any time. Significant policy changes were communicated early and discussions were held about significant company issues and any customers needs.

The sales force are involved with setting the sales plan. The plan is agreed using a bottom-up process with all the sales force engaged in agreeing their targets with their managers and the final sales plan is endorsed by them.

Other staff ownership is connected into the customer supply chain developing a teamwork ethic where there is no divide or barriers between sales force, warehouse staff and administration. As one of the staff said, 'It's not just about moving boxes, it's about making our customers feel they've chosen the right company to supply them.'

The small number of private investors is clearly a crucial stakeholder group, with most dealings and the bulk of communication through the major shareholder who heads the group of investors. As Chairman and non-executive director, Paul takes the role as the fulcrum. He is highly credible, financially minded and trusted by both the managers and the other shareholders. Whilst Dennis and Nick take full responsibility for day-to-day operations, the Chairman is fully consulted at critical stages in the yearly cycle. Although primarily 'hands off', the Chairman, as the major investor, is clearly very interested in how the business has been running and was able to identify certain key issues which needed rectifying. The static stock lines were a case in point. He was clear that all that was being done with these lines was they were being housed and heated and dusted from time to time. Whatever their book value they needed to be sold, whatever the price.

Likewise he identified the poor product literature as something which just shouldn't be put up with. Although funds were short the message was clear – invest in new marketing literature and it will repay the investment.

One of the things the Chairman brought was the role-modelling of identifying key business issues, assessing the risk between taking or not taking action, and then making the decision and getting on with it. Business is about taking risks and both Dennis and Nick began to see that it's better to take a qualified risk, make a decision and live with the consequences, rather than letting things continue in a sub-optimal state.

'If you're not growing then you're dying,' Paul would say. Having chosen to invest in the company he was focused on making it profitable in the short term and a viable business in the medium to long term. He worked at arm's length with Dennis and Nick, believing that they were there to manage suppliers, customers and all the operations in between, seeing one of his key roles as being to question and challenge.

Coming from a finance and banking background he was focused on getting a good return on sales and establishing a higher profitability relatively quickly. That did not necessarily mean increasing sales, but stabilizing them whilst developing excellent customer relationships and good products, and ensuring that operations were cost-effective. Working on the business plan with Dennis and Nick they decided on a few key performance indicators, set realistic but stretching targets, and then established good monitoring processes.

Paul wanted to 'give the work back to the people' – enabling them to do the job they're best at, matching people and their skills to the roles critical for business success. He played to people's strengths by giving them the leeway and headroom to get on with the job whilst mitigating their weaknesses by getting others to take on those aspects of the job.

Paul's entrepreneurial style was encapsulated by the desire to make decisions, take action, review progress and, if necessary, take remedial action. Although reviews and reflection were built into the process, Paul believed that the company needed to capitalize on opportunities when they came along. Mistakes were perhaps inevitable, but if you create an open culture and if everyone learns from the mistakes then this will lead to better performance.

Paul believed more in evolutionary change than coming in to a business and causing maximum upheaval and distress. Focusing on performance, reducing blockages, those people who felt they had a contribution to make would stay and they would contribute; those who didn't fit the culture would leave.

Paul also believed in more emergent change rather than overly planned change. Yes, there was a business plan, which was monitored and questions asked if there were deviations. But there was also a culture established which sought opportunities when they arose. The failure of a competing business led the very same day to establishing contact to buy them out.

Paul was concerned to maintain the momentum for growth within the company, whilst at the same time not wishing to lose the entrepreneurial culture that Dennis and Nick had established. One of the ways that this was maintained was by having the organizational infrastructure lag somewhat behind the sales – as demonstrated by probably employing n-1 people rather n+1 when n is the current level required in an expanding situation.

Many customers, employees and suppliers through the changes have required deliberate focus and energy. Changes to product, product lines, structures within the company, acquisition of other companies, taking on other companies' accounts, all impact on stakeholders' perceptions, create instability and can generate anxiety. Dennis and Nick seek to engage customers and suppliers alike in these changes through a combination of nurturing the relationships and straight talking.

Next steps

The strategy continues to work well, with customer orders continuing to grow. The UK kitchenware market, however, is declining so standing still is not an option. They need to grow organically or through acquisition, and this growth can be through existing or new products. They had demonstrated they could grow organically through greater customer relationship management and fulfilment; they had responded to customers' needs and suppliers' ideas and enhanced the brands and developed the product range. They were also alert to their competitors and the possibility of acquisition as and when they fell on hard times.

In the last 20 months they have made two acquisitions of companies with similar product, low-value, high-volume profiles covering similar accounts. The advantages to the customer was having to deal with a smaller number of suppliers, the advantage to them was a greater product range, new ongoing accounts and expanded existing accounts. The company has itself attracted the attention of a larger European company keen on expanding into the UK market. The challenge for Dennis and Nick is how to embed the current success into a sustainable growing business.

Indeed there are challenging plans for expansion by doubling turnover to £25 million over the next three years. One of the ways to achieve this will be to establish more product lines. Given this in itself can take up to three years to become profitable, they are currently investigating partnering with a large Dutch firm with whom there is a strategic fit. The Dutch have the product lines already established, and they have the territory covered in the UK.

However, as the company grows there is probably the need for more formal training and development, more formal soft management skills and perhaps more attention paid to sustaining an entrepreneurial culture. Such a large expansion will require different skills and capabilities across the organization; issues both of organizational capacity and capability will have to be addressed.

Case study questions: The Kitchenware Company

Individual change

a) Based on the evidence in the case what personality type might Dennis and Nick possibly be? And their learning styles?

b) If you were a member of staff during these changes what might be some of your fears and what might you need to overcome them?

c) Which of the four psychological approaches to change (Behavioural, Cognitive, Psychodynamic and Humanistic) would you use to motivate the different sections of staff?

Reference can also be made to the following application chapters for input on individual change: 5, 6, 7 and 8 and also chapter 10

Team change

a) Apart from the top team can you identify any other teams during this period of change? Would you advocate more or less teamwork within sections and across sections?

b) If you were a team manager/leader in the warehouse what might some of your key tasks be?

c) Which of the five elements of effective team work would be most important to you if you were leading the sales team during this period of transition?

Reference can also be made to the following application chapters for input on team change 5, 6, 7 and 8 and also chapter 10

Organizational change

a) Using William Bridges' three stages of transition, map out the process of change at the Kitchenware Company. Specifically identify what ended, and what began from the point of view of staff, suppliers, management, customers and other stakeholders.

b) What steps did Dennis and Nick take to encourage the two elements of organizational change that Carnall identifies:
    - Creativity, risk-taking and learning
    - Rebuilding self-esteem and performance.
    - What else might have been useful to do to encourage the above?

c) Was there any evidence of homeostasis in this business? What was done, or could have been done to remove any 'stuckness' of this sort?

Leading change

a) What were the key things that Nick, Dennis and Paul did that really helped to change things at the Kitchenwear Company?

b) Which of Rosabeth Moss Kanter's 'learning to persevere' strategies did Dennis, Nick and Paul employ? Would any of those not employed have been useful? Justify your answer.

c) How did Dennis and Nick measure up to Covey's eight characteristics of principle-centered leaders? Which of these eight characteristics served the business best? How do you measure up, and what effect does this have on your ability to create and support change?

CASE STUDY 4: BIOGEN IDEC

Case study text: Biogen Idec

Biogen Idec Incorporated is a global biotechnology company which develops products and capabilities in oncology, neurology and immunology. Its two major drugs are used in the treatment of Non-Hodgkin's lymphomas, a type of cancer, and multiple sclerosis. Its core capabilities are drug discovery, research, development, biomanufacturing, and commercialization of its products. The company is one of just a few biotechnology companies that have biological bulk-manufacturing facilities, with one of the world's largest cell culture facilities.

Biogen Idec has headquarters in Cambridge, Massachusetts, and was formed in 2003 from the merger of two of the world's leading biotechnology companies – Biogen, founded in Switzerland in 1978, and Idec, founded in San Francisco, California, in 1985. Biogen Idec's history has been one of developing partnerships and achieving mergers with strategic fit, for example same location different drugs, different presences in different markets. In 2005 Biogen Idec invested $684 million – 31 per cent of revenues – in continued research.

The company has research centres of excellence in San Diego, California, and Cambridge, Massachusetts, and additional offices in Canada, Australia, Japan and throughout Europe, including the international commercial and administrative centre of excellence in Zug, Switzerland. In 2006, the company employed approximately 3,400 people worldwide.

For more than 25 years the company has grown through the discovery, development and commercialization of its own innovative products and through its strategic alliances.

Biogen Idec vision and values

Vision

With passion, purpose and partnerships, we transform scientific discoveries into advances in human healthcare.

Mission

We create new standards of care in oncology and immunology through our pioneering research, and our global development, manufacturing and commercial capabilities.

Core Values

- Courageous Innovation

We apply our knowledge, talent and resources to yield new insights and bold ideas. We confront challenge and uncertainty with zeal, tenacity and vision and seize opportunities to excel.

- Quality, Integrity, Honesty

Our products are of the highest quality. Our personal and corporate actions are rooted in mutual trust and responsibility. We are truthful, respectful and objective in conducting business and in building relationships.

- Team as a Source of Strength

Our company is strong because our employees are diverse, skilful and collaborative. We pursue our fullest potential as individual contributors, team members and team leaders.

- Commitment to Those We Serve

We measure our success by how well we enable people to achieve and to thrive. Patients, caregivers, shareholders and colleagues deserve our best.

- Growth, Transformation and Renewal

Consistent with our core values, we as individuals and as a corporation are dedicated to creative and constructive growth, transformation and renewal as a source of inspiration and vitality.

Up until recently the international headquarters were based in Paris. However, following a strategic benchmarking review, the decision was made to establish a number of centres of excellence across Europe, moving from France and basing the new commercial and administrative headquarters in Zug, Switzerland, where most of the international functions reside.

What were the thought processes that led to this decision and how well was this restructuring and cultural shift managed?

The Paris headquarters had responsibility for all finance, legal, HR and commercial activities. Other international functions like regulatory affairs, drug safety and logistics were locally divided. The prevailing culture in the European operation was one of a relatively centralized controlling style with many decisions being made in the headquarters.

Due to the bureaucratic process, decision making was seen as rather slow and onerous and perhaps not totally aligned with the business culture the company wanted to live across its European operations.

While the company had direct presence in most West European countries, it operated via distributors in Latin America, Central and Eastern Europe and the Middle East. In 2003, the company was revisiting its business strategy while it was striving to launch new products and to grow its direct presence in emerging markets.

The change

A project team was appointed to conduct the reassessment of the business strategy. The key objective was to conduct a benchmarking study for the best location, in order to optimize the organizational structure and processes and develop more effective relationships with the European affiliate companies on the one hand and the corporate headquarters in the United States on the other. The head of the international business was appointed to be the project leader, supported by the directors of commercial operations, human resources and international legal affairs. The first stage was pure data gathering of internal and external information. The company was intent on following best industry practice. If, for example, staff were to be relocated or made redundant, the team needed to base its decisions on industry and regional best practices. Data gathered here related, for instance, to relocation and outplacement.

The second stage was to look at future options regarding distribution of functions and allocation of resources across Europe. In principle it was decided to create three 'centres of excellence', by moving commercial and administrative functions to Switzerland (international headquarters), regulatory affairs and drug safety to the UK, where the European Regulatory Authority is based, and logistics to Holland, where the packaging operations was based.

Part of the discussion was the role of the international headquarters as opposed to the affiliate companies. As mentioned before, there was always the possibility of tension between the two and the potential for conflict, as long as roles had not clearly been defined, in particular due to the fact that the former international headquarters and the various affiliates had grown their resources simultaneously.

As part of the move towards empowering the affiliates it was decided to redefine the role of the HQ as primarily sharing best practice, voicing local/international needs to corporate and ensuring alignment between the various operations Therefore, the affiliates had to become self-sufficient: additional resources were allocated on a local level while resources on the international level were reduced. As an example, the HR function was designed to no longer primarily report into headquarters, but into the managing directors of the affiliates, with a 'dotted line' relationship to the Vice President Human Resources. Actions such as these reflected the empowerment of the affiliates and the local managing directors. There was some resistance to change in the reporting lines but this was remedied by groups and individuals relinquishing a direct reporting line for at least a dotted line. In this manner, some connections were retained, but looser. This reinforced the notion of a move away from a largely centralized web culture to a more networked one, based on a matrix. From an early stage and to comply with employment legislation, follow best practice and to be true to the company's 'Team as a source of strength' corporate value, the team actively involved staff representatives through the representatives of the Works Council.

Data gathering and option generation

The team looked at potential sites for the new centres of excellence. Copenhagen, London, Paris, Munich, Zurich, Belgium and Amsterdam as well as the existing location in Paris were included in an in-depth analysis. These locations were looked at through various filters – biotechnology industry, healthcare and business environment, employment and recruiting, infrastructure, transport (eg direct flights to Boston) education, languages, as well as other social and cultural aspects. Data was drawn from multiple, well-accredited sources, eg the World Economic Forum and Arthur D Little's Global Headquarters Benchmarking Study European Headquarters. Finally Switzerland and the UK were short-listed.

One of the benchmarking studies taken into account was the Mercer Human Resource Consulting's Quality of Life Survey (http://www.mercerhr.com). This analysis was based on an evaluation of over 30 quality-of-life criteria for selected cities, including political, social, economic and environmental factors; health and safety; education; transport facilities; and other services. They mapped the different locations against the different criteria and with a balance between company costs and benefits and employee costs and benefits.

In the end Zug was rated high with a good multinational business environment, international schools, high quality of life, taxation and cost of living reasonable.

The legal process in France was extremely rigorous with employee rights paramount. The company involved the employee representatives completely throughout the decision-making process, consulted them on the current and future organizational structure, and provided them with a detailed analysis of how it would impact employees and what was intended to ameliorate their situation.
Local government agencies were equally involved.

Affiliates and culture change

A key aspect of the structural changes was to clearly outline key roles, responsibilities and processes in order to improve decision making and increase organizational flexibility.

The most immediate effect was on the affiliate companies. The management teams of these were given additional resources (made available from the decentralization process) and given more control related to their local organization. The ability to take more leadership was offered and taken. Business development opportunities could be seized more readily.

As with any reorganization, both the formal and informal lines of communication, authority and responsibility were shifted. There was a need to clarify responsibilities, rebuild relationships, share best practice, agree boundaries and define parameters. Once again the existing culture and values assisted this process as did the role modelling of senior change makers.

The corporate body set the overall strategy but empowered the affiliate businesses to operationalize this. Corporate defined the strategy and ensured international alignment of the strategy across the region, while operational responsibilities were assigned to local management.

Strong business results in the international markets following the restructuring, and extremely positive results of a corporate employee survey in which more than 90 per cent of all employees participated underlined the success of the reorganization.

Criteria for good change

Get the right specialist support from the beginning

Depending on the nature of the change, specific specialist functions can be crucial to success. In this case the project team recognized that external legal advice related to the complex employment matters and design of the social plan was crucial. Also, a public affairs resource was something that the company didn't have internally in International and consequently established in the Zug office.

Support from top management

A change team has more chance of success if it has unequivocal support from senior management. The project team closely cooperated with internal decision boards, external resources and local authorities.

Clarity of direction

The change team defined the objectives – to assess and review the location of the centres of excellence and put forward the recommendation on the best location and concurrently to address strategic and business requirements of its affiliates.

They went into this decision-making process with open minds but were clear that they would reach a decision and take the necessary actions to bring about any changes, if changes were indicated.

Clarity of decision making

They relied heavily on the prior acquisition of the necessary information to be able to make reasoned judgements and give a compelling business case to all interested parties. This also included being very clear about the criteria on which a decision would be made. Their data were comprehensive and drawn from both internal and external sources.

Leadership

They adopted an authoritative style of leadership which relied on their having clarity of direction, an understanding of the needs and wants of the various stakeholders, a certain credibility with staff and business partners but also an openness to incorporate different views and new data as they emerged, but always within predefined parameters.

Their treatment of staff was based on fairness and equity. There were no special cases or exceptions when it came to redundancies, promotions or relocations. They tried to achieve the balance between being clear, consultative and direct.

The transition

The Zug authorities turned out to be extremely supportive in their approach, reflecting their business-oriented mindset when Zug was being considered as potential location for the new commercial and administrative headquarters. The Swiss joint venture was co-located with the new office. The office is five minutes walk from the railway station which in turn is 45 minutes from Zurich airport with its direct flights to Boston.

Current employees in Paris were encouraged to conduct site visits to Zug in case they expressed interest in a potential relocation to Switzerland. At the same time tax simulations were ran for interested individuals. The project team did a risk assessment on losing key talent and decided that benefits exceeded any perceived risk.

Once it was agreed who wanted to move and who wanted to leave the company, or take up positions elsewhere round the globe, the French contracts were terminated and new Swiss contracts issued. A fair severance package and comprehensive outplacement supported those employees who decided to leave the company to find a new job. New staff was recruited in Switzerland, the UK and the Netherlands to fill the gaps and these were drawn from more than 17 different nationalities.

Centres of excellence were established across Europe. For example to the west of London, UK and close to the EMEA (European Medicines Agency, the drugs regulator), the company established its international regulatory, clinical research, data management and pharmaco-vigilance centre.

Case study questions: Biogen Idec

Individual change

a) What elements of the different motivation theories (Herzberg, Maslow, etc) might be relevant in this change process?

b) Of the four psychological approaches to individual change which ones would you find most useful, and why?

c) Using the psychodynamic approach to change map the situation at Biogen onto the change curve.

Reference can also be made to the following application chapters for input on individual change: 5, 6, 7 and 8 and also chapter 10

Team change

a) Can you identify some of the different types of team at Biogen and what do you think would be their main concerns?
b) As different teams went through the changes how might some of the five elements of team effectiveness be affected?
c) Would you have advocated more or less team-work throughout this period of change? Justify your assertions.

Reference can also be made to the following application chapters for input on team change 5, 6, 7 and 8 and also chapter 10

Organizational change

a) Looking at the organizational change as a whole, which metaphor for change was being used by the management team? If a combination of metaphors was used, please identify those used. Support your answer with examples of actions, or language used.

b) Conduct a force-field analysis for this change process using Lewin's force field 'tool'. What were the drivers in favour of change, and what were the resisting forces working against the change?

c) Map out the change process at Biogen Idec using Lewin's three step model. What were the activities carried out at each stage? If you can't find enough evidence, say what activities you think would have been advisable at each stage. Make clear which are your own ideas, and which are pulled from the case study.

Leading change

a) Was the Biogen Idec organizational change led through transformational or transactional leadership? Discuss the pros and cons of each possible approach, and support your answer with quotes from the case study.

b) Revisit the emotional competences listed by Goleman. Which eight do you think would have been most important for the Project Leader at Biogen Idec to have had as strengths?

c) Kanter (2002) refer to 'sticky moments in the middle of change'. What might have been the 'sticky moments' in the Biogen Idec change process, and what tactics might have been used to overcome these? You may have to use your imagination!