
Graham Dwyer, Loizos Heracleous and Ciaran Doyle

1 Centre for Management Quality Research, RMIT University, Melbourne, Australia
2 School of Business, National University of Singapore
3 Avaya Ireland, Corke Abbey Bray, Ireland

- The Avaya Ireland story generates insights about how the European Foundation for Quality Management Model can be mobilized as a vehicle for driving organizational change. This paper describes the process of strategic change at Avaya Ireland and grounds the practical experience in recent strategic change management literature.

- The process of linking strategic change management theory to practice adds richness to the analysis by illustrating how radical change can be brought about by a perceived crisis based on changing environmental conditions. It also illustrates the use of applied frameworks by the organization as a guide for structuring and motivating strategic change.

Introduction

The business landscape in Ireland today is characterized by ever-increasing rates of globalization and technological advancement, posing significant challenges for organizations to manage such advances effectively. Avaya Ireland is an example of an organization that has engaged in a strategic change to nurture and develop a culture of market orientation, employee involvement and continuous improvement.

This case study describes a process of strategic change in a high-velocity change environment (Brown and Eisenhardt, 1997). From its inception, low inter-functional coordination, low levels of communication and a lack of organizational development characterized the Irish facility. This resulted in slow product development and products becoming obsolete in the marketplace that led to decreasing levels of revenue. The situation was exacerbated by global recession. Strategic change was necessary if the organization was to survive.

*Correspondence to: Graham Dwyer, Visiting International Scholar, Centre for Management Quality Research, RMIT Business, RMIT University, 239 Bourke Street, Melbourne, Victoria 3000, Australia.

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This case study describes a process of strategic change in a high-velocity change environment
The genesis, progression and outcome (Leavy, 1991) of strategic change from the early 1990s is examined here, illustrating how this change led the facility to become a centre of excellence. The analysis builds on insights about how business strategy (in this case structured through the application of the European Foundation for Quality Management Model) can be mobilized as a vehicle for driving organizational change. Furthermore, the key roles of teamwork, employee involvement and extensive communication in large-scale change are highlighted. Finally the paper illustrates how radical change can be brought about by perceived crisis based on changing environmental conditions.

The genesis of strategic change

Fletcher (1997) suggests that strategic change aims to alter organizational arrangements so as to align individual behaviour with the business strategies. If this is to be achieved there is a need for stakeholders at all levels to take responsibility outside of functional boundaries. At Avaya Ireland, strategic change initially in the form of downsizing and subsequently focusing on learning and adaptation for excellence, was induced by the sense of crisis and imminent bankruptcy of the organization. Stakeholders at all levels recognized the need to service the requirements of the market but the existing organizational structure and culture were inhibiting this. Within the Irish facility there was a need for processes and systems to become more flexible, adaptive, responsive and value adding. Furthermore, within the wider multinational organization, it was clear that the Irish organization was not performing on par with respect to employee relations issues (see Table 1). This poor overall performance across many areas of the organization had prompted the need for strategic change.

Table 1. Global opinion survey

<table>
<thead>
<tr>
<th>Category</th>
<th>Ireland</th>
<th>EMEA</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Values</td>
<td>40</td>
<td>63</td>
<td>-23</td>
</tr>
<tr>
<td>Leadership</td>
<td>45</td>
<td>57</td>
<td>-12</td>
</tr>
<tr>
<td>Working Relationships</td>
<td>56</td>
<td>68</td>
<td>-12</td>
</tr>
<tr>
<td>Empowerment</td>
<td>54</td>
<td>64</td>
<td>-10</td>
</tr>
</tbody>
</table>

Note: EMEA (Europe, Middle East and Africa) relates to broader multinational organization outside of Ireland. Source: Internal Avaya Ireland Documentation within and for Avaya.

change. Stakeholders in many organizations and sectors are seeing hierarchy fade away and the clear distinctions of title, task, department and even corporation blur. The downsizing process at Avaya Ireland resulted in a redesign of the executive structure within the organization. The executive body became known as the Steering Team. As a team they decided to seek help from the parent company, which then dispatched Malcolm Baldridge Assessors1 to conduct an audit of the organization. It was clear from this exercise that the facility lacked a robust performance management system. Furthermore, there were no key performance indicators measuring the performance of the facility against competitors or best-practice organizations within the industry. The assessors awarded a score of 178 to the facility. This score fell well below the @EFQM’s score of 350 for organizations recognised for excellence and the average Baldridge score of 250. The need for strategic change was obvious and urgent.

Challenges to strategic change

Ciampa (1992) asserts that challenges are a necessary part of strategic change as an organization seeks to adapt to a new form of working. The Steering Team at Avaya identified

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1The National Malcolm Baldridge Quality Award is a US-based company award to recognize business excellence. It is based on self-assessment across seven criteria; leadership, strategic planning, customer and market focus, information and analysis, human resource development and management, process management, and business results.
two main types of barriers that needed to be addressed, these being structural and cultural. The Steering Team believed that if both these challenges were addressed, the organization would be well positioned to overcome its financial difficulties. First, organizational design needed to become more flexible and organic as opposed to the command and control, mechanistic design that existed historically and had over time become obsolete and ineffective. The hierarchical control structure of the organization meant that employees were not given the authority to make decisions and deal with problems as they arose. There was sub-optimization, rigid demarcation of tasks and no mutual view of problems.

The command and control organization structure had engendered a culture of low trust and commitment and high levels of complacency. At Avaya Ireland people were not empowered to use their judgement and were not motivated to think creatively about everyday work challenges because there was no reward or recognition for doing so. Business was not conducted with the needs of the final customer in mind. As a result, the employees believed that they were working in a vacuum without needing to interact with the external business environment.

Finally there was a need for the Steering Team to address the poor morale in the organization. In terms of company values, leadership, working relationships and empowerment the Irish facility scored low relative to facilities elsewhere in the world (see Table 1).

**Progressing the strategic change**

Bruton et al’s (1996) research suggests that downsizing conducted as part of an overall strategic plan can benefit organizations at various stages in their lifecycle under a variety of environmental conditions. The initial downsizing at Avaya Ireland had represented the beginnings of a radical turnaround/change strategy (see Figure 1).

However, the Steering Team realized that this was only an initial step in the change process. Long-term survival would depend on the development of robust processes, improving customer focus and innovation. The Steering Team now sought to build on the changes represented by the initial downsizing process.

Senge (1990) has suggested that the modern manager needs to engage in continuous learning. This involves engaging in developmental activities to ensure the human capital of the organization is equipped to adapt to the ever-changing business environment. The Steering

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**The modern manager needs to engage in continuous learning**

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**Figure 1.** Choices of change initiatives. (Source: Dwyer and Doyle, 2002: 33.)
Table 2. Strategy statements for Avaya Ireland

<table>
<thead>
<tr>
<th>1. Engaging our people</th>
<th>2. Exceeding customer expectations</th>
<th>3. Enhancing our quality</th>
<th>4. Increasing shareholder value</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Teamwork</td>
<td>• Customer Satisfaction Team</td>
<td>• Self assessments</td>
<td>• End radio transmission</td>
</tr>
<tr>
<td>• Training</td>
<td>• Customer Solutions Centre</td>
<td>• Benchmarking</td>
<td>production</td>
</tr>
<tr>
<td>• Communications</td>
<td>• Annual Customer Surveys</td>
<td>• Process Review</td>
<td>• Cut cost through scrap</td>
</tr>
<tr>
<td>• Management and</td>
<td>• Metrics for Complaints</td>
<td>• Supplier Open Days</td>
<td>• Triple manufacturing</td>
</tr>
<tr>
<td>Employee roles</td>
<td></td>
<td></td>
<td>capacity</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Open global distribution</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>centre</td>
</tr>
</tbody>
</table>

Source: Internal Avaya Ireland documentation.

Team realized that new skills of facilitation, dialogue and cooperation would need to be learned by people at all levels of the business, if the organization was to become more flexible and adaptive as articulated in the strategy statement (Table 2). Choosing the correct change initiative would be a key decision as it would provide the Steering Team with a mechanism for planning and controlling the change operationally while from a strategic point of view offering a conceptual framework to assist with decision making.

Armstrong (2001) and Rigby (2001) highlight a vast array of management tools and techniques available to managers during times of turbulence prompted by change. There was a diverse range of initiatives available to the Steering Team. Each of these initiatives would have different effects on the organization in terms of the type and nature of change (see Figure 1). The Steering Team was very conscious of the fact that misapplication could prove very costly to an already struggling organization.

Human resource management theory advocates the need for organizations to develop the capability of its people during change management initiatives (Schuler and Jackson, 1996). At Avaya Ireland there needed to be an investment in human capital to build the necessary capability and morale to support change in the organization.

Freedman (1996) reported that business consultants working with senior organizational leaders and employees at all levels could help to identify skills and competencies necessary for achieving change. The Steering Team employed an external change agent to play a consultative and participative role with respect to delivering change. The consultant employees helped people to realize the benefits of working collectively as a team. Furthermore, 10% of all employees were trained in team leadership. The leadership training was aimed to assist people in making the transition from functional managers to business team leaders of a well-integrated organization. The training explored the skills required to be a leader and focused on motivation, communication, conflict, performance and change management. If the organization was to survive people would need to become more resourceful. Six employees were trained as team facilitators and formed a Facilitation Team to work with the consultant.

After a careful review of issues facing the organization, the Steering Team and the consultant identified four key strategic areas to be addressed by everybody in the organization. Each of the four areas were cascaded into improvement projects, and cross-functional teams were formed to address them, supported by facilitators. A skills development specialist was appointed to ensure that employees had a point of contact within the organization if they required further clarification of the agenda and need for change. Table 2 illustrates the four strategic areas targeted for action.
Engaging our people (EOP)

Organization development theory highlights the need for stakeholders to unlearn assumptions which reinforce an organization's existing values, attitudes and norms that can prevent change from taking place (Schein and Bennis, 1965). Change agents are advised to build helping relationships with stakeholders to facilitate change (Schein, 1999). The EOP process was accordingly designed to gain the support of all the organizational stakeholders and help people feel comfortable throughout the organization. The Steering Team wished to encourage everybody to express how they believed the organization should be transformed. Two representatives from each department, drawn from all levels and organizational backgrounds, offered the Steering Team their thoughts on the current situation.

Cropanzano (1993) has illustrated how downsizing can make people feel uneasy in the workplace due to survivor syndrome. They are reluctant, inter alia, to agree to any management agenda. Fear, anger and frustration pervaded the initial workshop. The Steering Committee empathized with stakeholders and encouraged ongoing feedback. As the days passed, clear insights for a strategy for change began to emerge. This was the dawning of a new culture with relationships being characterized by higher levels of trust.

The Steering Committee proceeded to collate and analyse the data collected from the EOP meetings. This resulted in a consolidation of issues. The dialogue process helped managers and employees to realize that they needed to change their roles surrounding core areas of teamwork, communications and training. There was a need for employees and managers to see these areas of their skill sets as integrated (see Figure 2).

Storey (1994) asserts that involving and trusting people to implement change management initiatives is an important factor in ensuring that change is not viewed as a one-off event. The challenges of improving teamwork, training and communications in Avaya Ireland were entrusted to employees to be addressed by cross-functional teams, to be supported by the newly trained facilitators. These teams followed a mission and vision statements drafted by the Steering Committee based on the findings from the broader EOP process. Each team invested two hours each week and were guided by a team formation process, designed by the Teamwork Team, which helped ensure that all teams operated productively. The

![Figure 2. Manager and employee role integration. (Source: Adapted from Internal Avaya Ireland documentation.)](#)
essence of this team formation process is captured in Figure 3.

The teamwork process helped employees to realize that many difficulties and problems at work were mutual and could be shared. By coming together to complete a task, employees learned to develop a series of ground rules. This helped them to identify training needs within the team and to develop a strategy and series of objectives to ensure that tasks were completed. To ensure that the strategy of the team was consistent with overall organizational strategy all teams were required to make a presentation to the Steering Team. This process is still at the heart of the business excellence approach at Avaya today. It was this process more so than any other which helped people to unlearn the earlier values, attitudes and norms which had led to inertia at the Irish facility.

Driving strategic change: the business excellence framework

Rigby (2001) suggests that the benefit of various business models is not always apparent. For this reason the Steering Team needed to examine change across a number of drivers in the organization. The Business Excellence Model (BEM) was chosen as the vehicle for driving strategic change because it could provide the Steering Team with a range of indicators to assess the progress and impact of strategic change. Furthermore, it was similar to the Malcolm Baldrige Award scheme with which the Steering Team were already familiar.

The Steering Team decided at that point to enter the European Quality Award. This idea proved to be a powerful motivator to stakeholders throughout the organization. Having engaged in retraining, people were encouraged to achieve excellence, knowing that it was their endeavours which would be audited in any assessment for the European Quality Award. Conscious of how close the facility was to bankruptcy, employees sought to integrate the eight key content areas of the model into the way they conducted and organized their tasks at work (Table 3).

The EFQM model in addition, provided a pictorial representation as to how the content areas of Business Excellence link together (Figure 4):

The cross-functional teams used the Business Excellence Model as their guide for assessing organizational capability against the issues and concerns outlined in the EOP process. The teams conducted ongoing and continuous dialogue with employees at all levels to ensure that their findings were an accurate assessment of the organization’s capability profile. Following a six-month information-gathering exercise, the role of management and employees team reported a number of key business areas which employees needed to improve. The essence of these have been captured in Table 4.

The role of management and employees team also reported on key business areas within the organization which management would need to take responsibility for in the future organization (Table 5).

The progression of strategic change

Kaplan and Norton (1996) reported that a system of key performance indicators could help organizational stakeholders to identify areas that need to be addressed in the business system. Indicators from the ©EFQM
Figure 4. The Business Excellence Model. (Source: ©The EFQM Excellence Model, 1999. For further details, contact C. Dayle)

Table 3. Content of Business Excellence Model

<table>
<thead>
<tr>
<th>Results Orientation</th>
<th>Excellence is dependent upon balancing and satisfying the needs of all stakeholders.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Orientation</td>
<td>The customer is the final arbiter of product and service quality. Customer loyalty, retention and market share gain are best optimized through a clear focus on the needs of current and potential customers.</td>
</tr>
<tr>
<td>Leadership &amp; Constancy of Purpose</td>
<td>An organization’s leaders create a clarity and unity of purpose within the organization and an environment in which the organization and its people can excel.</td>
</tr>
<tr>
<td>Management by Processes &amp; Fact</td>
<td>Organizations perform more effectively when all interrelated activities are understood and systematically managed and decisions concerning current operations and planned improvements are made using reliable information that includes stakeholder perceptions.</td>
</tr>
<tr>
<td>Product Development &amp; Involvement</td>
<td>The full potential of an organization’s people is best released through shared values and culture of trust and empowerment, which encourages the involvement of everyone.</td>
</tr>
<tr>
<td>Continuous Learning, Innovation &amp; Improvement</td>
<td>Organizational performance is maximised when it is based on the management and sharing of knowledge within a culture of continuous learning, innovation and improvement.</td>
</tr>
<tr>
<td>Partnership Development</td>
<td>An organization works more effectively when it has mutually beneficial relationships built on trust, sharing of knowledge and integration with its partners.</td>
</tr>
<tr>
<td>Public Responsibility</td>
<td>The long-term interest of the organization and its people are best served by adopting an ethical approach and exceeding the expectations and regulations of the community at large.</td>
</tr>
</tbody>
</table>


Table 4. Key business areas for facilitating change — employees

<table>
<thead>
<tr>
<th>Key business area</th>
<th>Prescription</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Customer relations</td>
<td>• Need to be market-facing and market-driven</td>
</tr>
<tr>
<td>(2) Lifelong learning</td>
<td>• Need for a continuous approach to training and development</td>
</tr>
<tr>
<td>(3) Operations</td>
<td>• Need for new portfolio of products</td>
</tr>
</tbody>
</table>

Source: Internal Avaya Ireland Documentation.

Excellence Model highlighted a need to revamp the company’s portfolio of products. Based on market analysis and feedback from customers the Steering Team made the strategic decision to invest in Local Access Network Cabling. As this was part of the parent organization’s core business, it was possible to concentrate on improving the efficiency of core processes. People at all levels in the organization welcomed this. It was well known that the European and Irish markets were on the verge
Table 5. Key business areas for facilitating change — management

<table>
<thead>
<tr>
<th>Key business area</th>
<th>Prescription</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Strategic planning</td>
<td>• Need for 3–5-year plans within business units</td>
</tr>
<tr>
<td>(2) Training and development</td>
<td>• Need for managers to help their people identify training needs</td>
</tr>
<tr>
<td>(3) Performance management</td>
<td>• Need to develop and monitor key performance objectives</td>
</tr>
</tbody>
</table>

Source: Internal Avaya Ireland documentation.

Table 6. Business Excellence Award framework (RADAR)

| Results (R)                | • Positive trends across all areas of BEM and/or sustained good performance |
|                           | • Set targets which have been met or exceeded                |
|                           | • Improved performance compares favourably with best practice organizations and has been the result of the approaches implemented |
|                           | • Scope of the results addresses the relevant areas           |

| Approach (A)               | • Approach to excellence has a clear rationale, well-defined and developed processes |
|                           | • A clear focus on stakeholder needs                         |
|                           | • Integrated management systems supporting policy and strategy |

| Deployment (D)             | • The approach is implemented in all relevant areas of the organization in a systematic way |
| Assessment and Review (A/R) | • The approach and deployment needs to be subjected to measurement |
|                           | • Learning activities will be undertaken, and the output from both measurement and learning will be used to identify, plan, and implement improvement. |


of the Internet boom and that radio transmissions equipment was a declining market.

To build relationships with Avaya Ireland customers the Steering Team engaged in what Sousa (2003) refers to as customer focus practices. Such practices involve satisfying customer needs and expectations through internal organizational processes. The Steering team established a state-of-the-art Customer Solutions Centre (CSC) to facilitate dialogue between Avaya Ireland employees and customers. This meant that customers could visit the manufacturing facility and see processes in action. Customers were afforded the opportunity to meet employees at all levels in the organization to comment and ask questions about all aspects of the production process. Many were impressed with the cross-functional team structure and the in-depth knowledge of the product that employees possessed at the point of production.

The impact of the CSC was immense. The most tangible sign of this impact was the Quality Department being integrated into Business Excellence. Business Excellence was proving to be a holistic strategy for incorporating organizational areas such as skill development and teamwork. Furthermore, Business Excellence ensured that the facility engaged in activities such as customer relationship management, benchmarking best practice and continuous improvement.

After four years of continuous change and improvement, the Steering Committee were confident that a robust business excellence process had been developed. Employees had become comfortable with self-assessment and indeed welcomed it as a conduit to continuous improvement. The Steering Committee decided to enter the inaugural Irish Business Excellence Award in 1998. This would represent a more objective, external measure of how much progress the organization had made with respect to change. The facility was assessed under the auspices of the RADAR assessment (Table 6).

To the satisfaction of all stakeholders, the facility was announced overall winner over
five other contestants. Only four years earlier the facility faced closure but by September 1998, it had rejuvenated itself to the extent that it was now recognized as a best-practice organization in Ireland.

Since 1998, the Irish subsidiary has continuously improved. The EOP process, coupled with the Business Excellence Model, have facilitated company transformation from a relatively closed business system with low environmental awareness to an open business system continuously transforming and adapting to high-velocity environmental change. In 2000, the facility was announced a prizewinner in the European Quality Award (SME Category). This was based on continuously satisfying customer needs and was strongly linked to the fact that in 1999 the facility exceeded customer expectations (Figure 5).

Avaya Ireland is now renowned as a best-practice organization within Europe. This culture has resulted in much new business for the facility as potential customers can visit the plant and experience excellence. Avaya Ireland’s reputation was further enhanced in 2000 when the facility became one of the first organizations worldwide to be awarded the new ISO: 9001 standard. The International Standards Organization have changed the emphasis of the ISO: 9001 standard from one which was prescriptive based on conformance to a series of standards to one where the emphasis is on non-prescriptive-based change, facilitated by the EFQM model. The facility received the award based on the business processes and systems, which it had been practising since 1994.

To ensure that inertia will (hopefully) never again be a feature of the facility, the Steering Team now constantly review business processes against social, technological, economic, environmental and political trends within a robust strategic planning cycle. Through this methodology, high-level goals are cascaded down into individual and team objectives, with associated targets and benchmarking. Each goal is monitored in a matrix and measured against agreed team objectives. Performance is then monitored at monthly meetings, allowing teams to take necessary action if it emerges that goals are not being achieved.

Goals are now communicated to the organization in general. At the heart of the organization’s communication system is the Core Brief where monthly updates on initiatives and results are shared with all employees. A monthly meeting is held where all managers review and discuss departmental operations. They then return to their departments and brief their team members. These initiatives, emphasizing two-way flow of communication, have further contributed to teambuilding at the organization.

**Progress to date and issues for the future**

Senge (1990) posits that the role of managers in the organization of the future is to facilitate the learning and the development of processes that support learning. The Steering Team has achieved this through the medium of teamwork.

At the Irish facility today, there are approximately 25 improvement teams active at any...
one time, addressing a broad range of issues such as resource management, process management, customer satisfaction, people satisfaction and societal concerns. The strategic change process described here has seen the Irish facility elevated to a centre of business excellence within the Avaya multinational corporation. This is reflected in the feedback from employees across a number of drivers within the corporation in 1998. The Irish facility outscores its EMEA counterparts across a range of categories (Table 7).

Figure 6 in addition, shows the increase in self-assessment scores since the beginning of the Business Excellence journey in 1992.

Since the genesis of strategic change in 1992, the EFQM Model has assisted the Steering Team in delivering change and driving continuous improvement at Avaya Ireland. Table 7 and Figure 6 are testimony to significant improvement at the facility over the years. This improvement has been coupled with numerous accolades in recognition of the organization’s success in implementing best-business practices.

Discussion and conclusion
This case-paper provides a good example of how the two key forces of globalization and technological advancement have intensified the competitive environment of Avaya Ireland, as they have done for most industries (Hitt, 2000). It illustrates how such environmental turbulence and imminent organizational failure can induce a sense of crisis that can serve as impetus to transformational change (Johnson, 1987; Pettigrew, 1987). Such change ideally involves what Argyris (1977) has termed double-loop learning, or Fiol and Lyles (1985) higher-level learning. Such learning entails the critical questioning and redefinition of operating assumptions and cultural values of the organization. In Avaya Ireland’s case, as

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**Table 7.** Comparison of Avaya Ireland with Avaya EMEA facilities

<table>
<thead>
<tr>
<th>Category</th>
<th>Ireland</th>
<th>EMEA</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer focus</td>
<td>87</td>
<td>59</td>
<td>+28</td>
</tr>
<tr>
<td>Quality</td>
<td>80</td>
<td>41</td>
<td>+39</td>
</tr>
<tr>
<td>Values</td>
<td>78</td>
<td>63</td>
<td>+15</td>
</tr>
<tr>
<td>Leadership</td>
<td>76</td>
<td>55</td>
<td>+21</td>
</tr>
<tr>
<td>Learning and development</td>
<td>73</td>
<td>63</td>
<td>+10</td>
</tr>
<tr>
<td>Working relationships</td>
<td>72</td>
<td>68</td>
<td>+4</td>
</tr>
<tr>
<td>Empowerment</td>
<td>71</td>
<td>64</td>
<td>+7</td>
</tr>
<tr>
<td>Innovation</td>
<td>70</td>
<td>53</td>
<td>+17</td>
</tr>
</tbody>
</table>

*Source: Internal Avaya Ireland documentation.*

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**Figure 6.** The journey to Business Excellence. *(Source: Internal Avaya Ireland documentation.)*

Strategic Change. May 2003
in other documented cases of transformational change, significant cultural and structural barriers had to be overcome for double-loop learning to take place and for the change to be successful (Tan and Heracleous, 2001). The process involved clear leadership, the courage to identify and confront existing values and operating assumptions, use of helpful frameworks and extensive two-way communication and employee involvement (Armenakis, Harris and Mossholder, 1993; Heracleous, 2001; Heracleous and Langham, 1996).

Faced with the crisis related to imminent closure, Avaya Ireland has tried to develop what Hitt, Keats and DeMarie (1998) refer to as strategic flexibility, involving a focus on not only developing core competencies that can distinguish the firm from competition in the eyes of customers, but also constant investment in updating, developing and changing these competencies. Firms aiming to achieve strategic flexibility focus on developing the knowledge base and learning capabilities of their core employees. Knowledge as an intangible asset becomes the key competitive resource.

Leadership is crucial in this process. Dess and Picken (2000) have argued that effective leaders of the future should be able to develop strategic visions that can motivate and inspire employees, develop empowerment based on a culture of trust rather than control, develop learning organizations that can manage and employ effectively both internal and external knowledge and challenge the status quo to enable continuous creativity. This case is a fitting illustration of how the Steering Team at Avaya Ireland have succeeded in placing the organization on the path to future prosperity by striving to achieve a culture of employee trust and empowerment, customer focus and continuous organizational change.

The initial downsizing efforts at Avaya Ireland impacted adversely on the organization’s cultural fabric. Mirvis (1997) has shown how a single-minded focus on economic value (for example, through downsizing) can destroy the social fabric of the organization and violate the psychological contract with employees, potentially leading to disastrous long-term consequences. Conversely, ignoring efficiency and focusing simply on capability development could render the company uncompetitive in terms of its cost base. Beer (2001) has argued that effective leaders can balance theory E (economic value) with theory O (organizational capabilities) in the context of change, by viewing organizations as socio-technical systems. In Avaya Ireland's case, the Steering Team realized that without a focus on developing trust, teamwork and empowerment (theory O), subsequent to the downsizing programme aimed to increase efficiency (theory E), the organization would fail.

Avaya Ireland’s transformation is consistent with empirical findings regarding trends in organization design. Ruigrok et al. (1999) found that in terms of organization structures, European firms have been flattening or de-layering, making more use of project-based structures and increasing decentralization in operational and strategic decision making. In terms of internal processes, there has been higher utilization of information technology and electronic data interchange, higher levels of internal networking both horizontally and vertically and increased use of HR practices such as management development, mission building, cross-company learning and development of internal knowledge networks. Finally, in terms of organizational boundaries, there has been increased incidence of downscoping to achieve higher focus on dominant and related businesses, more extensive outsourcing to facilitate this focus and higher incidence of strategic alliances.
Based on previous experience the Steering Team at Avaya Ireland and employees alike realize that new challenges will continue to arise and that high-velocity change is likely to continue. Currently, the facility is on the threshold of uncharted territory. A recent announcement from the parent company informed staff at Avaya Ireland that the Irish facility is to be sold. The announcement has aroused much interest from operating companies with existing product portfolios who wish to extend that portfolio, as well as investment companies wishing to invest in a profitable business. The impending sale creates much uncertainty. Potential buyers may have very different agendas for the future of Avaya Ireland. Despite substantial levels of learning and adaptation, those at the Irish facility are aware that they will once again need to embrace continuous learning and change.

Authors’ note
This paper builds on previous research by Dwyer and Doyle (2002).

Biographical notes (required)
Graham Dwyer is currently visiting international scholar at the Centre for Management Quality, RMIT Business, in Melbourne, Australia, and a management researcher at the Irish Management Institute in Dublin. His research interests include strategic change, organisational development, quality management and public sector change in Irish/Australian contexts. Email: Graham.Dwyer@rmit.edu.au

Loizos Heracleous is Associate Professor of Corporate Strategy at the School of Business, National University of Singapore. He earned his PhD in Management Studies (1997) from the Judge Institute of Management Studies, University of Cambridge. He is the author of ‘Strategy and Organization: Realizing Strategic Management’ (2003, Cambridge University Press) and a co-author of ‘Business strategy in Asia: A Casebook’ (2003, Thomson Learning). His research interests include strategic management from an organization theory perspective, organizational change and development and organizational discourse. Loizos has published over 25 articles in refereed journals including the Academy of Management Journal, Human Relations, Journal of Applied Behavioural Science, European Management Journal, Long Range Planning and Strategic Change. He can be reached on bizblt@nus.edu.sg

Ciaran Doyle is the Business Excellence Team Leader within Avaya Ireland Ltd. and is currently leading a team that is responsible for improving and integrating management systems. He is also a key member of the internal audit team who facilitated Avaya’s winning of the first Irish Business Excellence Award in 1998 and on to being a prize winner in the 2000 European Quality Award program. Ciaran has worked within the Telecommunication industry for the last 15 years. He has a Technician Diploma in Electronic Engineering and a BA (Hons) in Business Studies.

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