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Considering implementing major strategic change?: Lessons from joint venture in the UK health technology sector

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Abstract

Purpose – The purpose of this paper is to identify and illustrate those factors that influence successful implementation of major strategic change drawing on the example of a joint venture between two small firms in the health technology sector.

Design/methodology/approach – The methodological approach involves a selective review of the strategic change implementation literature in conjunction with personal reflections on the part of the lead author regarding his involvement in the development and first year of operations of this joint venture.

Findings – The authors provide an illustration of the sorts of factors that influence major strategic change implementation from the literature integrated with the findings from the focal joint venture in developing a taxonomic framework and several propositions with accompanying managerial action points to help guide the development and management of a small joint venture as one example of major strategic change implementation.

Originality/value – The paper provides managers with a framework that identifies the sorts of issues that need to be considered when implementing this type of major strategic change.

Keywords Joint ventures, Strategic change, Health services, United Kingdom

Paper type Research paper

Background

The changes occurring within the healthcare setting have led many to describe this environment as "hyper turbulent" (Rotarius and Liberman, 2000). Layman and Bamberg (2006) discuss four trends in healthcare that account for this turbulence. They include:

(1) sociocultural (wellness, self-care, and consumerism);

(2) technological (shorter life cycles, higher costs, and rapid obsolescence);

(3) economic (cost cutting and managed care); and

(4) competitive (women's clinics, urgent care centers, and competition) with continued changes in healthcare financing, organization, and delivery increasing the level of turbulence and uncertainty.

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Cohn *et al.* (2007) note that a variety of new business models have arisen as a result of this uncertainty and turbulence and include such major strategic initiatives as joint ventures but the health technology sector presents unique challenges for the implementation and management of such major strategy change initiatives. This is mostly attributable to the fact that major strategic change in the context of health technology often has the added dimension of not only affecting those individuals within the organization undergoing the change, but also those clients and patients of the various health organizations involved.

Against this background, our purpose is to identify and illustrate those factors that need to be considered when implementing major strategic change in the health technology sector. Although these factors can be viewed as being applicable to many different strategic change implementation contexts, we specifically illustrate a number of the problems associated with one healthcare organization's attempt to introduce a major strategic change initiative resulting in the creation of a small joint venture. Our paper is organized as follows. First, we present a selective review of the strategic change literature. This is followed by a discussion of the methodology employed before then illustrating the reflections of the first author regarding the establishment and first year's operation of a joint venture between a private hospital and a diagnostics consulting firm in the UK. The literature and these reflections then inform the development of a number of propositions and related managerial action points along with a taxonomic framework illustrating the sorts of factors that need to be addressed in the implementation of major strategic change.

Literature review

Reger *et al.* (1994, p. 32) define fundamental strategic change as "actions that alter the very character of the organization and not simply revise processes, structure, or strategy." A review of the academic literature pertaining to major strategic change suggests that more attention is being given to design issues rather than implementation. Atkinson (2006) states that more than 50 percent of the strategies developed by organizations are not implemented and Farias and Johnson (2000) state that only about 50 percent of all large-scale change interventions are successful. The focus of much published work has been the planning and development stages of strategic change. Any consideration of implementation "appears to be seen as a matter of operational detail and tactical adjustment" (Pellegrinelli and Bowman, 1994, p. 125). Prahalad and Hamel (1994) also illustrate the fact that major consulting firms such as McKinsey and the Boston Consulting Group have deemphasized strategy formulation and decreased attention to addressing issues of a strategic nature in order to develop greater expertise in implementation issues.

In many instances, major strategic change is predicated on there being an environmental crisis that necessitates such action (Reger *et al.*, 1994) even in the face of widespread resistance (Post and Altman, 1994). Bruch *et al.* (2005) state that it is this resistance that often causes major change initiatives to fail. The causes of this resistance to the implementation of major change is a fascinating topic in and of itself, however in many cases:

> [. . .] people are not against change per se, they are against managerialistic change management initiatives and paternalistic ideology of leadership which primarily serve the personal and group interests of a few (Diefenbach, 2007, p. 137).

Thus, a very important part of the strategic change process is to conduct an audit as to the receptivity of those stakeholders to strategic change in order to better understand what might underlie this resistance. This is further elaborated upon later in the paper.

Our review of the relevant literature reveals that there is much published research ranging in scope from anecdotal descriptions of both successful and unsuccessful attempts at implementing strategic change within organizations to the more normative contributions replete with their blanket prescriptions and "how to implement" formulae for those organizations contemplating the need to implement major organizational strategic change (for typical examples, see Atherton, 1993; Beaver, 2003; Jackson, 2005; Khan, 2006; Mento *et al.*, 2002). Our review identifies three key streams around which the literature has developed. The first stream focuses on individual facets of managing strategic change. This work is complimented by a second stream of research that acknowledges the multitude of issues that arise in the implementation and management of major strategic change. The final stream concentrates on specific strategic change processes. Table I summarizes the key historical work that constitutes each of these three streams.

There have also been attempts to develop integrated models of change management (e.g. Kotter's strategic eight-step model for transforming organizations, Jick's tactical ten-step model for implementing change and general electric's seven-step change acceleration process – see Mento *et al.* (2002) for a detailed review).

We now proceed to review the literature pertaining to the implementation of change rather than on the identification of issues surrounding change. Citing Huff and Reger's (1987) review of strategic process, Covin *et al.* (1994) discuss some of the areas of research being conducted in strategy implementation. These include matching managers with strategies, matching compensation schemes with strategic decisions, techniques for assuring both commitment to and participation in the strategic process, and strategy control and measurement issues. A major common thread that Huff and Reger (1987) identify in the implementation literature is the use of control, incentive, and information systems as a way of realizing intended strategies.

Successful implementation of strategic change dictates that there be continuous planning and management of internal and external communication, with a clear definition of performance goals as well as the nature and rate of acceptable change (Farrell, 1994). Although not explicit in Farrell's (1994) work, one can infer that both the design and implementation of strategic change is a process developed by and dependent upon top management. This type of approach to implementing major strategic change, however, does not appear to devote much attention to the softer issues play a major role in determining the success of implementation.

Waldersee *et al.* (2003), in their study of the implementation of major organizational change in 153 firms, found that whether an organization is mechanistic, hierarchical, operationally efficient and formalized in nature as opposed to "organic" influenced its ability to implement technical/structural change versus behavioral/social change. Both are equally adept at implementing the former whereas "organic" firms were much better at implementing major behavioral/social changes. Second, the preceding also highlights the importance of an additional key factor for implementing major strategic change – having the right people to sell, implement, and promote the program over its entirety. Kotter (1996) states that one of the reasons change processes fail is because

Aspects of managing strategic change	
Managing political barriers to change	Hutt *et al.* (1995)
Individual resistance to change	Bovey and Hede (2001)
The use of control systems	Simons (1994)
Strategic leadership	Taylor (1995)
Creating corporate vision	El-Namaki (1992)
The use of strategic planning	Grundy and King (1992)
Communication strategies	Klein (1994)
The use of projects or programs	Pellegrinelli and Bowman (1994) and Bertsch and Williams (1994)
The role of marketing research	Zabriskie and Huellmantel (1994)
Market research in conjunction with organization development	Hay (2006)
Corporate culture as a management tool	Morgan (1993)
Changing company culture	Kennedy (1993)
Managing culture with a view to sustainable competitive advantage	Fiol (1991)
Implementation and management of major strategic change	
Reframing major change into smaller, middle-range changes that do not overwhelm employees	Reger *et al.* (1994)
Temporal pacing of strategic change	Gersick (1994)
Alternative perspectives for strategic change processes	Stacey (1995)
Senior managers' levels of understanding of specific change processes and their attitudes towards implementing the change	Washington and Hacker (2005)
Shared organizational cognition with strategic change	Sillince (1995)
Knowledge of the industry environment	Burt *et al.* (2006)
Continual attention to the organization's relationships and interactions with the forces in its environment	Hafsi and Thomas (2005)
The role of archetypes in understanding strategic change	Greenwood and Hinings (1993)
Specific strategic change processes	
Total quality management	Grant *et al.* (1994)
Organizational change	Craig (1993)
Corporate restructuring	Peel (1995)
Business process reengineering through enterprise resource planning	Huq *et al.* (2006)
Corporate reengineering	Farrell (1994)

Table I.
Summary of key strategic change implementation research

companies underestimate the importance of the individuals involved in the change and their interactions.

One key issue relates to the relative roles of top and lower level management in the design and implementation of alternative structures and work processes. Marcus (1988) contrasts rule-bound and autonomous approaches to innovation implementation where the rule-bound approach presumes a more top-down approach where senior management wants to see subordinates follow rules to carry out directives whereas the autonomous approach acknowledges that implementation is likely to be more effective when lower level managers are free to design and determine the specifics. Rather than act as a forum for the debates and contrasting approaches to implementation of strategic change that opposing management philosophies would support, this paper will instead now focus on the concepts that transcend schools of thought and that would appear to be necessary to the optimization of success in implementing major strategic change. These common themes include such factors as strategic vision, organizational purpose, and strategic planning as potential inputs to a host of moderating factors that influence major strategic change implementation (the outcome). Some of these factors are clearly necessary antecedents for successful implementation of strategic change whereas others might be more peripheral or of lesser significance depending upon the nature of the strategic change under consideration. Intuitively, there do not appear to be any surprising or counter-intuitive factors; however, for some of them, there can be clear differences in the organizational assignment of responsibility and/or ownership. Thus, it is possible to divide these mediating/moderating factors into those that fall under the domain of management characteristics, responsibilities or initiatives, those that need to be embraced/exhibited by non-management employees, and those to which the entire organization must subscribe/exhibit. Having selectively reviewed the relevant literature regarding the implementation of major strategic change, this paper will now describe the research method utilized to augment this review.

Research method

In addition to presenting a review of the literature, we utilize subjective personal introspection (SPI) as a methodological approach to provide a rich "emic" perspective of small joint venture development from the perspective of the first author who was involved in the development and operations of this venture for its first year. Wallendorf and Brucks (1993) term this researcher introspection with "at least one individual providing verbal data on aspects of his/her experience that are consciously available to the introspector but not directly observable by another person" (Wallendorf and Brucks, 1993, p. 340). These introspections are based on personal retrospective reflection. Holbrook (2005, p. 45) states:

> [. . .] subjective personal introspection (SPI) amounts to a form of participant observation or observant participation in one's own life. In effect, SPI constructs a sort of authoethnography via which the author enjoys privileged access to the relevant phenomena of interest.

This notion of "autoethnography" involves the researcher's lived experiences (Canniford, 2005). Autoethnography is a type of ethnography that uses the researcher's personal experiences as a source of data but is also a complex process of managing insider and researcher roles to integrate elements of the researcher's own life experience while writing about others (Karra and Phillips, 2008). Thus, we use the terms SPI and autoethnography interchangeably as the intent is simply to incorporate the reflections of the first author into the analysis of the literature. A description of these reflections/experiences in establishing and working within LAB for its first 18 months of operation follows. Having actually experienced the creation and first year of operations of this venture, the first author reflections in conjunction with an analysis of the literature serve as the source of the propositions and managerial action points. As such, they are both theoretically and empirically "grounded."

Context

The creation of a joint venture (hereafter referred to as LAB) between two organizations working within the private health sector in the UK serves as the study setting in illustrating the sorts of issues that need to be addressed when contemplating and implementing this type of major strategic change. The organizations involved have been disguised and the description of the setting is designed more to provide a backdrop against which the emergence of a significant number of challenges and problems can be highlighted. "Hospital A" is a private health centre in a large UK city, thus it operates outside the auspices of the publicly funded National Health Service. It is a highly specialized treatment facility that focuses on reproductive medicine. At the time of entering into discussions with "Consultancy B," Hospital A was a successful treatment facility with basic diagnostic capabilities. Its anticipated contribution to the joint venture would be:

- management expertise;
- local regulatory and market knowledge; and
- financial resources/infrastructure.

Hospital A also operated a satellite treatment facility in the Middle East.

Consultancy B is an international diagnostics consulting firm comprised of three individuals: a scientific director who has been closely involved in establishing World Health Organization (WHO) guidelines for the diagnosis and treatment of particular reproductive conditions, a medical director who is also a clinician at Hospital A, and a business manager. Consultancy B's core business encompasses upgrading diagnostic and therapeutic capabilities at specialty (private) clinics and training staff to perform procedures to WHO standards. Its contribution to the anticipated venture would be its scientific/medical expertise in diagnostics and appropriate therapy. This expertise assumed the form of both a procedures manual and a trained scientist contracted to conduct all diagnostic procedures and training of the joint venture laboratory staff. The description of the venture that follows is based upon a reflective and introspective analysis of the lead author's employment as a senior scientist in the development and first year of operations of LAB.

Consultancy B convinced Hospital A that there was a market for an advanced diagnostics services to operate outside of the public health system. The justification being that since many therapies are costly, improved diagnostic assessment could lead to more cost-effective treatment for patients. Thus, some of the more affordable therapeutic options become viable if a complete diagnostic picture is available. From an economic perspective, it was felt that if LAB were to be established, it would be the only private diagnostic centre in the country capable of performing such advanced diagnostics testing, and it could serve as a potential referrer of patients to Hospital A for treatment. This was also good timing since the anticipated commencement date would make it the only type of organization of its kind and it would thus enjoy the benefits of:

- having no competition;
- being the lowest-cost producer (of services);
- having a differentiated service (no threat of substitution); and
- catering to an exclusive, affluent market segment.

In addition, recent government legislation to regulate and monitor this industry was going to effectively increase barriers to entry.

Subsequently, Hospital A and Consultancy B entered into a formal joint venture partnership, where Consultancy B's scientific and medical directors assumed the same roles in LAB, and the managing director of Hospital A assumed the same role in LAB. Hospital A's Board of Directors became LAB's Board with the addition of the medical and scientific directors. Nursing, laboratory and administrative personnel were also shared between Hospital A and LAB. We will next describe the plethora of problems that the lead author observed in his role as senior scientist.

Problematic issues identified

Issue 1: lack of market research

With respect to the viability of such a venture, the first problem was that little, if any, market research had been conducted. Consultancy B was able to convince Hospital A of the need for such a venture without any market research to determine the level of interest or demand within the medical community for such diagnostic services. This venture was technology-driven, not market-driven. There was no apparent demand or expressed need for this level of diagnostics from referring physicians for two reasons:

(1) specialists commanded substantial fees by performing expensive treatment modalities, thus there was no financial incentive to have their patients seek less expensive therapies; and

(2) the medical community felt that a simple diagnostic assessment was sufficient.

Issue 2: lack of trust in partner

A second problem was that Consultancy B had misgivings about their partners from the beginning and wondered whether there were other potential partners whose interests were more closely aligned with their own. They chose to ignore these reservations about compatibility in favor of expedience. They felt that being the first to establish such a centre would more than compensate for a perceived lack of compatibility. As it turned out, delays in negotiating a suitable agreement enabled a drug company-sponsored venture to commence similar activities before LAB.

Issue 3: lack of morale and ill-defined venture staff roles/responsibilities

Consultancy B was uncompromising in its demand for both highly specialized, expensive equipment and operating procedures that met WHO standards, while Hospital A had cash flow issues and was always looking for ways to cut costs. A significant morale problem ensued at LAB where clinic staff felt like mediators between the parent firms. Attempts to educate physicians and to activate a dormant market were of very limited success. A change in the scope of activities of LAB's senior scientist and medical director such that they had to actively engage in promoting the clinic's services to local physicians was something that neither of these individuals felt should be their responsibility. As the volume of business at LAB continued to remain low, this responsibility for aggressively promoting the clinic and its services became more urgent.

Issue 4: lack of support for venture "Raison D' Être"

The level of sophistication of the diagnostic services offered by LAB was not seen as essential or even necessary by Hospital A staff. Even though Hospital A's board saw merit from a potential revenue-generating perspective, Hospital A staff failed to recognize the need for such elaborate diagnostics. This compounded the challenge to generate business since even LAB's major referrer was skeptical and such were the divergent perspectives that Hospital A needed to be convinced of LAB's merit rather than acting as its most ardent supporter. Subsequently, Hospital A physicians started referring patients to LAB, but only because Hospital A management was encouraging them to do so. Consultancy B also believed in the revenue potential of LAB, hence their initiative to approach Hospital A about creating such a venture, but they also had an additional, more socially responsible objective of rationalizing treatment and standardizing the diagnostic facet of this particular industry.

Issue 5: LAB as a satellite of Hospital A?

Early on it its operation, with very little business coming into LAB outside of Hospital A's referrals, and with the level of shared staff between LAB and Hospital A being at such a high level, LAB began to look increasingly like a satellite operation of Hospital A. This perception was augmented when Hospital A transferred part of its operations onto LAB's premises, thus blurring the boundary between the venture and one of its parent firms. Consultancy B strongly opposed this move and felt that this would negatively influence LAB's reputation. As business failed to increase, interpersonal relations both inter-and intra-organizationally became more strained (i.e. not only between parent firms but also between members within the same parent firm and between the venture and parent firms).

Issue 6: lower treatment success rates

From the perspective of the treatment side of this industry, operating in an extremely competitive environment where treatment facilities rely on achieving consistently good records of success; Hospital A experienced reduced success rates that caused patient migration to other clinics. This compromised Hospital A's ability to contribute financial resources to the joint venture. At both LAB and Hospital A, there was high turnover of laboratory staff as they were headhunted by other treatment programs. The managing director of LAB was constantly stressed as he juggled responsibilities for overseeing activities at both Hospital A as well as LAB.

Issue 7: partner exploration or exploitation?

Both parent firms were dependent upon each other initially; however this dependence was restricted to the need for each others' resource contributions to the collaboration. With respect to LAB, it could be hypothesized that although there was high-complementarity of resources, the benefits of the type of research that was being conducted would only accrue to one of the parent firms in terms of immediate applicability and its strategic portfolio in diagnostic consulting. The long-term perspective still would not give both parents high-proprietary benefits as a result of partnering because of the lack of intellectual property protection for developed procedures as well as the high potential for imitation and/or substitution. Finally, Consultancy B saw LAB as a means of enhancing its reputation and furthering the objectives of globally standardized diagnostics, whereas Hospital A viewed it as being "quasi-integrated" (Zaheer and Venkatraman, 1994), thus once established, Hospital A would have a close relationship with LAB such that it would be dependent upon it for a significant proportion of it is incoming (total) business.

A postscript to this description of the venture is that the problems identified proved to be insurmountable and less than two years after commencing business, LAB ceased to exist as a separate entity with the second year of operations essentially phasing out Consultancy B's input and increasingly turning it into a simple satellite focusing on one aspect of Hospital A's business.

Having described the context of this research, with an emphasis on the illustration of all of the problems associated with establishing and managing LAB, the objective of the remainder of this paper is to develop a framework, and a series of managerial action points. This framework and associated action points are grounded in the analysis of the strategic change literature in conjunction with a reflective examination of the first author's experiences in establishing LAB. This type of approach forms the basis for studying the phenomenon of interest, in this case major strategic change, in the real life context in which it is occurring – the process and establishment of the LAB, thus resulting in an understanding of this on a basis which is meaningful, and from which relevant theory can be generated. This preliminary theory can then be used to generalize the results (Yin, 1994).

Discussion

We now expand on the factors identified above to illustrate how they are interrelated and ultimately present an overall taxonomic framework that highlights those input and influencing factors that are deemed to be most important to achieving the desired outcome (successful implementation of major strategic change). The result is a series of propositions and accompanying managerial action points that serve to illustrate the range of issues that need to be addressed when contemplating the successful implementation of major strategic change. Again, we note that these propositions, the associated managerial action points are grounded in our analysis of the literature in conjunction with reflections on the experiences of the first author's involvement in the creation of LAB. We acknowledge that this particular example of major strategic change may not be subject to the same sorts of issues as much larger joint venture initiatives, however, as an example of one type of major strategic change initiative (i.e. a small joint venture within a private healthcare context), we hope to provide a broad enough platform of issues and related action points to transcend the organizational context of interest. The analysis of this literature and reflections come together to form the basis of the four fundamental components of theory:

(1) definitions of terms and variables (the various parties to the LAB – Hospital A and Consultancy B);
(2) an exact setting or circumstance where the theory can be applied (the creation of the LAB joint venture to provide highly specialized treatment for reproductive medicine);
(3) a set of relationships, (between all of the various LAB actors); and
(4) specific predictions (around the performance and outcome of the joint venture).

These, in turn, can be used to guide the theory building process; in our case the managerial action points for the successful implementation of major strategic change (Yin, 1994; Wacker, 1998). This information provides managers with a comprehensive checklist of known influencers of successful major strategic change implementation such that the likelihood of successful implementation can be maximized.

Numerous authors have tackled the concept of strategic vision; with such typical definitions as “a clear, measurable and challenging description of a desired future goal which when achieved will give the organization a significant advantage over its competitors” (Davies, 1993, p. 202) or “a mental perception of the kind of environment an organization aspires to create within a broad time horizon and the underlying conditions for the actualization of this perception” (El-Namaki, 1992, p. 25). El-Namiki also points out that vision implies that there is managerial competence, capacity and commitment, as well as a profile of resource capabilities – both human and financial, however, a critical factor for the success of a change process is top management credibility (Simons, 1999).

Owing to the shear scope of factors that can influence strategy implementation, our position is that vision is not simply a dictum from senior management that articulates organizational direction-setting. Vision cannot simply be “words on paper” but it must “live in the hearts and minds of all employees” (Coulson-Thomas, 1992, p. 83). Bartlett and Ghoshal (1994, p. 80) support this view in describing the extension of the old doctrine of strategy, structure and systems:

> [. . .] to a softer more organic model built on the development of purpose, process and people [. . .] creating an organization with which members can identify, in which they share a sense of pride, and to which they are willing to commit.

Craig (1993) illustrates some of the interactions among the concepts mentioned previously, when noting that a clear, shared vision links the corporate vision with daily decision making – although shaped by senior management, it embodies the corporate culture that determines employee behavior. There was no clear vision or mission statement guiding the operations of LAB. Thus:

P1. Successful implementation of major strategic change requires that an organization be able to articulate a strategic vision/mission/objective that all employees can identify with and in such a way as to provide each member of the organization with a sense of purpose and the motivational enthusiasm necessary for coordination, consensus, cohesion, cooperation, commitment, and change receptivity *en masse*.

Managerial action:

- Create a shared vision/mission that reflects input and perspective from all employees and stakeholders involved in the process.
- Develop a series of objectives that allow employees and stakeholders to be able to measure their progress against the vision/mission at any point during the process of major strategic change.

Additionally, Craig (1993) notes that senior management needs to consistently communicate and reinforce vision and values in a facilitating rather than controlling manner and that this reflects management’s consideration of employees being valued assets capable of self-management and being held accountable for the outcome of their work. This latter point is also echoed by Davies (1993) in his advocacy of an "employee self-correction" method of evaluating performance against the broader strategic vision of the organization. Often used interchangeably with vision, mission "encompasses a statement of purpose, a specific performance related vision, a set of strategic guide-lines about how and where the firm will compete and a set of corporate values" (Davies, 1993 p. 202). Davies goes on to note that success is dependent upon visions/missions that are measurable, memorable and expressed in language that relates to, and has had input from, all levels of the organization. What best captures the imagination, creativity and aspirations of the organization is significant employee involvement in discussions of the competitive realities facing the organization, and the alternative visions and strategic options that are available based on what values/beliefs guide and motivate them in meeting competitive challenges.

Interesting and necessary tangents to the vision/mission/purpose concept include consensus, commitment and communications. Davies (1993) describes the rare incidence of achieving consensus and subsequent commitment among all members of the organization as well as the distinction between compliance and commitment. He proposes a "collective responsibility" process whereby open discussion and debate among all employees is encouraged, however, there is a clearly defined decision-maker or rule (i.e. majority vote) that must be honored. With respect to the compliance-commitment issue, it is suggested that commitment will be a natural result of employees sharing the organization's vision, purpose, and values. This commitment will occur when employees have input into strategy formulation processes, are encouraged to monitor and correct their own performance, and to use their own creativity and initiative to influence the structures and systems in which their work is organized. Davies states that in organizations where the "buy in" to the corporate vision is one of compliance, successful implementation of strategic change will depend on the organization's structures and reward systems whereas with organizations whose employees behavior constitutes a commitment to continuous improvement, successful implementation is not contingent on pre-determined organizational design (structure and systems). At neither Hospital A nor LAB, was there any attempt to solicit input or feedback from staff as to the proposed venture nor did there appear to be any ongoing mechanism for assessing or promoting consensus. The entire process was very top down-driven. Thus:

P2. Organizations whose employees demonstrate commitment to organizational objectives will exhibit greater success in implementing major strategic change than those organizations whose systems/structure foster compliance through managerialist control.

P3. Organizations in which there is consensus among employees that major strategic change is necessary will exhibit greater levels of success at implementation.

Managerial action:

- Foster commitment and internal buy-in to the objectives developed through an integrated internal communications program.
- Encourage each business unit to develop their own set of criteria as to how they will meet the objectives outlined and use that as the basis for the internal

communications process. This will ensure business unit level ownership of the objectives and lead to a greater degree of internal commitment.

- Be open and honest with the employees about the situation that the company is facing (i.e. the need/cause for change). The biggest barrier to consensus amongst employees is a lack of information.
- Utilize internal communication portals (e.g. intranet, staff newsletters, and notice boards) to signal the issues that are prevalent and suggest ways in which employees can participate in suggesting and implementing solutions.

P4. Given the rarity of complete organizational consensus, those organizations exhibiting collective responsibility where decision making follows a majority vote type of arrangement will exhibit varying degrees of implementational success depending upon the magnitude of the majority/minority split, i.e. decisions based on votes close to 50/50 will exhibit the lowest levels of success in successfully implementing major strategic change.

Managerial action:

- Have a clear plan of how the implementation of the major strategic change will occur and the various input and feedback sessions that are available to employees along the way. This will facilitate the achievement a higher level of consensus.
- Create internal "champions" of the cause through the identification of a range of key leaders at different levels within the organization who are committed to making the change, thereby encouraging others to follow their example.

Both within Hospital A and LAB, there was a perception that the managing director of both organizations was not a strong leader/manager. He was not experienced and he tended to spend a great deal of time trying to consolidate his own position and appease the growing concerns of Consultancy B and Hospital A's Board of Directors rather than addressing the problems that were becoming more and more apparent. Thus:

P5. Organizations in which senior management is viewed as credible will exhibit greater levels of success at implementation.

Managerial action:

- Look carefully at removing some of the barriers (both implicit and explicit) that may exist between senior management and employees. An organization may have the best senior management team in the world, but if its employees are not able to find that out for themselves, they are less likely to believe it.
- Engage in some reporting to employees about how well (or otherwise) the senior management team is performing and what projects they are working on. Do not exclusively focus on the positive; remember credibility is not solely based on projects always going well, rather that they are seen as effective and believable.

P6. Organizations in which continuous organizational learning is a priority will be more successful at implementing major strategic change.

Managerial action:

- Many organizations have an informal or implicit organizational learning program, so for these firms, it may just be a case of formalizing or promoting it more widely to employees.
- For those who do not, spend the time to look at ways in which this type of learning may be achieved within your organization. The majority of employees will see through a program that is rushed, or is merely an attempt to push through major strategic change.

The concept of communication is a key factor in determining the success of implementing strategic change. Klein (1994) illustrates how various communications strategies can increase the success rate for organizational change; however, these strategies emphasize a hierarchical, top-down perspective. Others have noted the importance of bi-directional sources and channels for communication. Coulson-Thomas (1992, p. 88) notes the importance of effective top-down communications, but also states that "effective communications requires effort, commitment, time and courage. Full commitment is the result of integrity, openness and real two way communication."

Hutt *et al.* (1995) describe the political as opposed to technical barriers to strategic change. They define political barriers as being comprised of those involving turf, interpretation, and communications, all of which can be addressed by adoption of a team-based approach to managing strategic change. Goodman and Truss (2004) emphasize both the process and the content of the communication strategy as being significant. In particular, the timing of change messages, matching communication strategies to the employee profile, the use of appropriate media, flexibility and the minimization of uncertainty are especially significant. More recent research addressing the communications facet of major strategic change implementation demonstrates the importance of managers aligning employees' expectations of the change communication with understanding of the change goal itself such that they are more receptive to the intended change (Frahm and Brown, 2007).

Eisenstat's (1993) "Strategic Human Resource Management (SHRM)" process incorporates a number of the concepts mentioned earlier in this paper. With respect to communication, SHRM was designed to facilitate open, fact-based communication between all organizational levels, as the breakdown in communications up and down the hierarchy is often one of the most common issues preventing or compromising successful implementation of strategy. The SHRM process is purported to be:

> [...] as much a method for facilitating organizational learning as it is for strategy implementation. This learning results in ongoing improvements in the levels of coordination, commitment and competency which, in turn, result in increased organizational capability (Eisenstat, 1993, p. 36).

Waistell (2006) argues that metaphors provide practical tools for managers to communicate change across time and space and that those participating in major change will more readily accept change communicated through metaphor, since it simultaneously mediates continuity and change. Mantere *et al.* (2007) extend this argument in positing the use of a music metaphor (through form, harmony, volume, rhythm, and texture) as a way for those involved to better understand, structure and control the experience of organizational change.

Davies (1993) also illustrates the relationship between effective communication and both individual and organizational learning. In his view, listening to colleagues from different functions, employees at all levels of the organization, and especially customers, better enables the organization to learn. Organizational learning is only briefly mentioned in this paper, but the reader should not interpret this as an indicative of having lesser importance in determining the success or failure of making strategic change a reality. As previously mentioned, there was virtually no bi-directional communication between Hospital A and LAB and increasingly little civil communication at all between Consultancy B and Hospital A. Thus:

P7. Organizations which demonstrate effective two-way communications between management and non-management personnel will be more successful at implementing major strategic change.

Managerial action:

- Look at existing communication channels and ensure that there are clear pathways in which non-management personnel can feedback and share with others in the organization (at both a management and non-management level).
- Consider utilizing not only formal internal communication channels but also informal/social activities to ensure a wide range of opportunities where employees will feel comfortable to feed back.
- The need for flexibility and anonymity needs to also be considered in communication channel operation.

Adopting a social and organizational culture perspective, Johnson (1992) describes the probable shifting of paradigms when major strategic change is being considered. He notes that although there has been a good deal of advocacy for "open, organic management systems", senior management must still "guide" the process of change and somehow ensure that there exists the necessary climate for change. This approach takes some of the negative connotations of control away from the process. Thus, control should not necessarily be equated with dictatorial management but simply providing the necessary guidance. As such, he advocates the need to perform "cultural audits" of the organization such that whatever is taken for granted in the organization is made explicit. By addressing the organization's symbols, stories and myths, rituals and routines, control systems, and organizational and power structures, a framework for the management of strategic change that avoids strategic inertia and strategic drift can be developed, thus maximizing successful implementation.

A similar position is advocated by Morgan (1993) in his description of organizational culture being seen as either a background factor, an organization variable or as a way of conceptualizing an organization. Implementation of major strategic change necessitates that there be a receptive organizational culture in place and there is increasing attention being paid to how this receptive culture might actually be optimized through scenario planning (Korte and Chermack, 2007), or storytelling (Adamson *et al.*, 2006). The success of change processes are optimized when they fit a company's current culture. Traditions, norms and shared values within a company need to be incorporated into the decision-making regarding the selection of a change program (Heracleous, 2001; Bruch and Ghoshal, 2003, 2004). Regardless of how it is treated, cultural analysis of the organization influences not only strategy formulation, but as the literature shows, its implementation as well (Forsythe, 2005). As alluded to earlier, everything related to LAB's operations was very much driven by Hospital A's Board of Directors – a very top down approach with little to no assessment of the attitudes and organizational culture that existed within Hospital A or LAB. If anything, there appeared to be quite a bit of resistance to the perceived need for the creation of LAB on the part of Hospital A's laboratory and medical staff. Thus:

P8. A detailed audit or analysis of the corporate culture and organizational climate will reveal the level of organizational receptiveness to initiating major strategic change, therefore giving an indication of anticipated success at implementation.

Managerial action:

- Conduct an organizational climate audit, i.e. internal market research to determine receptivity to change.

Based on the discussion thus far and having examined the influential factors in more detail, on a very general level, they would appear to impact the composition of a taxonomic framework for implementation of major strategic change by falling into four main categories: content issues (the major change initiative being contemplated); process issues; context issues (pre-existing forces in the organization's external and internal environment); and individual differences (people) issues (Walker *et al.*, 2007). Figure 1 is presented as a possible taxonomic framework for better understanding the process of implementing major strategic change and it is once again grounded in our analysis of the literature in conjunction with reflections on the experiences of the first

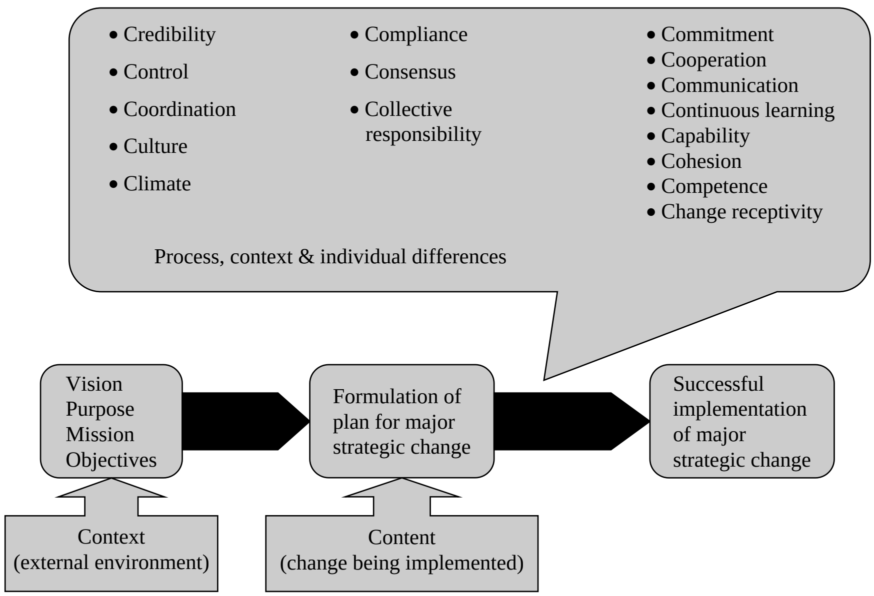

Figure 1.
A taxonomic framework of major strategic change implementation

author's involvement in the creation of LAB. It illustrates the fact that the external environment (context) will influence organizational vision, mission, purpose and objectives. This will then influence the formulation of the actual plan for major strategic change (content). Successful implementation of major strategic change is then ultimately influenced by a number of internal environment (context), process, and people (individual difference) factors.

Implications for management and future research

Regarding possible limitations of this paper, as a methodological approach, SPI is a very controversial research technique because it involves examining one's own mental and emotional processes related to a topic being researched and collecting these introspections together in the form of a personal narrative or autobiographical essay (Brown and Reid, 1997). In addition, a certain amount of time has passed since the first author was involved in the creation of LAB so it should also be acknowledged that in introspecting, there is also the possibility that accessing memories on the part of the first author are subject to errors in recall or recollection.

In conclusion, a number of factors are identified as influencing the likelihood of success in implementing major strategic change within an organizational context. Each of these moderating/mediating factors can theoretically influence implementation at any stage in the process – by influencing the initial strategic vision, the subsequent formulation of a strategic plan, or by moderating the actual attempts to implement strategic change. However, the extent to which these factors do influence the process of implementation, as well as the extent to which they interact with one another, will undoubtedly vary from situation to situation and from organization to organization. As previously mentioned, such a small joint venture might not be subject to the same issues faced by other, much larger strategic change initiatives. One major challenge for any organization attempting major strategic change is to carefully examine all of the inputs to the process and attempt to ensure that all of the factors which can influence the actual implementation are addressed. Where there is the potential for some of these factors to adversely influence implementation, steps need to be taken to remedy the situation.

If one looks specifically at the health technology sector, a number of these identified issues are more salient in the context of strategic change implementation. A point to note is that in the health sector, most forms of major change in healthcare organizations lead to the disruption of organizational processes which inevitably impact sense of control, well-being and ultimately the therapeutic relationships between health provider and patient where additionally, there are cumulative effects on people to consider – "change fatigue" and a "culture of cynicism", which impair capacity to absorb the next round of change (Coid and Davies, 2007). This is a very important point to note in that the health technology sector presents unique challenges for strategy change management and while some organizational relationships may be improved by implementing major strategic change, e.g. between hospital managers and political/government personnel, many more relationships may be actually adversely affected such as those relationships closest to patients (Coid and Davies, 2007). For example, in the case of this venture, a very important result of the attempts to implement this type of major strategic change was that patient care was ultimately reduced and the success rates (treatment) at Hospital A were compromised.

This paper has not attempted to offer a step-by-step plan for successful implementation of major strategic change, but has instead attempted to identify those factors which need to be addressed when considering such significant organizational action. By highlighting these factors, the subsequent challenge to any organization is to modify or adapt any prescriptive piece to suit its own particular requirements, but additionally, to use its own human resources (both management and non-management personnel) to best determine the most appropriate means by which to make strategic change a reality.

We suggest that the identification and description of influential strategic change implementation factors and the subsequent development of such a taxonomic framework might stimulate further work in the area of major strategic change implementation. This preliminary, conceptual work has resulted in a framework that requires empirical testing to be of generalizable utility. Future research might attempt to consolidate the number and types of factors that can play an influential role in the implementation of major strategic change. Case studies and a more extensive review of the literature might reveal additional factors, although factor analysis might suggest that there is already some degree of redundancy between such factors as cohesion and coordination or between climate and culture. This might suggest a need to refine and define the variables in such a way as to operationalize them in order to allow for their measurement in some sort of survey instrument.

Recall that it was this papers intention to identify those factors capable of influencing the implementation of major strategic change and secondarily to develop a taxonomic framework that might help managers to better realize their strategic change implementation objectives. To adopt a medical metaphor, it is only by identifying the symptoms and diagnosing the problem that a treatment or cure can be offered. Thus, this paper has attempted to identify those symptoms most indicative of failed strategic change implementation in an effort to assist both the researcher and the practitioner in the remedying of ineffectual or unsuccessful implementation of major strategic change.

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