HFL Ltd

HFL Ltd is the UK’s pre-eminent drug surveillance and contract research company. It is the only laboratory in the world engaged in both sport drug surveillance and contract research. It currently undertakes funded research for the World Anti-doping Agency and the UK Horserace Betting Levy Board (HBLB). HFL has pioneered sports doping control research and surveillance in the UK, testing athletes and racing animals as part of forensic doping control processes and providing research and bio-analysis testing services to pharmaceutical, food, consumer products and healthcare clients. Based in Newmarket at the heart of the UK’s best-known horse racing and breeding areas, it started life in 1963 owned by the HBLB, an inherently conservative quango (a quasi-governmental body), and enjoyed a steady stream of income from the monitoring of racehorse and greyhounds to ensure that their performance was not artificially enhanced by illegal substances. This is therefore an unlikely organisation to look to as an exercise in change management. But change it did, and by 2007 it had diversified into drug testing on humans and been sold for £20.25 million to Quotient Bio Research Ltd – owned by a consortium of investors, including HFL’s Chief Executive David Hall and other senior managers. HFL currently has a turnover of over £10 million, employs some 130 people and enjoys a far more entrepreneurial culture.

The change catalyst was the appointment of David Hall as Chief Executive in 2001. His brief was to broaden the business base away from racing horses and greyhounds and he effectively ‘privatised’ the company. David is a scientist - Chartered Engineer with a PhD – but also has an MBA, which is where his theoretical knowledge of how to change the culture of an organisation came from. The challenge was to put it into practice at HFL. David would say that he has had a passion for creativity and innovation and the pursuit of a perfect culture that provides a common thread throughout his career before joining HFL. For example, he set up a technology transfer organisation in London – Thames Gateway Technology. The challenge, as David sees it is to get the very best from your staff and to truly differentiate your company on the basis of its people.

The HFL culture demands involvement and communication is a vital element in this process. David wants it to run downwards, upwards and sideways through all feasible routes, so there is no excuse for ‘not knowing’. David’s preferred leadership style is to ‘animate and facilitate’ rather than ‘command and control’. Because of this his preferred communication style involves limiting group size to 20, which he sees as far more conducive to participation. He gives ‘state of the union’ addresses to these groups every six months. He also instituted informal ‘coffee and cakes’ sessions on Monday mornings to help communication and get people to mix across boundaries and functions. There are also more formal mechanisms like team briefs and a mythical ‘Uncle Bernard’ who will answer e-mailed questions from staff. The elected ‘Staff Association’ also conducts quarterly surveys and plays an important part in promoting and monitoring change, even chasing the introduction of new ideas. HFL also use cross-functional teams for project work and senior managers often take spells doing other people’s jobs.

HFL’s scientific work depends critically on new ideas, which is why David is keen to encourage creativity. To do this he set up a Creativity Club and an Innovation Club. Each provides an...
environment for the free exchange of ideas, to push boundaries, and to harness the creative energies of staff. Every idea gets posted on the company’s intranet and staff invited to comment. The best ideas might be taken forward by project teams. The company also has a book club that encourages the reading of business books, which also can lead to the introduction of new ideas. There is also the Business Intelligence Group, established to trawl the outside world for new ideas and to establish benchmarks for its activities. Everyone who sees or hears things outside the company is debriefed and the ideas passed on or project teams set up to take the idea further. It was this process that lead to the company’s move into human drug testing.

David is a great believer in the power of positive thinking – another thing he likes to encourage in staff. He believes it can raise the proportion of time people spend working at maximum output. He arranged in-house training sessions on the topic which resulted in individuals producing ‘affirmations’ to complete challenging personal tasks. David participated in the training and his ‘affirmation’ resulted in him cycling coast-to-coast and back to raise money for charity.

HFL uses what it calls a ‘strategy map’, divided into four interconnecting areas: customer, reputation, people and finance. The aim in the ‘customer’ area is to become, or remain, ‘first choice for analytical chemistry’ by improving loyalty, building relationships and innovating’. HFL aims to be the best customer choice, but not necessarily the cheapest. To achieve this it has to remain at the leading edge of its science and at the forefront of innovation. But innovation need not always be scientific. So, for example, to help cement customer relationships it set up a Customer Club for clients around the world.

Staff involvement and enthusiasm at HFL is no accident. It is carefully nurtured with formal and informal techniques. There are performance reviews and a bonus scheme. HFL has ‘Investors in People’ status and in 2005 was voted by its staff into the list of The Times ‘100 Best Companies to Work For’. But David will also admit that there have been casualties along the way, with less willing staff being replaced, particularly at senior management levels. And new managers have had a crucial part to play in changing the culture. David recruited Anne Stringer from a Cambridge wine business, nominally as finance director, but also with responsibility for HR and IT, to head up ‘Central Services’.
Questions:

1. **Why is effective communication so important in changing culture?**
2. **What are the techniques HFL uses to promote internal and external communication? How do the ‘informal’ reinforce the ‘formal’ techniques?**
3. **Why is creativity and innovation important at HFL?**
4. **How is it promoted and what benefits has it brought?**
5. **Give examples of how has HFL used technology to achieve its aims.**
6. **How important was David Hall to the process of change experienced at HFL? Give examples.**
7. **Why is it important to replace senior managers who block change?**