

A case study of the critical success factors for organizational change of a public listed corporation

Hong Kong Broadband Network

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Abstract

Purpose – The purpose of this paper is to explain how an organization can achieve successful change implementation with Kotter's eight-step organizational change model and 3-H (heart–head–hand) theory.

Design/methodology/approach – With the case study approach, the author recollects his career experience in Hong Kong Broadband Network Limited from 2007 to 2011 to find out why and how the top management can balance 3-H factor to bridge the “knowing” and “doing” gap to engage right talents and motivate them to achieve peak performance and company goal.

Findings – To create talent culture, the company implemented two policies including Mini-CEO management and Talent Engagement Department. The former is a vertical management model to empower and enable department heads. The latter is a way to change the role of human resources department from passive to proactive.

Originality/value – The implications of this case study are to encourage public and private organizations to rethink the factors including talent development and empowerment that can have a positive impact on innovative work behavior. Moreover, organizations can rediscover the value of “unique” talent culture as a sustainable competitive advantage.

Keywords Communication, Organizational commitment, Transformational leadership, Motivation, Discipline action, Talent culture, Knowing doing gap

Paper type Research paper

Introduction

In 2008, the author was promoted to be the News Controller of HKBN's Pay-TV News Department and under the coaching of William Yeung, the newly appointed CEO. From 2008 to 2013, he experienced a journey of organizational change with a “Big Hairy Audacious Goal” (BHAG) to be the largest next-generation network (NGN) provider in Hong Kong by 2016. To achieve this goal, top management decided to invest in building a unique talent culture as a key sustainable competitive advantage. HKBN was established by City Telecom (HK) Limited (CTI) in 1999. One year later, the company obtained the local wireless Fixed Telecommunication Network Services License and launched broadband internet services. During that period of time, the market was shared by three major competitors: PCCW Netvigator, i-CABLE Communications, and Hutchison Global Communications. CTI was defined by the market and media as “cheap telecom international.” It showed the branding of HKBN was not as good as the competitors.



Having invested in fiber network infrastructure for five years, HKBN launched bb1,000 high-speed broadband service, making Hong Kong the first in the world where one-third of total households could enjoy Fiber-to-the-Home 1,000Mbps residential broadband service. Being the technology leadership, top management of the company decided to set BHAG and write vision statement in 2006. Ricky Wong, Founder of CTI and HKBN, appointed William as successor to replace him as CEO to lead the organizational change with 2,700 talents in 2008.

According to the 2009 annual results, the company got excellent performance which was better than its competitors. The growth of FTNS in the industry increased by 21.8 percent and subscriptions increased by 142,000–943,000 during the FY2009. HKBN charged a price premium to our competitors and kept customer churn rate below 1 percent. In 2011, *New York Times* reported HKBN's provision of 1,000Mbps high-speed broadband services at mass market price. Top management described the branding of the company changing from “cheap telecom international” to “Hong Kong Best Network.”

Statement of the problem

Based on the author's observation and experience, top management led the change successfully with talent culture in three years. Kotter (1995) suggests the eight-step organizational change model. He finds out many companies fail to lead the change because they cannot avoid the errors of transformation. Why HKBN can achieve to build talent culture in “short” time? How can the company manage the change with three dimensions: create the climate for change, engaging and enabling the organization, implementing and sustaining for change? What factors can influence the motivation and job performance of 2,700 talents? Some researchers state that transformational leadership will have a positive impact on employees' innovative work behavior (Afsar *et al.*, 2014). Under the challenge of technology and changing environment, both public and private organizations are required to adopt change and promote innovation to improve products and services. Conger and Kanungo (1988) state several factors including organizational factor, supervisory style, reward system, and job design to empower employees. Some researchers argue that public sector organizations can use training and lead by example to adopt change as private organizations (Schraeder *et al.*, 2005).

Significance of the study

Regarding to the issues of survival or winning on competition, researchers argue that many companies know they have to change to create competitive advantages and know the knowledge of leadership, motivation theories, change management, strategic management and human capital under the benefits of information technology. However, the performance of some companies showed that they are knowing but not doing. It seems a “knowing-doing gap” existing in change process. First, this paper will explain the critical success factors of organizational change with Kotter's eight-step organizational change model and 3-H (heart–head–hand) theory (Yu, 2018). Second, this paper will analyze how leaders can balance 3-H factors resulting in the unity of knowing and doing. Barney (1986) states that a firm with valuable and rare culture can obtain superior financial performance. This study can help researchers and leader-managers to further examine how 3-H factors can influence the success or failure of building “unique” talent culture as sustainable competitive advantage by winning the commitment from majority of staff (“heart” factor) with competitive strategy (“head” factor) and skills (“hand” factor) to achieve organizational goal.

Research problem

This paper will assess 3-H functionality in HKBN building talent culture from 2007 to 2011. Following questions will be asked and answered from the author's past experience and knowledge:

- (1) Does HKBN factor 3-H elements into human resources (HR) such as recruiting and talent development to empower "knowing" and "doing" plus build on the change?
- (2) Does the talent performance review process, especially the reward and promotion decision considering 3-H factors to make "doing" stick to talent culture?
- (3) How often the "heart-related" adjectives such as "mission," "passion," "dream," "commitment," "value," "discipline" and "execution" are usually used by top management as "heart" approach to describe a leader-manager while communicating the vision?
- (4) Has the 3-H perspective been blended into HKBN's BHAG and vision statement which were notably showed and periodically delivered to employees through formal communication channel to engage talents "knowing"?
- (5) Has the purpose and significance of 3-H perspective been preached and discussed in major corporate events to show talents the way to unify "knowing" and "doing"?
- (6) Does the talent culture strengthen the development of 3-H indoctrination in HKBN as a way of unity "knowing" and "doing"?

Literature review

Organizational culture, change and leadership

Handy (1996) argues that an organization can be killed by wrong culture such as bureaucratic culture restricting flexibility. To survive, organization has to create "right culture in the right place for the right purpose." Under the right culture, employees may share the feelings and experiences proposed by top management or leaders. Culture will provide company a history to share and a set of core values and purposes to build a motivated workplace. On the other hand, it can kill a company. It means organizational culture can be a key to short-term success, and if leaders cannot master evolutionary and revolutionary change, company will experience long-term failure (Tushman and O'Reilly, 1996).

Schein (2010) in his book "Organizational culture and leadership" states that if we do not understand the cultural force, we will be victim in organizational life. Companies like CTI developed its business for 15 years with past success may build a culture of arrogance and fall in organizational trap (Argyris, 2012). To save the company, leaders have to change the game rule avoiding the dark side of leadership and disadvantages of bureaucracy (Wren and Bedeian, 1994). Role of a corporate leader is a decision-maker to lead organizational action and thinking (Salaman, 2001). Leading change is also the responsibility of a corporate leader who can transform the culture with continuous change and comfortable change (Handy, 2012). Abell (2006) in the journal "The future strategy is leadership" argues that leaders have to balance the jobs of "running" the business with the mindset of "today-for-today," and "changing" the business with the thinking of "today-for-tomorrow." We better to seek a fit between four dimensions to influence organizational behavior: leadership purpose (want), leadership responsibility (should), resources (can), future opportunity (could).

Compared Abell's theory with Yu's (2006) 3-H theory, both are talking about "heart" factor driving leaders "want to," "head" factor leading talents "should or ought to," and "hand" factor guiding talents "can or how" do things with resources. In 2006, Ricky Wong, Founder of CTI and ex-CEO of HKBN, earned his EMBA knowing the theories of organizational culture, change management and leadership. Facing the competition of broadband service, he discussed with members of top management team and decided to

change the company culture to create sustainable competitive advantages. According to the annual report (CTI, 2007), Ricky stated that HKBN got technology leadership with the infrastructure of fiber network which was three years ahead of competitors. Nonetheless, he thought it was time to create a new and differentiated corporate culture as sustainable competitive advantage. It explained why Ricky wrote a vision statement of the company, set BHAG and created talent culture to influence the “heart” of right talents.

Goal setting and motivation

Collins and Porras (1996) in the journal “Building your company vision” state that the importance of core ideology that benefits organizational development with core values, core purposes and BHAG describing the envisioned future. Goal setting will influence employee behavior and motivation. Ricky set a quantitative BHAG for HKBN: be the largest NGN service provider in Hong Kong by 2016. He also led the company to set core purposes and core values. To create talent culture, two policies were implemented. Mini-CEO management is a vertical management model to empower and enable department heads thinking and acting like a CEO. Talent Engagement Department (TED) is changed from HR department to control and allocate the resources of not only HR, but also talent development and administration to execute the transformation achieving the building of talent culture. Actions showed that top management was adopting strategic management and motivation related theories to attract right talents and deal with the “heart-head-hand” issues of department heads and subordinates.

Hofstede *et al.* (2010) in the book “Cultures and organizations: software of the mind” states that culture is a “mental software” that will influence employee behavior. To avoid company being an elephant restricting flexibility of “change” culture, top management should pay attention on employee, process, system and control issues. Researchers argue that HR can be a source of sustainable competitive advantage (Wright *et al.*, 1994). Steers *et al.* (2004) review the observation of MIT Economist Lester Thurow, arguing successful companies will compete in the future based on technology and HR. What factor will be a critical strategic asset in competition? It is a “motivated workforce.”

Under the age of information technology, employees not only work for satisfying basic needs, but also work for self-actualization. Talents will want to learn to be leaders rather than followers. Regarding the motivation theories about the future work, researchers support the concepts of “shared leadership” (Maitland and Thompson, 2011) and “shared decision-making” (Williams, 2007). Mini-CEO management model is a kind of shared leadership allowing 40 department heads of HKBN including the author to make decisions to run and change the business of Pay-TV News Department under the coaching of CEO. It is “heart-head” action. Kotter (1998) argues that the success or failure of transformation efforts and sustainable results depend on “vision” and “coalition.” It means leaders have to win the “heart” of employees and get “human capital.” Researchers review Kotter’s eight-step change model and concern the discussion of the relationships between motivation, communication, and leadership that will influence organization change (Gilley *et al.*, 2009).

Execution and knowing-doing gap

Porter and Michael (2001) in the journal “Strategy and the internet” state that a company needs to follow six principles to maintain a distinctive strategic positioning. The first principle is “starting with right goal,” and the sixth principle is “continuity of direction.” Researchers argue that corporate success comes from consistently creating, spreading and using new knowledge (Rani and Sania, 2016). Top management of HKBN including Ricky and William always mentions “execution” and “run the talk, not walk the talk.” It appears that “execution” is a key to bridge knowing-doing gap with regards to the case of HKBN’s

talent culture. What is execution? Bossidy and Charan (2002) in the book “Execution: The discipline of getting things done” state the following concepts: execution is a discipline and integral to strategy; execution is the major job of the business leader; execution must be the core element of an organization’s culture.

The author believes culture is a matter of “heart,” strategy is a matter of “head,” and job is a matter of “hand.” Therefore, execution is a matter of fitting elements of 3-H. Drucker (2012) in his book “Management Challenges for the 21st century” states that social discipline such as management is a way or action to take for dealing with people and human institutions. How to motivate people with goal setting and make it happen during the process of execution? It needs “discipline action” to take (Collins and Collins, 2001). If we can balance 3-H when managing the change, we can build the culture. Burke and Cooper (2008) in the book “The peak performing organization” argue that culture is the result of the actions of all. Compared this concept with the theories of Chinese leadership such as Sun Tsz’s Art of War, if we want to achieve our collective potential performance, we need to enhance our capability. It means if we can execute “doing,” make good use of our capability of heart–head–hand and turn it to be corporate culture, we can win the competition.

Methodology

This paper is a case study of a local telecommunication company with 5-R (recollect–research–review–reflect–realize) research approach to examine Kotter’s eight-step change model with 3-H factor. Recollecting the author’s experience in HKBN from 2007 to 2011, it was a journey of building a new culture focusing on talent engagement, development and execution. The author will review the following company’s actions including BHAG and vision statement, Mini-CEO management model, educational partnership, “CXO of the future” program, working-improvement team, and 5 percent talent upgrade plan. These actions are put into different steps of Kotter’s change model to examine the presence of 3-H factors (Table I).

To further explore the effect of 3-H factor on the change process of HKBN, the author puts heart-oriented, head-oriented, and hand-approach actions with the concept of change management, leadership and motivation (Table II).

Regarding the “heart-oriented” approach to organizational change, Yu (2018) states that it is a very difficult job because of managing people. To examine 3-H theory and extend the

Create the climate for change	Engaging and enabling the organization	Implementing and sustaining for change
No. 1: Create urgency BHAG (heart)	No. 4: Communicate the vision Vision day/staff meeting (heart) Management meeting (heart) Intranet (heart-head)	No. 7: Build on the change KPI (head-hand) 5% talent upgrade plan (heart-hand) “CXO of the future” program (heart-head)
No. 2: Form a powerful coalition Mini-CEO management (heart-head) Talent Engagement Department (head)	No. 5: Empower action Mini-CEO management (head) Educational partnership (head-hand) Working-improvement-team (hand)	No. 8: Make it stick Management trip (heart) Staff meeting (heart)
No. 3: Create vision for change Vision statement (heart) Core purposes (heart) Core values (heart)	No. 6: Create quick win Technology leadership (heart) Service leadership (heart) HR awards (heart)	

Table I.
Kotter’s change model
with 3-H factors

Table II.

Verifying 3-H factors
with HKBN's
strategies for change

Factor	Basic state	Advanced state	HKBN's action	Appeal to
Heart	Feeling	Engagement and commitment leadership	BHAG Unique culture Unique vision statement Core purposes Core values	Want to
Head	Thinking	Strategy	Mini-CEO management Talent Engagement Department 5% talent upgrade plan "CXO of the future" program	Ought to
Hand	Doing	Knowledge and skills	KPI Educational partnership Working-improvement-team	How to

understanding of Kotter's change model, following assumptions are applied in this paper. The author believes that top management wants to help employees to develop their potentials doing good and doing well, use heart-to-heart communication methods, and care not only the interests of the company but also the social communities.

Analysis and discussion on findings

Having conducted research-related facts and theories and review the author's career experience, he found the answers of the above-mentioned questions.

Does HKBN factor 3-H elements into HR such as recruiting and talent development to empower "knowing" and "doing" plus build on the change?

The answer is yes. HKBN changed the name of HR Department to TED in 2007. The role of TED is changed from personnel management to talent management and acquisition. Combining the functions of administration, talent management, learning and development opportunities, TED is treated as "head" factor to enrich and enforce job knowledge and skills of existing and new-joined talents think and act synchronizing with the company vision and culture.

To recruit "right" and young talents as management trainees (MT), HKBN launched the "CXO of the future" program in 2009. Selected talents have to go through an 18-month on-the-job training to understand all aspects of the company including company history, vision statement, core purposes and core values. During the training period, MT is expected to gain professional qualification such as the Chartered Financial Analyst Examination, read and share 36 management books as well as complete a 21 km Half Marathon. Top management wants to use this program to engage young talents who will buy-in the company vision and culture and they will be coached and developed to be the next generation of executive leaders as COO, CFO or CMO in the next 15–20 years. It is a "heart-head" factor. Young talents feel that they are treasured by top management and know their career path.

MT also played the role of "change agent" as a "heart-head" to motivate leader managers. In 2009, NiQ Lai, CFO of HKBN who was the supervisor of TED, invited the author to have lunch chat and encourage him to develop new service delivering video news stories on digital platforms such as YouTube. He suggested the leader to reallocate the resources of news department for service development and set key performance indicator (KPI) to attract a certain number of views. If news department could achieve KPI, it would be a showcase to prove departmental performance increasing from the level of "below-average" to "average."

The author proposed the KPI of attracting 10,000 views in three months, but NiQ said he should aim high. As a leader, the author took the challenge and re-set the KPI of attracting 100,000 in six months with a request of extra manpower. NiQ agreed and assigned three

MTs to be my “partners.” However, they could only participate in the product after work. As a leader-manager with vision, the author accepted the offer to show top management and the MTs that we could make it happen under limited resources and time. It is HKBN’s corporate culture which affects leaders’ feeling, commitment (“heart” factor) and thinking (“head” factor) to make decision and take action.

One year later, the YouTube channels attracted over 1m views because talents of news department changed the content direction focusing on feature stories rather than routine daily news stories. If top management did not use “heart-head” factor to motivate the author doing “change” with the support of MTs, the author would not gain the experience which helped the team to develop new service of mobile application in 2010. At that time, the company experienced the building of talent culture for over three years. Top management used the principle of Kotter’s change model to motivate the author to “create quick win” and “build on change” which were perceived by the author as 3-H factor.

Referencing the “CXO of the future” program, the leaders of news department proposed a new way to recruit next-generation news anchor and reporter in 2010 and 2011. The program was called “The Anchor.” With the support of top management, news department worked with TED to launch the program and conduct recruitment talk in universities to attract the “heart” of “right” talents who will buy-in HKBN’s culture. In 2010, the author and the team selected two candidates who experienced the on-the-job training and coaching. Their performance was above average and they helped the department to produce feature stories covering current affairs in Beijing and Japan (outport assignment). It was estimated that the production cost was 15–30 percent lower than our competitors.

Normally, a TV news agency will use three people (one reporter, one cameraman and one technician) to handle outport assignment. However, HKBN assigns two people (one reporter and one cameraman; or two reporters) to handle outport assignment under the mindset of producing “high-value” story for audience at lower cost. In addition to mindset, we offered mentoring and the top performers of news department will play the role as a coach to strength the knowledge and skills (“hand” factor). As a result, the feature stories got satisfied number of views on our YouTube Channel and the portals of Yahoo and MSN Hong Kong. Action of “The Anchor” program showed the principle of “build on change” suggested by Kotter’s change model with “heart-hand” factor.

However, when news department tried to adopt HKBN’s Mini-CEO management model to change production team, resistance to change (RTC) happened. Mini-CEO concept is a vertical management model to decentralize authority to better manage respective departmental resources. It can facilitate a lot of innovation in operation of each department. The purpose of this management model was to empower potential talents being a committed “business owner” rather than working as employees. Surprisingly, the head of production team rejected the idea and showed the attitude of RTC, but other producers supported the idea. Finally, the head of production team resigned and the team was restructured. To motivate the “right” talents, “heart-head-hand” factor is used to influence the talents thinking and doing. All production assistants with above-average performance were promoted to be junior producer and arranged them to receive training classes offered by educational partner. It showed that transformation may fail because leaders cannot reduce or overcome the force of RTC. If we do not remove this obstacle, the “heart” of other talents may have a negative effect. He or she may think it is not necessary to buy-in company culture and try to strengthen “knowing” and “doing.” It is because if someone who does not buy-in culture and vision, he or she can stay in the team with no impact.

To implement company vision and create company culture, top management decided to invest more on building human capital to strengthen the talent pool rather than spending on advertising. Top management wanted to show talents that HKBN cared the learning and development opportunities of staff. Under this direction, TED obtained resources to build

life-time learning facilities including a total of 25,500 square feet talent development venue, an internal library with a wide collection of management books, and professional knowledge series delivered by in-house subject matter experts. Moreover, TED invited celebrities to be guest speakers expressing strong commitment to quality and positively influencing talent's mindset. Furthermore, HKBN collaborated with a "life coach" encouraging department heads to work with him to conduct workshop of team-building or personal goal-setting.

To strengthen the employees' innovative work behavior of news department, leaders took action to collaborate with TED and the life coach conducting several half-day workshops to "tune" the mindset of talents. The purpose was to deliver the message: right talents stay, and wrong talents leave. One of the significant workshops was held in Hong Kong Disney Hotel. A total of 30 selected talents from different sections joined the workshop with the theme of dream and career. Talents were requested to form groups and join outdoor activity to find the papers with positive words hiding in the park. After they collected the papers, each group had to construct a statement. With the statement, each talent had to think how to execute the statement in daily operation. Such kind of activity influenced few of them to resign later. These talents were graded as under-performed and being the potential force of RTC. Using this kind of activity, we can reduce RTC and damage when he or she was terminated under the 5 percent talent upgrade plan. The author finds "heart-to-heart" factor sometimes can influence the relationship between supervisors and subordinates and help to persuade right talents "knowing" and "doing" better. In contrast, wrong talents may perceive their future in the company will not be "good" and motivate them to think about what to do next.

From 2007 to 2009, the number of talents increased from 2,700 to 3,000. Half of them were working in Guangzhou (GZ) to support our customer services. One question for top management and TED was to engage and empower talents with different cultural background. Another question was to engage both local talents and GZ talents to work as a team with shared vision and values. To solve these questions, TED launched two programs: Education Partnership Program (EPP) and Executive Development Program (EDP). Purpose of EPP was to cultivate a continuous learning and development culture. All permanent talents once joined the group. In 2007, 62 talents joined EPP to study diploma or degree courses with allowance. Number of applicants increased 250 percent compared to 2006. Later, two front-line talents (one production assistant and one audio-visual editor) from news department joined EPP to study degree courses. Atmosphere of learning to be a better talent makes employees believe the company is investing on talent development synchronizing the corporate culture. It is a "heart-head" factor. In reality, the attitude and performance of the two talents who joined EPP were improved. With regards to the GZ talents, top management used EDP to groom GZ local staff to management roles, attract and motivate them with reward system. One of the key purposes of EDP was to visualize the concept of talent's career development opportunities. The outline activities of EDP include departmental attachment in Hong Kong, management book reading and mentoring system. It was a "mini-CXO of the future" program and "heart-head-hand" approach to engage and empower GZ talents to bridge "knowing-doing" gap.

Both EPP and EDP are the evidence of executing the principle of "empower action" suggested by Kotter's change model. Top management of HKBN not only invested on the development of front-line talents, supervisors, and managers, but the company also motivated the talents of TED to upgrade knowledge and skills. For example, department heads, managers, supervisors, and front-line talents were required to join "Outreach" program.

All talents of MT proactively went out to understand the need of our business partner rather than business partner come to us. It was the first and the only one in the local telecommunication industry. Inspired by the outreach program, leaders of news department "copy" the concept to motivate supervisors (news editors and producers) of news

department to go out with front-line talents (reporters and cameramen) to understand the workflow, difficulties, and situations. It helps supervisors know more the actual workplace and the need of our front-line talents rather request them to complete assignments without evaluating the real situations. It is a “3-H” factor for making transformation “build on change” and “make it stick.”

Does the talent performance review process especially the reward and promotion decision considering 3-H factors to make “doing” stick to talent culture?

The principle of HKBN’s reward system is “gain-and-pain.” Talents with the best performance will gain discretionary performance bonus, salary increment, promotion and incentive scheme. For example, one news anchor and one cameraman of news department were graded excellent performance in 2009. Each got the performance bonus which was equivalent to 200 percent of monthly salary. Besides, they were nominated as the outstanding staff and both received award on the stage of monthly management meeting. In contrast, under-performed employees got “pain” with 0 percent bonus and 0 percent salary increment. TED allowed department head to offer working-improvement plan for underperformed staff in one to two months. If he or she could pass the requirements, he or she would have the chance to stay in the department. Otherwise, department head will terminate his or her employment and recruit new talents. This was “5% talent upgrade plan” which required department head to review and measure the performance of all talents with a standard scorecard. In total, 5 percent underperformed staff will get “punishment” and leave the company.

HKBN’s reward system showed “heart-head” factor to motivate right talents to buy-in company culture and influence their affective feeling to “doing” better performance and contribute more for personal and departmental objectives. With regards to Kotter’s change model, it is the principle of “make it stick” showing all employees that HKBN treasures “smart” people. It delivered a message that right people did the right things in the right time. He or she would gain a lot. This is company culture. Nonetheless, the force of RTC is still existing though we have a “fair” and “justified” reward system. For example, one graphics designer of news department was graded as under-performed employee and would be one of the 5 percent of employees who would leave the company later. He did not accept the result because leaders failed to coach the supervisor communicating with him to manage his expectation before notifying his performance and “pain.” Accidentally, he was injured at work on the same day. He took ten-month sick leave and the department was not allowed to recruit a new graphics designer because of the policy of freeze-headcount. Again, this incident led to a “negative” influence on the “heart” of some producers and reporters at the beginning. Some of them thought the graphics designer used “work injury” to get sick leave and delay his termination of employment. Facing this situation, leaders of news department wanted to maintain the morale of workforce synchronizing with the company culture. Leaders tried to persuade team mates not to guess the objective of that graphics designer, accept the fact that someone got work injury, focus our mind and effort to learn new skills and produce good stories for our audience and achieve department goal. It showed that leader-manager has to “know” the two sides (positive and negative) of Kotter’s change model and principles, “do” the “right” things or make a shared decision to deal with the obstacles of change.

Some talents may treat learning opportunities with financial support from the company as a reward. In HKBN, top management believes talent culture and learning organization can create sustainable competitive advantage. The company launched executive upgrade plan for senior managers to extend leadership pipeline coaching more business executives rather than functional managers. In 2007, 11 senior managers got educational sponsorship to study eMBA or MBA in named and top-ranked universities including the Chinese University of Hong Kong and the Hong Kong University of Science and Technology. It is a “heart-head” factor which may help forming powerful coalition for transformation.

To reward leader-managers, TED tried to energize them with the concept of enhancement and work-life-balance. Every year, TED conducted management trip which was a one of the outdoor activities for senior managers to see the world. From 2009 to 2011, the author joined the trip to Japan, Germany and Cambodia. The theme of the Cambodia trip was “paint-our-dream.” Purpose of the trip was to inspire us to re-think the values of our life and what we want to do in the next 10–20 years. One of the key activities was to draw the dream on a A3-size paper in front of the Angkor Wat temple without the disturbance of mobile phone and talking. It is a “heart” factor to motivate the right talents. After this trip, leaders of news department conducted a workshop with TED and life coach again to inspire team members. The purpose is to deliver the message about “knowing” the company culture and “doing” the right things to enhance themselves, company and the world.

Regarding the work-life balance, TED offered leave benefit such as sabbatical, paternity leave, examination leave. It is another evidence for talents to perceive the company concerns not only the organizational life of employees, but also personal development and family life. However, leave benefit sometimes may have a “negative” effect on daily operation. Supervisors have to communicate with team mates to change working method and style to get the job done effectively allowing team mate to take leave benefit. The good side is that the policy may help the department developing new ways (knowledge and skills) to improve efficiency. The bad side is the policy may lead some talents thinking the issues of “workload” and “fairness.” It will be a challenge for leader-manger to balance 3-H factor to execute the company policy and have a “happy” result.

How often “the heart-related” adjectives including “mission,” “passion,” “dream,” “commitment,” “value,” “discipline” and “execution” are used by top management as “heart” approach to describe a leader-manager while communicating the vision?

In order to guide the company and all talents with a clear direction, a unique vision statement and a set of core purposes and values were designed. The core purposes set three dimensions to change the mindset. First, HKBNers love to experience the emotion of competition, winning and crushing competitors. Second, HKBNers love to experience the joy of advancing and applying telecommunications technology for the benefit of the public. Third, HKBNers love to fulfill the desire of Self-Actualization and “to become everything that one is capable of becoming.” From the content of core purposes, the author can see the company applied 3-H theory (Yu, 2018) with heart-oriented approach to attract “the right people to get on the bus,” and the “wrong people get off the bus over time.” The core values are set to guide the organizational life with three directions: continuous strive for the best as a way of life; being people’s leader and pioneer; direct and action-oriented. Besides, top management sets two aspirational values: integrity; working with smart, capable, competent and demanding people.

Kotter’s change model states that the principle of communicating the vision can avoid the error that makes the transformation efforts fail. It means top management has to teach talents new behavior by examples of guiding coalition. To the author’s past experiences, William, CEO of HKBN always used adjectives including “mission,” “passion,” “dream,” “commitment,” “value,” “discipline” and “execution” when he communicated the company vision and described the performance of leader-managers in monthly management meeting and yearly staff meeting. It is a “heart” factor which makes the author believe top management not only “talking” vision, but also “doing” to turn knowledge into action.

Has the 3-H perspective been blended into HKBN’s BHAG and vision statement which were notably showed and periodically delivered to employees through formal communication channel to engage talents “knowing”?

Engaging and enabling the organization to communicate the vision with all talents is one of the tasks of TED. The department tried different communication channels such as vision day, staff meeting, monthly roundtable meeting, staff forum in intranet, and monthly electronic video newsletter. It showed TED paid effort to strengthen “heart” factor on

positive talent perception, and different activities were matched with one of the core values of HKBN: direction and action oriented.

Has the purpose and significance of 3-H perspective been preached and discussed in major corporate events to show talents the way to unify “knowing” and “doing”?

TED communicated the vision (“heart” factor), strategies (“head” factor), knowledge and skills (“hand” factor) with all kinds of activities like coaching (team coaching; field coaching), monitoring (compulsory company examination), sharing, reading day and postgraduate studies by senior management. From the author’s observation, “vision day” and “staff meeting” are the major company events that will show talents “know-why” and “know-when.” Under the support of TED, staff meeting will be divided into three rounds. The first round is conducted for day-shift employees, the second round for night-shift employees and the third round for GZ’s talents. CEO will moderate the staff meeting and announce business goal connecting to company vision and BHAG. Moreover, top management will notify major strategies and action plan. Further, employees are allowed to ask questions, and CEO will give immediate answers. Under the coaching of CEO, head of news department has to set KPI, and communicate with CEO to review performance. If the department cannot achieve KPI with justified reasons such as limitation of resources, leader is allowed to reset KPI and reallocate resources to achieve new goal. In 2010, new service was developed by news department to provide news stories through mobile app. It affected daily productivity which was one of KPIs. Having talked with CEO, he agreed the department could focus on the development of new service which could help the branding of our department with lowered productivity in that period of time. It appears top management considerate (“heart” factor) the situation of department, support the strategic action (“head” factor) and allow us to re-allocate departmental resources (“hand” factor) doing the right things.

Does the talent culture strengthen the development of 3-H indoctrination in HKBN as a way of unity “knowing” and “doing”?

Talent culture helps HKBN to create more leaders with vision and shared values to achieve BHAG. It appears that the company uses Mini-CEO management model as a strategy (“head” factor) for change and uses “education” method (“hand” factor) suggested by Kotter and Schlesinger (2008) to make senior managers being leaders and feel more committed (“heart” factor) turning knowledge into action with his or her supervisors and subordinates. By changing “company-out” traditional horizontal management structure into “customer-in” new vertical management structure, HKBN can offer more benefits to customers of five districts (Hong Kong Island, Kowloon West, Kowloon East, New Territories West, Territories East) managed by five mini-CEOs. Under this strategy, CEO can lead the transformation with five leaders and TED instead of managing 40 department heads. It allows top management to have flexibility to think (“head” factor), learn and take action (“hand” factor). According to the 2009 annual results, the company said an assertive step was put towards BHAG. Fixed Telecommunications Network Services turnover increased by EBITDA increased from 29 percent in FY2008 to 34.4 percent in FY2009. Basic earnings per share increased from HK19.7 cents in FY2008 to HK32.4 cents in FY2009.

Reflection and realization

Having recollected and reflected the journey of building talent culture with HKBN from 2007 to 2011, the author realizes that Kotter’s change model is applicable, and leader-manager can use 3-H factors to make a positive effect on the change process and create sustained competitive advantage. However, if an organization cannot create a unique talent culture, it cannot engage the right talents joining and staying in the company to bridge the “knowing-doing” gap. Moreover, organizational transformation with “heart-head-hand” factors, leaders do have commitment, knowledge, skills and discipline action to “fit” all competencies and resources together effectively. Therefore, a transformation leadership style is a key to making

change happen. Ricky, former CEO of HKBN, started the transformation. To avoid falling into the organizational trap, he decided to appoint William to be the successor. Before joining the company as COO in 2005, he was the Director of Customers Division at SmarTone Mobile Communications Limited. Shortly after starting out as a police inspector, William realized his passion was in customer engagement and operational efficiency. His past experiences showed his discipline action influenced by personality, experiences, knowledge, and skills. It can explain why he can balance 3-H factors to bridge “knowing-doing” gap and help to build unique talent culture with superior economic returns.

Conclusion

A lesson to learn from the transformation of HKBN is a result of balancing 3-H factor to execute Kotter’s eight-step change model. It explains the critical success factor of organizational change. This paper adds a literature of using 3-H factor with the principles of Kotter’s change model. It finds that proactively communicating the company vision with employees may lead to positive and negative motivation that influences the performance of a local broadband service company. Researcher can verify and examine 3-H factors in modern workplace of other industries to find out how 3-H factors can help leaders predict talent behavior when they implement change in organizations. The implications of the case study to public sector organizations include talent development and empowerment that can have a positive impact on innovative work behavior. In Hong Kong, some public organizations find transactional leadership style may limit employees’ idea generation and idea implementation. One of the critical success factors of HKBN’s transformational leadership is using knowledge sharing and psychological empowerment to build employee confidence to perform innovative behavior. Another critical success factor is to build an organizational culture encouraging employees to propose new ideas and turn ideas into action. Nonetheless, public organizations may face a difficulty in balancing standard operation procedure and empowerment. Some talents may fear to take risk to be innovative that may cause job insecurity. Practitioners can further test 3-H factors in organizational change to create competitive advantage in service industry, though a company cannot easily “copy” the talent culture of HKBN. It is a kind of “sportsmanship” winning a right talent’s commitment, motivating him or her to learn, take risk, take action to fight for the best results. Meister *et al.* (2010) state the motivation of next-generation employees are looking for different values in their workplaces. An organization with vision to treasure “people, plant and profits” may attract talents especially young generation to perform better.

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