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Strategic Change and Organizational Culture at Hay Management Consultants

Loizos Heracleous and Brian Langham

Though Hay's operations in the UK have been very successful, awareness of the need for change has been growing over the last few years. This need was based on the fact that Hay had to pursue one of two strategic options—to remain at its existing size and lose market share, or to set and meet growth targets. The second option was chosen. This involved a more focused client relationship management process, increased breadth and depth of consultants' expertise and the integration of consulting methodologies as a package.

In undertaking a research study, it was accepted that the organizational paradigm is enshrined within a 'cultural web' of artifacts which are the behaviourial manifestations and the institutionalization of the accepted beliefs and assumptions. The cultural web is thus a construct which includes 'ideational' and 'adaptationist' views of the culture. The web can constrain the approach to transformational change through the logical and rational process of incrementalism in strategy development. Such change is possible but it needs to be through evolution not revolution, and involves top management commitment and leadership. The cultural web helps to illustrate clearly several organizational characteristics. It brings to the surface guiding beliefs and assumptions, and it can show which of these need to change and how elements need to be managed in order for strategic change to be successful.

Organizations need to be continually monitoring their environments in a mood of critical objectivity. In the case of Hay Management Consultants, a cultural web was constructed using qualitative triangulated data. The organization has a rich professional organizational culture. This reflects a number of beliefs—that the core business is job evaluation, that clients are considered all-important and that its consultants are individualistic and autonomous.

Hay has carried out annual reorganizations. These show that its consultants think of themselves as generalists and believe that the executive takes few 'real' decisions. There needed to be changes in the cultural web. Issues which arose included visible, active and credible leadership of the change process, involving people who will be affected and thereby decreasing their resistance to change, and the importance of communicating a clear rationale for the changes and the hoped-for result of these changes. In addition, adequate investment needs to be made in developing any new skills that will be required. Ideally there should be periodic feedback from individuals which is obtained in-depth but in a non-threatening manner.

The central challenges which arose at Hay related to teamwork. In order to overcome the innate individualism, the MD communicated clearly the need and reason for teamwork. Incentives were reviewed, clients were re-allocated and attitudes and practices were changed to demonstrate the benefits of teamwork. A working group was formed and charged with addressing the expertise development process. Being highly analytical, this approach contrasted sharply with the earlier individualistic one. Many consultants, in fact, stated that they would welcome guidance in this area. Indeed the research showed the importance of conducting a cultural audit, of managing expectations through effective communication and of recognizing that knowledge workers, having different needs from other groups, have to manage and be managed differently.

Strategic Change and Organizational Culture at Hay Management Consultants

Loizos Heracleous and Brian Langham

In summer 1994 Hay Management Consultants responded to market and stakeholder demands by embarking on a strategic change program which aims at transforming the way the organization operates over a 5-year period. Experience from leading and researching the change process suggests, among other things, that diagnosing and considering the implications of organizational culture at the initial stages of a change programme, as well as conducting subsequent periodic cultural audits, is extremely helpful to its effective management. Moreover, the case highlights important issues relating to the management of knowledge workers in the context of strategic change. Within a simplified framework of strategic decision-making we discuss the importance and role of organizational culture in strategic change programmes, as well as other change management issues and lessons arising from this case. In so doing we illustrate the use of a potent diagnostic tool—the 'cultural web'—which has assisted the executive to plan and manage the change process and is currently used for monitoring the change. Copyright © 1996 Elsevier Science Ltd

THE AIMS OF THIS ARTICLE are two-fold: *1.* to highlight and illustrate the importance of organizational culture in strategic change processes; *2.* to discuss some change management issues and some lessons arising from leading strategic change at Hay Management Consultants, a major international human resources consulting firm.

The data used in the discussion of the case and the construction of Hay's 'cultural web' were collected as part of an ongoing longitudinal qualitative case study of Hay's strategic change process.

The philosophical commitments of the research program lie within the interpretive approach, which holds that in contrast to natural events, social action is characterized by a subjectively meaningful character which researchers should try and grasp. Social reality is seen as consisting not of 'objective' hard facts, but of structures of signification, domination and legitimation which are affirmed, sustained or challenged by social action.[1] The methodological paradigms followed, in accordance with the interpretative approach, are an integration of semiotic ethnography and action research.[2]

The research strategy employed is that of a longitudinal case study utilizing theoretical and methodological triangulation in order to increase the internal validity of the findings.[3] Five main methods are utilized: in-depth interviews of employees at various levels and in various roles; cultural audit sessions with 6–8 participants;[4] participant and non-participant observation; document analysis using current and past documents; and organization-wide descriptive surveys.

Strategic Change at Hay Management Consultants

Hay's operations in the UK have been the most successful, sustained over several years, in relation to

Pergamon

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other countries in which it has been operating. During the last few years, however, there has been a growing awareness among the senior group that things needed to change, escalating to significant levels during summer 1994. There were several signals which could not be ignored. Environmental projections by independent research organizations showed that the human resources consulting market was expected to grow at an annual rate of around 12%. Internal data showed that the field in which Hay has traditionally been a leader (job evaluation) was decreasing in terms of overall returns, and others such as organization change, human resources planning and development consulting were growing rapidly. Periodic client satisfaction surveys have indicated certain areas where improvements could be made.

The need for transformational change was based on the fact that because Hay had been operating at near full capacity, and with a relatively reliable projected market growth of around 12%, the strategic options it had were to either remain at its existing size, with the implication that it would gradually lose market share to competitors with more spare capacity or who intended to grow, or set and pursue growth targets which would at least meet or exceed market growth. The second option was chosen, and Hay set growth targets of about 15% per annum (compound) which will lead to growth amounting to twice its size in 5 years.

In addition to substantial growth, Hay's strategic redirection includes:

- A more focused client relationship management process where consultants will focus more effectively on clients within specified size brackets, as opposed to 'owning' a portfolio of clients with varying sizes, needs and demands developed in an *ad hoc* manner.
- An increased breadth and depth of consultants' expertise, within an approach to expertise development and selling which moves away from simply providing tools and methodologies to providing integrated solutions to client needs. This necessitates consultant skills which enable an accurate understanding of the nature of complex client issues and the subsequent application of packages of tools and methodologies as the solution, as opposed to providing a single tool or methodology.
- The integration of consulting methodologies in their provision to clients as a package, which is based on such broadening and deepening of consultants' expertise.

Strategic Change and Organizational Culture

Studies of strategy development over time and in context[5] have demonstrated the close links between strategy development and organizational culture. Normative rationalistic approaches to strategic management were found to be inadequate in explaining actual processes of strategic development in organizations. Observed patterns in strategy formation, such as incrementalism, whether intended or unintended,[6] were shown to be rooted not solely or essentially in rational and objective planning procedures, but in the cultural, social and political characteristics of the organizations concerned. While strategic planners themselves report that they follow the steps of normative models of strategic management,[7] this process takes place within a context of taken-for-granted and tacit beliefs and assumptions about the organization and its environment—the organizational paradigm.[8] This set of core values and beliefs about the organization and its environment develops over time out of the learning experiences of the organization as it copes with its problems of external adaptation and internal integration.[9]

The organizational paradigm, as a set of taken-for-granted beliefs and assumptions, is enshrined within a cultural web of artefacts which are both the behavioural manifestations as well as the legitimations of these beliefs and assumptions.

The cultural web (Figure 1) is a construct which encompasses elements from both ideational views of culture which emphasize shared cognitions (being the paradigm in the cultural web), and adaptationist views of culture which emphasize behaviour (manifested in terms of the artefacts around the paradigm),[10] drawing attention to the close link between the two.

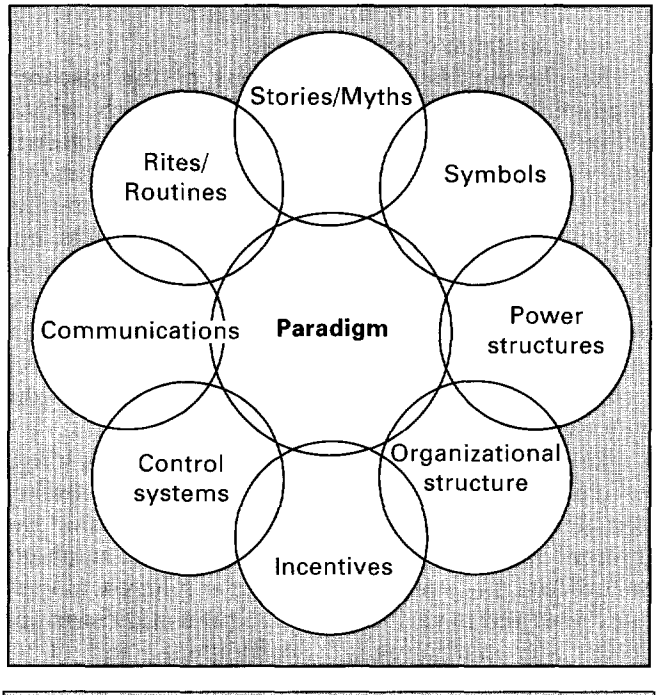

FIGURE 1. A cultural web.

As such, the cultural web is consistent with seeing culture either as a root metaphor for conceptualizing organization within an interpretative frame of reference (something an organization *is*), or as a variable within a functionalist frame of reference (something an organization *has*).[11] These orientations are not inherent in the cultural web as a construct, but can be manifested in the specific use it is put by researchers or managers.

Incrementalism in strategy development has been viewed as an essentially logical and rational process in response to an uncertain environment, where managers are said to proceed cautiously and experimentally in order to try and reduce this uncertainty.[12] It has been argued however, based on the findings of longitudinal qualitative studies of strategic change, that it can be accounted for not as much by such logical processes, but by the filtering influences of the organizational paradigm on managerial interpretations and actions.[13]

The main implications of this approach for transformational change are that it is seen as exceedingly difficult to achieve because of the substantial influence of cultural beliefs and assumptions on individuals' interpretations and actions, their taken-for-granted nature which effectively precludes them from open debate[14] (unless they are surfaced using constructs such as the cultural web), their close link with the power centres of the organization and the internal consistency, self-legitimacy and self-sustainance of the cultural web.[15] In this view transformational change is possible, but it has to be pursued in an evolutionary manner, by committed leaders who are intellectually and politically able to make it happen.

Having briefly explored the theoretical origins and implications of the cultural web, we now proceed to discuss its value as a potent empirical tool for gaining a deeper understanding of various dimensions of the internal situation of an organization. Figure 2 is a simplified framework of how strategic decision makers might approach their task, and will be used to structure our discussion of the strategic change programme at Hay Management Consultants. It should be emphasized that it is not a model of how strategic decision making is carried out in practice. Strategic decisions are influenced by social, cultural and political factors,[16] in this sense they are not fully rational, but there are strong arguments that they should try to be,[17] by following procedures which are likely to minimize such factors. Figure 2 portrays an example of such a process, which needs to be repeated continually because *1.* as time goes by, both market and internal conditions change so the premises for forthcoming and previous decisions need to be reconsidered, leading to feedback loops in the process; *2.* as regards planning for organization change, it is implausible to plan for every issue in a single session. The product of the necessarily intuitive, synthetic and creative act of strategic thinking by direction-givers[18] needs to be given initial form by more down-to-earth, operational considerations.

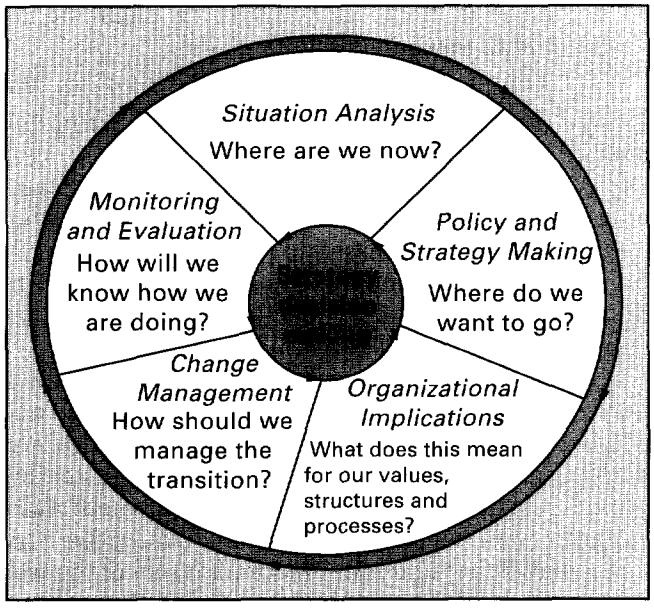

FIGURE 2. A simplified framework for strategic decision-making. The management cycle.

The functions of the cultural web in this process, which will be discussed further below, are:

- *Situation analysis.* The cultural web helps to portray and clarify several internal characteristics of the organization.
- *Policy and strategy making.* The cultural web surfaces the beliefs and assumptions which have guided—and are still subconsciously guiding—the interpretations, decisions and actions of the policy and strategy-making bodies.
- *Implications.* A valid cultural web can help to show clearly which beliefs, assumptions and artefacts need to change in accordance with the new strategic direction and which ones should be maintained and strengthened. The cultural web can also help change agents predict likely areas of resistance to change by assessing the nature and salience of existing cultural beliefs and assumptions, and the extent of interconnections between these and cultural artefacts.
- *Change management.* The cultural web portrays a substantial range of the elements which should actively be managed for a strategic change to be successful, e.g. communication, changes in control systems, incentives and organizational structure.
- *Monitoring and evaluation.* Constructing a cultural web periodically (say every 6–9 months) and examining any alterations in the presence and relative strength of its elements can help the

organization track its progress in changing internally to reach its strategic goals.

Where Are We Now and Where Do We Want To Go?

Organizations should continually be scanning their environments and detecting relevant opportunities and threats, as well as assessing themselves internally for their strengths and weaknesses. This should be done in a climate of open, critical inquiry, as the dangers of 'groupthink'[19] are real and pervasive.

Since summer 1994 one of the authors was collecting data on the organizational culture and employees' views and concerns about the change, and working closely with the organization change steering group. A cultural web of Hay Management Consultants was constructed using qualitative triangulated data (Figure 3). The inner circle of the web (the organizational paradigm) portrays the cultural beliefs and assumptions of the organization, which are supported by and interconnected with the cultural artefacts on the outer circles.

Over the three decades during which Hay has been operating in the UK it has developed a rich professional organizational culture. This was characterized by the following perceptions, which have been shared by members of the organization to varying (but relatively high) degrees:

- Hay's core business was perceived by many, both consultants and clients, as being job evaluation (which had been its core business for decades in the past, but not any more in terms of sales). This was mainly manifested in consultants' daily communication amongst themselves using terms related to this methodology, as is the case in several organizations where a shared vocabulary helps to constitute an identity for organizational members.[20]
- Clients are considered as all important in Hay, often taking priority over internal systems and commitments. Consultants' explanations of their actions or inactions, as one of the authors has observed, mainly rest on the premise of acting in the best interest of the client. Moreover, Hay's client orientation is reflected in its carrying out periodic client satisfaction surveys, the substantial power base of individuals with significant client portfolios and relationships, and its flexible structure allowing it to respond swiftly to clients, being a four-dimensional matrix (regions, practices, sectors and client project teams).
- Hay has been characterized by individualism and high autonomy of its consultants since its inception. This is exemplified by its mythological figures of 'lone rangers', currently senior people who have exhibited highly individualistic behaviours in dealing with clients and 'guidechart jockey', who would 'ride' in an organization with their job evaluation guidecharts to be used as a tool to solve client problems. In the section on managing knowledge workers the interconnections of Hay's individualistic climate with several cultural artefacts are sketched out.
- Hay has been carrying out reorganizations on an annual basis, referred to as 'autumn manoeuvres' by its members. The autumn manoeuvres have been institutionalized as part of its culture, which has created problems for the present strategic change, as will be discussed below.
- Consultants have tended to consult on a variety of human resource fields, which led to an internal perception of generalist expertise.
- Lastly, mainly due to the high autonomy and individualism of consultants, the perception developed that there are few 'real' decisions taken by the executive.

What Implications Does This Have for Our Values, Beliefs, Structures and Processes?

One important issue which is often ignored is that there cannot be a transformational (as opposed to incremental) change without major cultural repercussions. Taking Hay as an example, it has been determined that if the strategic change is to succeed, significant changes should take place in the cultural beliefs and assumptions of the organization. In particular, it was decided by the change steering group that all beliefs and assumptions portrayed in the inner circle of the cultural web had to change except the belief that clients are all important:

- *Human resources consultancy.* Core business job evaluation. Job evaluation had provided Hay with most of its revenues for decades. The perception that job evaluation is Hay's core business still exists both in Hay's market as well as internally, although this specific activity accounts for less than 25% of Hay's consulting revenues, and less than 60% of reward as a whole. If perceptions that 'Hay is Pay' are to be broken, Hay needed to broaden its consultants' understanding of the integrated human resource offering, and to position job evaluation as one of its main areas of expertise.
- *Client focus* is clearly of strategic importance to any organization as a driver and the *raison d'être* of organizational synergies, capabilities and competencies which can produce a sustainable competitive advantage. Hay's client-oriented vision for the future provides a common thread between Hay's past and the desired future state. This common thread legitimizes the vision and helps to ensure employees' commitment to it:[21] to "be the consultancy of choice for helping our clients realize their strategy through people".

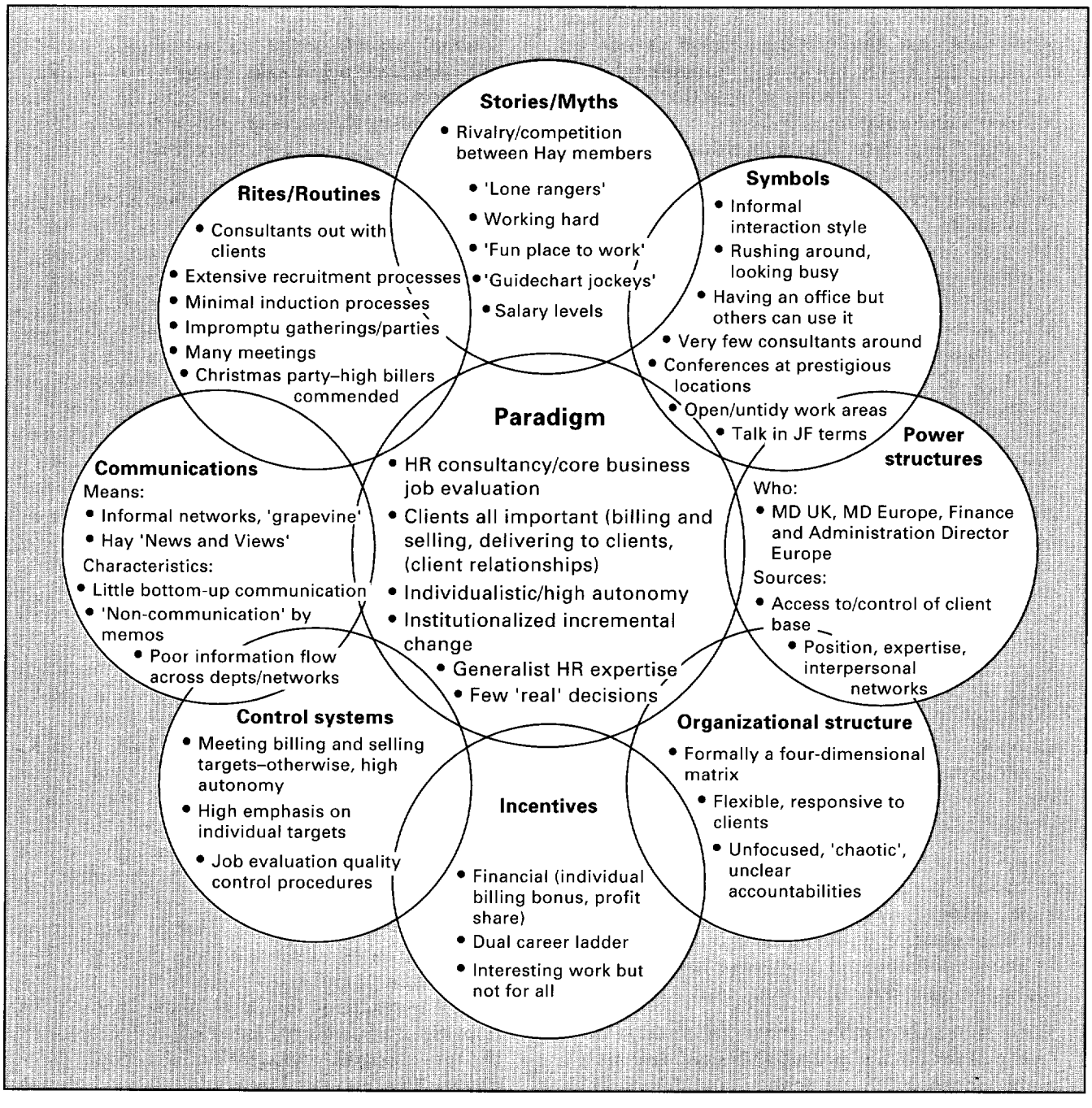

FIGURE 3. Cultural web of Hay Management Consultants—constructed summer 1994.

- *Individualistic/high autonomy.* Consulting on the job evaluation area had frequently been done by individual consultants, the lone rangers of Hay's mythology. They had high autonomy and were rarely in the office, something which is still the case. If the organization is to grow significantly and offer its many services to a demanding market, this individualistic climate has to change to one of teamwork and more co-ordinated resource allocation and consultant development, which had previously been based almost exclusively to the operation of an internal market.
- *Institutionalized incremental change.* Hay have made sure that their early almost monopolistic power in the job evaluation area did not lead to a complacent approach to their development. Hay has institutionalized internal change on an annual basis, the autumn manoeuvres of the organizational vocabulary. This, however, has had an 'anaesthetizing' effect on the organization with

regard to change and led to a difficulty to convince employees that the current change is not an autumn manoeuvre but a transformational one. This belief has to change to one that Hay can achieve transformational change.

- *Generalist expertise.* The individualism of Hay and the perceived high emphasis on financial performance for consultants' appraisal has led to their tendency to consult on a variety of areas within the human resource field. If, however Hay wishes to offer deep integrated expertise to the market on varying fields through teamwork of its consultants, then this has to change. The aim is to have experts on particular areas (with a broader understanding of other areas) as members of teams which as a whole can offer leading edge advice on a variety of fields.
- *Few real decisions.* This belief emerged from the employee's perceptions that although decisions are taken, nothing ever changes (referring to Hay's beliefs and assumptions). The autumn manoeuvres have been incremental changes, not having challenged any cultural values. The individualism and high autonomy of consultants has also meant that certain changes in systems have been 'implemented' but not followed by them, again reinforcing the belief that there are no real decisions. This also has to change, with decisive leadership and decisions directly supported by control systems.

Figure 4 portrays the cultural web aimed for, with the desired changes in italics.

How Should We Manage the Transition?

There are different ways to manage change, depending on the extent of potential change, the time and information available and the power distribution in the organization.[22] Some important issues are:

- There should be visible, active and credible leadership of the change process. Leaders' actions are highly symbolic,[23] and leaders should show by their own actions what is going to be valued in the organization. At Hay management has consciously taken some visible steps towards demonstrating its commitment to carrying the change through, such as frequent and clear communication, organization-wide meetings and utilizing one of the authors to conduct personal and group interviews and surveys to gauge employees' attitudes over a significant time period. A lot of attention, moreover, is paid to encouraging senior consultants to role model the new behaviours that Hay wishes to institutionalize.
- Participation: it was shown long ago[24] that involving the people who will be affected by changes in their planning decreases resistance to change because it builds ownership of the process through participation. At Hay there have been several internal projects under way which will came up with detailed suggestions for operational changes in processes and systems. Attention is being paid to integrating the various smaller scale initiatives that are taking place towards reaching the strategic aims.
- Communication: there is an insatiable need for information at times of change. It is important to communicate a clear rationale for the change and identify the end state with outcomes which are important for the stakeholders, as well as to build their confidence that the organization can reach this end state with the right efforts.[25] It is important to use personal means of communication as often as possible and seek employees' views and concerns. The rationale for change has been clearly articulated in Hay, and it is now clear to most employees why it has to undergo a transformational change although it does not face any crisis. What is also now apparent is the importance of communication not only in informing, motivating and co-ordinating, but also in managing employee expectations. If changes are expected to occur over a long period and are likely to involve high ambiguity at some points, then this should be clearly communicated in advance in order to avoid potential loss of momentum, disappointment and cynicism in certain groups of employees. Lastly, it is important that if communication is going to be more effective in motivating employees, it should address their actual concerns which can be elicited through meetings, group sessions and interviews. In Hay employees have in the early stages expressed their thoughts and concerns about the change which were addressed in subsequent communication and by project groups and initiatives.
- Proper investment should be made for the development of any new skills which will be required by the changed organization, especially if the change involves new technology and new roles. At Hay one of the most important new roles is that of the regional 'team managers' who will have greater responsibility for work allocation, consultant development, coaching etc. The skills needed to fulfil these roles were identified and training programmes planned.

How Will We Know How We Are Doing?

Any change needs to be actively managed throughout its duration and monitored through both 'soft' and 'hard' data. Ideally there should be periodic feedback from individuals elicited in a non-threatening but in-depth way. Assessing changes in the elements of the cultural web (as well as in their relative strength) is one important internal indication of the progress of the organization in reaching its strategic goals. One of

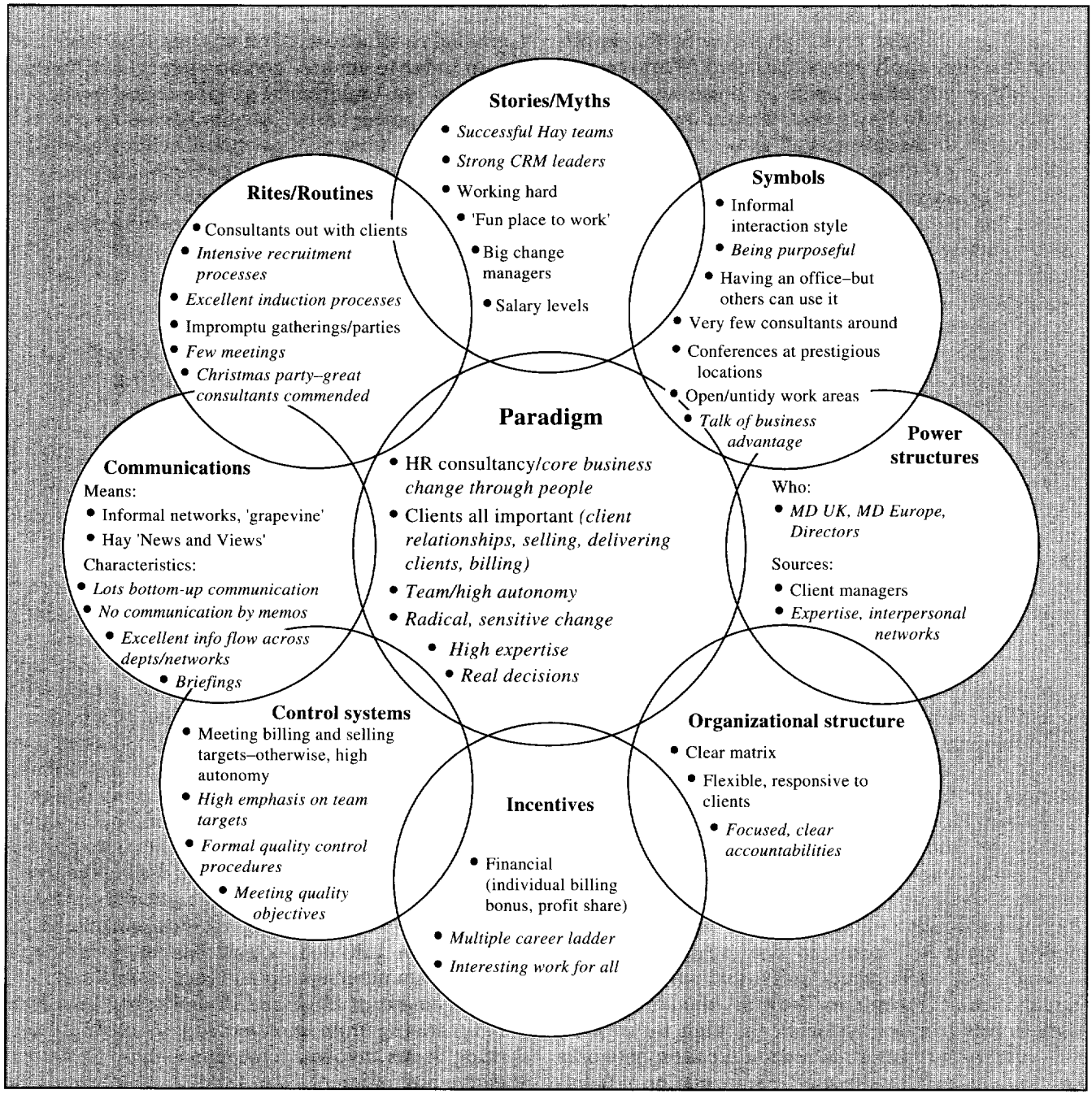

Figure 4. The cultural web aimed for.

the authors is undertaking the task of tracking such changes and eliciting employee feedback in Hay.

Current data has indicated certain shifts in the cultural web, but not adequate to justify construction of a new web. The cultural web identified in summer 1994 had evolved over three decades and, as confirmed by data, has not been altered significantly (although 'unfreezing' of certain elements was observed). The extent of the cultural change aimed for makes this a long-term effort, with a realistic timescale of around 5 years to achieve cultural transformation.

Managing Knowledge Workers in the Context of Strategic Change Programs

In general, the prescriptions of the change management literature do not distinguish between dif-

ferent work contexts, skills and tasks of employees, but give generalized prescriptions with the implication that they apply across the board. While certain prescriptive guidelines such as those above were shown to apply to Hay's case, certain issues specifically related to consulting staff arose. While the generalizability of these issues to other knowledge-intensive organizations (their population validity) is unclear, as would be the case in any case study research design, some initial directions are suggested for further research into the specific issues facing the management of knowledge workers in the context of strategic change. Such research is urgently needed given the dearth of published studies on this issue.

The central challenges which arose with regard to the management of knowledge workers at Hay relate to teamwork, specifically *1.* how to encourage a teamwork orientation away from a highly individualistic style which has characterized Hay's operations for over three decades and *2.* how to manage the ambiguity and complexity involved in consultants' simultaneous belonging to several and shifting teams, without encroaching on consultants' autonomy which was shown to be positively correlated with their commitment to Hay.[26]

Encouraging a Teamwork Orientation

As can be seen from Hay's cultural web (Figure 3), individualism is a highly entrenched feature of Hay's culture. It is directly or indirectly interlinked with all other cultural artefacts, e.g. the lone rangers and guidechart jockeys of Hay's mythology (stories and myths), the informal interaction style and control of their own time–space movements (symbols), an important base of power being the client base that they individually 'owned' (power structures), the loosely coupled organizational structure which enabled and encouraged individualism, the individual financial incentives, the individual billing and sales targets (control systems), the high reliance on each individual's informal communication networks for obtaining task-related information (communications), the short induction processes after which it was up to individuals to develop their internal networks through which they could get involved into projects, as well as manage their own expertise development and the praising of individual 'billing stars' at Christmas parties (rites and routines).

After the important step of bringing these systemic processes to conscious awareness, through the construction and interpretation of a valid cultural web, the approach taken at Hay was *1.* clear communication by the Managing Director on the necessity of and rationale for teamwork to all members of the organization; *2.* encouragement of senior consultants to role model the desired behaviours; *3.* in the longer term, reviewing the incentive and control systems with a view to reducing their individualistic bias toward team-oriented rewards and incentives; *4.* gradual re-allocation of clients based on their sales size in order to achieve greater client focus but also to reduce the importance of long-term 'owning' of clients as a power base; *5.* generally ceasing practices which have inadvertently symbolized the desirability of individualistic behaviour, and replacing them with practices which symbolize the desirability of teamwork-oriented behaviour, e.g. not praising individual billing achievers at Christmas parties or other occasions, but praising teams which carried out successful client projects as a whole.

Managing the Ambiguity and Complexity Deriving from Membership to Shifting Teams

Hay is a matrix organization, and teams have to be formed and re-formed according to project demands and other contingencies. Every single consultant can simultaneously belong to a regional team, an industry sector team, a consulting practice team as well as one or more internal project or client project teams.

Simultaneous membership to teams of varying stability creates problems of ambiguity and complexity, especially with regard to the effective management of such processes as personal development, induction, feedback and work allocation, about which consultants require clarity. The problem of ambiguity, moreover, was exacerbated at Hay because of an individualistic cultural context which has placed responsibility on the individual for such things as managing their expertise development, quality-controlling their work and gaining access to projects via the internal market. In addition, during the initial phases of the change process a significant number of internal projects addressing various aspects of the change were initiated which has increased individuals' team membership and responsibilities.

Management of the issue of ambiguity and complexity arising from membership to multiple and shifting teams involves a dilemma—how to achieve effective and efficient co-ordination of internal processes, while at the same time avoiding the creation of a stifling climate and allowing operational autonomy to the consultants in achieving their tasks and providing opportunities for personal growth and development, factors which were identified as key motivators of knowledge workers.[27]

We will discuss Hay's approach to this dilemma by using the expertise development process as an example. We have chosen this process both because of the obvious importance of expertise development for providing a sustainable competitive advantage to knowledge-intensive firms as well as the existence of initial interview and survey data which have indicated consultants' concerns with various aspects of this process.

A working group, overseen by a steering group was

formed and charged with addressing the expertise development process. The expertise development process was linked to Hay's strategic aim of growth by viewing the ultimate purpose of the expertise area as helping to grow the business by enabling consultants to develop client solutions which are not be easily replicable and therefore represent high added value for the client and good margins for Hay. An expertise framework was developed which interlinks business drivers sparking client issues, client issues themselves, provision of solutions via the use of tools and methodologies, and core capabilities, these being methodologies which are research based and difficult to replicate. New roles of 'client issues managers', 'methodology keepers' and 'core capability keepers' were created and the responsibilities of each clearly defined. Five key processes related to expertise development were identified: scan for and determine expertise requirements; develop and update Hay's approaches and services/client solutions; enable and equip people to sell and deliver new approaches and services; quality assure delivery; maintain skills data base. For each of these processes, specific subprocesses were identified. Lastly, a force-field analysis of forces for and against successful implementation of these changes was conducted.[28] After this initial analysis appointments to the new roles were announced, and the expertise group communicated its intention to define key clusters of client issues, priority tool and methodology developments and training needs relating to these issues during the next quarter.

The above approach, being highly analytical, contrasts sharply with the previous individualistic cultural context where consultants were tacitly 'expected' to define their own direction for the development of their expertise by deciding which training sessions they wished to attend. The main point is, however, that while the resulting expertise development process will be structured, this is not likely to reduce substantially consultants' autonomy but rather condition it in a manner that many of them would accept. Concerns with the expertise development process were stated at in-depth interviews and exploratory surveys, mainly centring around negative evaluations of the unstructured nature of this process. Many consultants have clearly stated or implied that they would welcome guidance regarding this issue (but not being forced to develop their expertise in a direction they are not interested in).

This points to the importance and desirability of carrying out further research to clarify exactly in what sense and in what processes knowledge workers would welcome structured processes without perceiving encroachments to their autonomy, as was the case in Hay. Initial guidance in the interpretation of such findings and in conducting further research can be provided by findings regarding the motivation of knowledge workers. For example, what we see here is knowledge workers welcoming structured processes relating to their personal growth, which has been identified as their primary motivator, while simultaneously not perceiving any threat by this structured process on their operational autonomy, identified as their second motivator.[29]

Conclusion

In this article we have:

- Highlighted and illustrated the close interrelationship between strategic change and organizational culture.
- Presented a simplified framework for strategic decision-making and discussed some important issues of change management arising at each stage.
- Introduced and explained the use of a useful diagnostic tool—the cultural web.
- Discussed some implications arising from the case for managing knowledge workers in the context of strategic change.

Apart from the 'conventional' lessons on change management which were confirmed in Hay's case, there are some additional lessons which stand out:

- Importance of conducting a cultural audit and of considering the cultural implications of the desired strategic direction of the organization. Related to this is the importance of an external viewpoint from a trained process consultant who has not been enculturated by long-term membership to the organization and who can bring required process consulting skills to the situation, such as conducting group sessions aiming to surface the tacit beliefs and assumptions comprising the organizational paradigm.
- Importance of using communication not only to inform and co-ordinate, but to manage employee expectations in order to later avoid potential feelings that the momentum of change is waning, something which can feed the cynics and slow down the change.
- Importance of recognizing that knowledge workers are likely to have different concerns and needs than other types of workers and should therefore be managed differently, especially in the context of strategic changes which present a period of high risk and increased uncertainty to the organization.

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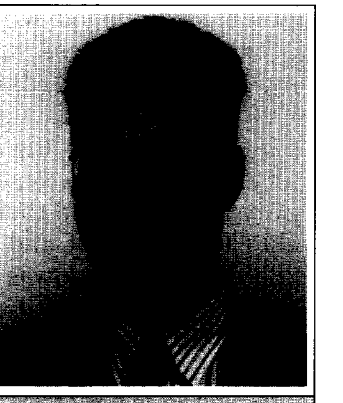
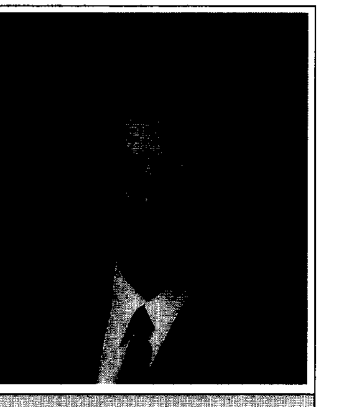


Loizos Heracleous is a doctoral researcher at the Judge Institute of Management Studies, University of Cambridge, UK.



Brian Langham is Executive Director—Change Management at Hay Management Consultants, London, UK.