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Roche Pakistan (A): Turning Around an Organization Through Cultural Transformation

*Everything that we achieve is through our people.
So if we want to transform results, shouldn't we
start by transforming our culture?*

—FARRUKH REHAN, MANAGING DIRECTOR ROCHE PAKISTAN

As Farrukh Rehan, the Managing Director of Roche Pakistan stepped out of his car in the company's common parking lot, he reflected on how much his organization had changed in his first year as the Managing Director. Roche Pakistan, which had fewer than 100 employees¹ and moderate revenue, was in a “challenging” situation when 45-year-old Rehan first started on March 1, 2016.

Rehan (**Exhibit 1**) was hired in the Basel, Switzerland, Roche offices and his job was to secure Roche Pakistan's success in the midst of several challenges—a shift in product mix from Virology to Oncology, imminent competition from several products about to enter the market, a self-pay market where only a small percentage of the population could fully afford targeted therapies for cancer, an organization that had suffered declining sales in Pakistan, and a decline in employee morale and engagement.

Rehan decided that the first thing he needed to do was to transform Roche Pakistan's culture (**Exhibits 2, 3, and 4**): “Most companies fail despite having the right strategy because they cannot effectively execute the strategy, because they don't have the right culture.” His belief in a philosophy of servant leadership also shaped this cultural transformation: “Earlier in my career, I was very competitive and wanted to be number one in everything. It used to be about me and showing I'm the best, but people started to resent me and I had some setbacks in my career,

¹ Forty-five percent of total employees were “front-facing” sales and marketing people and the remaining were back office employees.

Professor Jennifer Chatman prepared this case study with assistance from Case Writer Victoria Chang, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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which helped me learn that as a leader, my job wasn't to be 'Number One' myself, but rather to bring out the best in others.”

Thus beginning in 2016, Rehan decided to “keep our people at the heart of our efforts and the center of our thoughts.” He and his team worked to engage employees, unite them behind common goals, create a culture that encouraged speaking up, embrace diverse points of view, and become an open, inclusive, and adaptable organization. By July 2017, Roche Pakistan's culture had changed in a positive direction and business performance followed.

Roche and Roche Pakistan Background

Roche Pakistan was based in Karachi (with sales offices in two other major cities, Lahore, and Islamabad—referred to as South, Central, and North). It was an “affiliate” of the Roche Group that was founded in 1896 in Basel, Switzerland (under the holding company, Roche Holding AG, still based in Switzerland). Roche “creates innovative medicines and diagnostic tests that help millions of patients globally.” It was the largest biotechnology company in the world with \$50 billion in revenue for the 2016 fiscal year. U.S.-based biotechnology company Genentech was a subsidiary of Roche; U.S.-based Ventana, a tissue-based diagnostics company, was owned by Roche; and Japan-based Chugai Pharmaceutical was controlled by Roche (who owned 62 percent of the company).

Olaf Schulzeck, Roche's General Manager of the Middle-East II Region described Roche Global's corporate culture: “Our corporate culture is focused on our people, and Roche sees decentralized decision making and strong employee engagement as a key success factor—good for employees, our business, and ultimately the patients we aim to help with innovative medicines.” He added: “We know that many things influence an employee's engagement such as health and well-being, having a leader who is a role model in living up to our values and leadership commitments, as well as having the support to develop careers, the tools to do a good job, and being recognized for achievements. Guided by these values, our culture is open, honest, ethical, and genuine.”

The hiring of Rehan and Pakistan's cultural transformation fit in with Roche's greater strategy and culture, according to Schulzeck: “I believe the positive development in Pakistan is also a result of our overall efforts across Roche to select leaders and strengthen leadership based on a genuine interest in our employees, trust, empowerment, and acknowledgment. It was not easy to identify the right leader with the right mix of experiences, and even more importantly, the right mindset that our team needed in order to create a substantial cultural transformation, but knowing that leaders make a huge difference for an organization's success, we invested a lot of time and effort in the recruiting process and we did not want to compromise on this decision.”

When Rehan first joined Roche Pakistan, the company had three Business units: Oncology, Specialty, and Virology. The Oncology Unit had multiple products that were key growth drivers—one focused on breast cancer (Herceptin), another focused on lymphoma (Ristova²), and a third that could be used for many cancers such as lung, brain, ovarian and colorectal, amongst others (Avastin®). The Specialty Unit had three therapeutic areas: bone care (Bonviva®), arthritis (Ristova® and the newly launched Actemra® for rheumatoid arthritis), and

² Called Rituxan® in the United States and Mabthera® in the rest of the world besides Pakistan.

anemia and transplant. The Virology Unit had one major product (Pegasys®) which was declining in sales due to the arrival of newer therapies. Most of Roche Pakistan's medicines were costly targeted therapies, not mass-market ones such as those for allergies or blood pressure where a company sold millions of packs of products a year. There were no equal or equivalent products for Herceptin®, Ristova®, or Avastin® in the marketplace, although competitors were on the horizon.

Until 2013, Virology contributed the majority of the revenue, but at the time of the case, Virology wasn't generating much revenue while Oncology generated the majority of the organization's revenue and Specialty generated the remainder. Roche Pakistan had not launched a new product in a number of years, but several products in Oncology and in Specialty were in various stages of regulatory approval and their successful approval and launch was critical to meeting patient needs, as well as to grow Roche Pakistan's business.

Pakistan and the Pharmaceutical Industry: Challenges and Opportunities

Pakistan, officially called the Islamic Republic of Pakistan, is located in Central and Western Asia and is the world's sixth largest country in terms of population (201 million people). The country is bordered by India to the east, Afghanistan to the west, Iran to the southwest, and China to the northeast. The capital is Islamabad and Pakistan's largest city is Karachi. Though wheat production is still important, over time, Pakistan's economy had gradually shifted from an agricultural economy to a service economy. The export textile industry had also grown over time, with Pakistan being the eighth largest exporter of textile products.³ Pakistan is a developing country with 24 percent of the population living below the poverty line. Per capita income is only \$1,600 per year.

Pakistan is a Parliamentary democracy, with active political parties and regular elections, but it has experienced significant political turbulence over the years. Several times in its history, the Military has taken direct control of the government. Frequent changes of government and many other issues have led to challenges in healthcare, infrastructure, education, and services.

Healthcare is of low quality and higher-quality medical care is available only to the middle class and above,⁴ with about half of the population living in rural areas having no access to modern medicines.⁵ Large public sector hospitals are overcrowded and have shortages of specialists. Higher-quality private hospitals and clinics are present in the cities but can only be accessed by those who have the financial means, or the small number who are covered by private insurance.

The country also does not offer public access to health insurance. Instead, most Pakistanis pay for their healthcare out-of-pocket, a key reason for the small size of the pharma industry. People who worked at multinationals, the military, or in the government generally had health insurance, but they were in the minority. In 2015, Pakistan's government launched a National Health Program for its poorest households (families that made less than \$2 per day) who received certain health benefits. However, this program was at a pilot stage with coverage available in select areas to a limited number of patients.

³ <https://en.wikipedia.org/wiki/Pakistan>

⁴ <https://www.quora.com/Pakistan-How-is-the-healthcare-system-in-Pakistan>

⁵ <http://www.ppma.org.pk/Profile/pakistan-pharmaceutical-industry/>

“The biggest challenge we, and all pharma companies face in Pakistan is cost and access—the price of medicine is not affordable for the majority of patients in Pakistan,” said Abdus Samad, Director of Regulatory Affairs at Roche Pakistan. Pharma companies such as Roche Pakistan were working toward forging new partnership models with the government, charities, and NGOs⁶ to increase access to drugs, but faced many challenges. Samad said: “If a patient can’t afford Roche’s medicine, he or she could prepare an application explaining that they need this care but can’t afford it and then submit the case to Pakistan Bait-ul-Mal (PBM) hoping the PBM will approve a fixed amount to the patient. Sometimes the funds get approved, and sometimes the PBM does not have funds or the patient does not meet the approval criteria.”

PBM was the largest autonomous government charity organization/fund established in 1991 to contribute to poverty alleviation by providing assistance to the poor, widows, orphans, invalids, and other needy people. Sometimes NGOs helped pay for a portion of healthcare as well. “But NGOs often don’t have that much money,” said Mahrukh Awan, Sales Manager in an Oncology Business Unit. Rehan said on access: “The question is whether we will be able to help support improvement in the access environment in terms of more public sector investment in specialized medicine treatment like cancer in the future so that three to five years from now it’s the norm that a lot of patients get support from the government in the treatment of cancer.”

Some attributed Pakistan’s challenging healthcare environment and lack of access to medicine and therapies to low government health spending, management difficulties, and high regulations. According to the World Bank, total spending on health care in Pakistan was just 2.6 percent of GDP, of which government spending was only 0.4 percent of GDP. (compared to the U.S.’s 17.1 percent of GDP on healthcare in 2014, for example).⁷ As a result, Pakistani pharma companies essentially acted as manufacturing, repackaging, and sales and marketing companies since R&D on medicines was nearly non-existent in the country.⁸ Pharma spending accounted for less than one percent of the country’s GDP, compared to countries such as China and India who invested more heavily in research facilities and on creating a culture of R&D.⁹ Despite the limitations, patient need continued to drive growth: the pharma industry in Pakistan was valued at \$3.1 billion in 2017 with a projected 15.69 percent CAGR.¹⁰

Over the past decade, the system of governance for health services had faced many changes. Prior to 2010, the Ministry of Health regulated drug manufacturing and pricing, along with the provision of health services and policies. In 2010, though, Pakistan’s constitution dissolved the Ministry of Health and shifted administrative and regulatory powers related to health services to five provincial health departments. After two years, however, the DRAP Act of 2012 re-established federal jurisdiction because the provincial governments lacked the resources and the administrative infrastructure to manage Pakistan’s health service delivery system in the most optimal way. At that time, the federal government also established the Drug Regulatory Authority of Pakistan (DRAP—an FDA-like body) to handle pharmaceutical evaluations and registration, licensing of manufacturing facilities, quality assurance and lab testing, pricing, and more.

⁶ A non-governmental organization (NGO) is a not-for-profit organization that is independent from states and international governmental organizations.

⁷ <http://data.worldbank.org/indicator/SH.XPD.TOTL.ZS?end=2014&start=2014>

⁸ <https://tribune.com.pk/story/231549/research-in-pharmaceutical-sector-pakistani-companies-lag-behind-their-indian-chinese-counterparts/>

⁹ <http://www.ppma.org.pk/Profile/pakistan-pharmaceutical-industry/>

¹⁰ <http://health-asia.com/conferences/2014/Presentations/Day1/PharmaConvention/02-Nasir-javaid.pdf>

Prices of pharma products were set by the government (it used the average of drug prices in India and Bangladesh—which were usually very low), not allowing “the pharma industry to increase prices of even those drugs whose costs have gone up by more than 100 percent,” said Ayesha Haq, Executive Director of the Pharma Bureau.¹¹

A major challenge was that DRAP was still ramping up its drug regulatory capabilities, so drug approvals timelines varied, and the new complex biologic drugs could be challenging in terms of expertise. Once products had completed the review at DRAP, they were routed to the Federal Cabinet, which had to sign off on new drug approvals.

Another industry challenge was that over the past 10 years, local generic drug manufacturers had increasingly captured market share in the pharma market. Roche Pakistan faced another imminent competitive challenge in the form of soon to be launched Biosimilars. Roche’s leading Oncology products are Biologics (Biologics are defined as very large, complex molecules, or mixture of molecules, often produced using live organisms and recombinant DNA technology). Unlike small molecules, Biologics are very hard to replicate, and are very sensitive to the smallest change in the manufacturing process. The first Biosimilars of Roche Biologics were expected to be launched in Europe in 2017, following regulatory approval by the European Medicines Agency (EMA).

Day One: Determining Key Challenges

When Rehan first arrived, he knew he would face challenges. After a few intense days of meetings with the Business units and departments, and many employees, he quickly mapped out the company’s challenges. First, the organization had declining sales mostly due to an overreliance on the Virology Unit’s product, Pegasys® (an injection-based treatment for Hepatitis C), which had reached the end of its life cycle. Virology had been Roche Pakistan’s main area of business until a tablet for Hepatitis C (sofosbuvir by Gilead Sciences) became the standard of care. This treatment paradigm shift occurred in 2013 and thus Pegasys® was no longer marketed actively. Noman Gul, Product Manager in the Specialty Unit said: “Virology used to contribute a majority of Roche Pakistan’s revenue and we were the market leader; we weren’t prepared for the paradigm shift in Pakistan.”

Second, Roche Pakistan had a relatively new medical team, which had to be ready for a major internal medical audit scheduled for the end of the year (PDQA audit or Product Development Quality Assurance, conducted by internal global Roche people).

A third challenge was that Roche Pakistan did not have an Access Program for patients. An Access Program could help patients determine coverage, offer patients assistance (in the form of subsidized medicines from Roche), or make medicines available through a partnership between Roche and a government organization or an NGO. Particularly in a self-pay market like Pakistan, an Access solution could bring Roche products within reach of more patients and bridge the affordability gap.

A fourth challenge was an internal re-organization and restructuring of the business that was needed due to Virology’s business decline.

¹¹ <http://dailytimes.com.pk/business/06-Jan-17/problems-faced-by-pakistans-pharma-industry>

A fifth challenge was the expected approval and launch of new competitors of Roche's key Oncology brands—which so far had not faced such competition. It was essential to develop competitive readiness within the commercial team, according to Rehan.

There were also leadership and cultural challenges—there were vacancies in Roche Pakistan's Leadership Team (LT), and it had taken time to recruit a new leader (Rehan). The rapid shift in the Virology business, and the uncertainty about the future direction of Roche Pakistan was concerning for many employees. Finally, lack of business growth meant that there had been limited career opportunities for employees, which had led to a high turnover in the recent past.

Week One: Focusing on Culture

During his first week, Rehan continued to probe more deeply, walk around the office, and ask a lot of questions. The Head office did not have an open floor plan, and was composed of many small individual offices on several floors connected by narrow corridors. Rehan observed that most doors to individual offices were kept closed, and there appeared to be few cross-functional interactions (**Exhibit 6**). He also observed that people were very deferential towards seniority and authority (common in Pakistan companies). Rehan said: “During meetings, there wasn't much of a debate around topics at all—the word of the more senior person seemed to be final.”

Rehan asked his assistant to place feedback boxes in all three offices and solicited anonymous input to determine what to focus on in the upcoming town hall meetings (one in each region). Several themes emerged: “People had a lack of clarity about the future direction of the company in Pakistan, and some felt they were not heard.” One feedback note said: “For robust growth, we need visionary leadership. This is the time to work on mega projects. Our leaders need to inspire and motivate us with a clear vision for the future of Roche Pakistan.”

Such early feedback made Rehan realize that the real problems were not missed targets or lack of competitive readiness; but what was needed was a new culture of servant leadership and employee empowerment. Once employees and leaders of Roche Pakistan were on the same page, tackling the many external challenges would be far easier, according to Rehan. He decided to make this theme his focus in his upcoming town halls (**Exhibit 7**).

The First Town Hall Meeting: Hierarchy of Ideas

Nine days after joining Roche Pakistan, Rehan told his employees at his first town hall meeting: “What am I hoping to build with you? The right culture. With the Leadership Team and your help, I seek to create a culture where egos, grudges, and silos are checked at the entrance gate, and inside there is a world of trust, openness, ideas, collaboration, recognition, and reward—allowing us to make a great positive impact: on patient lives, on the Roche business, and on our careers.”¹²

Rehan had been thinking about Pakistan and Roche Pakistan's hierarchical culture—one where people addressed senior people by title such as Mr., Dr., Sir, Boss, or Sahib,¹³ and one where employees didn't challenge senior people. “At meetings at companies in Pakistan, junior people wouldn't bring up ideas or challenge anyone in a room of senior people,” said Hafsa Shamsie,

¹² Farrukh Rehan, “An Invitation to Lead,” March 9, 2016.

¹³ A word of Arabic origin to refer to seniors, can be translated as Mister.

Finance Director. Junior people would even stand up when senior people entered a room. Rehan felt that this impacted the business, and he wanted to start by removing these cultural and physical barriers to speaking up and challenging ideas and authority. Thus at his first town hall meeting, he addressed these issues: “I told the audience that I believed that all of us were equal and the only hierarchy that mattered was a hierarchy of ideas. I told them that their role was to serve patients and the role of leadership was to serve the employees.” At the meeting, in a complete departure from Pakistani cultural norms, he asked people to start calling each other by their first names. Also at the meeting, Rehan asked that all doors always remain open and that no one needed permission to enter any office.

Despite his efforts, employees struggled to call Rehan and others by their first names. After numerous gentle reminders, he decided to accelerate this change by initiating a “departmental contribution” system that he announced at the third town hall meeting in June 2016. For the next two weeks, people could practice, but after that, if employees forgot to call each other by their first names, their department would be asked to contribute CHF¹⁴ 250 for every instance. After another two weeks, the contribution increased to CHF 500 and after that, CHF 1,000. All funds collected would be donated to charity. Rehan said: “I told people that if you cannot call me by first name, how will you be able to challenge me? I gave the 1997 Korean Airlines crash in Guam as an example where the co-pilot disagreed with the pilot but didn’t say anything and the plane ended up crashing.” Wahaj Saeed, Specialty BU Head commented: “The contribution system got a lot of laughs, but also got the message across; we needed to embrace change and challenge ourselves and each other to develop a truly open culture. Calling each other by our first names became a standard practice in Roche Pakistan well before the end of 2016.”

Making the “Actions Match the Words”

After the first town hall meeting, Rehan asked a Medical Manager for feedback about what he had said. Rehan recalled: “The young Medical Manager thought my ideas were good, but he told me that he wasn’t sure how practical they were. He challenged me by asking, ‘even if you are sincere about being a servant leader, what if others below you have no intention of changing themselves? You can’t be in every office and cubicle to monitor how leaders down the line will treat their people?’” This was a very insightful comment, and helped Rehan focus on “actions that matched his words” through numerous initiatives. It also emphasized to Rehan that he needed to build a leadership team that completely supported the cultural transformation journey as his top priority (**Exhibit 8**).

Identifying Future Leaders

During his early months, Rehan continued to have meetings with employees at all levels, but was particularly interested in the layer just below the LT. In April 2016, he brought together these employees to an offsite meeting. Attendees included sales managers, product managers, medical managers, and others to brainstorm on how to bring more growth to the business. “I had noticed that these people seemed really willing to embrace and adopt new ideas related to the culture,” said Rehan. “This meeting gave me the chance to observe people interacting without their direct managers and some of these people eventually became our BU Heads.”

¹⁴ Swiss franc.

Increasing Interaction and Communication

Rehan's other meetings included dinner with employee talents, lunches with groups of employees from different departments, as well as constantly walking around the office. There were also town halls organized on a monthly basis, and a blog to communicate with all employees. He said: "I hoped that through repeated interactions and through following up on our discussions with clear actions and extensive communication, employees would trust management." Danish Siddiqui, Onco BU 2 Head said: "Through all of his efforts, Farrukh set an example in the industry that the leader can be very much available to employees."

Making Leadership Team and Structural Changes

Within the first few months, Rehan started making important LT changes—a new Medical Head was hired in July 2016, the first woman to join the LT (discussed below). He also hired the new Finance Director in August, who would be the second woman to join the leadership team. Later in the year, another young leader was promoted to become the Compliance Officer and she was the third woman on the leadership team. Another leadership change Rehan made was to shift the long-serving and capable Oncology Head to the role of Regulatory Affairs Head in order to utilize his knowledge and experience in the critical task of interfacing with DRAP for drug approvals.

Rehan also made major structural changes within the organization. He and his team made a bet that by investing more focus and resources in Oncology, the Medical department, and on Access, they could accelerate growth in Oncology, compensate for the loss of the Virology business, and become better prepared for competition. Thus Oncology was split into two Business Units: Onco 1 (breast cancer and the drug Herceptin®) and Onco 2 (Hematology and the drug Ristova®) and each of the Onco teams were expanded to provide more coverage to doctors. The Specialty Unit remained mostly the same.

As a result, several new opportunities emerged for employees. Not only were new BU heads appointed, but each unit now had its own team of product managers and sales managers, and a completely new Access team was created. "Almost all these positions went to talented people within the organization, and this generated a lot of excitement and confidence among employees," said Rehan.

Despite these new opportunities, the Virology unit still needed to be closed, affecting the jobs of several Virology employees. Rehan worried how that would impact the affected employees and the rest of the organization. He decided to invite all the employees who were being offered severance packages to Karachi and to meet with them personally. Rehan explained: "I felt that it was important to treat these colleagues with the same respect and appreciation that we espoused for our employees who would stay with us. I decided not to use a PowerPoint presentation for my talk and started the meeting with one statement: 'We care about our people and we will aim to treat you right—with respect and dignity.' I shook hands with each person, thanked them for their service, and told them that this closure was not their fault—rather the environment had changed and the organization needed to change with the times. HR explained the severance package and support they would receive and all employees agreed to the separation. At the end of the meeting, nearly everyone came to us and thanked us for the way we had been transparent and had treated them with respect. Many hugs were exchanged and employees left on good terms."

Rehan made sure to circle back to all other employees in a town hall the very next day, explained the reason why, and was “relieved to see employees accept and understand the change.”

Empowering Women and Increasing Workplace Flexibility

A key priority for Rehan was to empower women in the workplace because he felt that there were many qualified women and much untapped talent in Pakistan.¹⁵ He also felt that it was important to bring a diversity of thinking, style, and approach into the LT and the middle ranks.” One major initiative was Roche Pakistan’s first Women’s Forum in May 2016 where he met with all the female employees and listened to their concerns and needs. This Forum emerged due to an employee telling Rehan that she was thinking about leaving due to the challenges of working and having a newborn.

At the Forum, the women asked about the possibility of women in senior sales roles or as commercial leaders at Roche Pakistan and Rehan emphatically said, “Yes.” Based on feedback, the organization implemented flex time and transportation for those women who did not have company cars. “These simple things go a long way and make people feel valued,” said Khadija Ansari, Compliance Head. Rehan added: “Our aim is to create an environment where women don’t have to make a choice between home and work.”

Creating a Culture of Inclusive Decision Making

Throughout town hall meetings, Rehan had received feedback from sales team members, expressing challenges on how they operated and worked. His solution was to form a team of sales people who would gather feedback from all sales associates and then propose how they should work—“in essence, why not let the sales team design their own working environment?” asked Rehan. “The only condition being that sales targets could not be changed.”

This initiative, called Optimus, launched in September 2016. “The excitement amongst the team was huge,” said Khurram Nawaz, Head of Onco BU 1. “The sales team felt truly empowered.” Based on the recommendations of the team, Roche Pakistan shifted its work week for the sales team from a six-day work week to a five-day one (so that it mirrored the rest of the staff’s work week), becoming the only pharma company in Pakistan to have a five-day work week for field staff. This move was hugely welcomed by the sales team who now had the time to “have a life beyond work,” as one sales person described the impact to Nawaz. Although some sales people continued to visit doctors and health care providers on Saturdays, “they said they liked not being expected to be in the office or seeing customers on a Saturday that they could have seen on any other day of the week,” said Nawaz. Other things were adjusted as well, such as the over-frequency of morning meetings.

Another similar effort, Osmosis, was launched in late September 2016. Osmosis was a cross-function and cross-company initiative where an advisory board of both office-based and field-based employees was created to work with HR to address employee related issues. Ansari said: “This process was a complete two-way communication, meaning we had discussions about what

¹⁵ Only 28 percent of women in Pakistan were in the workforce, placing it in the bottom 10 countries around the world. This low rate of female employment was due to cultural discrimination of women and low education rates. Even in sectors where there were high percentages of qualified women, there were low rates of employment. For example, 63 percent of medical students in the country were women, but only 23 percent of registered doctors were women (due to household responsibilities).

might work and what wouldn't. Every suggestion was not accepted, but everyone felt involved and empowered.”

Reducing Hierarchy: Parking and Other Issues

To reduce hierarchy, the team organized a “Service Staff Recognition Day” in May 2016 where janitorial and contractual staff were served lunch by LT members. Rehan said: “I was trying to convey that I was serious about servant leadership and about reducing the gap between the leaders and employees. In a hierarchy-conscious society like Pakistan, this is not the norm.”

In addition, Rehan and his team wanted to resolve the longstanding issue of limited parking in the Karachi office. Due to space limitations, only 20 cars could park in the gated office compound and those were reserved for senior managers or the LT. All other employees needed to find parking on the neighborhood streets, which sometimes led to theft (of sound systems, for example).

In November 2016, the once-exclusive parking lot for senior executives was converted into a sports area with ping pong tables, badminton, and other games. Negotiations with the landlord next door led to common parking for everyone, including the senior executives. The goal of these changes was to create a “one team” message. “Now, at lunch or after hours, there’s a lot of networking happening because people are playing ping pong together,” said Asma Kamran, Medical Head at Roche Pakistan.

Throughout the year, there were many other hierarchy-reduction efforts. At Roche Pakistan’s annual meeting in January 2017, the deluxe/VIP hotel rooms were assigned to the top performers while senior leaders stayed in standard rooms. When the hotel tried to give a free upgrade to a deluxe room to Rehan, he declined because he wanted to communicate to the sales team that when they are together for a meeting, the more senior person shouldn’t get special treatment simply because of his or her position.

Leadership Development Series

With a new structure and new leaders in place, Rehan next focused on ensuring that the right leadership approach was cascaded and adopted in the organization. In October 2016, Rehan launched an off-site meeting called the Leadership Development Series (LDS) where all Sales Managers and BU Heads were brought together to have a “mind-meld.” He prioritized these leaders because ambitious growth results rested largely on their shoulders. He wanted to make sure that these new leaders “were sold on servant leadership and people-centricity,” said Rehan.

The meeting lasted three days with modules called Self, Team, and Business. “I thought about hiring someone to run this course, but decided to design and run it myself with the help of the BU Heads because I wanted to transfer as much of my approach to leadership, my international experience, my learnings and my career journey as I could. I emphasized that the job of leaders was simply to unleash the potential within our people (and perhaps to guide them a little bit in the beginning). Then people take over and deliver beyond our expectations if they trust us and if they are empowered by us.” Rehan added: “I only had one request for the participants—to share what they had learned with all of their teams, and to become advocates and partners with me in this new culture.”

The Self module was a chance for participants to focus on themselves and their inner journeys. Participants shared their own powerful stories and backgrounds and appreciated the experiences of their colleagues. People noted that it was so different to talk about themselves rather than sales targets, which is what they were usually focused on. “It was such a powerful and emotional experience,” recalled Nawaz. He believed that the LDS had a very positive effect on the sales team. We never discussed targets, but the numbers were a simple by-product of trusting our people,” he said.

Rehan planned to design a similar Series for product managers, finance people, and others in the future. He said: “The challenge is that there’s so much coming at us with such speed, that I may not be able to devote so much time to this on an on-going basis.”

Creating a Culture of Celebration

Another area of focus was creating a culture of celebration in general and of celebrating excellence. One of the cultural changes at Roche Pakistan was the increase of simple “thank you’s.”

Teams also had more celebrations such as going out to dinner and the Independence Day celebration in August 2016. By walking around and chatting with employees Rehan learned that employees had been requesting a small budget to organize an Independence Day celebration in previous years, but were told “the organization is under cost pressure and could not spare any budget for non-essential activities.” Rehan said: “When I heard about this, I knew we needed to make this change. I asked our vocal and active younger people to organize a celebration. People dressed in green and white and we had a great party with songs, confetti, and food and I got to raise the flag which was special. By empowering a small team of employees and spending a little bit of money, we had a big impact.”

Roche Pakistan also created a gold medal for outstanding service, organized other celebrations for key events, and made it a priority to promote from within.

The New Medical Team

One of the areas of Rehan’s focus was to further enhance medical capabilities at Roche Pakistan, and develop and integrate the relatively new Medical team in time for the impending internal medical audit in less than six months. “For the first few weeks, I prioritized cultural change and other burning issues.” said Rehan. But over time, as Rehan got more exposure to the small Medical team, he decided to recruit a new Medical Head from outside who would bring passion and a sense of urgency to the mission. In June 2016, he hired Dr. Asma Kamran, a “dynamic and passionate medical professional”—who also happened to be nine months pregnant at the time she joined. Kamran cited the flexibility of Roche Pakistan’s culture as one of the reasons she joined and the reason she believed she and her team could succeed: “I was nine months pregnant when I was looking for a job and it was difficult to get a job but Farrukh took a chance on me. Roche Pakistan gave me a lot of flexibility to work from anywhere so initially I worked two days at home. Other companies talk about flexibility but it’s only on paper. Here it’s really happening.”

Kamran had quite a challenging task in front of her—the amount of work that was needed to review and prepare for a full medical audit was “considerable.” Moreover, Kamran had a newborn at home, was at a new company, and was a new leader of a team that was comprised mainly of junior professionals who had never prepared before for such an audit.

Fully succeeding in this audit was not only expected of Roche Pakistan, but was also a prerequisite for launching any new patient-centric initiatives such as the Access program. “This was Farrukh and my message to the team,” said Kamran. “The audit was critical because success in the audit would mean that we would be able to launch Access programs, which would mean that many patients who could not afford our medicines would be able to. It was not about succeeding in an internal process. It was about making it happen for patients.”

Kamran and her team members only had six months to gel as a team, and be fully prepared for the audit. Rehan formed a steering team of senior leaders including himself who would meet to support the Medical team in any way needed. “This sent the message that the audit wasn’t just the Medical team’s responsibility, but everyone’s responsibility,” noted Kamran.

“Despite the messages and support, the initial steps were not easy for the seven-member medical team, there was confusion about responsibilities, and a steep learning curve for some of the team members,” said Kamran. To enable teamwork, the team was relocated to a large conference room, which was to be their new home till the completion of the audit. This led to new levels of collaboration. LT members stopped in daily to show commitment and to offer assistance and support. Lunch was served in the meeting room and people had cars available to take them home if they were working late. Over the six-month period, the medical group forged into a unified team, worked hard, and gave their best, according to Rehan. “We could not tell people to do this,” said Rehan. “They did this because they felt a shared sense of mission and culture that we had been working hard to create.”

As a result, Roche Pakistan fully succeeded in its internal audit. Kamran said: “I was given a lot of freedom and flexibility to do things the right way with a lot of support. That’s how we were able to pull it off despite me being a new mother, new to Roche, and a new leader of a mostly new medical team. Rehan reflected: “This was a great test of us coming together as an organization and was an example of the new culture and servant leadership really working.”

Focusing on the Strategy

Once Rehan had made some progress on transforming the culture, by the end of August 2016 he felt it was necessary to start laying out a clear strategy—to accelerate growth in Oncology and in Specialty through four pillars:

1. **Competitive Readiness:** Field force Readiness to compete with new entrants;
2. **Access:** Creating innovative solutions to make our drugs more affordable for patients (patient support programs, collaboration with government agencies and NGOs, and encouraging government to cover cancer treatments);
3. **New Product Launches:** Ensure timely registration of new products followed by successful launches;
4. **Medical & Commercial Excellence:** Developing our Medical Affairs team and increasing the capabilities of our commercial team to ensure best in class engagement with our customers.¹⁶

¹⁶ Interview with Farrukh Rehan.

Rehan and his team introduced the new strategy at a town hall meeting. He told the audience: “From now on, there had to be a clear line of sight between our strategy and our actions. If they did not match, employees had to call out senior management and help us fix things. Our new culture would be the foundation on which these strategic pillars would stand.”

The Future

As Rehan chatted with his fellow Roche Pakistan employees while walking from the common parking lot to their office, he felt a deep sense of gratitude for what he and his people had achieved in his first year as the new Managing Director (**Exhibit 9**). He and his LT had undertaken “multiple interventions simultaneously” in terms of cultural change. He firmly believed that: “Whatever success was in store in the future, our culture will help us get there.” Even as Rehan greeted his colleagues, feeling proud of Roche Pakistan’s initial successes, he knew his job was far from done.

Case Discussion Questions

1. What are the key internal and external challenges facing Rehan and Roche Pakistan?
2. Identify and evaluate the key cultural transformation initiatives Rehan launched in 2016 and evaluate Rehan's decision to start by changing Roche Pakistan's culture. Is the culture he created effective—why or why not? Is it sustainable?
3. What are the key challenges for the Roche Pakistan organization going forward?
4. How might Rehan and his team overcome those challenges?

Exhibit 1 Farrukh Rehan Background, Core Values, and Beliefs**A little bit about me**

- I'm from Islamabad, from a small family: parents, an elder brother & a younger brother
- I have a small family myself: wife and twin boys who are 11, who have moved with me from Basel to Karachi
- I have spent 17 years in Pakistan & 27 abroad & have lived in a total of 7 countries, have worked in 4 countries, and visited 45 countries & 125 cities



- I have worked for ICI (later AstraZeneca) in Pakistan, Paladin Labs (Now Endopharma) in Canada, & Novartis in Dubai and Basel before joining Roche. I enjoy time with the family, travelling, reading & movies

What are my core values & beliefs?

- That every human being has inherent worth and potential, and deserves to be treated with respect and dignity.
- That no one is superior to another for any reason except his or her character, humility, and service to others. Titles & designations do not define the worth of an individual.
- Attitude is everything. We cannot control everything that happens to us, but we can control how we react to it.
- Openness, transparency, ethics and fairness are at the core of my operating system. I have a strong desire to see justice & compassion to prevail.
- In terms of leadership, the model I aspire to is the servant leader: someone who thinks of others first.

Source: Roche Pakistan.

Exhibit 2 Farrukh Rehan's Initial Solution

My preliminary solution on a napkin

1. Culture: Right leaders in right positions
2. Culture: Right way of communicating and inspiring
3. Culture: Removing fear and opening doors to opportunity
4. Culture: Cross functionality and Enterprise view
5. Clear vision & strategy
6. Market Access capabilities
7. Re-aligning the organization to reflect growing units
8. Clear commitment & support from Sub-region – do we have the runway to re-build & take off, or do we just perform triage and damage control?

Source: Roche Pakistan.

Exhibit 3 Roche Pakistan's Vision

Vision

“To make our innovative, highly differentiated, life sustaining & life saving medications accessible to all patients in Pakistan who need them”

“To become a continuously learning & improving organization so ethical, innovative and people-centric, that we are seen as a benchmark in Pakistan & a role model within Roche EEMEA Region”

Source: Roche Pakistan.

Exhibit 4 Leadership Team Commitments and Expectations**My commitments to the LT & my expectations of the LT**

1. I will lead with integrity & never compromise on ethics
2. I will try my best at all times to act as a role model for the values & behaviours expected of us
3. I will not let gender, religion, orientation, ethnicity or bias impact the career of any RPL associate
4. I will hold myself and you accountable to our commitments – I will not ask of you more than I ask of myself
5. I will have no hidden agenda separate from the agenda of transforming RPL and developing its people
6. I will be maximally transparent – I will say what is on my mind

7. I will be candid & direct in my feedback – both positive and developmental!
8. I will not talk about one LT member with another – you are peers & I do not discuss peers with peers
9. I will coach & support each of you to help you reach your potential & your career aspirations
10. I will be equally open to your advice & coaching
11. I will fully trust & empower you, and will fully include you in all decisions to the degree feasible
12. I will assume positive intent

13. I will try my level best, that one of the current LT members develops into the next MD of Roche Pakistan

Source: Roche Pakistan.

Exhibit 5 Leadership Team and Independence Day Celebration

**Roche Pakistan LT – July, 2017
Mid-year meeting, Kashmir**



Left to right: Hafsa Shamsie - Finance Director, Danish Siddiqui - Access Head (previously Onco BU2 Head), Asma Kamran - Medical Head, Abdus Samad - Govt. Affairs & Regulatory Head, Farrukh Rehan, Managing Director, Khadija Ansari - Compliance Head, Khurram Nawaz - Onco BU1 Head, Shafaq Kamran - HR Head, Wahaj Saeed - Specialty BU Head



Source: Roche Pakistan.

Exhibit 6 Culture

Why does culture matter?

- Because culture is the prism through which we see the world.
- In a culture of fear, everybody clamps up and is focused on protecting themselves. Nobody says what is on their mind, and this information gap can have severe consequences for the organization.
- In a culture of openness, transparency, recognition and accountability, people feel secure and valued. This encourages them to give their opinions and feedback.
- In a culture where feedback is given and received with openness, the chances of us missing something, making a mistake, and making sub-optimal decisions is minimized.

How do we create the right culture?

1. By valuing diversity: in people, in thoughts, in approaches to problems.
2. By building trust and openness through our words and actions.
3. By Reducing power distances: between the most junior associates & the most senior associates (name, access (rasai)).
4. By Creating an open and timely feedback culture: By having the courage to openly and immediately give timely and specific feedback, and on the other side by having the maturity to openly receiving feedback and reflecting on it, we can avoid mistrust, conflict and mistakes.
5. By openly rewarding the right behaviours and making those who have them role models for the organization: Very simply those who are aligned with this vision of leadership will grow and will be much more successful.

Is culture the only thing to fix?

- **No, but it is the first and most important element to work on:**
 - Leadership team role modelling
 - Initiatives like this town hall to start the era of openness
 - Talent recognition & movement
- **Vision and strategy is next**
 - Who are we? What do we stand for?
 - Which products & which segments?
 - What will we do & not do?
- **Launch & Operational excellence**
 - Cross functionality in everything we do (role of medical & RA)
 - How effective and how efficient are we?
- **And Market Access capabilities**
 - We are nowhere here & have to start yesterday

Source: Roche Pakistan.

Exhibit 7 Roche Pakistan Office Building



Source: Roche Pakistan.

Exhibit 8 Roche Pakistan's "Way of Working"**Our way of working** (with each other & with our teams):
Openness, People-centricity, Governance, Communication, Speed, Proactivity

1. We will call each other by first name without any honorifics or titles, professional or otherwise
2. We will be people focused & take the view that all success (and failure) is through our people
3. We will say what's on our mind: There will be no "side meeting" after the meeting
4. We will welcome different perspectives & challenges, and not be defensive or shut them out
5. We will not hold grudges & will resolve our differences directly by communicating with each other
6. We will co-own the business together & be interdependent, interconnected & cross-functional in all we do
7. We will build the capabilities, professionalism and prospects of our people
8. We will be Proactive & Fast in our decision making and in our actions
9. We will strive to continuously learn, and continuously improve
10. We will be systematic, and build-in governance & processes in all that we do
11. We will think big, take risks, forgive failures, learn from them & try the next thing
12. We will celebrate, recognize and reward success big time!

Source: Roche Pakistan.

Exhibit 9 Timeline of Key Events

March 1, 2016	Farrukh Rehan joins Roche Pakistan
Week of March 9, 2016	Town Hall meetings in Karachi, Lahore, and Islamabad
March 2016	Roche Unlimited (layer below the LT) Offsite
May 2016	Service Staff Recognition Day
May 16, 2016	First Women's Day Forum
June 2016	New Medical Head hired (first woman on LT)
July 2016	Virology Business Unit shut down
July 2016	New Onco 1, Onco 2, and Specialty BU Heads promoted from within
August 2016	New Finance Head hired (second woman on LT)
September 2016	Optimus and Osmosis implementation
October 2016	New Compliance Head promoted (third woman on LT)
October 2016	Leadership Development Series
November 2016	New Parking for employees implemented
November 2016	PDQA Audit begins
February 2017	Second Women's Forum
June 2017	GEOS 2017 results announced
July 2017	New HR Head hired (fourth woman on LT)

Source: Roche Pakistan.