

LEVEL 7 ASSESSMENT SPECIFICATION

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EXECUTIVE SUMMARY

The Greater Bay Area expansion plan – revamping UMP's organizational culture to implement changes needed for significant growth

The Greater Bay Area presents significant potential for Hong Kong companies to deliver differentiated services and products to capture new growth opportunities. With China's ageing population and increasing disposable income, consumers have become increasingly health conscious. Such increasing desire for healthier lives have led to waves of different technological solutions, empowering consumers to seek healthcare advices from the convenience of their mobile phones. However, as of today, there is yet a real solution provider that helps consumers to seek trusted, affordable and accessible care. While various IT giants have solved some of the accessibility issues, most consumers in China continue to have unsatisfactory experiences of queuing up for a long time, both online and offline, to see trusted doctors in China.

UMP is one of the leading HMO in Hong Kong and has started to expand into the GBA. With its unique brand and significant experience in primary care and managing health plans, UMP stands to benefit from the increasing demand for quality healthcare solutions in the GBA.

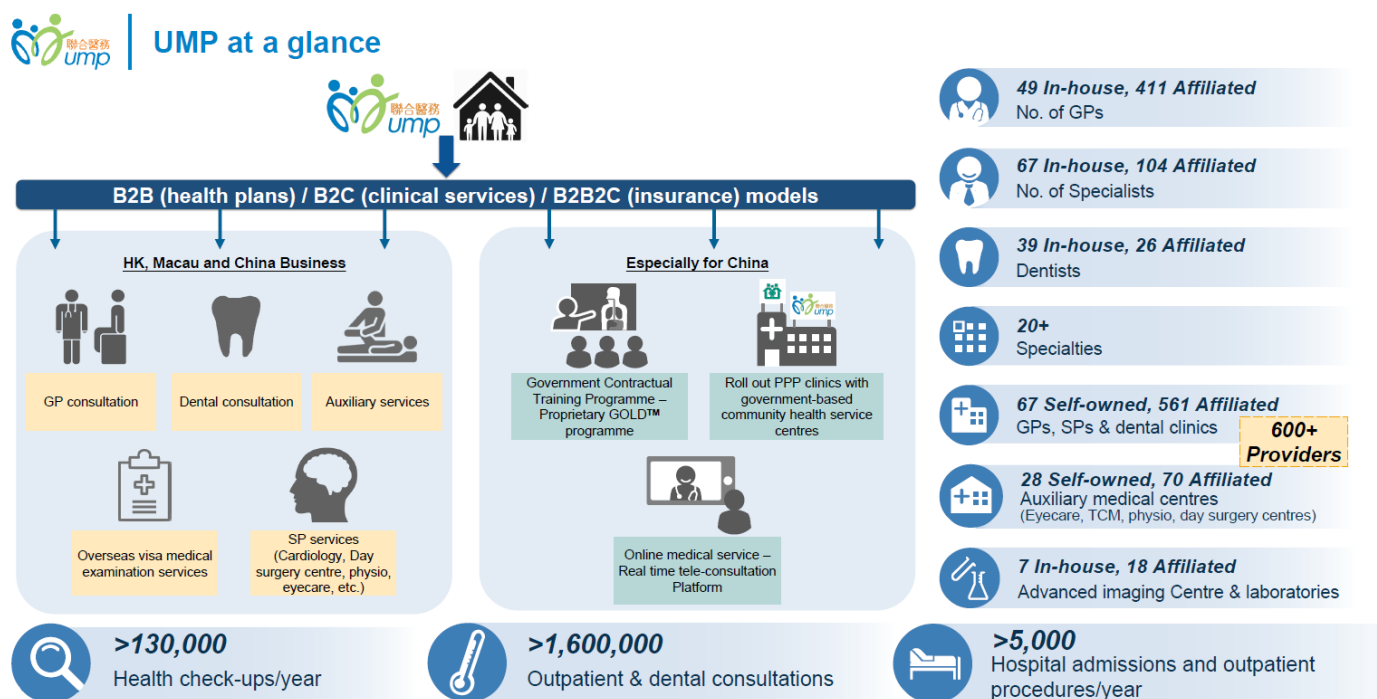
Part 1 of this paper discusses UMP's vision and its unique competitive strengths. It also discusses UMP's weaknesses, its external threats and the opportunities that the GBA presents, together with a summary of the strategies UMP should implement to survive and thrive. Such analysis establishes the urgency for UMP to embrace the need to change, without which it would become challenging to implement the organizational changes needed to execute such strategies. Part 2 of this paper will then start with a literature review of relationship between organizational culture, performance and change, followed by an implementation plan for UMP to execute to bring about the changes. The paper concludes that, with perseverance and caution in executing the implementation plans proposed, UMP stands in a great position to pursue its vision of giving everyone in the GBA access to trusted and affordable care, thereby also delivering potential significant return to UMP's shareholders.

Part 1 – UMP Healthcare – Strategies for growth

About UMP Healthcare Holdings Limited (“UMP”)

UMP is a Hong Kong based healthcare maintenance organization (“HMO”) founded in 1990. Founded and managed by a group of doctors, UMP has been a consolidator, coordinator and administrator of a large number of doctors in providing custom-made health management plans to (i) employees of corporates and (ii) policy holders of insurance companies. From a humble beginning, UMP now delivers healthcare benefits management to over 1 million members annually, administering more than 10,000 health plans and delivering more than 1.6 million outpatient visits through its more than 600 doctors and services providers located across Hong Kong, Macau and various regions in Mainland China. UMP generated revenue of HK\$567.4 million for the financial year ended June 30, 2019.

Figure 1- UMP at a glance - The information is extracted from UMP's 2019 investor presentation, page 11. See www.ump.com.hk for more information



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UMP offers a comprehensive range of healthcare services to its members such as general outpatient services, specialist services, dental services, imaging services, lab services and auxiliary health services, including physiotherapy and health check-ups. UMP became a listed company in

Hong Kong in 2015 (stock code 722:HK). As of Feb 21, 2020, UMP has a market capitalisation of HK\$1.2 billion.

Although UMP is currently only categorised as a small market capitalisation company, UMP has significant growth potential being a pioneer in delivering online and offline primary care in China¹. In fact, by conducting a global scan of comparable companies globally, companies that combine primary care with technology (TDOC listed in the US (US\$10 billion market capitalisation) and 1life Healthcare (US\$2 billion market capitalisation)) have become large market capitalisation company within a short period of time through applying technological solutions to the traditional model of offline healthcare delivery. UMP is projected to become a leading technologically enabled primary care provider in the GBA, and is therefore worthy to examine the strategies they need to deploy to enable its growth. Set out below is a summary of UMP's current service offerings:

Figure 2 – range of healthcare services provided by UMP. The information is extracted from UMP's 2019 investor presentation, page 12. See www.ump.com.hk for more information



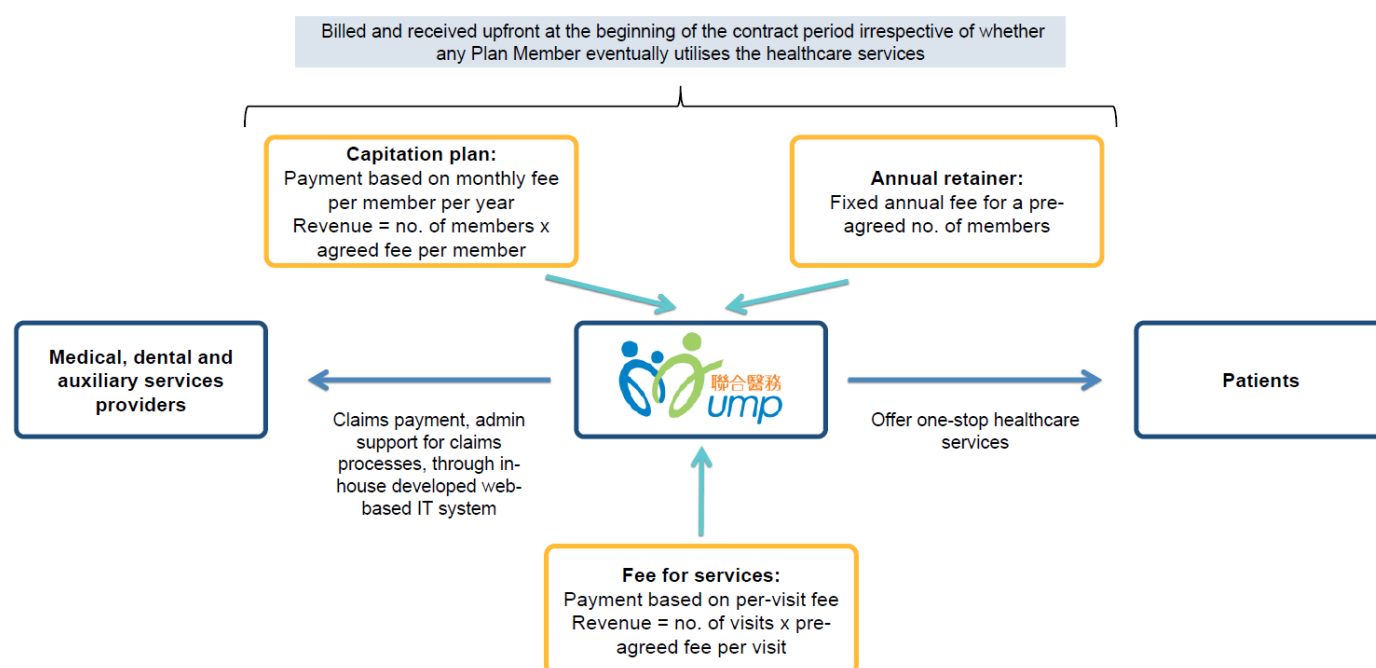
UMP works with Corporate Customers to design outpatient and inpatient services plan that match their required product features and sales/cost budgets. UMP primarily charges its Corporate Customers based on (i) an annual fee per person or (ii) fee per usage of services. The covered members and employees can obtain, on credit, healthcare services at providers accredited and

¹ Please see <https://www.goldgptraining.com/copy-of-2019> for the various regional government related news articles on UMP's expansion in the Greater Bay Area

verified by UMP, and UMP will help the Corporate Customers to monitor whether the services provided are within the benefits coverage provided to such members.

UMP plays an important role in helping its Corporate Customers to design products that could cover a broad range of healthcare services. At the same time, UMP plays a critical role in cost containment, while ensuring quality healthcare services are provided. A summary of UMP's service fee model for its partnerships with its Corporate Customers are set out below:

Figure 3 – service fee model between UMP and its business customers. The information is extracted from UMP's 2019 investor presentation, page 9. See www.ump.com.hk for more information



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Vision and Mission

UMP's vision, as stated on www.ump.com.hk, is "to give everyone access to trusted and affordable care, so that everyone can freely pursue their dreams without worrying about their health". To achieve such vision, UMP's mission is to "aim to be the leading technologically enabled primary care provider in the world".

Trusted Care

As stated in UMP's IPO prospectus² and its subsequent annual reports after the IPO, UMP has invested significant resources to ensure it provides trusted care to its members and patients. Such commitment to trust is illustrated by (i) doctors' and service providers' initial and on-going annual accreditation procedures before they can join UMP's service network, (ii) independent background checks conducted on such doctors and service providers before they can serve UMP's members, (iii) regularly conducting medical committee meetings to review UMP's clinical and administrative service procedures and (iv) in the case of its Mainland China expansion strategy, UMP went as far as developing its own General Practitioner ("GP") training and accreditation programme for Chinese doctors³, setting minimum clinical standards expected from outpatient doctors who provide services to UMP's members in China.

Affordable Care

UMP has been formulating health plans based on a primary healthcare referral model, meaning that for patients who might require more expensive specialist services, lab services and imaging services, members are first required to consult their GPs and seek referral letters before using such services. This requirement to seek referral from GPs is not just a cost containment strategy, it is also from the perspective of wanting to deliver to patients a holistic care approach, preventing medically unnecessary examinations, and empowering the GP to act as a patient's overall care coordinator for all the medical needs of the patients.

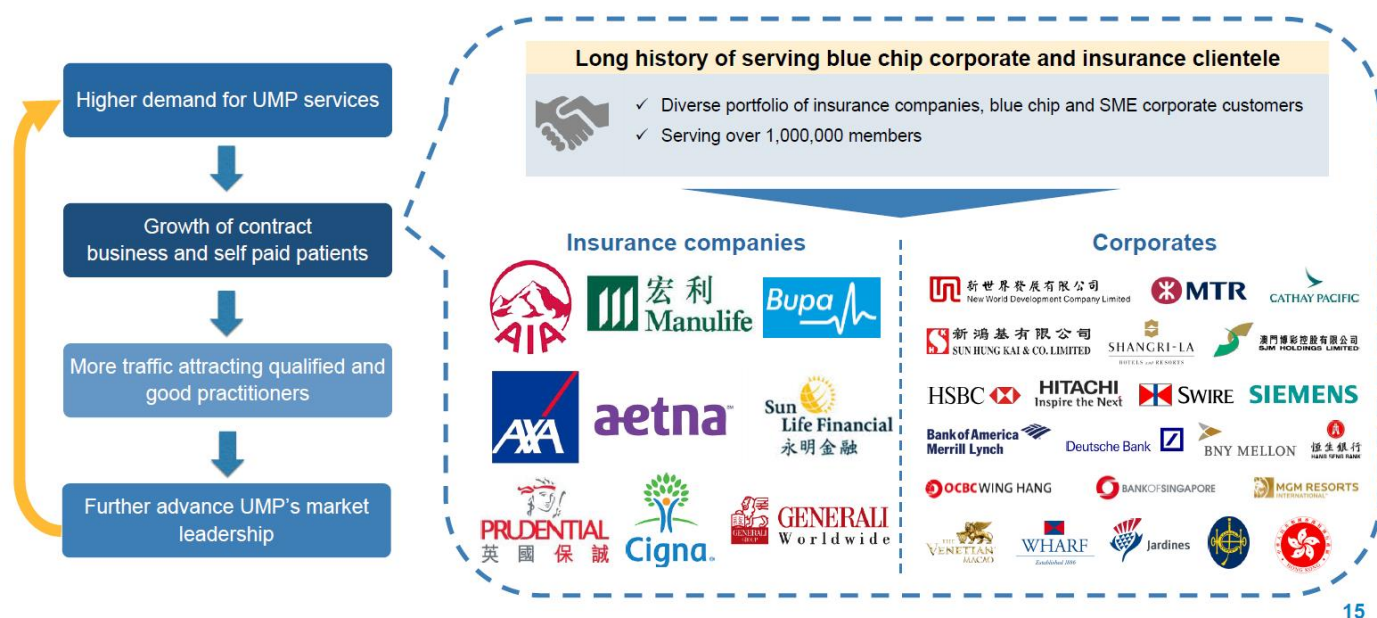
Through such mandatory GP referral system, and together with other contributing success factors such as (i) commitment to invest in technology and (ii) commitment to training its clinical and administrative staff, UMP has developed its own knowhow and industry knowledge on the designing and pricing of health plans for the appropriate type of Corporate Customers, at competitive and yet differentiated pricings. Such flexible and customised health plans pricing model has enabled UMP

² https://www2.ump.com.hk/files/file/20190927/20190927120924_30975.pdf

³ The General Practice Oriented Learning and Development Programme, also known as the GOLD programme (www.goldgptraining.com), is a vocational general practitioner programme developed by UMP and which has successfully obtained accreditation from the Royal College of General Practitioners ("RCGP") from the United Kingdom. RCGP is a world renowned General Practitioners organization

to continue to renew its contracts with an increasing number of Corporate Customers over the past decades, providing a predictable income stream for UMP to keep reinvesting back into its business, and expanding its range of services, strengthening its core capabilities. An illustration of such virtuous cycle is copied below from UMP's investor presentation:

Figure 4 Summary of corporate customer served by UMP and the virtuous cycle from such business model - see UMP investor relations for more details



Accessible to Everyone

The biggest challenge, and at the same time, the biggest entry barrier to the HMO market lies in an organization's ability to connect, coordinate and integrate a large number of doctors and service providers to provide coordinated and agreed fee services to patients. UMP has managed to build a physical network of over 600 doctors and other healthcare service providers, through, among various other factors, a commitment to invest in technology to connect all the providers.

Corporate Customers generally trust UMP to select and engage with the appropriate providers. UMP has good value propositions to doctors by facilitating the members of these Corporate Customers to attend to the clinics of those doctors accredited by UMP. UMP is also investing heavily in technology to roll out its virtual care telemedicine platform, which will allow members to seek health advice from UMP accredited doctors through video conference calls on their mobile phones at anytime and anywhere, 24 hours a day and 365 days of the year.

SWOT analysis

Strengths

Well established brand and long history creates high entry barrier in an industry that relies on trust - UMP has been providing health management plans to Corporate Customers since 1990 and has strongly established its brand as a trusted provider of healthcare services. Through such long history of operations and due to the quality services provided by UMP, UMP has accumulated a large customer base of more than 3,000 corporates, with high renewal rate for contracts annually.

Significant industry knowhow - UMP has developed significant in-house knowhow in doctors and healthcare services provider management, claims processing and clinic network management. UMP was also one of the early entrant to Mainland China's private healthcare market by opening up its first clinic in Beijing in 2001. Such early mover advantage means that UMP has significant experience in navigating the Mainland China private healthcare market.

Weaknesses

Lack of commitment to technology - Although UMP was the first in the market in rolling out IT solutions to connect a large number of healthcare services providers in the market, UMP overall has not caught up with how technological innovations might stand to evolve, or even disrupt, how healthcare services are delivered and how health plans might, in the future, be administered. Focusing on technology requires investment in research and development, yet the Hong Kong market, in general, lacks the relevant personnel, expertise and the end market for deployment of more advanced technologies. This opens up UMP and the whole Hong Kong healthcare sector to potential threats of new entrants from outside of Hong Kong (see Threats below).

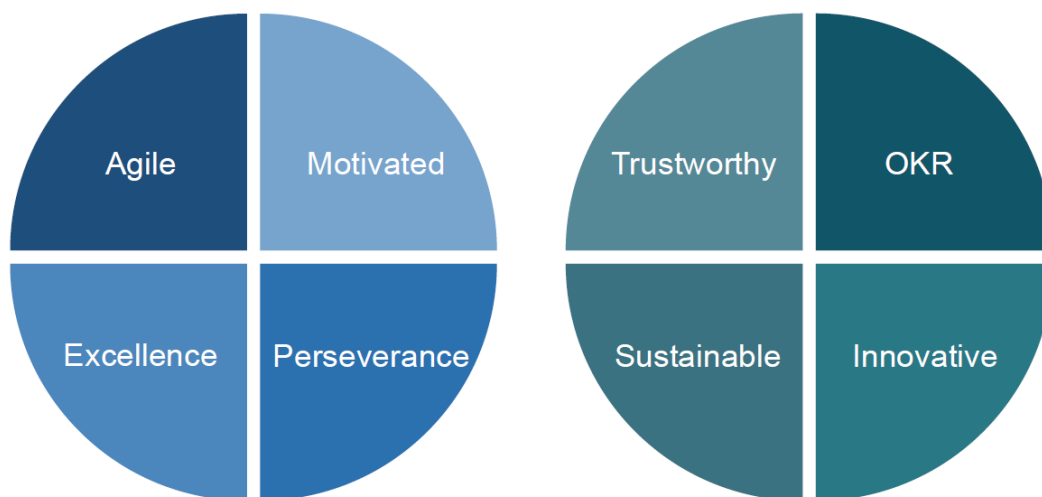
Unclear organizational culture posts bottlenecks for future managers and leader's development - UMP has not been upfront in communicating and preaching to its staff UMP's vision and mission, and what such vision and mission and values means in relation to different business units and UMP as a whole.

After reviewing UMP's IPO prospectus and its annual reports, it was not until the 2019 annual report that there is mentioning of UMP's purpose and the corporate values UMP upholds. The corporate values that UMP now evangelizes are copied below from its annual results presentation:

Figure 5 - UMP Corporate Values - see UMP investor relations for more details



Our Values



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Without a clearly articulated organizational culture in place, it will be challenging for UMP to establish a talent development and people strategy for recruiting, training and retaining its next generation of managers and leaders for future growth. UMP needs to clearly articulate its organizational culture to ensure its staff and the organization is structured and encouraged to practice such values. This is not a problem that is unique to UMP. As organizations get larger, it becomes increasingly challenging to channel to employees a consistent understanding of an organization's vision, mission and values. This key issue will be discussed in length in Part 2 of this paper.

Opportunities

Digitalisation leading to new revenue source – UMP processes more than 1.6 million outpatient records every year. At the moment, all such processing is mostly done manually, or at most, through OCR scans for data keeping without further analysis. There are significant data insights that can be harnessed through greater digitalisation of claims information, such as data

analysis for population health management, efficiency gains through pattern analysis for drug procurement and developing preventive healthcare management plans through greater digital interaction with customers. Embracing digitalisation will also increase UMP's market positioning vis-à-vis its existing Corporate Customers. Due to UMP's long operating history in Hong Kong and in Greater China, UMP has the largest amount of health data of its members among all competitors, a real competitive resource that could set UMP apart for future growth through identifying new growth engines and business models based on data analysis.

Telemedicine and virtual care - UMP can also leverage telemedicine and virtual care to start developing a B2C / B2B2C model of reaching out to members directly. With the forever increasing connection speeds and the expected roll out of 5G technology in Hong Kong and in Mainland China, making doctors available for reach to members through telemedicine will provide UMP massive opportunities to start building better CRM and engagement with members and patients. Internationally, companies such as Teladoc (a US listed company that provides telemedicine services through mobile phones, market capitalisation of US\$8 billion as of February 21, 2020) and Babylon Health⁴ (a UK technology company that provides telemedicine services, with latest private equity valuation in excess of US\$2 billion) have had great success in leveraging telemedicine as a portal for greater connectivity with members, ultimately leading to better renewal rates for health plans and better patient management through more personalised digital engagement with members.

Geographical expansion in Mainland China through GP training and health plans development & sales – UMP's extensive experience in health plans management and its deep primary care experiences stands to help the Chinese government in primary healthcare. China is committed to its healthcare reform plans by setting a goal of having 5 GP doctors for every 10,000 citizen by 2030. China has been seeking trainings from around the world, collaborating with professional GP organizations from United Kingdom, Australia and Canada. However, due to English language and cultural differences, the expected outcome from such collaborations have been mixed. UMP can become the first in the market by delivering primary care educational training

⁴ <https://techcrunch.com/2019/08/02/babylon-health-confirms-550m-raise-to-expand-its-ai-based-health-services-to-the-us-and-asia/>

courses in Chinese and also with a true appreciation of the local Chinese culture and medical practices. The potential market is significant, as China will need to train, by 2030, over 700,000 GP doctors⁵. Such types of training will also require on-going assessment and updates, meaning that there is potential for recurring training revenue beyond just an initial course fee. With enough trained GPs, UMP can also leverage on its strengths and develop health management plans for sales in China.

Threats

Fierce competition– the biggest threat to UMP’s future growth is complacency with its leading position in Hong Kong and not being able to take prompt pre-emptive response to how peer competitors and non-traditional competitors could take market share from UMP on the HMO business.

Obvious peer competitor threats - Hong Kong listed healthcare groups such as Human Health (stock code 1419:HK), New Century Healthcare (1518:HK), Union Medical Group (2138:HK), Town Health (stock code 3886:HK) and Medinet (8161:HK) are all competing with UMP in a red ocean, whereby all market players are offering *more of the same* healthcare services and more physical locations. Since 2015, all these competitors have invested to set up more clinical locations across Hong Kong and Mainland China and recruited more doctors to join their groups. Such investments have led to increasing demand for quality private market doctors, driving up salaries and directly also putting pressure on operating margins.

Not so obvious competitors’ threat - UMP was innovative in the past in first contracting with a large number of doctors and service providers in order to package health plans to Corporate Customers, earning in such process (i) a product design fee, (ii) an administration fee and (iii) a spread from utilisation rate predictions (i.e. Corporate Customers pay a fee per person for usage, and UMP and Corporate Customers have different judgment on healthcare services utilisation rates). In this new digital era, however, such middleman business model is most ready to be disrupted by technology, as can be seen that the largest taxi service providers own no taxis and sign no contracts

⁵ <http://www.scio.gov.cn/32618/Document/1618240/1618240.htm>

with drivers (i.e. Uber), the largest hospitality group owns no real estate and sign no contracts with owners (i.e. Airbnb) and the largest retailers owns little to no inventory (i.e. Alibaba and Amazon).

Platform and on demand business models to becoming a norm - the global economy is moving to an on-demand business model, both from a customer's and supplier's perspective. For UMP, there is a risk that customers (i.e. patients) eventually will want to see any doctors any time they want, and suppliers (i.e. doctors) will want to deliver services at anywhere and at anytime they want. Such flexibility requires an agile adoption of technology and business processes, including embracing the need to adopt artificial intelligence, cloud technology and most importantly, acknowledging the need to become a *platform based business model* where UMP will work collaboratively with both customers and suppliers. UMP needs to urgently examine what its true *comparative* competitive advantages are versus its peers and other non-traditional competitors in order to chart the future path for growth.

Using the TOWS Matrix for examining future strategies

To systematically construct the appropriate strategies for UMP, the TOWS matrix is used to identify appropriate strategies. The TOWS matrix is a useful framework for companies to examine how it should leverage on its competitive strengths to capture market opportunities, while at the same time focusing companies to be transparent with their weaknesses and threats so as to improve their chances in formulating the appropriate strategies. Set out below is a summary of UMP's SWOT and the corresponding TOWS matrix:

Figure 6 - Summary of UMP's SWOT

<u>Strengths</u> 1. Well established brand 2. Significant knowhow in health plans management 3. Clear marketing positioning as a quality GP / primary care service provider	<u>Weaknesses</u> 1. Not yet technology enabled 2. Weak organization culture and people's strategy / training / recruitment 3. Weak marketing effort on what UMP can offer to its customers
<u>Opportunities</u> 1. Geographical expansion (i.e. GBA) a) GP educational training b) health plans development and sales c) Telemedicine / virtual care services 2. Digitalisation of internal administrations and service offering to increase scale and global reach	<u>Threats</u> 1. Fierce competition from other healthcare services providers 2. Unintended competition from non-healthcare service providers (i.e. technology companies) 3. Platform and on-demand business models challenging UMP's existing business model and management philosophy

Figure 7 - UMP's TOWS Matrix

	<u>Strengths</u> <u>SO Strategies</u> 1. Significantly expand the current GOLD training programme and the scale of the PPP clinics in the Greater Bay Area 2. Jointly develop primary care based capitation health management plans with insurance companies	<u>Weaknesses</u> <u>WO Strategies</u> 5. Expand in-house IT team significantly to capture the telemedicine / virtual care market opportunities 6. Leverage off insurance companies to build up the marketing of UMP's service offerings in China 7. Revamp UMP's people's strategy to develop a fit for purpose workforce
<u>Threats</u>	<u>ST Strategies</u> 3. Set the GOLD programme as industry standards for primary care so that Corporate Customers in the market will work with UMP 4. Embrace virtual care as UMP's OMO initiative (Online Merge Offline) to tackle IT giants' crossing over into primary care	<u>WT Strategies</u> 8. Diversify existing non-performing offline clinics in China 9. Work with IT giants in China to develop health management plans together with a platform based mindset

SO Strategies

1. *Expand GOLD significantly* - UMP should seize its early mover advantage and significant expand the reach and scale of its GOLD training programme, with an initial focus on the GBA. One of the unique selling point for the GOLD programme is that it was founded by

Hong Kong doctors. The GOLD programme trains government GPs who practice in community health centers. As part of the GOLD programme feature, UMP also invests in these community health centers and clinics (“Public-Private-Partnership clinics, or PPP clinics”) by revamping physical environment to be of international standards. These revamped clinics would then house GOLD trained GPs who can serve UMP’s members too. By focusing on the GBA first, it will be easier for UMP to mobilise more Hong Kong doctors to participate in the training programme.

2. *Design new type of capitated health plans with insurance companies* – With a vast number of GOLD trained GPs and a growing PPP clinic network, UMP can help insurance companies to design health plans based on the primary care model. Currently, most outpatient focused health insurance plans in China are either priced in the premium category that delivers good services at high end private clinics or hospitals (this type of insurance plans typically cost up to RMB8,000 per year), or in the low price category that uses public clinics and hospitals and lack quality services (this type of insurance plans cost around RMB300-500 per year). UMP should seize such early mover advantage by proactively defining and designing a new generation of health plans. These health plans will leverage on the quality GOLD trained GPs and the revamped clinics, to be priced between RMB1,000 to 2,000 per year, for the premium middle class (i.e. annual disposal income of approximately RMB200,000 to RMB300,000 per year). For product differentiation, the health plans can also provide coverage for the whole GBA area, including cross border healthcare services in Hong Kong.

ST Strategies

3. *Re-define outpatient service standards for GBA*– As the GOLD programme already sets out the minimum skills required for GPs to diagnose multiple illnesses, UMP can leverage on GOLD to identify suppliers (i.e. doctors). UMP can differentiate itself from other competitors in the market by actively marketing to Corporate Customers that the GOLD

programme is, in the absence of any other alternatives in GBA, the most appropriate standards to assess what quality outpatient care need to comprise of. Such market positioning will help UMP to win over potential mandates from other competitors operating in the GBA market.

4. *Embrace virtual care as UMP's new Online-Merge-Offline ("OMO") initiatives* – UMP's virtual care platform, which leverages on the GOLD programme to recruit doctors who can deliver outpatient services online, is a very good entry point to a patient's journey. Patients can first seek consultation online through UMP's virtual care platform, and for more serious matters that require in person consultation, the patient can then attend to one of UMP's clinics located across the GBA. The virtual care platform also provides access to electronic medical records and pharmacy deliver to the home / office (available within Mainland China only for the time being). Such unique OMO offering will greatly differentiate UMP from its competitors, with patients experiencing the convenience of the online ecosystem and the reassurance of the offline PPP clinic network.

WO Strategies

5. *Expand UMP's IT team to capture new opportunities presented by technology development* – The virtual care / telemedicine market presents unprecedented growth opportunities for UMP in identifying and reach out to potential members without significant marketing costs. However, to capture such opportunity, UMP needs to invest to upgrade its IT capabilities. Such capabilities will need an IT team that captures a range of skill sets ranging from research and development, project management, coding and system analysis. By investing ahead for the future, UMP can also explore its big data strategy as it accumulates further members' data, electronic medical records and other vital signs which, taken together, will help UMP to engage further with its members to keep them healthy.
6. *Leverage off insurance companies to market UMP's services* –UMP can leverage off insurance companies' large agency force and sales team to bundle its health plans into

insurance policies for sale. Working with insurance companies at the initial stages of the product launch would allow UMP to minimise its sales personnel cost, yet at the same time, allow UMP to gather more on the ground experience of insurance products bundling.

7. *Revamp people's strategy to develop a fit for purpose workforce* – the biggest challenge to UMP's growth is its ability to attract, recruit, train and retain a wide range of staff from clinical, administration, IT, operations and marketing. This will be discussed in detail in Part 2.

WT Strategies

8. *Diversify existing non-performance clinics in Mainland China* –UMP will be able to stay more focused by divesting the loss making outpatient clinics in Beijing and Shanghai and concentrate on its SO / ST / WT strategies listed above.
9. *Work with IT giants to develop UMP into a platform mindset* –UMP should seek partnerships with IT giants to leverage on their technologies (instead of competing with them) to help UMP to expand its scale and reach. Such partnership could take the form of business partnerships, joint ventures or even inviting IT giants to become a strategic partner or shareholder of UMP. UMP needs to develop itself into a platform mindset and be open minded to work with IT giants, as they command vast resources from technology to distribution channels.

Part 2 – Changing UMP’s organizational culture to fit its strategies

The need to change

The most difficult challenge UMP faces is it is already a listed company with a steady business in Hong Kong. To grow a new venture in GBA requires the management team to embrace change and to adopt a zero-to-one growth mindset and strategy, one in which a very different organizational culture and structure (from what UMP currently adopts) must be implemented to survive and thrive. UMP’s management team need to empower the human resources team (the “HR Team”) to become business partners to all business unit heads in order to recruit, retrain and retain the employees required for its future development.

Difficult decisions must also be made to make redundant staff that are no longer suitable for the Company’s future development. To enable the HR Team to serve as business partners, it is critical that business units invest the time to enable the HR Team to learn about UMP’s future directions and strategies (hence the importance of Part 1 of this paper) so that they can map out what the required mindsets and skill sets are, and assess (i) whether the current employees possess such skill sets, (ii) if they do not, whether they can be trained and upgraded, (iii) if they cannot be upgraded, what action plans are there for such existing employees, and (iv) development a plan to recruit, retrain and retain employees that possess such skillset.

The importance of organizational culture

The new initiatives set out in Part 1 also requires both senior management and the staff across UMP to embrace innovation and technology into their day to day initiatives. It is important to communicate with all staff (i) *why* we need to change and execute these strategies, (ii) *how* we plan to execute such strategies, and (iii) *what* each business heads need to do to execute such strategies. The biggest challenge in implementing changes lies in the “why” element, especially for a company like UMP that has been operating well for over 30 years and have continued to have steady growth in its core business. Current employees, quite naturally, would ask questions on why the sudden need to change.

To initiate changes, it is critical that the right organizational culture is re-vitalized and re-established to enable and to empower change. The appropriate culture for UMP is evangelized by the vision and values that senior management team acts on, approves and encourages, and which would enable the HR Team to develop the appropriate policies and action plans to recruit, retrain and retain a fit for purpose workforce for UMP. It is proposed that the 3H framework (Yu, 2019) will be used to guide the implementation plans. The 3H framework will be discussed further below.

Literature Review on relationship between organizational culture, performance and change

Definition of organizational culture

As early as 1950s, scholars started to define organization cultures in the hope to identify common patterns and behaviours in organizations. Abu-Jarad (Abu-Jarad, 2010, p. 35) provided a useful chronological summary of different definitions of culture, as set out below:

Author/s	Definition
Kroeber & Kluckhohn (1952)	Transmitted patterns of values, ideas, and other symbolic systems that shape behavior of an organization
Hofstede (1980)	"The collective programming of the mind that distinguishes the members of one organization from another. This included shared beliefs, values and practices that distinguished one organization to another" (Hofstede, 1980).
Swartz & Jordon (1980)	Patterns of beliefs and expectations shared by members that produce norms shaping behavior
Ouchi (1981)	Set of symbols, ceremonies and myths that communicate the underlying values and beliefs of the organization to its employees
Martin & Siehl (1983)	Glue that holds together an organization through shared patterns of meaning. Three component systems: context or core values, forms (process of communication, e.g., jargon), strategies to reinforce content (e.g., rewards, training programs)
Uttal (1983)	Shared values (what is important) and beliefs (how things work) that interact with an organization's structures and control systems to produce behavioral norms (the way we do things around here)
Adler (1986)	-Refers to something that shared by all or almost all members of some social groups - something that the older members of the group try to pass on to the younger members and - something that shapes behavior or structures of the organization
Denison (1990)	Refers to the underlying values, beliefs and principles that serve as a foundation for an organization's management system as well as the set of management practices and behaviors that both exemplify and reinforce those basic principles
Trompenaars (1993)	Is the way in which people solved problems. It is a shared system of meanings. It dictates what we pay attention to, how we act and what we value.
Goffee (1996)	Is an outcome of how people related to one another
Schneider (1997)	Shared patterns of behavior and the meaning of that behavior
Cameron & Quinn (1999)	What is valued, the dominant leadership styles, the language success that make an organization unique
Sullivan (2001)	Refers to the total lifestyle of a people, including all the values, ideas, knowledge, behaviors and material objects that they share
Wood (2001)	The systems of shared beliefs and values that develops within an organization or within its sub-units and that guides the behavior of its members
Wiesner (2002)	A way of looking at organizations by its shared values and behavior
Thomas & Tung (2003)	Refers to evolving set shared beliefs, values, attitudes and logical processes which provides cognitive maps for people within a given societal group to perceive, think, reason, act, react and interact
Anthon (2004)	Is the set of values, beliefs and understanding shared by an organization's employees and it ranks among an organization's most powerful component
Taylor (2004)	Refers to what is created from the messages that are received about how people are expected to behave in the organization
Wagner (2005)	An informal, shared way of perceiving life and membership in the organization that binds members together and influences what they think about themselves and their work

Table 1 Earlier Definitions of Organizational Culture (Abu-Jarad, 2010, p. 35)

With so many different approaches, an emerging pattern is that the definition of organizational culture must necessarily be broad enough to cater for different organizations, yet at the same time should be constructed in a communicable way that would allow managers to have a

consensus of what organizational culture exactly is. Schein provided a dynamic definition of culture that is now widely quoted by other scholars as being “actionable”, laying the foundations for future research on organizational culture and its linkage with corporate performance. The dynamic definition is reproduced below:

A Dynamic Definition of Culture

The culture of a group can be defined as the accumulated shared learning of that group as it solves its problems of external adaptation and internal integration; which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, feel, and behave in relation to those problems.

This accumulated learning is a pattern or system of beliefs, values, and behavioral norms that come to be taken for granted as basic assumptions and eventually drop out of awareness.

Table 2 Dynamic definition of culture (Schein & Schein, 2017, p. 6)

Schein then further elaborated the structure of culture and has used the metaphor of the lily pond to describe the three level of cultures, being (i) artifacts, (ii) espoused beliefs and values and (iii) the basic underlying assumptions. Schein explained that in order for management to effect changes in organizations, in particular a change in culture, it is imperative that management does not just paint the blossoms for change, management must also locate the “cultural DNA” of the organization and change certain elements before changes could be effectively implemented (Schein & Schein, 2017, pp. 26-27).

Organizational culture and performance

Various scholars went further to research on the relationships between organizational culture and performance. Barney proposed that a firm that has a rare, imperfectly imitable and valuable culture can have a sustainable competitive advantage (Barney, 1986). Although Barney gave various arguments on why he thinks cultures can lead to sustainable advantage, it was not until 1992 when Kotter and Heskett (Kotter & Heskett, 1992) conducted an extensive research on over 200 companies by examining their corporate cultures and analysing what effects such cultures had on these firms’ long term economic performance. The research concluded that firms that possess a culture that embrace change and readily adapts to changes are associated with stronger financial

performance. Kotter terms such types of cultures as “performance enhancing culture”, showing that firms that possess such performance enhancing culture had, on average, a 901% increase in share price as compared to firms without such culture and which only had 74% increase in share price for the same period (Kotter, 2011).

In the frequently cited article Toward a theory of organizational culture and effectiveness (Denison & Mishra, 1995), Denison broadly grouped organizational cultures under the four traits of involvement, adaptability, consistency and sense of mission. Through a combination of qualitative and quantitative studies, Denison showed that management team that display a high level of involvement and adaptability would generally be more responsive, flexible and open to ideas (i.e. embracing change), all of which contribute as good future predictors for growth. On the other hand, management team that display a high level of consistency and sense of mission possess qualities that are good future predictors for profitability. All four traits are good predictors of other effectiveness measures such as employee satisfaction, quality and overall performance.

Organizational culture and change

However, a strong organizational culture may also mean that firms are less capable to change. Sorensen examined how the strength of an organization’s culture would affect its willingness to learn, especially in reacting to internal and external changes (Sorensen, 2002). Sorensen concluded that firms that possess strong culture can be at a relative disadvantage when faced with urgent needs to change. Firms with strong culture benefit more in a stable growth environment, but such strong culture could also become a handicap when faced with urgent needs to change. In such urgent change scenarios, firms that have weaker culture have demonstrated a higher exploration culture, leading to such firms exploring and learning new ways to tackle the changing environment.

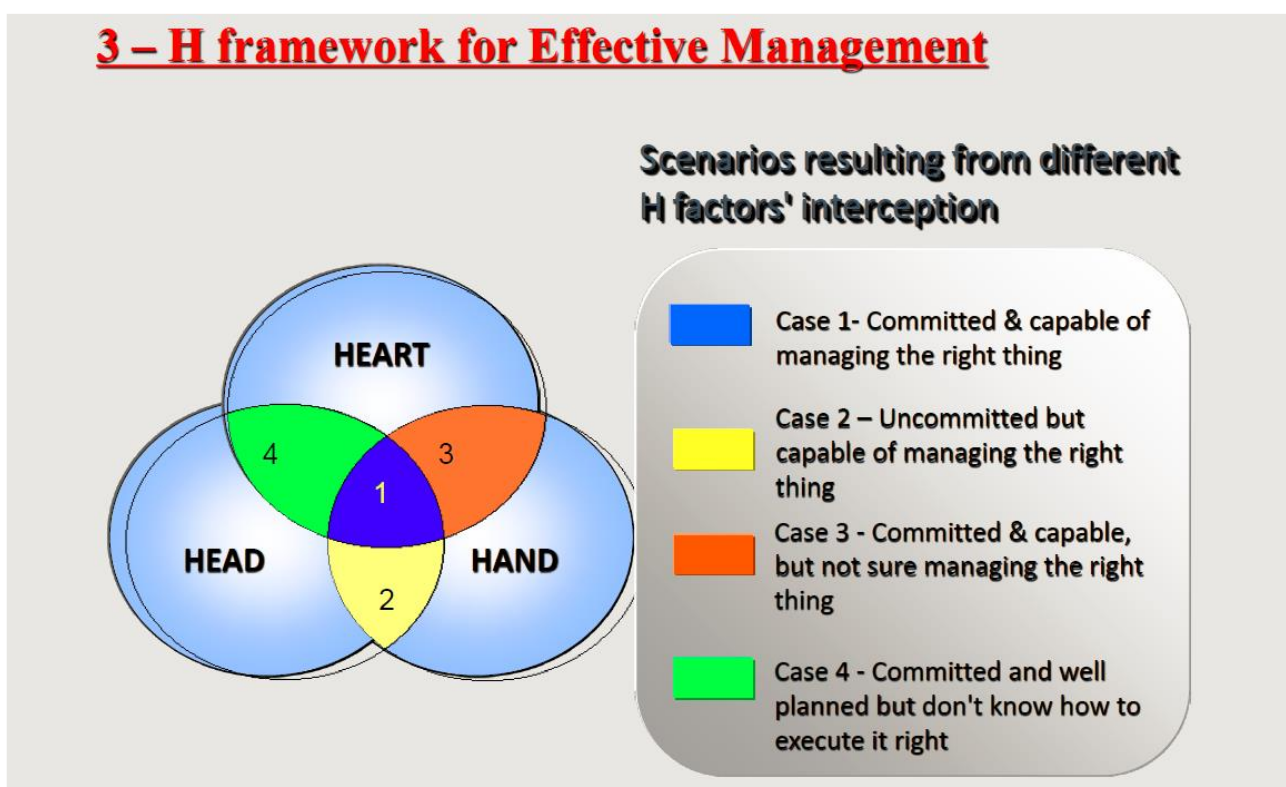
Implementation plan – using the 3H framework to drive changes

The 3-H framework (Yu, 2019), being the metaphoric analogy with the Hearth, Head and Hand, was proposed by Yu (Yu, 2019) as a holistic way to address management issues in general. Yu

proposed that with the implementation of 3-H framework, senior management could effectively, systematically and comprehensively design, and hence efficiently implement, their corporate strategies, practices and plans.

The 3-H framework outlines the important interdependence of the Heart, Head and Hand elements for effective and efficient management. It is proposed that with an easy to understand framework, managers would be able to achieve effective and efficient outcome as compared to applying different categories of management theories on a standalone, or on a relatively non-systematic basis.

Under the Heart, Head and Hand framework, Yu argues that, through the lens of the 3-H framework, the most effective kind of management can be achieved at the interception point of such three elements, being case 1, as per the chart below:



Reference: (Yu, 2019, p. 26)

Yu uses the 3-H framework to categorise various established management approaches and theories, a summary of which is set out below:

H1 **Heart**-related literature:

- Motivation, leadership, management of change, values and organisational culture, cross-cultural management, communication, groups and teams.

H2 **Head**-related literature:

- Strategic management, resource-based view, balanced scorecard, strategy map, value chain, competitive strategy, competitor and industry analysis.

H3 **Hand**-related literature:

- Competence, functional strategy and practice, e.g., marketing mix, HRM, operations, technologies.

5

Reference: (Yu, 2019, p. 21)

It is proposed that UMP will follow the 3H framework to implement the changes required to execute the strategies stated in Part 1:

The Heart Element

1. Communication of UMP's vision and values – UMP needs to launch an internal publicity campaign to re-communicate the purpose of UMP's vision and values. UMP's senior management team will need to speak out, go on record and evangelise UMP's vision and values, explaining what led to UMP's historical success and how such vision and values will guide UMP's future directions. The key messages should include:
 - a. Reminding employees how UMP had come from zero in 1990 to what it is today; sharing the past obstacles and stories to remind everyone uncertain paths have been walked before;
 - b. Invite founder and senior management to publicly speak to UMP's vision and mission;
 - c. Explain the history of success is founded by a strong organizational culture and value which, on reflection, actually shows UMP has always been embracing changes in the past 30 years of operations; and

- d. Commit senior management time to regularly explain (at least on a monthly basis) what the vision stands for; openly answer questions from employees regarding the company's vision, including potentially answering questions that may, on its surface, challenges UMP's vision and values.

Through partnership with the HR team, UMP should also make good use of internal (i.e. intranet and internal posters) and external media channels (i.e. LinkedIn). Senior management should be recorded on videos for their sharing. Such commitment to communication must be persistent (i.e. at least on a monthly basis), and reinforced by daily actions and strategic directions taken that are consistent with such purpose (i.e. walking the talk, doing what you say). Recent successful examples in directing established business into new strategic directions have included Microsoft, where its CEO, Satya Nadella, has gone as far as writing a book titled Hit Refresh, re-examining Microsoft's vision and values and re-defining its vision as "to empower every person and organization on the planet to achieve more". Such commitment from the CEO to re-establish Microsoft's vision and culture has led to Microsoft successfully gaining a strong presence, among other areas, in the Cloud business, with Microsoft's share price increasing from around US\$40 per share in 2014 (when Satya was appointed CEO) to US\$178 per share as of February 21, 2020.

With a fast expanding workforce, it is critical for UMP to take on this initiative immediately so that both new and existing staff knows what the company's purpose is and the values it exemplifies. UMP should aim to launch the whole set of videos and media in June 2020 at their annual dinner event, especially when this year's annual dinner is also a celebration of UMP's 30th anniversary. This will set the right stage for the Head element, to be discussed below.

The Head Element

2. Clear articulation with business leaders on the reason for executing the strategies stated in Part 1 – With strategies formulated, it is important to obtain "buy in" from all the heads of

various business units. This will require a detailed communication on the rationale for such strategies in Part 1, spending time with such executives to explain and formulate the finer details of the strategies.

It will be challenging for executives to focus on their existing priorities while also developing new initiatives. To ensure progress, it is necessary to empower a member of the senior management with the resources and authorities to serve as the Chief Transformation Officer (“CTO”), leading a team of managers for a newly established Transformation Office (“TO”). The TO will serve as coaches, guiding and helping various executives to become the owner of each specific strategy listed in Part 1. The TO needs to serve as motivator and build in a culture of trial and error, embracing small trials, and potentially failed initiatives, as signs of progress. Such kind of culture takes time to build, and it is therefore important to first rally selected executives to try out the easier strategic changes first. UMP should establish such team by no later than end of April 2020, such that the team and the selected few strategies can commence implementation by first week of May 2020, with the aim of providing updates to the whole group at the annual dinner in June 2020.

The Hand Element

3. With the purpose and motivation in place (i.e. mindset / the heart aligned), the critical analysis of what needs to be done completed (i.e. strategic planning / the head aligned), the next initiative is on matching the skills and competencies required to execute such strategies. A critical over-arching element for the successful implementation of strategies in Part 1 is the need for all staff to be, or to become, digitally savvy, embracing the need to apply technological solutions to re-examine the current work processes and to plan for future business initiatives around a digital strategy.

Such urgency to embrace technology will undoubtedly cause certain discomfort to those existing staff who have not developed such skills or knows of the importance of self-development. To strike the right balance between maintaining the current business portfolio

while also highlighting the need to develop, the TO should work with executives to agree on a 3/6/9/12 months roadmap, before April 30, 2020, on the required skill sets to be developed for each of their team members. If during such process, certain skills must be brought in / outsourced, the TO and the executives involved should align as soon as possible and communicate with respective teams to avoid surprise in potential changes in team composition. The key here is on timely and regular communication to existing staff such that they know they are given opportunities to develop, but at the same time, there must be a back-up plan in case the existing staff could not / would not be willing to develop. Here, the TO must work closely with the HR Team to formulate individual progress and improvement plan for each staff to review progress made, areas for improvement, and if necessary, making the difficult but right decision to re-formulate the relevant teams.

The TO and HR Team must embrace the notion of a fit-for-purpose workforce. To ensure greater success in such implementation, the senior management team must empower the TO and HR Team with endorsements and authorities to do their job. It is suggested that the HR Team will also internally publish its over-arching 3R strategy, being “to Recruit Rightly, to Retrain with Respect and to Retain with Responsibility”.

CONCLUSION

Business plans and suggestions always seem logical when written on paper. Executing such well thought out plans require senior management team to be open minded and to persevere through the agreed plans. Large organizations generally have a resistance to change, particularly when UMP is already performing well in its current market. However, as the recent passed away Professor Clayton Christensen stated in his infamous work, the Innovator's Dilemma (Christensen, 2013), established players run a high risk of being subject to the disruptive innovation that comes from smaller players that may not even seem like a competitor in the first place, until it is generally too late. In this assignment, through a thorough review of the strategic paths UMP needs to take, and an examination of changes requires under the 3H Framework (Yu, 2019), UMP now has an action plan to commence changes. Through such changes and the willingness to adapt technology into its current and future initiatives, UMP has a great chance to succeed remarkably as it expands into the GBA, and beyond.

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Glossary

Corporate Customers	UMP's Corporate Customers include corporations that may have more than 1,000 staff and who would contract with UMP directly to ask UMP to provide packaged healthcare services for an agreed fee per staff per year. Other types of customers also include insurance companies who would package UMP's health service offerings into their health related insurance products
GOLD	General Practice Oriented Learning and Development Programme, a primary care training programme that was developed by UMP in-house and which has successfully obtained a course accreditation by the Royal College of General Practitioners. The GOLD programme now trains more than 150 GP doctors for the Chinese government, setting the minimum standards that GPs should have in handling over 167 common illnesses
GPs	General Practitioners, also known as family doctor or family physician. GPs are generalists who can handle most common health enquiries and common illnesses. GPs will refer patients to specialists care and other services when appropriate and medically necessary
GBA, the Greater Bay Area	The "Greater Bay Area" refers to the Chinese government's scheme to link the cities of Hong Kong, Macau, Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Huizhou, Jiangmen and Zhaoqing into an integrated economic and business hub
HMO	A health maintenance organization (HMO) is a network or organization that provides health insurance coverage for a monthly or annual fee. An HMO is made up of a group of medical insurance providers that limit coverage to medical care provided through doctors and other providers who are under contract to the HMO.
Primary care	Refers to the first point of contact between healthcare organizations and individuals seeking healthcare services. An effective primary care system goes beyond just delivering curative care. A functioning primary care system also emphasise on disease prevention and health promotion, aiming to divert patients from seeking care from hospitals ⁶ .
PPP clinic	Public-Private-Partnership clinics, where UMP would invest to refurbish and upgrade the government managed community clinics to international standards, with the aim to increase the public's awareness and confidence in government managed healthcare facilities
UMP, UMP Healthcare	UMP Healthcare Holdings Limited, a company listed on the main board of the Hong Kong Stock Exchange, stock code 722:HK

⁶ See research summary published by the Bauhinia Foundation
http://phc.bauhinia.org/assets/docs/Executive_Summary_20190910_ENG.pdf

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