Devising Context Sensitive Approaches To Change: The Example of Glaxo Wellcome

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There is a growing awareness of the need for designers of organisational change to develop context sensitive approaches to implementation if change is to be successful. Existing change literature indicates that there are many aspects of an organisation's change context that need to be considered, and a wide range of different implementation options open to those designing change. However, these contextual aspects and design options are not currently pulled together in a comprehensive manner, or in a form that makes them easily accessible to practitioners. This paper builds a framework, called the *change kaleidoscope*, which aims to achieve this. It illustrates the applicability of this framework in practice as an aid to managers in the development of context sensitive implementation approaches via a case study on the changes undertaken at Glaxo Wellcome UK since the early 1990s. This is an interesting case of a successful organisation that managed to change in a pro-active manner rather than in a crisis driven re-active manner. The paper concludes with the lessons for practitioners on the impact of certain contextual features and design choices during change as illustrated by the Glaxo Wellcome case, and a discussion on the use of the kaleidoscope in practice. © 2002 Elsevier Science Ltd. All rights reserved.

Introduction

Change is becoming a way of life for most organisations and most managers, with many surveys indicating that throughout the 1980s and 1990s organisations have been undertaking rafts of initiatives such as culture change, total quality management, business process re-engineering, and downsizing and delayering.[1] For many organisations these change initiatives have not been successful,[2] and as a result, organisations are seeking to develop managers who are capable of managing change. One of the key skills required of such managers is context sensitivity - the ability

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to understand the context they are working in and devise approaches to change that will be effective in that context. Successful change requires a context sensitive approach.[3]

An examination of the extant literature on change reveals that there are many aspects of an organisation's change context that require consideration when designing change, and that a wide range of implementation choices are available, some of which are drawn on by existing contingency models. Implementation options, such as change type and management style, receive attention, as do a limited range of contextual issues, such as time in which change must be achieved and change scope. This paper uses the existing literature to build a framework that presents a more comprehensive view of both the range of implementation options open to organisations when designing a change approach, and the aspects of context that have to be taken into account when choosing between the options. This framework, which we call the *change kaleidoscope*, forms a diagnostic tool for managers which encourages (1) a rigorous analysis of context; (2) a consideration of a range of implementation options; (3) an awareness of one's own preferences about change and how this limits the options considered; and (4) development of change judgement.

To illustrate the applicability of the framework in practice we use the example of Glaxo Wellcome. This is an interesting example, since it examines how a successful organisation undertook change in anticipation of future industry changes. There was no crisis to precipitate the changes being put in place. The data on Glaxo Wellcome was collected as part of a longitudinal research project that followed the progress of a group of major blue chip multi-national private sector firms in a range of business sectors from the early 1990s up until 2001. The findings from this research are detailed elsewhere.[4] This article draws on the comprehensive data collected on Glaxo Wellcome for an 8 year period to illustrate how the kaleidoscope can be used to gain an appreciation of an organisation's change context and the suitability of the implementation options selected. By 1996 Glaxo Wellcome was the world's largest pharmaceutical company by sales and the third largest company in the UK. From its inception as a general trading company in 1873 the company at that time had grown into an organisation with a combined turnover of £10.5 billion, operating in 70 countries and with manufacturing facilities in 30 different countries, employing 54,000 people.

We first review existing literature to present the case for building context sensitivity into change design, and to show how we developed the kaleidoscope as a framework to aid those managing change. Then we analyse the Glaxo Wellcome case study using the kaleidoscope and build on this analysis to develop implications for managers leading change. We show that this framework has two main strengths: it allows for retrospective analysis and a deeper understanding of change outcomes achieved, but it also aids practitioners in designing future change implementation initiatives in their own organisations.

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The case for context sensitivity

There is widespread recognition both of the dangers of applying change formulae that worked in one context directly into another and of the increased likelihood of success if a context-dependent approach is adopted to the implementation of change.[5] Contingency models, such as those by Kotter and Schlesinger, Nutt, Stace and Dunphy,[6] have been developed which attempt to understand if, and why, particular implementation options are more successful in certain change contexts. These models typically concentrate on particular change implementation options and restrict the range of contextual features considered. The models tend to examine choices such as *style* and *type* of change in the context of factors such as the *timeframe* in which the change must be achieved, the degree of *power* the main change agent has and the extent of *support* for the change. By concentrating on only selected contextual features and design options there is a danger that the descriptive contingency models may appear to offer a "recipe" for making the highly complex business of change simpler and more manageable. Practitioners then apply them prescriptively, although they were never intended to be used this way, and this can result in a limited range of formulaic recipe driven approaches to change.

Another factor that can affect the type of approach taken to change is the way people view organisations. Individuals perceive organisations in fundamentally different ways and subconsciously may allow their personal philosophy and managerial style to influence the choices they make about types of change interventions, with limited, if any, consideration for the actual change context. For managers (and academics) who believe that empowerment or self-managing teams are the key to organisational success, change design is likely to include highly participatory interventions aimed at eliciting support from staff, whereas managers with a highly autocratic style may be in danger of believing that change management always requires directive styles of leadership. Those who advocate the need for context sensitive approaches to change would argue that designers of change should be driven more by the needs of the organisation than by either their own biases or experience of what has constituted "good" change management in the past. This is not to denigrate the value of previous learning, but the past must be analysed with reference to the needs of the current context. There is also evidence that individuals' personal preferences may influence their approach to others.[7]

A more appropriate way of designing change is to use the organisation's context to guide the approach selected.[8] This requires the change agent to carry out an analysis of the change context to assess which are the most critical features for the change. S/he is then in a position to select the appropriate design choice. Information derived from the contextual analysis should make some design options seem unworkable and others possible or essential. However, this requires an understanding of the range of the contextual features that should be examined, the

a danger that models may appear to offer a "recipe" for making complex change simpler ...

questions that should be asked, and the implementation options available. In the new complex world of change management, self-awareness, contextual sensitivity and the ability to exercise informed judgement when designing change are becoming essential managerial competencies.

In this paper, we develop the change kaleidoscope (see Figure 1) as a way of pulling together the wide range of contextual features and implementation options that require consideration when designing an approach to change implementation. The kaleidoscope contains an outer ring concerned with the features of the change context that can either enable or constrain change, and an inner ring that contains the menu of implementation options open to change agents. The contextual constraints and enablers of an organisation should be analysed by the change agent before selecting the change approach from the implementation options, to understand what aspects of the organisation may facilitate change, such as an availability of change capacity, and which aspects may hinder change, such as a low readiness. It is the contextual features that enable change agents to judge the appropriateness of any approach for their particular context.

contextual sensitivity and informed judgement are …essential manage competencies

Devising context sensitive approaches to change: contextual constraints and enablers and implementation options

Before we explain how the kaleidoscope can be used to help managers make choices about the most appropriate range of
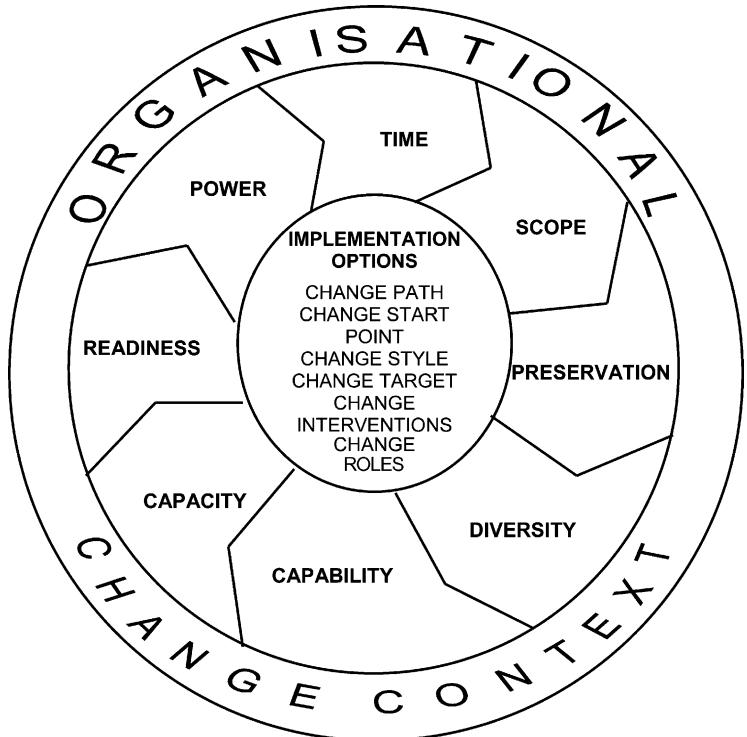

Figure 1. Change kaleidoscope

Context Sensitive Approaches to Change

implementation options for their change context, we need to explain how we derived the elements of the kaleidoscope.

Implementation options

The contingency models developed to date via research highlight the range of implementation options that need to be considered by change agents when deciding how to implement change. One of the choices featuring most prominently in the models is that of change *style*. In one of the first contingency models, Kotter and Schlesinger identify six main styles that can be used to overcome resistance to change—education and communication, participation, facilitation, negotiation, manipulation, and coercion. The style to use depends on contextual features such as the amount and type of resistance from stakeholders, the relative power of the initiator, and the urgency of the need for change. Nutt examined which of four styles, intervention, persuasion, participation or edict, was most effective in achieving adoption of change. One of the recommendations was that more research was needed to identify when which tactic was most useful.

There are more ambitious contingency models, such as that by Stace and Dunphy,[9] which combines change style with change *type*, or scale of change, ranging from fine-tuning to transformation. From case based research four viable change approaches have been identified—developmental and task-focused transitions, charismatic transformations, and organisational turnarounds. The type of transition or transformation adopted will be determined by the degree of support for change from key interest groups within the organisation, and the time for change. The Dunphy and Stace contingency model also highlights two other implementation options in addition to change style and type— the change *target* and the range of *levers* and *mechanisms*. Collaborative developmental transitions and charismatic transformations are more likely to feature interventions targeting attitudes and values, such as management development and education, and vision statements, whereas more directive developmental transitions and turnarounds are more likely to focus on changing the system rather than the individuals.

There is a debate in the literature about what the primary target of change interventions should be—individual values and attitudes, or individual behaviours.[10] Others advocate focusing on work outputs or objectives, such as answering phone calls within 5 rings, or selling more, as additional or alternative change targets to values or behaviours.[11] It is worth noting that such outputs say nothing about the behaviours that will lead to the achievement of the new goals: the aim is to use the outputs to encourage appropriate new behaviours. Similarly there is a debate about the range of levers and mechanisms that need to be used. Organisations have three sub-systems[12]—the technical, the political and the cultural. Successful change requires re-alignment via a range of levers and mechanisms impacting across all three sub-systems. This theme is echoed in other models such as the cultural web[13] that considers both hard organisational

aspects such as structures and systems, and softer aspects such as symbolism and routines and rituals.

In fact, the complexity of choice is even greater than shown by this limited examination of the contingency models. Additional considerations include the change *start point* and the key *roles* in change. Change can start from top-down, bottom-up, or some combination of the two,[14] or, as another alternative, be developed from pockets of good practice.[15] Should change be implemented throughout the organisation simultaneously, or can it be delivered gradually through pilot sites?[16] And who is best suited to lead change:[17] should leadership come from within (either from the CEO or maybe a functional head such as the HR Director), via the use of consultants as external facilitators, or from some form of change team?

Contextual constraints and enablers

The above discussion on implementation options shows how existing contingency models make recommendations about design choices based on certain contextual features. This encourages change agents to examine these features when making choices. Those mentioned include the degree or scope of change an organisation needs to undertake; how rapidly change needs to be achieved; the relative power of the initiator in relation to other stakeholders; and the degree of acceptance/resistance to change. It is common to draw on scope and urgency of change when making decisions about the change approach, since it is often advocated that they have a big impact on the type and style of change adopted. Relatively rapid transformational change, or revolution, as opposed to more on-going and incremental adaptation, has gained much interest in the literature.[18] *Transformations* are equated with fundamental, discontinuous change that challenges both the existing ways of thinking and behaving within an organisation, disrupting established activity patterns. As such, a transformation involves not only changes to strategy and structure, but also the culture of an organisation. Incremental adaptation has more to do with *realignment*—building on the existing way of doing things, typically within the existing organisational strategy, and not requiring fundamental shifts in power and culture. However, an issue connected to scope, and fundamental to current resource based views of strategy is the question of what to preserve within the organisation.[19] It may be desirable to maintain continuity in certain practices or preserve specific assets because of their contribution to stability or identity, or because they are invaluable in gaining competitive advantage. These assets can therefore be either tangible or intangible: for instance anachronistic paternalist organisations may achieve high levels of loyalty and commitment amongst their staff in return for comparatively low rates of pay.

However, as with the implementation options, other contextual features can also be important, even though they usually receive less attention than scope and urgency. As mentioned above, *power* is an issue: if the change initiator is relatively weak

in comparison to resistant stakeholders, then it is not possible to adopt a directive change style. In public sector organisations, such as hospitals, where diverse and powerful stakeholders can hold differing agendas, understanding the position of different stakeholders, and the appropriate range of change styles to employ, can be particularly important.[20] Other commentators highlight the importance of *readiness* for change, the cognitive precursor to behaviours of support for, or resistance to, change.[21] In conjunction with the urgency of change, readiness should affect the change style selected.

Capability and *capacity*[22] for change are also an issue. What are the resource needs and availability (capacity)? And what skills are available to manage change within the organisation (capability), at individual, managerial and organisational levels? There is little point in attempting to mimic some forms of change if there are neither the physical resources to invest nor the human capability to implement the desired change. Finally, the degree of *diversity* among the workforce may be a factor in the design of change.[23] The existence of numerous subcultures within the organisation,[24] which may originate from different divisional cultures, national cultures or professional groups, will mean that change agents should not assume homogeneity of attitudes and values within an organisation. It may not be possible to take the approach of "one size fits all".

change as a process in itself rather than a controllable sequence of transition events

The change kaleidoscope

The change kaleidoscope (see Figure 1) features all of the contextual constraints and enablers and implementation options discussed above. It enables questions to be asked of the specific change situation. What type of change is best here? Do we need something radical and fast, or something slower? Where should we start the change—cascading down from senior management or from the periphery of the organisation? Do we need to push change through in a directive manner, or should we be more collaborative in the way we design the process? The purpose of the kaleidoscope is *not* to give particular configurations that in turn can be used to prescribe change formulas for certain contexts. Hence the name we have chosen for the framework. Just as a real kaleidoscope continuously reconfigures the same pieces of coloured glass to reproduce many different images, the eight contextual features remain the same but are constantly reconfigured to produce different pictures for each organisational change situation. Therefore the change designs will also vary. Equally, since the organisation's context changes as change progresses, the choices made at one point may need to be reconsidered before further changes are made. The use of the kaleidoscope also reinforces the view of change as a process in itself rather than a controllable sequence of transition events between present and future states. (Many change management case studies in existing research are written as snapshots at one point in time, tending to reinforce this view of change.) The Glaxo Well-

come case, in contrast, shows the complexity of the change path taken by the firm over an eight year period.

The contextual constraints and enablers are drawn directly from the above literature review. Table 1 provides a list of definitions. The existing literature review also suggests there are six main implementation options open to a change agent—change type, change start point, change style, change target, change interventions, and change roles. Definitions are provided in Table 2. However, some of these definitions require a little more explanation as there is a range of existing classifications that could have been drawn on.

Change type

A common way of defining the type of change is to combine speed of change with extent of change required, and we take a similar approach (see Figure 2). The extent of change required can be classified in terms of scope, as re-alignment or transform-

Table 1. Definitions of contextual constraints and enablers

Time	The speed with which change needs to be achieved. For example, is change reactive in response to particular events, or is it pro-active? Organisations in crisis have little time and need to change re-actively. Those concerned with longer-term strategic development normally have more time to change.
Scope	The extent of change required, in terms of transformation or realignment, within the parts of the organisation affected by the changes.
Preservation	The extent to which it is necessary to maintain continuity in certain practices or preserve specific assets, be it staff, aspects of culture, or particular competences.
Diversity	The degree of diversity in terms of values, norms and attitudes among the groups of staff affected by change. This could be affected by, for example, the existence of multiple subcultures (sales versus R&D) or national cultures within an organisation, or different professional groups.
Capability	The level of competence for managing change in the organisation, in terms of staff knowledgeable about the design of change, and in terms of the ability of individuals to cope with change and manage others through the process.
Capacity	The amount of money available to invest in the change process, and the availability of human resources and managerial time to divert towards the change.
Readiness for change	The extent to which staff are aware of the need for change, understand the extent and implications of the change, and are motivated towards achieving the change.
Power	The relative power of the change initiator, or the main change agent, in relation to other stakeholders who have an influence on the change process.

Table 2. Definitions of implementation options

Change type	The type of change to be undertaken in terms of the extent of change and the speed.
Change start-point	Where the change is initiated, for example, top-down or bottom-up, or some combination of the two. Change could also be initiated via pilot sites and pockets of good practice.
Change style	The management style used during the implementation of change—this can vary on a continuum from coercive to highly participative and collaborative, and can be varied as change progresses and by different groups of staff.
Change target	Change interventions can be focused on changing the outputs of what people do, their behaviours, or their attitudes and values.
Change interventions	The range of levers and mechanisms to be deployed across the different technical, political and cultural subsystems within an organisation. There is also a range of inter-personal interventions such as education, communication, training and personal development.
Change roles	Where the responsibility for leading and implementing the changes lies. Roles include leadership, external facilitation, and change teams. These roles are not mutually exclusive.

Extent of Change

Speed of Change	Transformation	Re-alignment
Incremental	**Evolution:** transformational change implemented gradually through different stages and inter-related initiatives.	**Adaptation:** less fundamental change implemented slowly through staged initiatives.
Big Bang	**Revolution:** transformational change that occurs via simultaneous initiatives on many fronts, and often in a relatively short space of time.	**Re-Construction:** change undertaken to re-align the way the organization operates, but in a more dramatic manner than re-alignment. Often forced and re-active.

Figure 2. Types of change

ation. The speed of change, can either be 'big-bang' (an all-at-once change with many initiatives in a relatively short time-frame) or more gradual, with change initiatives phased through time. This leads to four change types.

The horizontal dimension of the matrix is labelled *extent of change* as opposed to *scope of change*, because the desired scope of change may be different to the extent of change actually deliv-

ered. Organisations could choose a staged approach, moving from one change type to another. As an example, an organisation could have insufficient funds to invest in a longer-term transformation, and need to first strengthen their competitive position via some type of re-alignment. This re-alignment might be a rapid re-construction, such as a turnaround, or a slower rationalisation of the business portfolio, which then leads into more evolutionary change. This was the pattern of change seen at British Airways in the 1980s and GE in the 1980s and 1990s. Others argue that re-construction can run in parallel with the early stages of evolution as at Asda in the 1990s.[25]

Change start point and style

The literature review above makes reference to different change start points. The impetus and momentum for change can come from top-down or bottom-up, or some sort of combination of the two. However, change does not have to be implemented on an organisation-wide basis simultaneously. It is possible to start with the use of pilot sites (or in cases of technological change, prototypes), or the use of pockets of good practice,[26] in which individuals take responsibility for initiating the changes they see as appropriate in their part of the business. However, a key issue here is to move away from existing recipes, such as top-down change must be directive, and consider the relationship between change start-point and style. There are several different typologies for styles of change. Most of them use a continuum that moves from more coercive styles at one end to more collaborative styles at the other. We use five styles of change as others have—education and communication, collaboration/ participation, intervention, direction and coercion[27]. The key is to recognise that there are no set combinations of change start point and style—for example, while top down change is often presented as directive or coercive, it can be more collaborative.[28] The Glaxo Wellcome case also illustrates this point.

Change targets and interventions

The review of existing thinking on change also makes reference to different change targets—outputs, behaviours or values, and different ranges of change interventions. Change interventions can be classified into technical (structures and systems), political (formal and informal means of exercising power), and cultural (symbols, rituals and routines, stories and myths). However, change often requires intensive communication, and investment in education, training and management and personal development as illustrated by the Glaxo case study which follows. These change interventions are hard to classify into technical, political and cultural interventions and effectively form a fourth sub-system of interpersonal interventions. As with change start-point and style, a key issue is the linkage between target and interventions. If the focus is in changing outputs alone, this can be achieved via changes to organisational systems. However, when values or deeply ingrained behaviours need to be tackled, inter-

ventions in all four areas are likely to be required, including investment in communication and personal development.

Exercising judgement

As the above discussion reveals, there is a complex range of options and a wide number of permutations open to those implementing change. Understanding the contextual constraints and enablers is key to understanding the type of change an organisation is *able* to undertake as opposed to the type of change it *needs* to undertake, and therefore what sort of change path is required. Similarly, understanding the contextual constraints and enablers is central to making choices about startpoint and style. More participative change approaches, for example, require greater skills in facilitation, a greater readiness for change from those participating, more time, and therefore, often, more funds. Choices about the change target and interventions may obviously be affected by the scope of change, but also by, for example, capacity. Management development interventions can be expensive and may not be accessible to organisations with limited funds. In reality choosing the right options is about asking the right questions and exercising change judgement. The linkages between a particular contextual feature and particular design choices may be obvious, but understanding the linkages between all the contextual features combined and the design choices is far more complex. This is why we have chosen to illustrate the use of the kaleidoscope via a longitudinal case study.

choosing the right options is about asking the right questions

Data collection

Longitudinal case studies, with their capacity to examine change implementation and its outcomes over time,[29] are particularly suitable for investigating how context impacts on implementation options. In this study we draw on the longitudinal research conducted on a consortium of organisations from the early 1990s through to 2001. The organisations were self-selected in that they chose each other to jointly sponsor the research along with Arthur D. Little Inc. They came together because of the change issues they were facing following the UK recession of the 1990s. All the companies are mature organisations facing the issue of corporate renewal and therefore transformation. The sample contains major 'blue-chip' multi-national private sector firms in the top five of their respective sector/industry with regard to size and level of turnover. With the exception of one, the research sites were almost all white-collar settings in terms of workforce composition.

The group contains a wide range of business sectors: pharmaceuticals, electronics, investment banking, distribution, telecommunications, food, retail banking, and the National Health Service. This means that the research is unable to provide generalisations for each of the sectors/industries that the companies represent, but the cases can contribute to theory-building

through an intensive multiple-case research strategy which allows for some comparative analysis. The researchers had the unusual privilege of being allowed complete access to the organisations involved. This meant they could obtain the views of large numbers of managers and employees on the implementation of change. A variety of data collection methods were used, both quantitative and qualitative (see Appendix A), to explore the transformation processes undertaken by these organisations in detail and to provide high levels of triangulation.

This paper presents a case study of change at Glaxo Wellcome UK based on the two sets of data collected in 1993/94 and 1996/97, primarily from the sales division. The first phase of data collection explored the origins and development of the changes under way from the late 1980s, while the second phase examined how change had progressed since 1994. The analysis of the case also draws on reflections on the earlier change initiatives gathered in the third round of data collection in 2000/01. We have chosen the Glaxo case study to illustrate the use of the kaleidoscope because it represents an unusual change context. While many studies of change examine under-performing organisations undertaking change on a re-active basis, the Glaxo case looks at a successful organisation undertaking change on a pro-active basis in anticipation of the impact of forthcoming industry and product changes.

The example of Glaxo Wellcome

Part one: change at Glaxo Pharmaceuticals 1994

In 1988 Glaxo UK faced a number of threats to its competitive position and profitability, including increased competition, expiring patents on its products (particularly Zantac in the mid-1990s) and changes within the National Health Service (NHS), the company's core customer base, itself undergoing change in response to government legislation. However, an attitude survey revealed that staff complacently believed the senior management team could address these issues, with little need for the staff themselves to do anything differently to ensure future success. The survey also identified a culture of slow decision making exacerbated by functional divides within the organisation, threatening the ability of the company to respond to changes in their marketplace:

> Baronial, parochial, few cross-functional teams, unfluid, hierarchical, inflexible … which was probably appropriate for the 60s and 70s because we were in a stable healthcare market, but this is now inappropriate to the market and the type of people we employ. (Senior Manager)

In response to these issues, and a belief in the need for a new set of behaviours to underpin future business success, the senior managers had introduced prior to the start of this research a

planned cultural change programme called RATIO (Role clarity, Acceptance of change, Teamwork, Innovation, Output orientation) focusing initially on desired behaviours. At the suggestion of external consultants, the senior managers went on an outdoor development course that enabled them to understand and experiment with the new behaviours—and to understand the depth of change they were asking of staff. This intervention was so successful that a similar experience was repeated for 700 staff. Staff were asked to take the behaviours encapsulated within RATIO and expand on them and tailor them for their own job roles.

A series of complementary change initiatives was introduced. A values statement was issued stating the values which should underpin the behaviours. Cross functional project groups were introduced to break down intra-organisational divides. Glaxo's planned relocation also allowed them to make full symbolic use of the interior open plan design of the new building to reinforce the desired culture. This office design enabled more open communication between functions. An HR initiative incorporated RATIO within a new set of managerial competencies.

These initiatives were designed to shake staff out of their complacency and increase their readiness for change. Interviews revealed that the RATIO initiative had wide ownership—it was perceived as devised by the staff rather than as devised and imposed by management, and was well communicated. Staff understood what RATIO meant and could relate the initiative to their work. By comparison, the values statement was not widely recognised or remembered. There was also a perceived conflict between sales targets and the longer-term aims of the change programme. More fundamental change had to follow.

Part two: change at Glaxo Pharmaceuticals 1997—the merger with Wellcome and the introduction of a customer focus

In January 1995 Glaxo merged with Wellcome, in a £9.1 billion deal giving the combined company a 5.1 percent share of the world market. Glaxo also undertook a business reengineering programme and a restructuring of its business. Internally the two original trading companies of Glaxo—Allen and Hanburys and Glaxo Laboratories—were merged. The overall business was restructured into five regional divisions. Underlying these changes was a strategic shift away from individual products and into disease management, a move to work in partnership with customers, and an attempt to reduce R&D costs via alliances. These changes were in response to the changing external context, such as a greater cost consciousness among Glaxo's customers—the prescribing doctors.

The company started to market the idea of selling products and complementary services such as asthma clinics in hospitals. This was accompanied by a more customer-relationship marketing approach to their main clients, the prescribers. The company developed collaborations with universities and small bio-tech-

nology companies in an effort to bolster R&D activity and profile. The changes implemented at this time continued the achievements of the change programme in the early 1990s. A re-engineering initiative called "Customer Focus" was put in place. An analysis of customer needs was followed by process redesign and the identification of new competencies. The two internal trading companies were merged and the five regional directorates created as part of the re-engineering initiative to develop an organisational structure to mirror that of the NHS. It was during the implementation of the internal merger that the merger with Wellcome was announced.

The internal merger of the original Glaxo trading companies involved bringing together the two largest field sale forces in the UK. Wellcome's sales force was, by comparison, the 10th largest. In that sense, the internal merger was more complex. There were few redundancies as a result of the integration, but seven hierarchical layers were reduced to four. A whole raft of communication exercises, seminars, workshops, employee meetings, newsletters and other media put the case forward for the new process structure. Yet there was still anxiety at all levels:

> It is an experiment on our part. We do not know if it will succeed (HR Staff).

The new behaviours required a major shift in employee mindset. Employees were being empowered through the holding of large budgets for regional and business areas:

> The rep has had to move from the old commercial traveller to being the manager of a £1 million pound yielding territory. (HR Staff)

In addition to the re-structuring, different employee behaviours had to be aligned behind the new business strategy. They included team-working competencies, increased customer-facing skills, ability to work in a networked organisation, and taking greater business responsibility. To underpin the customer focus programme a revamped competency framework was introduced, and the appraisal process was overhauled. The new approach relied on the individual to gather as much information about their performance from whomever they thought relevant and to discuss their performance on an ongoing basis:

> You may want to have a discussion at some point with your manager to talk about how you are developing and you may also want to do that with your peers. Your manager will inevitably retain, in the main, the decision for pay so he or she at some stage would need to make that decision. In order to make that judgement you can leave it totally to your manager or you can show them what you have developed and what you have done and achieved. (Focus Group)

Extending the source of inputs into the review was a reflection of the increased project working and the move away from working exclusively for one manager.

The reward system was overhauled: job families replaced grading structures, a much stronger emphasis was placed on the value of development and continuous improvement in the calculation of individual's pay levels, and greater mix of basic and bonus pay. Training and development moved away from course provision to greater coaching and counselling activity. A coach was made responsible for the development of an area team, and each business unit manager had an external mentor from a consultancy group. Development sponsors and open learning centres were established at head office, together with a computer based personal feedback package that enabled individuals to give and receive feedback on named individuals.

Yet despite all this change activity, which emphasised self-management and individual responsibility, signs of complacency were still evidenced in the 1996 attitude survey. 71 percent agreed that the organisation was flexible enough to cope with change compared with 69 percent in 1993; 85 percent believed the organisation would achieve its aims (62 percent '93) and the confidence in management's ability to cope with a crisis had actually risen (61 percent '96, 56 percent '93). Risk taking had increased but not radically—37 percent agreed that people were afraid of taking risks compared with 45 percent in 1993. 88 percent agreed that there was more pressure at work over the last two years. However, the indices for individual responsibility for performance and team working showed only minor increases on the scores obtained three years earlier, while some managers still harboured doubts about the new approach:

> If you want an empowered environment you want people to take responsibility. How do you manage poor performance in an empowered environment where the teams haven't quite got to the stage where they can take over that function and take out poor performance. (Line Manager)

despite all this change activity… signs of complacency were still evident

Building readiness: Glaxo Wellcome part 1

The change kaleidoscope for part one of the Glaxo Case study (see Figure 3) summarises the situation in terms of contextual enablers and constraints prior to change. The contextual features in the kaleidoscope do not carry equal weight in all organisations and at all times—those that enable change and those that constrain it will differ from organisation to organisation, and from one point in time to another. Furthermore, some contextual features will be more important than other ones. Therefore critical features need to be identified in the mapping stage. It is not sufficient to just identify the contextual enablers and constraints—it is also necessary to identify which enablers to exploit and which constraints to tackle.

Figure 3 shows that Glaxo had several contextual enablers. First, in terms of *time*, there was no great urgency for change,
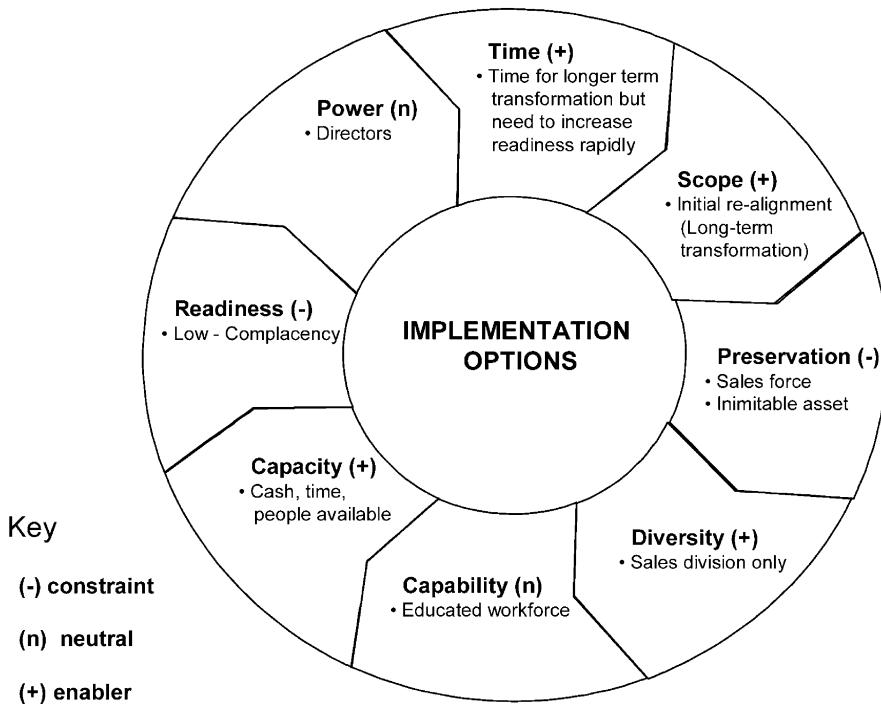
Figure 3. Kaleidoscope for Glaxo at start of part one (early 1990s). Adapted from J. Balogun and V. Hope Hailey, *Exploring Straetgic Change*, Prentice Hall, 1999

although the senior management needed to shake the staff out of their complacency. The company was cash rich so there was *capacity* to invest money in a significant change programme. The division requiring change was the UK Sales Division and, as such, had a high degree of cultural homogeneity and staff with a strong sense of commitment to the pharmaceuticals company. *Diversity*, and the need for different interventions for different groups of staff, was therefore lower than would have been the case had the changes affected not just sales, but also R&D and manufacturing, for example. The *scope* of change sought at this stage was realignment rather than transformation and as such was a lesser change challenge.

The key constraints were *readiness* and *preservation*. The low awareness of the need for change and existing levels of complacency among the staff translated into a low *readiness*. There was also a need to preserve as many of the talented workforce as possible since there was a vast pool of knowledge within the sales force that senior management did not want to lose through unnecessary alienation. The need to retain as many staff as possible limited the extent to which the directors could use their *power* to impose change and so this is marked as neutral. The highly educated workforce could not be treated as if they had no minds of their own. Finally, *capability* was an issue, as there was limited change management experience within the sales division.

The change process designed matched this context. An initial

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big bang reconstruction was selected to destroy staff complacency as a trigger for more fundamental change yet to come. A top down approach led by the senior managers was taken in order to overcome the problem of low readiness for change, with the use of consultants, where necessary, to overcome gaps in capability. The style was more like intervention than direction in order to increase the awareness of the need for change and a sense of ownership amongst the staff, and, at the same time, recognise staff's need for autonomy and feeling of being in control. Management development initiatives, although unusual in situations just aimed at creating some level of readiness, were used to get managers to realise that organisational change meant personal change, and these were supported by symbolic office changes.

Developing more fundamental change: Glaxo Wellcome part 2

Figure 4 shows the kaleidoscope for Glaxo Wellcome UK at the end of the change process described in Part One—1993. Some aspects of the context had changed whilst others had remained the same. There was still four or so years before Zantac would come off patent so *time* was still not a pressing issue, but in terms of *scope* truly transformational change had yet to be achieved. The challenge of transformational change for any organisation makes it a constraint. All that the first stage had achieved was a degree of "unfreezing" to improve staff's *readiness* for change, making this feature now at least neutral, and possibly a positive enabler of change. Readiness for change appeared to be
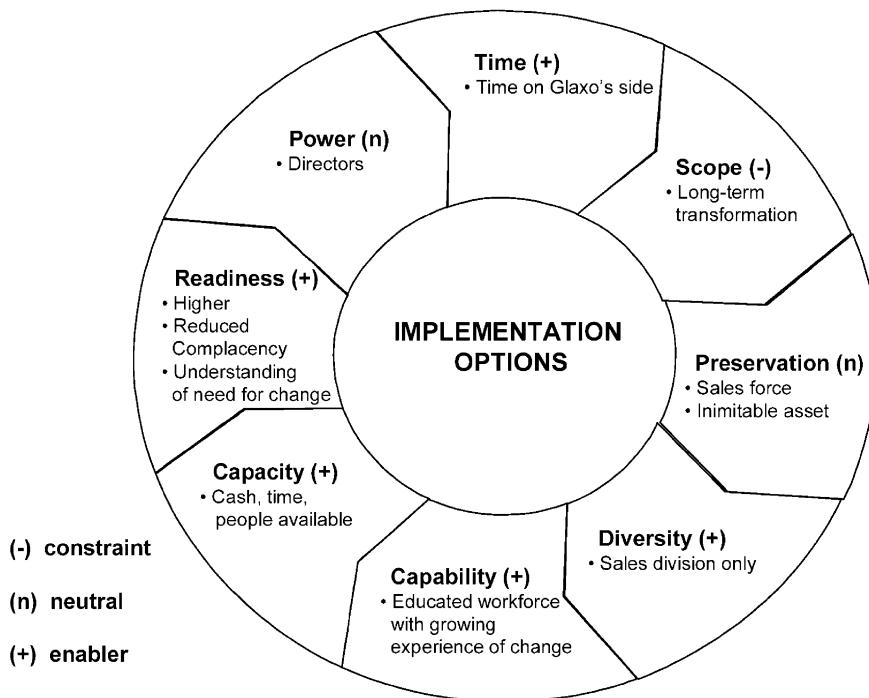

(-) **constraint**

(n) **neutral**

(+) **enabler**

Figure 4. Kaleidoscope for Glaxo at end of part one (1994)

better in the sense that employees were aware of the changes in the marketplace and the need for the company to respond. However, what was unclear was the meaning of the change ahead of them at a personal and individual level.

The company had managed to retain most of its quality workforce which, along with the increasing awareness of the need for change, reduced *preservation* concerns. The successful execution of RATIO had also increased the change management *capability*. In physical terms *capacity* was still strong, the organisation was still homogeneous rather than diverse, and senior management retained the *power*.

The chosen change design at this stage appeared more transformational in activity: for example, internal and external mergers and promotion of self-management. However, in terms of the change path, whilst the interaction with the external environment and customer appeared to be transforming the image and brand of the organisation, the attitude survey scores in 1996 did not reveal a significant shift in employee values and orientation.

while behaviours and outputs changed, the emotional understanding… failed to kick in

The "starting point" for the changes remained predominantly top down, although senior management did sanction some pilot sites in the new business ventures pioneered around the concept of "disease management". The change "style" was more participative than directive. The decisions about the change process and the business strategy itself still rested with senior management, but the outcomes of the senior management's decisions pointed towards a more collaborative style of working in terms of coaching, appraisal and team working. The management of the external merger made much more use of change action teams in leading and managing change, in addition to the senior management leadership in this area. The "target" of the change interventions remained at the level of the outputs and behaviours of an individual. The interventions used supported this, and included structures and systems (restructuring, new reward systems, new appraisals, competency frameworks), personal development initiatives (coaching, counselling), and certain symbolic interventions such as the abandonment of formal appraisal forms, and of course, new formal performance related rewards.

Why, then, was there so little change in fundamental attitudes towards risk taking, or team working? One possible interpretation is that the change design and solutions sought were still typical of a profitable pharmaceutical company. Zantac represented a substantial proportion of Glaxo's turnover, and for most organisations a change equivalent to the expiry of the Zantac patent in the mid 1990s would have brought a more lean, mean and hungry culture into focus. Yet the interventions such as coaching, mentoring, counselling and self-appraisal sent messages of change but not necessarily crisis. In other words the process of change reflected more the culture that the company was trying to move away from than the reality with which it was threatened after the removal of the patent. Furthermore, whilst behaviours and outputs changed, the emotional understanding of the implications of the loss of patent, and the failure to develop

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alternative products, failed to kick in at the level of the average employee. In other words, the level of readiness for change achieved via RATIO was not as great as maybe it appeared. Perhaps more scenario building at the lowest levels of the organisation, or changes that indicated the need for greater cost consciousness associated with less affluence post-patent-expiry, would have enabled the rhetoric of "loss of patent", "changes in the customer level" to be translated into what it would mean for the average sales representative on an everyday level—reduction in benefits, and more pressure of work.

Further research conducted at the end of 1999 reveals this to be the case:

> The Zantac patent, whilst we all knew it was happening, we weren't that brilliantly prepared for everything… (Manager)

Since then the company has experienced difficulties in reaching targets, and they have proved to be mistaken in their anticipation of changes within the NHS. Nevertheless, in the wake of the loss of its star drug, the company is still experiencing growth (albeit at a lower rate than it would prefer). This would have been unlikely had it not attempted to tackle the critical contextual factors such as readiness ten years earlier. The merger with SmithKline Beecham will change the organisational context still further.

Discussion

The longitudinal case study aims to illustrate the linkage between context and design. A number of observations can be made about Glaxo's management of change over a prolonged period of time. To suggest generalised prescriptions about such management would be to mix description with prescription, and risk misleading practitioners by arguing from a specific case study to the general experience. Nevertheless there are certain lessons that can be learnt about specific contextual features, and the use of certain implementation options that are enlightening—although the way these are combined in any change situation should always remain unique.

Lessons from the Glaxo change process

Glaxo achieved some shift in the organisational context as a result of the first change programme. There was a rational awareness of the need for change, and this shift in organisational readiness meant that a more collaborative style of change was possible in subsequent change initiatives. The greater readiness also made possible the piloting of new business development ideas that could not have been used a few years earlier. The overall capability for change had also matured, illustrating an important feature of change—namely that to deliver a transformation, organisations may need to re-configure their change context in some way, such as building readiness and increasing change capability,

before they attempt a transformational change initiative. As such, it may be more appropriate to talk about *paths of change* as an implementation option rather than *change type*. For Glaxo, the path was re-construction followed by evolution.

Glaxo wanted to achieve a more transformational change in phase two, but they did not achieve all that they wanted. Whilst rational awareness of the need to change was heightened, the emotional understanding of what this meant for the individual staff seemed impenetrable. Having found the values approach to have been somewhat tepid in phase one, the organisation chose to target outputs and behaviours again in phase two. Perhaps this was insufficient when the transformational aims of the change programme are considered. The array of personal development techniques used might have been expected to help individuals understand the necessity for changing their aspirations and their perceptions of what it was like to work in Glaxo. What the case suggests is that personal development can make a critical contribution to transforming *individuals*, but conducted in a vacuum and divorced in content from the requirements of business strategy, it may not shift the *organisation* in the direction required.

The motivation of a good vision can be critical. Glaxo used a change process in phase two which in style and content still reflected the culture of a successful pharmaceutical company. Its substantial capacity for change, in terms of physical resources, almost became a negative feature! Some aspects of the process could have been more symbolic of the bleaker future they faced once the patent on Zantac had expired. Glaxo were also over optimistic in their visioning of the future. They anticipated that their major customer, the NHS, would change more quickly than it was capable of doing.

Using the change kaleidoscope: achieving fit between context and design

We have found the framework presented in this paper, the kaleidoscope, useful for practitioners in two different ways. First it can be used for retrospective analysis in much the same way that the Glaxo experience has been analysed here. The learning that comes from using the framework in this way is that people gain a greater appreciation of the complexity of change. If a case shows that a top down approach to change was unsuccessful, instead of dismissing all top down approaches as inappropriate, the kaleidoscope allows us to understand why such a design choice was inappropriate for that context. It also allows us to see that the very same design choice may fit another organisation's context well. Through a more sophisticated yet accessible understanding of change we may avoid the trap of endlessly turning from one fashion to the next, from promulgating directive charismatic leadership in one decade to bottom up empowerment in the next! By enabling retrospective understanding of successful and less successful change initiatives the framework can also help develop informed judgement in managers.

The second way that the kaleidoscope can be used, and is used

a more sophisticated understanding may avoid endlessly turning from one fashion to the next

most commonly with organisations, is for groups of managers to problem solve the challenge of change that they are facing in their company. We encourage organisations to follow three steps:

1 Assess the contextual constraints and enablers. Consider each of the contextual features individually to decide whether in this change circumstance the feature is an enabler (e.g. money available to finance investment in change as at Glaxo and therefore a high capacity), or a constraint (e.g. a low readiness for change).

2 Determine the change path. Consider the extent of change required (transformation versus re-alignment) using the desired scope of change. Then use the other contextual constraints and enablers to consider how to get there – is a re-construction, for example, sufficient, or is it necessary, like Glaxo, to carry out some sort of re-alignment to enable a subsequent, longer term transformation?

3 Select the remaining design choices for each part of the change path. Using the contextual features, and their status as constraints or enablers, to inform the choices, consider the remaining design choices of start point, style, target, interventions and roles for each phase of the change path. For example, if an organisation chooses to go for re-construction followed by evolution, it may be that the re-construction is top-down and directive with a focus on outputs to signal a change in direction to an organisation's members to help build readiness. Whereas the evolution could be more participative with more of an emphasis on behaviours.

This makes the process sound very simple. In reality there are a number of pitfalls to guard against and a complex array of issues and decisions to consider. In our experience, when examining the contextual constraints and enablers, senior managers often over-estimate the readiness and capability of the rest of the organisation, ignore issues of preservation, and underestimate the scope of change. These features therefore merit particular attention. Diversity is also potentially becoming more of an issue, with more organisations created through mergers and acquisitions and operating in an international context.

Devising a change path can be complex. If the extent of change ultimately required is transformation, then the path becomes complex. A revolution is only likely to be possible when all the contextual features other than scope are enablers, or there is an option of bringing in many new people more suited to the new required ways of working and letting go those employees less suited, which may be neither desirable nor available to most organisations. Even an immediate evolution requires capacity, capability, power and readiness. If any of these features are constraints, and they frequently are, then there is a need to carry out a phase of re-alignment to re-configure these contextual fea-

tures to be more positive before embarking on more transformational change. As the change design is developed, with consideration moving onto the design choices for each phase of the change path, it must be remembered that it is not possible to prescribe particular formulas as each change context will be different and require a different range of choices. Although a change path of re-construction followed by evolution may be common, this does not mean the choices within each phase are identical.

When facilitating workshops with managers, we find this exercise has a number of other benefits. By mapping out the current context and then considering the large range of implementation options available to them, managers gain a number of insights using their own experience. The sheer complexity of change becomes apparent to them, and they realise why more simplistic solutions within their own organisations have previously failed. By working on constructing a kaleidoscope with their colleagues, they begin to appreciate the constraining effect of personal managerial biases and preferences for change. For those from large corporations, asking them to problem solve change questions by examining different business divisions, helps them understand that it is seldom possible to unfurl one change strategy across diverse business units. Using the idea of change paths helps the perception of corporate change as a journey where checks and adjustments to plans will need to be made at different milestones along the way. We have also found through our collaborative working with practitioners that sharing the kaleidoscope amongst different divisions or occupational groups allows a common change language and structure to emerge which enables colleagues to share their thoughts about the complex and often intangible issues associated with organisational change.

Limitations of the kaleidoscope

The strength of the kaleidoscope lies in its recognition of the complexity of change and the need for change designs to be context sensitive. However, the kaleidoscope has certain limitations. To derive a complete design of the change process it needs to be used in combination with other frameworks. To understand the scope of change and the range of technical, political and cultural change interventions that need to be employed we find it useful to use frameworks like the cultural web (see footnote 13). To properly assess contextual features such as readiness and capability, instruments such as attitude surveys, questionnaires, or staff interviews or focus groups may be needed. However, more importantly, the challenge of change lies not just in the design of the transition process, but also the actual deployment of the plans—the actual physical management of the change process. The kaleidoscope gives an outline design for the transition state, but a lot more detailed thinking is required in terms of the order in which the various change interventions are put in place and how they are synchronised and phased through time. As such, the kaleidoscope is only the start of the story of change.

The transition management task, its complexity and resource consuming nature, must not be overlooked.

There is also an issue here about change agent competencies. All frameworks are only as good as their users, and successful change agents need to have analytical, judgmental and implementation skills. Analytical skills are needed to be able to build an in-depth appreciation of their context of operation, while judgemental skills are required to be able to assess the critical contextual enablers and constraints of this context. This requires experience and is something change agents are likely to build through time. As such, change agent training should be less about teaching individuals the "ten rules of change", for example, and more about getting them to examine different change situations, what worked and what didn't within those contexts, and why. The implementation skills are to do with action—the phasing and synchronisation of the change interventions.

Finally, the kaleidoscope is primarily a mechanism for dealing with planned change. It is a tool for organisations that find themselves needing to undertake change as a result of either an actual, or anticipated, loss of competitiveness. Whilst it can be applied to many different change situations, such as the implementation of new information systems or technology, cultural change programmes, or even re-engineering initiatives, it is most appropriate when there is a particular end goal that is to be achieved and, we would suggest, less applicable where change processes are deliberately designed to be open ended and evolving.

Appendix A.

The actual case study based research methodology is written up in detail in Gratton et al (see footnote 4). The research was organised as a consortium—the Leading Edge Forum—between practitioners and academics interested in exploring issues of strategic human resource management. The organisations involved were Citibank, Glaxo Wellcome, Hewlett Packard, BT Payphones, Chelsea and Westminster Healthcare trust, Kraft Jacobs Suchard and Lloyds Bank. Each organisation provided access to one of their divisions as a case study site. The study was set up to capture in-depth data that could provide insight into the differences between rhetoric and reality in the organisations involved and the linkages between business strategy, human resources strategy and outcomes, both organisational and individual. The data collected was both qualitative and quantitative since the intent was to use multiple methods to gain the richness of data required and provide adequate levels of triangulation. Quantitative data came from archival, secondary sources, such as company reports, and Leading Edge Forum questionnaires, and qualitative data came from interviews and focus groups. Firstly, focus groups were run with members of the various human resources departments to gain an appreciation of the issues and challenges facing each organisation. Semi-struc-

tured interviews focusing on issues to do with strategy, the role of HR and the nature of HR activities were then conducted with senior managers, line managers, general employees and union representatives in each organisation. These interviews were supplemented by interviews based on the rules-of-the-game methodology[30] to get a better understanding of the ways of working in each organisation. The questionnaires included:

- an employee survey looking at issues to do with communication, HR activities, strategy, employee relations and job satisfaction distributed to 20 percent of the employees (average response rate of 60 percent);
- a senior manager survey on decision making;
- an HR survey on the design of policy.

A longitudinal dimension was added to the study since data was collected in each organisation more than once. The first set of data was collected on a company by company basis between August 1993 and January 1995, a second set between September 1996 and December 1997 and a third set between 1999 and 2000.

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