

DESIGNING A PROCESS FOR A MONOPOLY TO TRANSFORM TO A FREE MARKET COMPETITOR – THE SWEDISH PHARMACY SYSTEM

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ABSTRACT

The purpose of this paper is to discuss how a political driven transition of a large company, Apoteket AB in Sweden with 12,000 employees – the pharmacy state monopoly – can be designed and managed to become a free market competitive player. The reregulation process, with a great variety of stakeholders involved, has since 2006 been followed, documented and analyzed. In the domain of pharmacy products and services – essential for health and well-being – a design and innovation process must be handled with care for balancing pharmaceutical and business strategies. The research contribution and expected learning outcome of this paper are to give insights; first on processes and methods for organizational designs and transformation; second to get experience from designing and implementing a management strategy to lead the reregulation to success; and third to get knowledge on how traditional professional roles can be changed and developed by designing a process with clear goals, conscious learning and a communicative strategy.

Keywords: Organizational design, management, innovation management, professional roles, mindsets, organizational learning.

1 INTRODUCTION

In 2009 the pharmacy market was reregulated as a result of decisions of a new Swedish government with an ambition to open up for a free competition of pharmacy products and services. These products and services must however still be handled and regulated by laws, special rules, quality systems and in an ethical and professional way. Apoteket AB (The Swedish Pharmacy Corporation) has just until recently been the only player – a state monopoly – at the Swedish market and can be characterized for the last 40 years as a high respected and successful company. The reregulation process has since 2006 been followed, documented and analyzed [1].

Organizational performance in times of great changes is associated with a company's ability to balance several competencies, such as exploration with exploitation; quality control with risk-taking; and efficiency with flexibility and renewal – all central paradoxes in business development, management and administration [2; 3]. The management philosophies must of course follow, adapt and be foresighted to meet all expressed and latent opportunities and demands from the society and the market as a whole. But in comparison with the many large technological, life style and geopolitical changes, organizations and management in general still have a lot of inertia and lack of flexibility [4; 5; 6]. The choice of organizational design and management strategy should be different in different 'eras'. No company can stand still, not even a monopoly, to meet new opportunities, new needs and increasing demands of their customers and the society.

The purpose of this paper is to discuss how a political driven transition of a large company, Apoteket AB in Sweden with 12,000 employees – the pharmacy state monopoly – can be designed and managed to a free market competitive player. In foci are processes and methods for organizational design and transformation, management strategy from the CEO and how pharmaceutical professional roles can be changed and developed by designing a process with clear goals, organizational learning and communication.

The research contribution and expected learning outcome of this paper are to give new insights on good practice in designing organizational processes and change management with a great variety of stake-holders involved. These are politicians with the government of ministers and experts: the

political opposition; the pharmaceutical industry; trade unions and employees; pensioner's organizations; national and international company actors; risk capitalists; consumers and the whole health system.

2 THEORETICAL DEFINITIONS

Design has often been described in two distinct ways – as a process of designing or as designed products – goods or services [7; 8; 9]. Design occurs in engineering as engineering design and in many other related and linked design domains, such as industrial design, spatial design, information design and organizational design. Design is also used in a broad sense, such as processes and strategies. Today communities of art, design, technology and innovation are merging and influencing each other, when complexity is rising, business competition as well and in the same time simplicity is needed and wanted from people [10; 11; 12]. In this paper the word 'designing' is used in combination with the words 'process' and 'organization'.

In a similar way *innovation* is used today – here defined as the implementation of a new or significantly improved product (goods or services), but also as a process, a new marketing method, or a new organizational method in business practices, workplace organization and external relations [13; 14]. An innovation can be incremental or radical. It can be of a component level or on a system level. Innovation can be regarded as new to the company or new to the market or even 'new to the world'. The explanatory linear innovation models from 20th century have been replaced by integrated, open and networked models and in recent years, with approaches for synthesizing technological, organizational and commercial aspects of innovation processes [15; 16; 17; 18; 19]. Today also a lot of creative and innovative activities flourish on Internet within the concept of 'open innovation', such as www.openinnovators.com and www.innocentive.com. Examples of companies working with such approaches and open-space are Proctor & Gamble, LEGO and Google. Innovation in this paper has a focus on CEO and his management in the reregulation process.

Innovation management is about managing and organizing strategies and processes for realization of products, services or business models. To find the balance between thinking and acting effective versus different is a complex and crucial task for managers today as well as for quality versus innovation. Today most organizations have implemented systems for quality assurance and strategies, but few have done the same for innovation. Total Quality Management (TQM) is well established but Total Innovation Management (TIM) is not – yet! European Committee for Standardization created in 2008 'CEN/TC 389 Innovation Management' - www.cen.eu - to support a culture of innovation in Europe and accelerate the access of innovation to both domestic and global markets. Topics now TC 389 currently working on is for examples Guidelines for an Innovation Management System and Design Thinking. By design thinking in this paper, we also regard the necessity of broadening the mindsets of professional pharmaceutical roles for the future free market competition. Innovation is not an ad hoc activity but, but as most other serious business processes a well structured and organized management process. To understand and actively work with design and innovation management processes are important factors when customer demands on differentiation and tailoring of products and services. But to listen to the customer's voice too much could also be risky [20; 21; 22; 23]. The reason is that customers often just want more 'of the same', such as more power, more speed etc. In the complexity of realizing new products, services and processes a great variety of sources and networks are necessary for an organization. To look out for new opportunities in technology and market; changes in people's values and communication systems will be crucial to find ideas, select the good ones, implement and capture the benefit, experience and learning of such processes [24; 19]. To manage such a complex flow as an innovation process has to be given a lot more focus, time and efforts in the coming years.

3 METHODOLOGICAL ASPECTS

In this study the methodological aspects on collecting, analyzing and understanding the empirical data has been directed to the restructuring process and the top management practice. Data is collected in a period from 2006 to 2010 – between two parliamentary elections in Sweden – a conscious choice – because of the political driven transition.

Data gathering has been from multiple sources such as recurrent and frequent interviews with managers and the company board members; with the trade unions in the pharmaceutical field; with politicians and governmental experts; and with external experts on pharmacy systems. The CEO has

been interviewed every month to get his thoughts and strategic actions viewed on the reregulation, the processes of change and how he manages this in a complex business eco-system.

All interviews have been recurrent recorded, transcribed and documented. Feedback has been given in most interviews. Information has also been collected from management meetings, information meetings and seminars with employees. Strategic document studies and continuously media studies – both traditional and new web media – have been carried out.

By the recurrent interviews and dialogues with managers and key members of the organization – especially the CEO – and the working up and feedback with the data, validity has been achieved. To follow and be ‘near’ to an organization in studies give some challenges to handle of ‘nearness versus distance’. But in our research of the last four years the nearness has been a prerequisite for getting the possibility to document and understand the process.

It is of course important to regard the processes and results related to the studied company and not to generalize to other systems. Comparing studies with the focus of this study and in this particular branch are hard to find.

4 EMPIRICAL STUDIES WITH THEORETICAL IMPLICATIONS

The Swedish Pharmacy System preparation, strategy and actions due to the reregulation will here be presented with relevant theoretical implications on the processes for organizational designs, corporate culture, management and professional roles of the employees.

Most research is clear about the crucial importance of top management and its role in setting the norms how an organization should develop and renew [25; 4; 5; 26; 6; 19]. The demands on changes can be seen both as threats and as challenges and opportunities.

4.1 Swedish Pharmacy System, its´ corporate culture and challenges in reregulation

The Swedish Pharmacy System had been for 40 years as Apoteket AB as the monopoly in Sweden to offer individuals prescription and non-prescription drugs; a wide selection of health-care products and counseling other services aimed at promoting a life in health. It also offers drug supply and knowledge-based services to enterprises in nursing and the health-care sector. In 2009, the net sales amounted to SEK 43,000 m (or in Euro about 4,300 m). Operating earnings amounted to SEK 804 m. The average number of employees was about 12,000. The development of sales and earnings had for the last 10 years been rising. The trade mark has for long time been at top 3 of Swedish brands (together with IKEA and ICA – both retailing of furniture respectively in daily food). Apoteket’s goal is to be the leading operator in the future pharmaceutical and the health-care free market to continue to inspire people to live a healthy life.

When the new CEO with no pharmaceutical competence, but with competence and experience from consulting in the public field and as a top manager in health caring services entered Apoteket AB in 1999, he started to change the organization and culture. Just after one month he made his first organizational change with the goal to come closer to the core business. He also decided to change the top management team. Earlier the top management team had consisted of ten men and one woman, remarkable because more than 90 percent of the employees were and still are women. The equality had always been well integrated by the CEO in his previous work places as a manager.

The corporate culture and the mindsets of the people of Apoteket AB is, as mentioned, characterized by a great majority of women with their core knowledge in natural science and pharmacy. The average age is rather high – just below 50. External studies of the corporate culture shows a priority of the core business, which means that the work is always going on despite a turbulent external environment, the organization and management in practice.

Culture is here the deep rooted values, assumptions and beliefs in the organization and/or within the profession on ‘how to think and do things here’ [27]. *Climate* can be used as metaphor in organizations, and in comparison with culture is easier to change, such as behaviours, attitudes and feelings [28]. *Mindset* is a person’s way of thinking and the options seen as available [29; 30; 31].

Most employees have been working at Apoteket AB for a long time because of a deep interest and knowledge in chemistry and pharmaceuticals. A strict, neutral and pharmaceutical professional relation to the customer has been created long ago.

The management style that the pharmacists and dispensers preferred was a manager, who is present and active in the daily work and ‘is able to take the role at the cashier’, if needed, and a manager, who at the same time is a good example and at least as professional as the other employees.

Further on the culture is characterized by a carefulness and precision with strive for exactness, an inheritance from the very special products and old and traditional pharmacy. Rules and regulations lay a great responsibility on the employees for the products they sell. Nothing must go wrong. The loyalty and high consciousness of quality control is more linked to the profession than to the management and the company. But on the other hand they are dutiful to instructions 'from above'. To regard 'things' in right or wrong is a common perspective. 'Trial and error' for learning and acting is thus very limited. A conclusion of the studies of the corporate culture is that it is very strong and 'lives' its own life, which has been regarded as difficult to manage. Development should have its starting point in the pharmacy cultural soul, the pharmaceutical work and the professional pharmacy people, to get options to be successful.

The CEO wanted to change the corporate culture. It was important to give more value to direct customer relations, more openness to differences in mindsets, behavior, personalities, educational background and the way work is executed as a whole. Some other factors to be changed and developed were, a wish for better courage and possibility on personal initiatives, questioning, and stand up for a different opinion.

Organizational changes in the last 10 years at Apoteket AB, and initiated by the CEO, have given clear directions to more goal-oriented and decentralized organization and to expectations of high participation activity from the employees in the development of the company [32]. Some middle managers felt a lot of barriers and hurdles in the corporate culture, when working with changes of mindsets and new routines as a more customer focused and business oriented role in restructuring the company to a 'free market player'.

Many big and small organizational changes followed. Gradually top and middle managers and other employees had understood that the CEO regarded change as 'a state of things'. One of these changes was to decrease the number of pharmacy managers from 800 to 150. In interviews from 2002-2004 [32] the top managers' view was that the CEO had succeeded in creating a platform to develop the corporate culture towards new market conditions. This 'new culture' had foci still on the pride for the unique pharmaceutical competence, but also on business, holistic thinking outside the monopoly borders, customer focus and work for creation of enjoyment, motivation and safety.

Recruitment to the top management from private business, commerce and private health care outside the pharmaceutical profession was another 'brave' step in the traditional culture. This changed the mono-professional culture to open up for more and new perspectives for the future. Also the management board was changed in this direction, with criticism from the pharmaceutical trade unions, who said that the profession would erode.

Before the election and after the judgment of the European Commission in 2005 the four alliance parties had proposed a common motion. The government should get the allowance to sell a part of Apoteket AB and opening the market for competition. The social democratic government rejected the motion. But despite this rejection the CEO made his decision to work out several scenarios for action plans, depending on what government the Swedish people wanted in the election in 2006. How the pharmacy system should be organized is a political issue, was clear from both the government and Apoteket AB. The Alliance parties won the election in Sep 2006 and the new government quickly appointed a committee, who made their proposal for a reregulation process in January 2008.

Some days after the Swedish parliamentary election in 2006 the CEO expresses: "*We are lucky! Just imagine if it had been continuously social democratic governing, when I have prepared our employees for great changes. This will be exiting. Exactly the challenge I need!*" [1, p. 5]

The goals for the reregulation were to increase the accessibility for customers; to reduce prices for drugs and a continuing safe drug delivery. The reregulation of the Swedish Pharmacy System and Market consisted mainly of four implementation steps from 2008:

1. Nicotine drugs are allowed to be sold by other than pharmacy shops (March 2008).
2. The hospitals' drug support should be arranged in new ways (autumn 2008).
3. New rules for pharmacy business and opportunity for others that Apoteket AB to run pharmacies (July 2009).
4. Possibility to sell some non-prescriptive drugs at other places than pharmacies (Nov 2009), for examples at food shops, malls, gas stations and others.

The Chief of Staff at the Ministry of Health and Social Affairs and operational responsible from the Government to lead and coordinate the reregulation process expressed: *The complexity in the process is enormous. The remittance list has more than 100 names. My personal opinion is that the CEO*

leadership should be crucial for success or failure. You can never carry out such a reregulation if you do not have a person, who has full control of his organization, but also that he has the genuine willingness to succeed, not just for his own or the organization, but for the public best." [1, p. 2]

International almost all countries had for long time had a free market competition in pharmacy. The latest similar reregulation in the pharmacy field was 2001 in Norway. In Sweden some previous monopolies had been reregulated before partly or as a whole, such as the Swedish Post Office, Telecom and Railway Systems.

A result from the reregulation in Norway was a better accessibility for private customers with more pharmaceutical shops. But a few large companies took the whole market. This was a situation that the Swedish Government did not want. Instead the goal was to get several new actors, as existing companies who already were on the international market, but also new actors and small new entrepreneurial pharmacies to start up.

The CEO summarized his view on the challenges to the whole organization at the 13 meetings with the 12,000 employees in 2007: "*We are facing huge mental changes and we have to learn to understand and realize what competition means; change our perspective to our customers; fight for customers on a free market; and be better on accessibility and cut down queues. The changes in the world around us are enormous. We are moving from health service towards commodities. How will all this together influence our mindset and perspective?*" [1, p. 5)

4.2 Designing the process and management in practice

How were the process and management designed and practiced in the reregulation period from 2006-2010?

The reregulation process became officially handled from the Government by a new established restructuring parent company to Apoteket AB – Apotekets Omstrukturering AB (OAB). This company should take care of the sales process of Apoteket AB. During the whole reregulation process Apoteket AB had the following three duties given in the owner's directive (Government):

1. To secure and provide a good pharmaceutical supplies for the customers.
2. To be a driver in the reregulation process.
3. To develop Apoteket AB for a free market, 1/3 of the former (monopoly) Apoteket AB.

Two thirds of company was sold out to other national and international actors. Two thirds of the employees were also intended to follow to the new actors/owners. Finally, all these employees made that choice instead of getting a notice to quit. Left was thus one third of Apoteket AB. The IT-system, worked out by Apoteket AB with quality assurance for selling prescriptive drugs should be opened up and shared with the new actors/companies as well as the high-cost protection and registration system, where customers just pay up to 1800 SEK per year per person and the state through taxes pay the rest.

What can a CEO do to get the employees 'to follow' when he and his organization face great changes – in this case to get rid of the monopoly corporation – and continue to develop Apoteket AB? Consults made interviews in the organization and stated that the CEO had a strong support and that he was a charismatic and inspiring person. He gathered in 2007 all 12,000 employees to inform them of the new conditions and to communicate and inspire them for the coming challenges. In total 13 meetings were carried out with about 1,000 employees every meeting all over Sweden. The purpose was to prepare the organization for extensive changes and to get support for a common clear vision and future goals. Of course it takes a lot of energy and time to communicate directly with so many employees, to be available to all and at the same time have the total strategic and operational responsibility for the company as a whole – a tough leadership challenge. The sales and earnings were rising for every year of the reregulation period.

The political governing was a special challenge to the CEO and the board. The chairman of the board was of great support and with a lot of experience from entrepreneurship in the health sector on both national and international level. He expressed in 2008 that a well functional leadership has been formed and that he had the greatest respect for all the professionalism in the company.

Previous research [4; 5; 6; 25; 32] and also expressed by the government was, that the top management is crucial to develop a relevant and effective organization. The CEO of Apoteket AB was very clear, that he want to develop his management and act for change. He has no personal theoretical management concept, but he keeps himself updated for what is happening, discuss with other CEOs, researchers and consultants. Then he makes his choice of the way he thinks is most appropriate for the situation in the company. His ability to look forward – and 'into the future' is also always present in

his thoughts and decisions. Even if no one can look into the future in real, research shows that such visionary managers, will make better decisions at the present and as a better preparation for the future [4; 33; 34; 35].

Business plans was continuously updated and implemented. In the business plans the new organization was taking place to meet the new market challenges. The key word became 'business-mindset', and the CEO brought more external business people into his team of top managers.

As obvious no 'stand still' was present in the restructuring of Apoteket AB from the management and the board. And all the 12,000 employees out in the pharmacies were working on with – as usual – professional motivation.

Since 2007 Apoteket AB had plans together with the largest food retail chain in Sweden – ICA – in cooperation to open up 100 new pharmacies – shop in shop – within the existing retail stores all over the country. This became a very controversial issue when it reached the media and the coming new actors on the pharmaceutical market. Despite two thirds of Apoteket AB should be sold out, the opinion was that the company could be too strong and give no chance to a free competition if they cooperated with ICA. The Apoteket Parent Company – OAB – and the Government put a heavy pressure on Apoteket AB's CEO and Board, to 'stand still' with this cooperation until 2011 and also with a lot of other initiatives for development. But the Board of Apoteket AB rejected this urgent request with motives of their assignment to make the best out of the company for the future.

The Chairman of the Board and the board members all refused to follow the instructions given by the Government. The chairman said: *"My opinion is that this will benefit for our coming competitors with detailed instructions and a limitation to the company's development for the future, which we cannot accept... The new directives imply a great value destruction of no use for the Swedish tax payers ... I think that Apoteket Restructuring Company has been too stressed by the interested potential buyers, who did everything to press the sales prices."* [1, p. 8]

The most unusual step was taken by the government (Minister of Health and Social Affairs) through OAB to dismiss the whole board in Sep 2009. Media had great headlines, comments and interviews on this extra ordinary event. The CEO was in a position to think what step he should take for himself. He considered to leave the company, but decided to stay as CEO after a discussion and request from the Minister, for the benefit of the restructuring process as a whole in a very sensitive phase.

One of the company board members expressed in an interview at that stormy period of the reregulation process, *"I have really understood the big commercial forces in this process and how these interact with the politics."* [1, p. 67]

The Ministry of Health and Social Affairs appointed a new board and chairman in Oct 2009. This differs from the previous board and chairman by coming from the commodity and retail field. As many were expecting, the pharmacy market would be more of just a commodity market in the new era of competition.

Apoteket AB, its CEO, managers and all employees did continue to work as engaged and focused as before, but with some more limitations and 'stand still obligations'. In the whole process of reregulation and restructuring Apoteket AB the sales and earnings were rising, despite all energy and time especially key persons as the top managers had to share on these processes.

OAB was successful to sell out more than 450 of Apoteket AB's pharmacy shops to four different actors. Three of the actors/buyers were investment companies. The total price was SEK 5,900 m back to the State/Public Treasure. The Government reserved 150 pharmacy shops to be sold out to new entrepreneurs as individual stakeholders and with the purpose to get more women and immigrants as owners. This process is still going on.

In July 2010, one year after the 40 year monopoly came to an end, Sweden has more than 10 pharmacy actors with more than 1,000 pharmacy shops, compared to before with one monopoly and about 940 shops, see figure 1. Almost 100 new pharmacy shops have been established and as a result of this about 1,000 new jobs has been opened up to pharmaceutical professionals and administrators (Sep 2010).

Non-prescriptive drugs are now also allowed to be sold by others than pharmacies, such as food stores and gas stations. More than 6,000 new sales places are now available to consumers and at times almost for 24 hours. But also here a regulative process has been implemented with the public local community organizations as responsible for quality control, safety and ethics.



Figure 1. The actors at the competitive pharmacy market after the reregulation, with Apoteket AB  as just one actor.

Konkurrensverket (Swedish Competition Authority) summarizes the reregulation process from their point of view in their report, Dec 2010 to the Government [36]:

- Great interest in establishment and around 200 new pharmacies in the reregulated pharmacy market.
- Improved accessibility for many consumers to find pharmacies when they need one.
- By virtue of its size, presence in the market and well known brand, Apoteket AB still occupies a unique position in the market.

The Authority gives some proposals for a better market competition, such as a clear, transparent and long-term owner policy for Apoteket AB and to produce practical guides for small individual stakeholders that intend to establish operations in pharmacy. The Authority stated that the pharmacy market is still in a developmental and establishment phase.

In August 2010 the CEO resigned after 11 years in this position at Apoteket AB. To run just 1/3 of the former company did not triggered him enough. A new CEO entered at Apoteket AB in Nov 2010, coming from the largest food retail company in Sweden – ICA!

5 DISCUSSION

The purpose of this paper is to discuss how a political driven transition of a large company, Apoteket AB in Sweden with 12,000 employees – the pharmacy state monopoly – can be designed and managed to a free market. In foci are processes and methods for organizational design and transformation, management strategy from the CEO and how pharmaceutical professional roles can be changed and developed by designing a process with clear goals, organizational learning and a communication.

The 'demonopolization' was initiated by the Alliance parties in the Swedish Parliament, but did not get started for implementation until these 'right-wing parties' had won the election in 2006 over the 'left-wing parties'. The process was expected to be complex with a large number of different stakeholders from political, public, trade union and private fields – corporate as well as consumers. A main question was; how can a CEO manage such a complex process, balance all the important stakeholders' interests and make people in the company to follow? Another question was how to change and redesign a traditional and very professional corporate culture?

Many involved people have said about pharmaceutical products and services, that it is not just like selling ordinary commodities and retail products. It is products about our health, and if mistakes occur could be a question of life and death. That's why pharmacies earlier and in future must be regulated by special rules for selling drugs and from now also a lot of other actors in the retail market.

In this process of preparing Apoteket AB for this change, the CEO started early – even before the decision was taken on a reregulation – to implement new 'orders', organizational structures and mindsets in the organization. The process was clearly designed from top-down with new visions

(imagine the future), goals and activities on short and long sight. To be visionary and foresighted are what separate an effective and a successful leader from just an effective and operational manager.

Other characteristics of a successful leader is the ability to questioning present processes; inspire; delegate decision power; trust people to follow; and to be a model [25]. By being honest and believe in his 'mission', opening up for transparency, information and communication about the challenges and the processes for change, the CEO got the employees 'to follow him'.

The pharmaceutical corporate culture to follow was also strength in this process, even if the employees had to change their mindsets and behavior. By the way of making everything as open as possible for the organization – to develop meaningful cognitive structures [37; 28] – was a reason why the organization followed and supported the restructuring process from the beginning, even when the employees had to move to another pharmacy company. New learning occurs under a certain pressure, when the management throughout the whole organization actively supports the process. The mindset of the employees was gradually changed from the traditional pharmaceutical, added and integrated by a business-mindset behavior, consciously driven by the CEO in a period of almost ten years, and even more frequent in the last year's pressure for change. The middle managers were trusted to operationally drive the process within their area of responsibility from the top-down decisions supported and inspired by recurrent special management meetings and seminars with the top management and the CEO.

We stated in the introduction that organizational performance in times of great changes is associated with a company's ability to balance several competencies, such as exploration with exploitation; quality control with risk-taking; and efficiency with flexibility and renewal – all central paradoxes in business development, management and administration. These paradoxes were current in an obvious way for the whole restructuring phase of Apoteket AB. It is possible to regard this process as an innovation and with the drive from the CEO as an innovation leadership, as defined earlier. Never had the pressure on changing mindsets been so goal-oriented in the company's history or perhaps not so often neither on the international market of such products.

A crucial question is of course the balance between quality assurance on one hand versus 'free thinking' and personal initiatives on the other hand – in other words to questioning and challenging the 'rules', be creative and innovative. The traditional pharmaceutical culture and mindset was not expected to act in such a behavior. But to compete on the new market, where all employees have about the same education and are coming from Apoteket AB, even in all the new Pharmacies, to think and act in an innovative way could be the coming challenge for all new market players. This innovative behavior, for examples in realizing new products, in marketing and branding, in service and counseling customers or in finding new concepts of cooperation with partners will probably be the necessary next step for all actors – if they will survive. Those pharmacy companies who design an innovation culture together with a quality culture could probably be the coming forerunner on the pharmaceutical market – national and international.

You have to distinguish your organization by new thinking, renewal and innovation. Today is more than ever originality connected with the capacity to offer something 'new', something 'more' and different. The brand is getting more important in the competition. It will be "loaded" with unique identities in products, services and places with "stories" attracting customers. Design of places (shops etc.), information, communication, products etc. will be even more important. [10; 11; 12]

From a long term innovation perspective, is the 'new wave of health' growing. This is not limited to avoidance of illness, but more of both real and experienced physical and social health and quality of life. [40; 41] All this challenges the pharmacy system to create new applications with new content, experience and new meaning, such as prevention of illness, counsel above direct pharmacy products and services, peoples' own choices of health coaches and collaboration with many different actors outside the pharmacy domain. A lot of new applications are now growing as pharmacy + health check-ups, pharmacy + skin therapists and pharmacy + health counsel + work out gyms. Innovation and design will probably create the new opportunities for competitiveness – and also for development of the pharmaceutical profession.

Successful companies create new possibilities to interaction between different competencies. The new pharmaceutical profession could consist of applied knowledge from three or four main disciplines – the natural science/pharmaceutical competence; business competence; innovation- and design competence – in a "medici way" [42]. See figure 2.

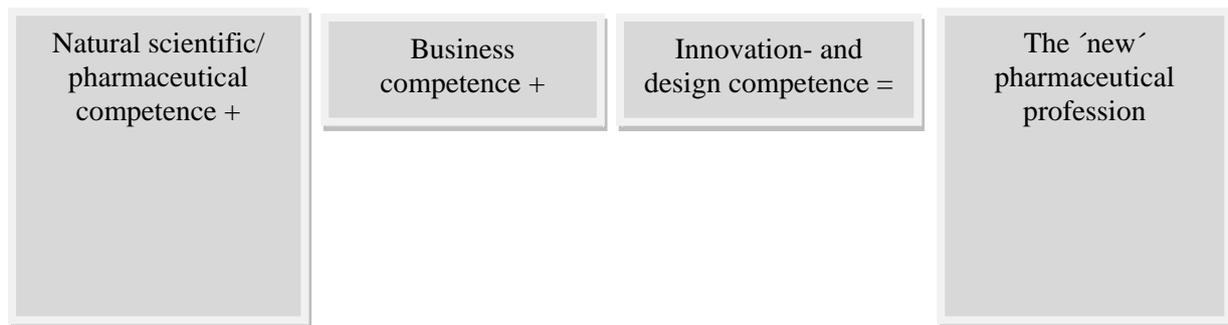


Figure 2. The 'new' and integrated pharmaceutical profession.

In this new profession the basic pharmaceutical competence and profession are still most important, but here are also business competence especially how to act with customers and have a business focus and furthermore insights on design- and innovation thinking and acting in everyday's work.

The management must probably build an 'innovative organization', with another step on the strategic corporate level and include everyone in the organization to think innovative in every day's work and with a mindset of 'innovation with care' [39] – still with 'enough' quality assurance. Such an organization is characterized by a lot of challenging dimensions, such as idea support, risk-taking, dynamism, trust, challenges and freedom and openness. High rating in such dimensions correlates positive with innovative and high-performance organizations [16; 28]. Opinions and ideas can in such open and learning organization come from employees as well as consumers and managers and from the society as a whole. In the domain of pharmacy products and services – essential for health and well-being – an *innovation with care* must be present to balance the pharmaceutical, business and innovative competencies.

Apoteket AB and its CEO have given some inspiration to the future of pharmacies.

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