AN AGENDA FOR REVITALIZATION:
THE HONEYWELL INFORMATION SYSTEMS STORY

Working Paper No. 417b

Noel M. Tichy
The University of Michigan
and
David Dotlich
Honeywell, Inc.
and
Dale Lake
The University of Michigan

FOR DISCUSSION PURPOSES ONLY

AN AGENDA FOR REVITALIZATION:
THE HONEYWELL INFORMATION SYSTEMS STORY

INTRODUCTION

This is a story about how one company is coping with the need for revitalization as a response to basic changed in world competitiveness of its industry. The story, which not only fits for the computer industry but also for auto, steel, financial services and consumer electronics, occurs because of massive reconfigurations taking place in world markets, competitive shifts, requiring individual organizations to respond or risk being trampled by world competition. Fortune's (recent) article on the computer industry's "Seven Dwarfs" and "The Bunch," portrays them as scurrying to get out of the way of the huge monster, "Big Blue," IBM.

Honeywell Information Systems is one of the "Bunch" that has been doing more than scurrying. They have been systematically attempting to revitalize. This means that after 25 years, in a marginal computer business, they are facing up to the challenges of finding a strategic niche in the rapidly expanding and changing computer world of the future. Rather than get out of the business, as some speculated it would not be a bad idea for Honeywell, given its strength in the control system business, it has embraced a strategy which not only stays in the business but looks to build a strong missing integration of the control system and information system businesses.

This is not, however, a story that merely deals with business strategy. It is a story of the people side of organizational transformation: why people in organizations often don't wake up to the need for change they resist the change that they say they want to make, and why they look for easy, quick

fixes, to the change. The article underscores the importance of having transformational leadership at the top. Ones who can deal with these problems and create the needed vision, commitment to the vision, and ultimately build the ongoing institution. These organizational transformations all occur as a result to human beings going through an emotional wrenching-endings, transitions, and if successful, new beginnings-in terms of their attitudes, behaviors and self-images. A framework for transformational leadership is presented which then provides the organization for the Honeywell Information Systems case analysis.

HISTORY OF HONEYWELL INFORMATION SYSTEMS AND WHY
THE NEED FOR REVITALIZATION*

Honeywell first entered the computer business via a joint venture with Ratheon in 1955. In the early 1960's the success of its System 200, pushed Honeywell further into the mainframe market. The 200's earned Honeywell a 5% share of the mainframe market by the 1960's. Research and development costs however had been increasing over 100 million dollars, resulting with a negative ROI for many years. At the end of the 1960's, Honeywell was still a small player in a fast moving business and with a limited product line had no way to grow with the customer or capture first time customers.

The answer was to buy out GE's Computer Operations in 1970, which overnight doubled Honeywell's share of the mainframe market. The merger, however, resulted in distinct and sometimes incompatiable product lines.

To rationalize the business on a worldwide basis, Honeywell Information

---

* Material from this section drawn from teaching case written by Sarah
Freeman.

Systems coordinated its operations into twenty three major product development centers and four major product lines, however, technical, political, and cultural problems prevented the business from making money in the mid-1970's. The formal management style of GE contrasted with the informal, open style, typical of the rest of Honeywell, a difference that was enhanced by the decision to run HIS as a distinct business separate from the rest of Honeywell. In addition the operation was headquartered in Boston and there was little cross-divisional traffic of senior management talent.

In the late 1970's, several efforts were made to reorganize the business, chop nonproductive assets and impose rigorous controls onpricing standards, credit extensions, and job bidding methods. These moves positioned Honeywell to benefit from an improving market, and the entry into minicomputers produced a high growth area with sales doubling each year from 1976 to 1980. Despite this growth area, HIS experienced rapidly growing operating revenues, and in the increasingly turbulent computer market, Honeywell Information Systems experienced difficulty on several fronts. Large R&D expenditures, continued to sifen cash from the companies profitable controls business. No sooner had Information Systems claimed to have reached its critical mass of customers necessary to compete profitable in the mainframe business, than growth in this maturing market began to fade.

With slower growth cam stiffer competition. IBM forged ahead with new technology, rather than following its traditional market driven strategy. By 1982, growth in the minimarket stopped and the environment facing HIS, like many in the bunch, was increasing hostel.

A number of efforts were undertaken to address the political and cultural issues confronting the organization. One such attempt to change began with what became termed "the meeting of the 150." At this meeting, the

top 150 managers assembled to air their views and discuss various human resource and planning issues. A Task Force was set up, but little improvement in organizational functioning combined with synosism and political infighting resulted in little or no change.

In recognition of these problems, Honeywell reorganized its business in 1982. Jim Renier was transferred from President of Control Systems to Vice Chairman of the Company and President of Informations Systems.

When the dust settled after this reshuffling, it was clear that his mandate was to take this 25 year old marginal business, which had been totally separate from the control system side of the company, which had a culture that was out of whack both with the rest of Honeywell, with industry in general and worldwide high technology companies and somehow revitalize it.

A FRAMEWORK FOR REVITALIZATION

Figure 1 presents the framework which will be used in examining the HIS transformation case. The transformational leadership framework focuses on two sets of dynamics. One organizational and the other individual.

ORGANIZATIONAL DYNAMICS

Triggers for Change: Organizations do not launch into transformation without some events in the environment triggering the need. Obviously, in the case of HIS the changing competitiveness in the computer world and the long standing marginality of the business provided a trigger toward transformation.

Felt Need: Not all triggers are responded to and as a result some organizations never adequately respond and go bankrupt. For a transformation to occur, key leaders in the organization must feel a need for change, thus this is the first step of the process.

Resistant Forces: The initial response to a felt need for change is not immediate, positive energy invested in the change. Rather, it is predictable, massive organizational resistance to change. Such resistance is reflected in the technical, political and cultural areas of the organization. Technically, such factors as habit, fear of the unknown, and such costs create resistance. In the political area, a felt need for change often threatens powerful coalitions, thus, slowing the process down. Also, change may require zero-sum, decision making where there are some winners and some losers. Finally, change politically requires leaders to indict some of their own personal past behaviors, that is, admit mistakes and do a turn around. This slows down the change process. In the cultural area, various cultural filters prevent seeing the world in new ways, having a traditional view of what the computer business is all about when, in fact, some fundamental changes may have taken place was an HIS problem. Second cultural factor is - regression to the good old days of the feeling that - wouldn't it be nice to recapture the way things used to be. Finally, a cultural resistant force is that most organizations have not lived in a climate of change.

Defensive Leadership: This is leadership which is unable to work through the resistant forces and also is unable to look to the future to create a vision. Instead, defensive leadership usually reaches for the "one minute - quick fixes." There is being seduced by panacea approaches to change.

Transformational Leadership: The key to organizational revitalization is the nature of leadership at the top. Transformational leaders must be able to lead the way by helping create the vision of the desired state of the future organization. This is not only a technical view of the business strategy and how the organization will be organized but a more complete view

of the type of culture - how it will be, what people will value in that organization as well as the political organization of who will get ahead, who will have power, how decision will be made - this complete view of the future institution must be articulated by the transformational leader.

However, merely having a vision could create the situation where the leader was like Don Quixote, tilting windmills rather than mobilizing people behind the vision. Thus, mobilization of commitment to the vision is a critical step in the transformation process. The final test of the transformational leader is whether that leader can institutionalize that a change, that is, build it into the organization so that the leader can leave the organization and the vision and commitment will continue to persist.

INDIVIDUAL DYNAMICS

All of these organizational dynamics occur as a personal drama unfolds. People must struggle through a process described by William Bridges[1] of endings, a transition state of new beginnings. Unless there is leadership support and unless the leaders themselves work through the individual dynamics - there will be no revitalization or no new beginnings. As a result of experience with the HIS case, we place an increased emphasis on individual dynamics. It became obvious in working with senior level executives in HIS that there was a personally wrenching experience going on as they struggled to unhook from the past and get refocused and reenergized about the new future. The struggle uncovered some very predictable personal dynamics, yet ones that are often not associated with organizational change. These dynamics are more associated with difficult life transitions such as the death of a loved one, a divorce, getting fired, or a difficult geographic move. Nevertheless, these forces appear to be unleashed in an organizational transformation of the magnitude as was occurring at Honeywell.

Endings: There are three basic tasks that need to be psychologically completed for an individual to get closure on an ending. The first is the disengagement. This is the most straightforward, almost physical act of change. Transferring a marketing manager to head up a production facility in a different part of the country involves, first, the disengagement of that individual from one job to another. However, the mere move from physical job title to another and one physical location to another doesn't automatically deal with the second task, disidentification. This entails changing an individual's identity which may have been wrapped up in the relationships that person had, the way that person thought of himself or herself, how other person's viewed him or her, etc. Once disidentification is dealt with then an even more difficult psychological task needs to take place, namely, disenchantment. Disenchantment is a productive, coming to grips with the fact that what was enchanting, what fit together in the past, no longer can be and one must become disenchanted. Those who don't feel the disenchantment either become disillusioned or keep looking backward for the good old days, trying to recapture the enchantment of the past when current conditions make it impossible. For example, some of the Honeywell Information Systems executives pined for the good old days, trying to recreate the enchantment of the past. This inappropriately focused energy and prevented them from getting closure on endings and thus, blocked new beginnings. The final aspect to endings is that they bring with them an inevitable disorientation, when people have to give up the old anchors yet do not have new ones in the future, they are unsettled.

Neutral Zone for Transition State: In order to move on and take on a new beginning, people need to go through a death-rebirth process. There has to be a tearing down or disintegration for reintegration to take place. It is in this transition state that people can understand what went wrong and why

the ending needs to take place and have thee space to go through

disengagement, disidentification, and disenchantment. This framework will now

be used in describing the HIS case.

PROBLEMS IN GETTING THE TRANSFORMATION STARTED

The Boiled Frog Phenomenon: The boiled frog phenomenon is a classic

experiment in biology designed to demonstrate the just noticeable difference

threshold phenomena. It is an experiment conducted by placing a frog in a pot

of cold water, placing it on a burner and gradually turning the heat up. If

done slowly, the frog will not jump out of the water. It will sit and let

itself be boiled to death. This experiment is conducted with another

condition in which the water is already boiling and the frog is dropped into

it. The results are that the frog immediately jumps out and survives. The

first frog did not notice, because the temperature of the water was rising

gradually, that the water was beginning to boil. The environment of the frog

was changing below the threshold of awareness, with catastrophic results,

namely death. One might easily make the case that Honeywell Information

Systems was rapidly becoming a boiled frog. Steve Jerritts' leadership was

not responding with a sense of urgency or emergency. He did not appear aware

of nor react to triggers the environment which indicated the water was close

to the boiling level. Once the recognition was there, rather than allowing

Honeywell Information Systems to become the boiled frog, Steve Jerritts became

the boiled frog by being dismissed as President.

Resistance to Change: It could be argued there finally was an awakening

or awareness that there was a need to change, exemplified by a meeting of the

top 150 which was called in late 1981. The meeting was created to help guide

the change process. However, there was little commitment or follow through.

Quick Fix Attempts to Change the Organization: Beyond the resistance forces, there were several attempts, perhaps best represented by the one shot meeting of the 150, to try to fix the organization with band-aides. It became increasingly clear that a rousing speech and some workshop brainstorming about problems in the organization, would provide no panacea for change.

It is in the Nature of Organizations Not to Change: The fundamental character of organizations is to try to avoid uncertainty and change. Thus, the technical, political, and cultural patterns become firmly programmed into peoples' minds and the networks of relations that they carry on to get their jobs done. To disrupt such patterns, both within individual thinking and their interpersonal relations, takes extreme force. HIS had 25 years to develop technical, political and cultural patterns, to become well engraved into people's minds. Thus, the change came slowly.

THE START OF THE REVITALIZATION: ENTER A NEW LEADER - JAMES RENIER

Dealing with Resistance and Creating a Vision: Renier took over a badly leaking boat. Dealing with financial losses, and contending a skeptical top management team. He led the charge with a value position. He had been the champion of enlightened people management on the control side of Honeywell. He had a clear statement as to how the culture was to be at HIS. He articulated four principles based on his assumption that people know their job and that they need to be given information to do it along with support. Basically, he had a "theory Y" set of assumptions that he wanted built into the culture. His core values centered on creating an organization where truth, respect and trust were dominant.

He came on strong as a value champion. He preached his new cultural message. It was inspiring to the lower level employees. Yet, it was not all that inspiring to his management group who felt under the gun and questioned his emphasis on cultural change. Of more importance, the senior management did not have a common vision of the business, and was not cohesive enough to deal with this problem.

The first six to nine months were spent bailing the boat out, including laying off several thousand employees. While this was going on, Renier focused his attention in two areas. One, he was doing the necessary homework to set the stage for developing a business strategy. The second, was to sort out his top management team. This meant working with them to determine whether he had the right players to work with him or not, and as he did that to begin to try and build some cohesiveness into the top group. To work on this agenda, he held a number of off-site team building sessions. These sessions culminated with a set of indepth interviews with each of the subordinates of the senior management group as to how they saw their bosses' style, strengths, and weaknesses. In addition to the interviews, a standardize instrument for subordinate feedback on management style was administered. Thus, the top team including Jim Renier had both interview and survey feedback on how they were seen by subordinates. This feedback was presented to Renier and his team in early September of 1983. That session was characterized by Renier as a time when everyone got everything out on the table. He described it as like opening a festering boil. It was not an easy meeting but at least each of the top team knew where they stood and what needed to be done and whether they were going to fit with the culture being espoused by Renier.

During the early fall of 1983, an initial vision for the business was articulated by Renier, presented to the security analysts, and reviewed with the top 150 executives in I.S. The driving force of the new strategy was "to achieve financial performance worthy of a Honeywell business, which meant target ROI of 14%.

In a meeting with his top 150 executives, Renier challenged them to implement strategic directions that would improve on a previous performance that would have been matched by "putting money in a savings account at 5% interest."

Essentially, the new strategy contained the following elements:

. Focus the mainframe business by keeping a solid customer base, but not developing extensive new large computer business.

. Share Research and Development costs with other companies, especially NEC, in an effort to obtain more for R & D investment.

. Separate standard product offerings from the systems businesses, and offer "value-added" customer-tailored systems solutions.

. Control costs and decentralize profit and loss responsibility to the lowest possible level.

. Explore and develop joint applications with Honeywell Control Systems.

These new strategies represented a significant departure from the past, in which the business had been primarily a volume-driven mainframe business. The new strategies emphasized co-existence with IBM, with achievement of "respectable market shares in office management and manufacturing automation systems."

In addition to these new business directions, Renier used the meeting of his 150 executives as an opportunity to emphasize new "people strategies."

Publicly, he stated that he could tolerate mistakes on the business
strategies, but not in the new cultural initiatives. The new people
strategies included:

- Establishing a strong participative environment

- Focus on the objectives of the employees

- Substantially enhanced quality, with the view that
  people want to make a quality product

- Have fun in the business.

MOBILIZING LEADERSHIP COMMITMENT: GETTING THE TROUPES MARCHING

Even though Renier laid out the strategy which got widely reported in
the business media as Honeywell's strategic approach to staying in the
computer business. This statement did not translate into enthusiasm,
excitement, a revitalized new beginning for the top cadre of managers in
Information Systems. As a matter of fact, the climate would be more likely
characterized at that time as one of cynicism, skepticism, depression and
questioning. It was as if the general of an army had a clear, articulated
vision of how victory could be accomplished but the troupes were not committed
or charged up. There was low morale and little esprit de corps. Without this
mobilization there was no way there would be any victory for HIS. It was here
that Renier recognized that the top cadre of leadership in HIS needed help in
moving through the transition. In order to mobilize commitment to the vision,
managers needed help in psychologically getting revitalized. A transition
vehicle was created. It came in the form of a leadership workshop. The
purpose of the workshop was to supportively confront senior managers with
their own personal needs for change and the need for each to pick up the

banner and become transformational leaders. Right up to the very end, before

the workshop was launched, there was a great deal of ambivalence on the part

of Renier, staff, and senior executives as to the advisability of such a high

risk workshop. It was decided to go ahead with it.

THE EXECUTIVE LEADERSHIP WORKSHOP - CREATING LEADERSHIP MOMENTUM

As a result of his own involvement in team workshops, Jim Renier

recognized the need to provide some of those same experiences for   critical

mass of about 150 senior managers who needed to take on new leadership roles

to ensure the revitalization of the business. A one week leadership workshop

was developed and launched in November of 1983 for the top 25 executives.

The workshop was held at a rural conference center, called Garney Farm

in Southern Minnesota. The setting turned out to be an important symbol of

the new beginning at Honeywell Information Systems and name of the workshop

quickly changed from the Executive Leadership Workshop to the "Garney Farm"

experience. Since that time, 5 additional sessions were held with the last

one in early June of 1984. The results have been extremely satisfying.

Individuals have left the workshops with strong commitments to a personal

leadership agenda. With publicly negotiated deals among each of the

participants and with recommendations for changes in the HIS management

processes. The objectives of the workshop were as follows:

1. To provide the individuals with feedback on their

   leadership style along the following dimensions:

   goal clarity, goal commitments, standards,

   responsibility, recognition and teamwork.

2. To foster teamwork among the key executives aimed at
   transforming the HIS organization.

3. To further the cultural change process within HIS,
   including helping people work through the endings
   and the transitions.

4. To mobilize a critical mass of executive talent to
   take on necessary leadership responsibilities
   needed to successfully change the business.

The basic assumption in organizing the workshop was to create a temporary system. This system was designed to be a prototype of the desired culture that Jim Renier was trying to implement in IS. One that supported individuals in an open honest confrontation. One that recognized individuals as having needs for self-esteem and responsibility and one that was committed to HIS winning in the market place through teamwork.

The transformational leadership framework presented in Figure 1 provided the organizing concept for the workshop. There were activities designed to support both the organizational cynamics of change as well as the personal or individual dynamics of change. I5t was assumed that on the personal level there was a great deal of struggle going on at various senior levels regarding whether there individuals really wanted to stay on board the HIS ship of bail out. In order to stay on board meant that many of them had to to through some painful endings - including disidentification and disenchantment with the past. A detailed outline of the workshop is appended to this article but let us take some space to highlight how some of the activities fit with the transformational framework.

OVERVIEW OF THE LEADERSHIP WORKSHOP

Sunday Evening: The start of the workshop, provided an opportunity for individuals to begin to deal with endings. Because organizational culture is basically talked about and communicated through sharing of stories, myths and legends, it was decided that it was important for individuals to have an opportunity to share their views on the old HIS culture. They need to talk about what in the old culture they would like to see discarded and what they would like to maintain. Sunday evening of the workshop is spend sharing stories. Each person relates one story from the Honeywell Information System's past - which represents a value to be discarded, plus one story which represents something to preserve. It is much the kind of story telling which often goes on around a bar. The difference is that the stories in the workshop are analyzed for their messages. The group explicitly states the moral of the story. It was the first time that such sharing had occurred within this group. The result of these sessions is that individuals and the group going through the workshop get some clarity as to what individuals are committed to perpetuating and what they would like to extinguish.

Monday Morning: The transformational leadership framework is presented and discussed. Each individual conducts a technical, political, and cultural analysis of his section of Honeywell IS and begins to identify the major leadership challenges facing him/her.[2] Monday afternoon shifts to one of the personal themes. In order to help people alter their personal leadership style to fit with the new HIS culture, they are provided with feedback from their subordinates. Their own rating of themselves are compared to their subordinates as well as to national norms. These date provide a powerful

stimulus for self-analysis and individual change plans. In the evening, individuals share their action plans in team meetings as a way to begin to start the team building work and reinforce the norm of openness and collaboration. This is an emotionally difficult experience for many of the manages as they are faced with having an inflated view of themselves.

Tuesday: Designing the innovating organization is a topic presented by Jay Galbraith.[3] The purpose of this session is to begin to help people think through a macro vision of what the ideal innovative organization would look like. They are given a variety of paradigms for developing their visions of the future organization.

The afternoon shifts to new beginnings for the organization. The focus is on management processes which are required for the new HIS culture to be implemented. Teams each take on one key management process, strategic planning, financial review, talent reviews, etc. and analyze its current practice as well as how it needs to be changed in order to support the new HIS culture. Rather than to prepare a formal presentation, teams are asked to design two skits. One which represents how the process is currently carried out, focusing on the negative aspects. The other on how the management process should look in the future. These 15 minute skits are designed to be acted out in front of senior management as a way to dramatically identify changes which need to be made. The skit development requires a much riskier in real life portrayal of problems and potential solutions.

Tuesday Evening: This evening is spent with an examination of the endings and new beginnings in the technical, political and cultural areas. The teams spend the evening doing analyses of the endings and new beginnings which need to occur in Honeywell Information Systems in the technical, political and cultural areas. These analyses begins to lay the groundwork for recommendations made later in the week to senior management.

Wednesday: On this day there is a new beginnings activity in which the teams present their skits to management. Each team acts out the skit in front of the group and senior management. Then their is a discussion of action implications. By the end of the morning a great deal of fun and creativity has been exhibited as well as a new clarity regarding priorities for change. Senior management ends the morning with a clear statement of action implications from the skits.

The afternoon on Wednesday is a complete shift of learning modality. The focus continues on new beginnings,, except rather than management processes the shift is to experience teamwork. Participants engage in an executive challenge* activity. It is a set of physical team activities designed to give participants a mini-outward bound experience. The teams are each confronted with a set of physical challenges much like a military obstacle course, each task requiring team planning and cooperation to successfully accomplish. The climax of the afternoon is the scaling of a 12 foot high wall which requires the cooperation of all the workshop participants who must lift members over. After each exercise there is a group discussion of learnings and reactions both at an individual level and at a team dynamics level. There is a great deal of laughter, fun and the energy is very high.

The the evening the teams get down to the task of giving each member feedback on their behavior throughout the week including the "executive challenge" experience. These sessions often go till late in the night and are an opportunity for members to role model some of the values of openness and candor and constructive feedback which they would like in their "new beginning" culture in HIS.

----

* Executive Challenge is the name given to a group at Boston University who ran this event as part of a service they offer to executive programming.

Thursday Morning: Shifts to look at culture. Leonard Schlesinger from Harvard runs a session on culture. He has them work with the Peoples Express case to demonstrate a high energy very unique strong culture company. He then develops a framework for linking cultural values to business strategy and to the role of leader in shaping and molding the culture for the organization. The morning ends with analysis of strategies for changing the HIS culture and what leadership tasks confront the group in carrying this out.

Thursday Afternoon: This is the start of the integration and action planning. The first portion of the afternoon is a presentation on the requirements for vision that each transformational leader must have. Developing a vision is examined from both a left brain and right brain orientation. The point is made that they must tap their creative right brain intuition. They need a dream, one that can guide their thinking and helps them develop vision which will both mobilize themselves and their followers.

They are given a task of writing a scenario several years in the future. The exercise involves having them fantasize what an article which features them on the cover of BUSINESS WEEK or FORTUNE in 1987 would ideally say. They spend 45 minutes being journalist, writing about themselves, having to visualize their organization, what they have done a leaders, what the organization look like, etc. It is to be the ideal, but to be realistic. It is to be journalistic which means using the right brain, that is visually oriented with quotes and picture painted by words.

Once the scenarios are written the group is broken into trios who then share what they have written and help each other analyze the scenarios for organizational themes and for individual leadership themes. For example, one scenario portrayed the 1988 HIS organization as a very innovative, systems solution business well integrated with the control system part of Honeywell.

The author of the scenario saw himself as having played a key role in developing this new organization. The scenario was very concrete with images of the physical building, the offices that the fictional reporter visited and actual quotes from dialogues of people and customers of HIS in 1988. When the trio met to analyze this scenario, they identified the following organizational themes: 1) very collaborative environment, 2) open and informal relations among people, 3) innovation highly rewarded, 4) people secure in their jobs, 5) a fun place to be. The individual leadership themes which emerged from analyzing the scenario were that the author seemed to: 1) be motivated by a few key values regarding people - he was driven to help facilitate personal growth of people, 2) be a low profile leader, helped others be out front, worked informally behind the scenes, 3) be able to persevere through the several set backs that his scenario indicated HIS had to go through to make it to the successful 1988, he had the commitment to keep slugging it out.

After everyone analyses his/her scenarios, they spend individual time developing what is termed, a "leadership agenda. "The leadership agenda is a clear articulating of the two or three most high priority accomplishments which they would like to make over the next couple of years. These are the agenda which emerges from their dreams and scenarios. It is the organizing mission for themselves. These are written down. Once they have written their leadership agenda, they are asked to think about others who will need to support them in carrying out their agenda.

Everyone is asked to identify individuals in the workshop with whom they will need to work with to implement their agenda. They are asked to write these names one 3 by 5 card and give them to the workshop faculty who create a giant matrix of all the people in the workshop indicating who wants to talk with whom about carrying out their leadership agendas.

Negotiating Deals: Pairs are formed of individuals who need to work together to insure that leadership agendas are implemented. Individuals are instructed to negotiate deals with each other that are built around their leadership agendas. That is, be explicit about what they need from each other and they writing it down so that they can track the deals over time and also so that the deals can be shared with the total group. The negotiations often take only about 15 minutes, sometimes considerably longer, depending on the issues and nature of the relationships between the individuals. In some difficult cases, individuals who had been fighting for years agreed to change behaviors so as to be able to support each other and the organization. In other cases, individuals who had never had much interdependence joined forces to try and affect change in the future. This deal exercise is aimed at fostering network building within the top management group around leadership agendas and transformation of HIS. By dinner time the walls are covered with flip chart paper listing individual names and the deals which they have struck. Figure 3 includes an illustrative set of these deals.

Thursday Evening: builds off of the leadership agendas and the deals focusing on the larger HIS organization. Each team is now asked to propose action plans for transforming HIS into a successful future organization. These action plans build off of the skits done earlier in the week and the endings and new beginnings analyses conducted on Tuesday morning.

Friday - Endings and New Beginnings: The workshop closes with a dual agenda. First, is to create a sense of closure to what is a very emotionally charged and positive experience for most of the executives. By the end of the week most everyone has worked through a series of emotional ups and downs and has emerged with some important self-insights, a revitalized feeling about HIS and the other executives in the leadership group and finally have a sense of

mission about their own leadership role in bringing about the new HIS. The second agenda, is to view the leaving from Gainey Farms as not an ending but a new beginning, a platform for change that needs to occur back in the organization. It is with these agendas in mind that we describe the closing events.

"Quaker Meeting": The morning starts with a brief review of the transformational leadership framework, thus, reminding people that they have been working through a transition zone on the way toward the building of a transformational leadership agenda for HIS. The morning is spent in a general session with an open forum, much like a "Quaker Meeting" in which whomever is moved to share something, talks. In this case, people are encouraged to share something with the total group and are told that this is an opportunity for them to get some closure. Most everyone speaks up with comments ranging from personal commitments to never allowing themselves to slip back to the old ways, to thanks to colleagues and faculty for an important event in their lives, to sharing of their leadership agendas. The tone is quite emotional and people feel a bit sad that the event is ending but at the same time revitalized to go out and fight the battles which need to be fought. After about an hour the Quaker Meeting ends and teams are asked to meet for a final session.

Team Ending: The teams are asked to get closure by standing back and evaluating the week in a memo written to Jim Renier and the top management group. This memo is organized around two issues. The first is the team's assessment of how much the workshop accomplished its stated goals: 1) helping individuals assess their personal leadership styles through feedback from subordinates, 2) building teamwork among the top leadership of HIS, and 3) helping HIS in its transition to a new culture. The second is the team's

recommendations about future leadership workshops. These memos provide an important vehicle for Jim Renier to track, the process and perhaps more importantly the teams get to share their feelings about the experience among themselves.

The final portion of the morning is spent with each team presenting their recommendations to senior management for change. These have included recommendations for change in the compensation system for executives, the way in which the talent and succession planning is done and the strategic planning process.

The program ends with a very brief symbolic event. The executive challenge activities of Wednesday afternoon are video taped. The 15 minute video tape is created of critical incidents showing teams doing the various outward bound activities. The final portion of the tape shows the participants struggling over the 12 foot wall. It provides a very powerful and fun symbolic
endings to the workshop.

OUTCOMES OF THE LEADERSHIP WORKSHOP

A follow-up of the initial 130 leadership workshop participants demonstrated profound personal and organizational changes which participants attributed to their workshop experience. These outcomes can be categorized in the following ways:

Personal Impact: Perhaps the most important part of the workshops has been the impact that it has had on individual's personal lives. Numerous accounts have been shared of how individuals have reoriented the way they deal with other people, including the way in which they deal with their family

members. One workshop participant openly claimed the workshop "saved my marriage, and that makes it worth any price to me."

Deals with Other Managers: As part of the process, everyone is asked to negotiate several important deals with other managers necessary to carry out their leadership agenda. On an average, each participant cited 2.4 agreements successfully initiated and implemented with other workshop participants as a result of the experience.

Energy Down the System of Change: In the majority of cases, workshop participants have gone back and met with their subordinates and designed some carry-on activity to move the spirit and learnings away from the Gainey Farm experience down the system. Many participants cited more frequently held information-sharing meetings, team-buildings, and efforts to encourage employee participation and clear communication.

New Cultural Stories, Myths, and Rituals: The Gainey Farm experience has created it's own set of cultural stories and myths and because they took place in the prototype temporary system, they have become symbols of the new culture and the new way of operating. People often refer to "the new I.S." or chide each other for not doing things "the Gainey Farm way."

Pressure for Change Up the System: The workshops have created a continual pressure to respond to action plans proposed by the participants. The strategic planning process, goaling systems, management development and compensation systems are all being revamped due to the recommendations of independent groups of line managers meeting on their own initiative to suggest needed reforms.

A New Management Club: The Gainey Farm participants have created a new colleagual in-group, namely, those who have been to the Gainey Farm experience. This club is international in scope, and constitutes an aspired-

to "in-group" which is both rewarding for those who belong, and motivating to those who don't.

Leadership Agendas: Everyone leaving Gainey Farm has a written, articulated vision of what they are marching out to try and do. They have done some work to think about how they are going to get commitment to that vision and many moved forward, starting implementing their agenda.

Pressure for Changing the Human Resource Systems: As the result of the Gainey Farm experience, there has been increasing awareness and commitment on the part of key executives to alter the human resource systems as vehicles for committing the organization to the new vision and most importantly for institutionalizing the new culture. This ferment for change has spread out to the rest of Honeywell as a corporation, and has become an important source of innovation and pressure to change.

HIS AT THE END OF 1984:
THE FUTURE OF THE TRANSFORMATIONAL PROCESS

One year after of the start of the Executive Leadership Workshops, now referred to in the lore of Information Systems as Gainey Farm, the organization is well on its way toward revitalization. In 1984 performance of HIS was substantially above plan, with increased bookings, orders, deliveries and revenues. Although the computer business had not achieved the established Honeywell hurdle rates of 14% ROI, the business was vastly improved. Most important was the confidence expressed by large-system base customers in the new directions of the business.

In addition, a cultural shift was taking place. New forms of cooperation resulted in working out agreements on transfer prices, development

costs, and marketing strategies across divisional boundaries - negotiations previously would have instigated interdivisional warfare and required the intercession of the President.

The top 150 executives had coalesced to create a critical mass of transformational leadership, and the management and human resource systems were in the process of being realigned to support the new culture and business strategies.

Dramatic evidence of the new culture was seen in the way in which the business was reorganized. Rather than drawing a new chart on the back of an envelope and announcing it to the organization, Renier assemble his top executives and their staffs for a team approach to design. With requirements established by Renier, the team developed, endorsed and implemented a new organization that resulted in free standing divisions with independent P&L's.

The plan created significant shifts in the balance of power and there are many who question whether a Systems Business can effectively be managed in a decentralized fashion. The process of reorganizing, however, demonstrated a new level of maturity for the organization.

Despite these accomplishments, several tests remain for the future. The organization is in the latter stages of the transition zone, and not fully into the new beginnings. They will move forward only if there is constant reinvestment and reinforcement of the transformation process.

HIS: THE CHALLENGE AHEAD

Top Team. The most serious challenge facing IS is maintaining a continuity of leadership. In early 1985, Renier was replaced as President of Information Systems, because his role of Vice Chairman of Honeywell was

enhanced. His replacement, William Wray, has been a long term Control Systems Executive who has been given the charter to further integrate the controls in computer businesses. Given the previous organization in which Renier imported many former colleagues from the control side of Honeywell, the majority of senior level executives are not seasoned computer executives with experience working together as a team. In addition, senior executives who have long labored in the computer business, question whether they are being by-passed in favor of the Control Systems newcomers.

Wray's challenge will be to assess the viability of continuing Renier's decentralized organization, and to build a cohesive and spirited team at the top. While there have been improvements in this regard, even before Wray's arrival, team members still waver between demands of their own area and the need to adapt an HIS perspective.

Strategy: With Wray's ascension, the lingering doubts about strategy and direction maintain. While on one hand the movement of Control Systems executives into the computer business signals a commitment to the long term strategy of interaction, the need to gain employee confidence - particularly in the large systems section of the business - is high. 1984 success was built on the old business and strategy, and there is a great deal of uncertainty and lack of empirical support that the desired state, built on systems solutions and integration, is in fact viable.

Human Resource Systems remain relatively unchanged. In spite of all the emphasis placed on altering these systems, there has been no fundamental shift. This will require the kind of attention that such leaders as Tom Watson at IBM, Reginold Jones at GE, and Hewlett and Packard at HP gave to setting the policies for selection appraisal reward and development as shapers of the cultures they wanted.[4] The top leadership has currently been able to

override the traditional human resource systems, but in the long run bureaucracy cannot endure most leaders.

Instituationalization of Change. Much of the energy for the change process has been the vision and the energy demonstrated by Jim Renier. With his new distance from the business, attention must be paid to institutionalizing the changes made in the past two years. Many of the recommendations developed in the Gainey Farm workshop have been implemented, but the challenge will be to maintain the new culture and values in a constantly changing environment. It is uncertain whether Renier's departure will unravel the change effort or Wray will be able to continue the vision and leadership by building on Renier's efforts.

Like the story of so many organizational change efforts, there is no ending to this one. It has been possible to effect change through a conserted intervention, but the results will be probably be the beginning of a new cycle of change.

REFERENCES

1. Bridges, William, "Transitions: Making Sense of Life's Changes," Addison-Wesley, 1980.

2. Tichy, Noel, Managing Strategic Change, Wiley, 1983.

3. Galbraith, Jay, "Designing the Innovating Organization," Organizational Dynamics, Fall, 1982.

4. Fombrun, C., Tichy, N., and Devanna, M., Strategic Human Resource Management, Wiley, 1984.

APPENDIX

Executive Leadership Workshop

SUNDAY

3:30   OPENING AND OVERVIEW

*Vice Chairman welcomes the group and sets out his expectations for the session.

*Overview of the workshop by faculty and introductions of participants.

5:30   COCKTAILS AND DINNER

7:30   CULTURAL ENDINGS AND NEW BEGINNINGS: SORTING OUT THE GOOD AND THE BAD

*The evening is spent sharing stories - each person relates one story from the Honeywell past which represents a value to be discarded plus a story which represents something to preserve.--It is much the kind of story telling which often goes on around a bar - the difference is that the stories are analyzed for their messages - it is often the first time such sharing has occurred - the result is a much more focused view of what needs changing in HIS.

MONDAY

8:30   TRANSFORMATIONAL LEADERSHIP

*The morning is spent going over the organizational and individual dynamics of strategic change and the requirement for transformational leaders in contrast to traditional managers - the topics of resistance to change, creating a vision of the future, gaining commitment to the vision, and institutionalization of change are explored. The TPC (technical, political, and cultural) framework is presented as the job description of a leader. Each individual does a TPC analysis of the Honeywell Informations Systems (HIS) organization and these are shared as a way to identify major leadership challenges facing the group.

12:00   LUNCH BREAK

12:00   PERSONAL LEADERSHIP STYLE

*The afternoon is spent: First learning the forum corporation's dimensions of leadership style - clarity of goals, commitment to goals, standards, recognition, responsibility, and teamwork; then receiving feedback reports which are based on data collected from each executive's subordinates on these dimensions. Their own ratings are compared to their subordinates as well as to national norms. These data provide a powerful stimulus for self analysis and individual change plans.

5:30   DINNER BREAK

7:30   TEAMS WORK WITH INDIVIDUALS ON PERSONAL LEADERSHIP STYLE ACTION PLANS

*The evening is spent in teams reviewing the feedback reports. Individuals get consultative help from their colleagues regarding ways of improving leadership style - individuals have control over what they share, most choose to be quite open with their feedback reports even when their scores are quite low - this openness sets the stage for much of the learning in the remainder of the week.

TUESDAY_____

8:30   DESIGNING THE INNOVATING ORGANIZATION

*Jay Galbraith presents a framework and set of guidelines for designing the innovating organization. One that can overcome the inertia and resistance to product and service innovations built into most traditional bureacracies. He analyzes where to position R&D activities, how to design appropriate reward systems how to fund internal new ventures, how to manage idea people, sponsors, etc.

12:00 LUNCH BREAK

1:30   NEW BEGINNINGS: MANAGEMENT PROCESSES WHICH ARE REQUIRED FOR THE NEW
              HONEYWELL INFORMATION SYSTEM CULTURE

*Teams each take on one key management process, strategic planning, financial reviews, talent reviews, etc., and analyze its current practice as well as how it needs to be changed in order to support the new HIS culture. Rather than prepare a formal presentation, teams are asked to design two skits. One which represents how the process is currently carried out focusing on the negative aspects. The other on how the management process should look in the future. These 15 minute skits are designed to be acted out in front of senior management as a way to dramatically identify changes which need to be made. The skit development requires a much riskier and real life portrayal of problems and potential solutions.

5:00   BREAK FOR DINNER

7:30   ANALYSIS OF ENDINGS AND NEW BEGINNINGS: TECHNICAL, POLITICAL, AND
                                           CULTURAL TASKS

*Teams spend the evening doing an analysis of the endings and new beginnings which need to occur in Honeywell Information Systems in the technical area, political area, and the cultural area. This analysis forms the backdrop for recommendations to senior management at the end of the week as well as ground work for the skits.

WEDNESDAY_____

8:30   NEW BEGINNINGS: PRESENTATIONS OF DESIRED NEW MANAGEMENT PROCESS TO
       SENIOR MANAGEMENT

       *Teams present their skits to management. Each team acts out the skits
       in front of the group and senior management. Then there is a
       discussion of action implication. By the end of the morning a great
       deal of fun and creativity has been exhibited as well as a new clarity
       regarding priorities for change.

       Senior management ends the morning with a clear statement of action
       implementation.

12:00 LUNCH BREAK

1:30   EXECUTIVE CHALLENGE: TEAM'S PARTICIPATE IN A MINI OUTWORD BOUND
       ACTIVITY

       *Teams face a series of physical task each of which requires teamwork
       for success. These include scaling walls, escaping from enclosed
       areas, etc. In each of the physical challenges there is a need for
       cooperative teamwork, trust etc., to succeed. The teams are observed
       by staff during these activities for feedback later on in the day.

6:00   BREAK FOR DINNER

7:30   TEAMS REVIEW PERFORMANCE AND GIVE EACH MEMBER FEEDBACK

       *Based on the executive challenge activities and the teamwork during
       the first portion of the week, each team member is given feedback from
       both staff and colleagues regarding leadership and interpersonal
       style. It is the first such feedback many of these executives have
       received - it is a good supplement to the feedback from their
       subordinates. These sessions often go to midnight as the emotional
       impact is quite intense.

THURSDAY_____

8:30   CULTURAL LEADERSHIP: HOW TO BRING ABOUT CULTURAL CHANGE

       *This session focuses on the task of a leader with thousands of
       subordinates and what it takes to mold and shape a new culture.
       Personal and interpersonal style must be supplemented with the use of
       symbols, rituals, creation of stories and myths, and the systematic
       use of human resource systems to shape and reinforce cultural values.
       Case examples from IBM, HP, INTEL, and TI are used to illustrate the
       points. Each individual is pushed to analyze his/her own culture and
       what to do to alter it.

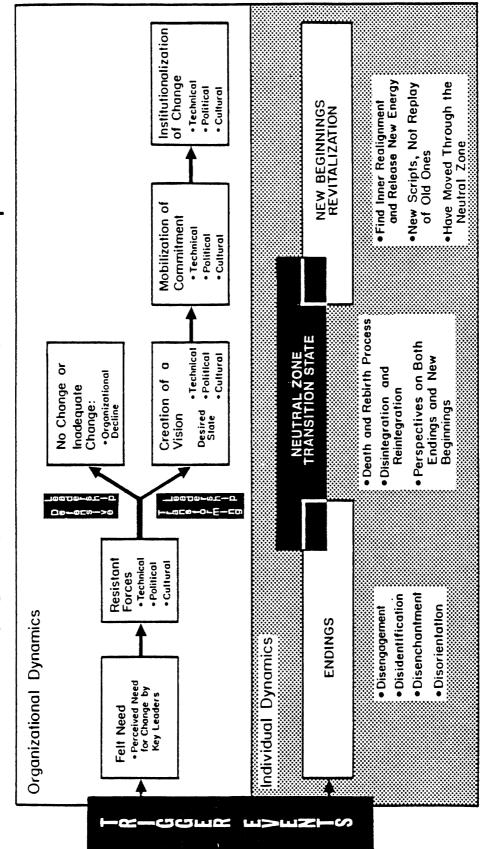12:00 LUNCH BREAK

1:30   CREATION OF A LEADERSHIP AGENDA

*Transformational leadership and vision are the topics for the afternoon. Each participant is asked to do some dreaming - if they succeed as a leader what will their legacy to Honeywell and themselves be? They each write a Business Week, Fortune, or Wall Street Journal article featuring them written in 1988. These are to be a visionary as possible.

*Analysis of written scenarios to identify important organizational and personal themes—individuals share their scenarios in small groups which then analyze them to help in the creation of a leadership agenda for each person. These are to be built upon a couple of core themes and values.

3:00   INDIVIDUALS WRITE UP THEIR LEADERSHIP AGENDAS AND IDENTIFY WHAT THEY NEED TO ACCOMPLISH OVER THE NEXT SEVERAL YEARS TO SUCCEED

*Individuals identify deals which need to be struck with others to successfully implement their leadership agendas - they identify others in the workshop who they need to carry out negotiations with in order to implement their agendas.

4:00   TWO PERSON NEGOTIATIONS: MAKING DEALS

*A giant matrix of all the people in the workshop is created with a posting of who wants to negotiate with whom - pairs go off for 20 minutes at a time to negotiate deals which are written on flip charts and posted publically - each person typically negotiates three to five deals, all of which are built on their leadership agenda.

6:00   DINNER BREAK

7:30   TEAMS PREPARE PRESENTATIONS TO SENIOR MANAGEMENT FOR CHANGING THE HIS CULTURE

*Each team prepares a presentation which builds on the skits and the analysis of needed endings and new beginnings for HIS done earlier in the week. These presentations are very specific and focuses on management processes and practices.

FRIDAY_____

8:30   SHARING OF PERSONAL LEADERSHIP AGENDAS AND REFLECTIONS ON THE WORKSHOP

*For approximately one hour people are given an open forum for sharing any aspect of their personal learning or leadership agendas - the session includes all the workshop participants plus senior management. There is generally a great deal of positive affirmation of how the team of senior executives at HIS will succeed and how the workshop has provided the needed personal and organizational impetus for change. The tone is quite upbeat and inspirational.

9:30   TEAMS EVALUATE THE WORKSHOP AND COMPOSE A MEMO TO THE VICE CHAIRMAN
        GIVING THEIR FEEDBACK ON THE WORKSHOP

10:00   PRESENTATIONS TO SENIOR MANAGEMENT

        *Each team presents its recommendations to senior management. The
        recommendations are discussed and decisions for next steps are made.

11:30   FINAL SESSION: AWARDS ARE HANDED OUT AND A SHORT VIDEOTAPE OF EXCERPTS
        FROM THE EXECUTIVE CHALLENGE SESSION IS SHOWN AS THE ENDINGS FOR THE
        PROGRAM

FIGURE 1

Transformational Leadership

© Noel M. Tichy and David O. Ulrich, 1983