International Journal of Leadership Education

Volume 1 Issue 1: 2005

CONTENTS

Four Studies of Executives Helping Employees Align Their Actions and Values

Stewart D. Friedman
Director, Work/Life Integration Project, The Wharton School, University of Pennsylvania

What does it take for business leaders to integrate the different domains of their lives (work, home, community and self) and what must they do to ensure that the people in their organizations are able to do the same?

These are the questions that were taken up in innovative ways by the "work/life movement" as it began to find its voice about two decades ago. At the University of Pennsylvania's Wharton School, the Work/Life Integration Project convened a group of business school faculty and business leaders to see if we could find some answers. And we did. Over the past 15 years we have met on five occasions, each time focusing our efforts on generating useful knowledge; ideas for action that people in organizations might use to improve performance by integrating work and personal life.[1]

We started by exploring dilemmas in teaching about work/life integration. Then we researched what individuals and managers need to know to integrate work and personal life. Finally, we asked about the role of senior executives in creating and sustaining organization cultures that recognize and support employees at work and beyond. Four case studies emerged from this most recent initiative, and they are presented in this issue of this journal.

These cases are about the challenges of leadership: how to mobilize resources towards valued goals, initiate innovation, and inspire commitment. These cases were written to be of practical use to those interested in learning more about what leaders can and must do to create opportunities for employees to contribute to their organizations and to live full and productive lives.

The first, by Sharon Lobel, is about AlliedSignal. It focuses on a leader's struggle to integrate an unyielding demand for bottom-line results with a focus on the whole person. The second, by Stew Friedman, Cynthia Thompson,

1. Publications from this research project include: (1) Friedman, S., D., Christensen, P., and DeGroot, J. , (1998) "Work and Life: the End of the Zero-Sum Game", *Harvard Business Review*, Nov.-Dec., (2) Friedman, S. D., DeGroot, J., and Christensen, P., (1998) *Work and Life: The Wharton Resource Guide*, Jossey-Bass/Pfeiffer, (3) Friedman, S. D. and Galinsky, E. (2000) "Corporate Help Is at Hand for Working Parents", *Financial Times*, November 22, and (4) Friedman, S. D. and Lobel, S., (2003) "The Happy Workaholic: a Role Model for Employees", *Academy of Management Executive.*

Michelle Carpenter, and Dennis Marcel, tells the story of how then-Chairman Phil Laskaway advanced the cause of work/life integration at Ernst & Young. The third, by Ellen Bankert, Mary Dean Lee, and Candice Lange, describes how top management fosters what many commentators have described as an almost utopian work environment at SAS Institute. Finally, our fourth case, by Phyllis Siegel, explores how senior executives moved towards faster time-to-market in the rapid-paced world of data systems at Seagate Technology while striving to help employees achieve important life goals.

In these detailed case studies readers will find practical examples of how executives take action on both a one-on-one basis as well as in organization-wide initiatives to make work flexible and supportive of employees' lives beyond work, while persistently focusing on critical performance goals. If you are interested in learning more, please contact the author at friedman@wharton.upenn.edu

AlliedSignal[1]

Sharon Lobel[2]

Seattle University

Abstract. The AlliedSignal case demonstrates how a leader establishes an organizational culture that demands superior performance, while allowing employees to "have a life outside of work." Two senior executives, one an avowed "workaholic" and the other a mother, who insists on making time for her family, talk about work/life balance and flexibility. They stress the importance of getting to know employees and supporting them as "whole persons." Clear objectives, frequent communication, talented staff, and "family friendly" employer programs enhance their efforts. Employee comments from focus groups and interviews round out the executives' perspectives The case can provoke discussion about whether the responsibilities of executives prevent them from having "work/life balance"; and whether employees truly have choice about voicing and acting upon work/life values that may be different from those of their boss. What kind of culture and leadership style do readers find attractive? Teaching notes and additional discussion questions are included.

Executive Summary

The AlliedSignal case revolves around a leader's ability to integrate an unyielding demand for bottom-line results with a focus on the whole person. How does Sandra Beach Lin "walk the talk"? How do others reflect her style? What has she been able to achieve using this approach?

Since 1993, AlliedSignal has developed a wide range of work/life programs and policies to support employees. AlliedSignal recently received an award from the National Council of Women for Family Friendly programs recognizing its contributions to the advancement of women in corporate America. From 1995 to 1997, employee satisfaction with benefits increased from 50 percent to 63 percent, corporatewide.

AlliedSignal's CEO, Larry Bossidy, joined the company in 1991. He earned a reputation as a hard-driving leader who places a "stretch" on top of the goals that people set for themselves. Headlines about Bossidy in the

---

popular press read "Larry Bossidy won't stop pushing" and "Tough guy." AlliedSignal had 29 quarters of greater than 13 percent net income growth, which validates Bossidy's approach.

The case site is the Specialty Wax & Additives group, one of four Strategic Business Enterprises (SBE) within the Specialty Chemicals Strategic Business Unit (SBU) at AlliedSignal. Sandy Lin is vice president and general manager of the Specialty Wax & Additives group, with 800 employees.

Despite her short tenure of 18 months at AlliedSignal, Sandy Lin has come to be known as a leader who inspires her direct reports to accomplish stretch goals without compromising important aspects of life outside of work. Says one of her direct reports, "Sandy sees everyone in the business as more than just a business person. While demands for performance are very high, she is comfortable with each of us formulating a personal process for meeting the various demands. ... When she talks to you, she is interested in what's happening in your life, beyond your contributions to AlliedSignal. Other leaders say that this is their approach, and yet when it comes down to it, there is very little sensitivity about meeting home responsibility in addition to office responsibility."

The case presents elements from conversations with Sandy's senior manager, her direct line and staff reports, and a focus group of employees. These conversations provide insights into how others see Sandy's unique style and how it has affected their performance and morale. Individuals describe changes in the culture of Specialty Wax, although they acknowledge that there is still much room for improvement.

Sandy's style, at this point, is not a catalyst for change outside of Specialty Wax. If she successfully meets her challenging performance goals, others within the broader company may become curious about how she was able to do so.

1. Introduction

AlliedSignal's Specialty Wax and Additives group is one of four Strategic Business Enterprises within the company's Specialty Chemicals Strategic Business Unit. Sandra Beach Lin is the Vice President and General Manager of the Specialty Wax and Additives group, working under Gary Cappeline, the President of Specialty Chemicals. (Exhibit 1 includes an organization chart).

Specialty Wax's headquarters are in Morristown, New Jersey, but the group is spread across eleven sites, including overseas locations in Belgium, Britain, and Asia. The group has about 800 employees, of which 500 are hourly (including 200 union members), 100 are non-exempt salaried, and 200 are exempt salaried. Sandra Beach Lin began her career at AlliedSignal five years earlier, and was based in Singapore for the first two years. She has been in her current position for a little over a year. Gary Cappeline also joined Specialty Wax about a year ago.

Waxes are derived from oil and ethylene and are custom tailored for customer formulations. The Specialty Wax group produces wax for candles, firelogs, adhesives, cable, plastics, textiles, packaging, rubber, and ink.

Petroleum – and hence wax – is a volatile market, and generating new products is very important. The right raw materials must be at the right place at the right time to make products that customers want at the price they demand. With several oil refiners in the United States de-emphasizing or eliminating their wax business, the supply/demand chain is shifting. The wax business is affected by oil prices and supplier availability.

The Specialty Wax and Additives group functions in this highly competitive environment. And on top of it, the executives have a tough man for a boss: Larry Bossidy, AlliedSignal's chief executive officer. He is a man who constantly pushes the company – every division in this highly diversified enterprise – to reach ever-higher financial objectives.

> We try to set different goals every year. For example, one year it might be growth, productivity and return on capital. And by the way, if you don't make 12 percent return on capital, we'd just as soon have you share your expertise with somebody else. I have trouble with nonfinancial objectives. Often they are as obscure and vacuous as they sound.
>
> Larry Bossidy, CEO, AlliedSignal

(Exhibit 2 and Exhibit 3 show the 1998 and 1999 goal linkage chart for Specialty Wax and Additives)

Larry Bossidy, who joined AlliedSignal in 1991, has earned a reputation as a hard-driving leader. Headlines about him in the popular press speak of how he "won't stop pushing" and describe him as a "tough guy." Once his people set their business goals, he places a "stretch" on top. AlliedSignal's financial performance seems to validate Bossidy's approach.

> When you set your operating goals, it's a challenge. But then Larry puts on a stretch. It loses its stretch and it becomes your promise. This creates tremendous pressure and anxiety. This is how you get 29 quarters of greater than 13-percent net income growth. Not everyone can deal with it. ...
>
> Lloyd Wilky, Human Resources Director, Specialty Wax and Additives

And what happens if goals – that is, the "stretched" goals – are not met?

> People get reprimanded. I haven't seen people fired because they don't meet target, but they will be duly impressed with their vulnerability.
>
> Specialty Wax Employee

Larry Bossidy is a man known for valuing people who work hard, and for rewarding them with promotional opportunities.

> Some people want tools to relieve them of responsibility. Others wrestle with the challenges. They acknowledge it's not an easy place to work in, but they've figured out the balance between payoff and costs is in their advantage and that the organization is rich with resources to help you own whatever you're willing to take responsibility for. Larry holds you responsible. He's never going to let you off the hook from the results that he expects, but he'll respect you for the issues that you face.
>
> One of Sandra Beach Lin's Direct Reports

When Larry Bossidy took over as CEO, AlliedSignal was showing productivity improvements and net income improvement. He demanded more. For 1999, Bossidy's strategic goals were growth, continuous employee learning, and a focus on quality with Six Sigma tools.

2. The AlliedSignal Culture

The backdrop for the challenges facing the Specialty Wax & Additives group is a corporate culture at AlliedSignal that puts great demands on employees. What is it like to work at the company? One employee, to roaring laughter, said: "It's pretty laid back." Then he added: "Not!"

> Churn and burn is a reputation that AlliedSignal has on the street. It's a difficult environment to work in, and to sustain that level of energy.
>
> Susan Hofman, Director of Diversity and Human Resources Services[3]

> People are here seven days a week. Some people expect a Sunday morning meeting. It may be a customer emergency, but quite often we do it to ourselves.
>
> Allied Signal Employee

> Meetings start at 7 a.m. and run until 6 p.m. It's hard to get stuff done around other times. After weeks of meetings, you have a pile of stuff on your desk and people think you've been on vacation.
>
> Allied Signal Employee

One particular aspect of the AlliedSignal culture – which starts at the CEO level and permeates the company – is particularly "painful", to use one employee's word.

---

3.   In the new Honeywell organization, Susan Hofman served as Vice President of Global Diversity until her retirement in 2001.

I have never seen a presentation culture like this one. We attempt to create more information per piece of paper, and more pieces of paper per unit time, than any company I've ever worked for. It's tough to change. This is the culture.

> Gary Cappeline, President, Specialty Chemicals

> If you're not comfortable in setting your boundaries, AlliedSignal will suck everything out of you. It takes a certain amount of courage to say I can't come to this meeting, or I can do this but under these conditions, as opposed to going along with what everyone is going to do. The best companies should not require you to use that courage in that way.
>
> One of Sandra Beach Lin's Direct Reports

> There are people who are not only attracted to this kind of culture but who thrive in it.
>
> You can either accept it and figure out how to take advantage of it, or you can walk out the door. I have to accept the fact that it doesn't always feel good, but I do my best work when I'm in that situation.
>
> Lloyd Wilky, Human Resources Director, Specialty Wax and Additives

> These numbers are within our grasp, because the people that we hired, they're professionals. They know that if we don't make our numbers, they're the ones in trouble. I don't need to pound on them. These are people who pound on themselves for the most part.
>
> I'm always going to give 100%. And I have a team that can do that. And I trust them to do that.
>
> Sandra Beach Lin, VP and General Manageer, Specialty Wax & Additives

3. Corporate Work/Life Programs and Policies

Alongside the push for performance, there have been a variety of steps taken at the corporate level to help promote work/life balance. When Susan Hofman became AlliedSignal's director of diversity and human resource services in 1993, she already had been with the company for a long time. But beginning with her tenure, AlliedSignal began to develop a more formal approach to work/life issues.

> The company has a written work/life philosophy:
>
> ·   The balance of work and life is a business challenge to AS and a personal challenge to our employees. We are committed to: providing work environments that are reinforced by policies and practices that are flexible

and supportive of achieving this balance; and retaining and attracting the best talent.

AlliedSignal Work/Life Initiatives Policy Statement

Under Susan Hofman's guidance, the company has instituted several formal policies and programs at the corporate level. Some are available only in headquarters; others are more widespread. (Exhibit 4 shows the Hewitt People Practices Inventory)

On the larger scale, there are written guidelines governing *flexible work arrangements*, which include designing and implementing telecommuting, flextime, compressed workweeks, reduced worktime options, part-time work, job sharing, and phased or partial retirement. The company offers supports – "Help When Life Happens Program", a companywide Life Events Line, resource and referral for childcare and maintains an on-site Child Development Center serving 126 children at its Morristown headquarters. There are medical screenings, a health and fitness center, and a workplace planning center where employees have electronic access to information on flexible work arrangements, dependent care programs, and wellness.

Employees can take advantage of a "Concierge Service" offering an on-site company store, credit union, dry cleaners, foods-to-go, shoe repair, prescription service, and personal mail and package service. Relocation services are provided, and there are flex dress codes.

Even in this churn and burn environment, a lot is going right. In 1999, AlliedSignal received an award from the National Council of Women for Family Friendly programs, recognizing its contributions to the advancement of women in corporate America. And in surveys conducted between 1995 and 1997, employee satisfaction with benefits increased from 50 percent to 63 percent corporatewide.

4. Defining a Culture Through Leadership

Sandra Beach Lin joined Specialty Wax with hardly room to breathe. AlliedSignal had purchased a wax competitor, Astor, just nine months earlier. Her task was to integrate Astor's operations while firmly rooting the culture of profitability and growth demanded by Bossidy. And to do so, she brought together one of AlliedSignal's most diverse management teams – a team that includes Pam Roach.

When Pam Roach arrived at AlliedSignal's Specialty Wax and Additives group as the director of marketing, it was clear to her that she was in a different environment. She had first joined AlliedSignal some fifteen years earlier, and was told then that since she was a salaried employee she worked for the company twenty-four hours a day. Pam Roach was expected to pick up voice

mail every weekend, be on call around the clock to speak with her boss, and handle customer service any time, day or night.

Travel was part of Pam's job 70 percent of the time. Spending Sundays on an airplane was a regular part of her work routine. During the week, she'd often set out for another location after putting in a full day at her office, arriving at the new location at midnight.

Pam internalized these expectations. When people came to her and asked why they had to entertain a customer until 11 p.m. on a weekday, and made the case for time after 5 p.m. being personal time – not AlliedSignal's time – she would think they were speaking "another language".

Today, in the Specialty Wax group, Pam speaks that other language. For Pam, spending time with her people, trying to understand their personal issues around achieving higher levels of success and productivity, is time well spent. She attributes this change in her approach directly to Sandy's influence.

Sandra Beach Lin set out to define a culture for Specialty Wax. She began with AlliedSignal's own seven "core values" for the corporation: customers, integrity, people, teamwork, speed, innovation, and performance. The Specialty Wax "high-performance culture" has four components: customer-driven; we value relationships; commitments matter; teamwork gets results. These are integrated by an overarching emphasis on growth as a measure of effectiveness. Sandy's hiring practices, communication norms, and emphasis on trust-building reinforce these values.

> To start with, it's hiring the right people. That starts at the top level all the way down to supervisor, making sure they have respect for the individual, working to develop the people who work for you. We have a commitment to forty hours of training for everyone, including operators.
>
> The second thing is communication. We can never overcommunicate, so we keep trying different methods to deliver information.
>
> The third thing is trust. And that goes all through the organization, whether it's the person packing bags in Belgium, or a shift supervisor in Orange, Texas, or a sales rep in Asia. We trust them to make their own decisions and to do the right thing and also to help find their own balance.
>
> Sandra Beach Lin

Sandra Beach Lin's "Whole Person" Philosophy

More than any specific policy or program, Sandra Beach Lin's focus on the "whole person" is the cornerstone of the culture she is building. Sandy communicates to her people that work/life balance matters to the business, and that the "whole" person matters, not just the "work" person. This philosophy

is firmly grounded in business objectives. For example, one of the issues for AlliedSignal is that other companies are picking off their talent. For Sandy, a focus on the whole person is not an end in itself, but is a vital means of protecting the company's investment in its people. (Exhibit 5 includes excerpts from Sandra Lin's presentation)

> We want to make Specialty Wax such a great place to work that we have fewer retention problems. A big part of that is work/life balance – making sure that people who work here know that they are welcome to be who they need to be.
>
> Sandra Beach Lin

People like Pam resonate with this message.

> When you think about how much time you spend at work, it's probably more self-fulfilling and productive to have the attitude about work that you have about life. You need to be working with people at something where you can be your whole self. Sandy's leadership of this business makes it easy to be yourself. She doesn't force you to deny yourself.
>
> Pam Roach, Director of Marketing, Specialty Wax & Additives

But Sandy's focus on the whole person also comes naturally to her. She enjoys getting to know her people on a personal level: what's going on in people's lives outside of work, and the names of their spouses and kids.

> I hope we know a little bit of what's going on in people's lives outside of work. I always ask people: How's your wife? How's your husband? How are your kids?
>
> Both of Denise's sons broke their legs last year playing football. I told her to do whatever she needed to do. If she needed to work out of home, that would be okay.
>
> It's important, first of all, that we know about these things, and the only way you can know is if you try to make some contact. I try to maintain contact and take a real interest – I hope people see it as a real interest.
>
> I also think it's fun to talk to people about what they're all about. So that's the way I do it.
>
> Sandra Beach Lin

Whenever she can, she takes the opportunity to acknowledge that her people have lives outside of work – as in her weekly voicemail messages to her direct reports.

> Before I get started on a few of the items that came out of the Specialty Chemicals Team Leadership meeting this week, I just wanted to remind all of you that one of the most important things about being a leader is balancing everything we've got coming at us. And I'll tell you, if you think it's busy now, it's going to get even busier.
>
> Our number one priority is not just making the numbers but exceeding the numbers. We've got [she lists a number of business changes and priorities] ... and, on top of all this, everybody's got to live their lives. I just want everybody to think about how you're spending your day and also how you're utilizing your team to the best of their capabilities so you're not doing it all. And, as you know, I'm fully supportive of you. I'm behind all of you 100 percent.
>
> Sandra Beach Lin

Open communication is another element of Sandra Beach Lin's management style. She has an open-door policy, and everyone is free to speak with her. Her managers exhibit no defensiveness about employees talking with Sandy, because they view her as fair.

> There is still room for improvement, but we've come a long way. Sandy is very high energy. She grasps onto things really quickly. She realizes the value of how changes will benefit us. She walks around the floor, talks to people, really tries to get to know them.
>
> Lynn O'Rourke, Executive Administrative Assistant to Sandra Beach Lin

Sandy even keeps a "scorecard" of how much time she spends each week with each of her direct reports, many of whom are located around the globe. As she explains, this helps ensure that each person feels "connected". (Exhibit 1 depicts Sandra Beach Lin's scorecard)

Another key to her management style is flexibility regarding how work gets done. Sandy doesn't tell employees how to do things, only what the end result should be. She gives employees the flexibility to deal with issues beyond work. For example, at a meeting that started at 4 p.m. on a Friday, everyone present said at the beginning they had to leave at a reasonable time. So, Sandy cut the meeting short, promptly at 6 p.m.

> Sandy was very supportive when I had to leave for three weeks to go overseas, at a moment's notice, to adopt a child.
>
> Specialty Wax Employee

> Sandy sees everyone in the business as more than just a businessperson. While demands for performance are very high, she is comfortable with each of us formulating a personal process for meeting the various demands. There is no set time that everyone must be in the office, come hell or high water. A scheduled meeting needs to be based on people's personal needs, say to drop

children off to school. She is flexible about people working from home. When she talks to you, she is interested in what's happening in your life, beyond your contributions to AlliedSignal.

> Pam Roach

I trust in people and let them do the job.

> Sandra Beach Lin

This trust is accompanied by a resolute attitude regarding problem behaviors among employees.

> I don't want to pound on people, but I won't tolerate high-handed tactics, yelling, belittling, or other non-professional behavior. We call people on these problems.
>
> One plant manager was very autocratic. He was not welcoming suggestions from employees. So, we changed him.

> Sandra Beach Lin

There are broader skills involved in Sandra Beach Lin's management style. Beyond the business acumen that got her into the leadership position of the Specialty Wax group, she possesses a certain "emotional intelligence" that fuels the interpersonal trust and respect she values and role models.

Still, AlliedSignal is a large company, and Sandra Beach Lin's approach to issues of work/life balance is not considered the norm.

> Other leaders say that this is their approach, and yet when it comes down to it, there is very little sensitivity about meeting home responsibility in addition to office responsibility.

> Pam Roach

5. Role Modeling

Susan Hofman characterizes Sandy's leadership style as having integrity. Sandy is a role model for high performance *and* work/life balance. She "practices what she preaches". Employees say that Sandy will not travel on Sunday night. She'll bring home a ton of work, but won't come in over the weekend. She is vocal about when she has to leave early to tend to a personal, non-work priority – and in doing so has reinforced that leaving meetings for personal reasons is okay in the culture. She doesn't hesitate to bring her children to work. And she shares with her direct reports things about her own

personal situation, constantly reinforcing her acknowledgement of their work/life issues.

> Regularly you hear Sandy making comments about her work/life balance. It might be an offhand comment. Or we've had an all-day meeting and she says she has to leave because it's her daughter's birthday and she has a bicycle to give her. And she's real conscious about communicating that at the beginning: 'I have this boundary today and I want to keep to it.' Then I want to do my part to help her meet that goal. She is really conscious of the impact of the things she does on her children. And she talks about them.

> Anne Tiefenthaler, One of Sandra Beach Lin's Direct Reports

> When you're in her office at 7:30 and her daughter calls asking whether she's going to be home for dinner tonight, you know that she's in the ditch with you. She's wrestling with the same stuff you are. She's not perfect, but she somehow balances all this stuff.

> Lloyd Wilky

Role modeling work/life balance is easier when your own boss is supportive.

> One time I went to read to my daughter at school. I told Gary [Cappeline]. Usually, I wouldn't have to mention it to him, but we had an important meeting that day that I would have to cut out of. He said, "By all means, go. But there are times that I may have to tell you that you can't do that."
>
> We've always been honest with each other.

> Sandra Beach Lin

Indeed, Gary also underlines the importance of a "whole person" philosophy of management.

> Being a leader requires a number of leader behaviors, one of which is to manage the entire person that works for you. You're not just offering management to the person who's here ten or twelve hours. You're offering support to a person who has to live a whole life. It's foolish to believe that a person who is unfulfilled in their personal life will be able to turn it off like a toggle switch when they walk in the doors at AlliedSignal. So, to the degree that you can add fulfillment to the whole life, you're helping them add value to their employer.

> Gary Cappeline

And like Sandy, Gary also supports a flexible attitude about how work gets done.

Within the confines of reasonableness, all I see is output. *When* that output occurs is quite immaterial to me. If someone feels that they need to attend a school function for a child, or a spousal function, or something that they need to do for themselves, I'm quite relaxed about that. That doesn't mean I'm going to be relaxed with less profit at the end of the quarter. But I'm certainly relaxed giving as much leeway as I can for people being out of the office during the normal course of a working day.

<div align="right">Gary Cappeline</div>

But there is a key distinction in their behaviors. Unlike Sandy, Gary is not a role model for work/life balance, although he is supportive of the idea and its practice.

I've been honest with you all the way through, so I think I'll be honest now. I don't practice what I preach. I talk about it for my employees differently from how I operate for myself, which is not a good thing, not for the obvious reason that I may be losing balance, but because I send signals to people like Sandy, "Don't listen to me. Watch me." That's the danger. When I joined in December, I warned them about this. I said you're going to hear me say all these wonderful things about work/life balance, but you're going to observe that I don't live it. I'm a maniac. I understand that I am. But don't you be.

<div align="right">Gary Cappeline</div>

Although Gary supports the choices that Sandy and others make, he recalls a particular conflict he faced and how he opted to behave.

I missed the championship basketball game for my sons. And it still bothers me to this day. It was three years ago. Both boys were playing in championship games, one on Saturday and one on Sunday, and I was away that weekend. It wasn't imposed on me; I imposed it on myself.

But the fact is, you want to be part of that life at school. To the degree we can be flexible, it doesn't matter whether it's at 3 in the afternoon or 7 at night. You can depend on employees coming through for you if you show flexibility with the work schedule for them.

It all sounds wonderful looking down from the top. But the reality is I did miss that championship game and there are going to be instances where one has to miss them. The question is: Do you always have to miss them? I think that if you know your employer really, really, really doesn't want you to miss it, and is as keen as you are that you don't miss it — there's a subtlety here — you *may* end up electing to miss it, as I did, but you've got no one to put it off on.

<div align="right">Gary Cappeline</div>

Gary describes these difficult choices in terms of the responsibilities executives have to important stakeholders — shareholders, employees, and family.

[Today, if I had the choice between my sons' championship games and work], I'd go on the business trip. Sandy has 700 people that depend on her. They depend on what she does for their livelihood. That has to be weighed. And she has two beautiful children that depend on her for her motherhood. And that has to be weighed. These are tough decisions. And in my case, it was clear to me that what I had to do that weekend for the company was more important. Now would you make the same decision? I don't know. But the beauty of it is that my boss didn't make the decision. I did.

To be honest, at the end of the day, we're here to serve the shareholders as well as our children. And if the person is consistently showing imbalance towards the home front, we have to react. Quite frankly, I've never had to do that...I've been supervising people since 1976. Never have I ever said to somebody, gee you're really imbalanced away from the company and towards your home front. You need to give us more time. [But I've had the other situation] consistently.

<div align="right">Gary Cappeline</div>

6. Driving Performance with Goal Deployment

Goal deployment is central to Larry Bossidy's management approach for all of AlliedSignal. Sandra Beach Lin has made it a central part of her efforts in the Specialty Wax group.

Since becoming CEO in 1991, Bossidy has opened each new year with strategic goals that serve as the foundation for the goal deployment process. For 1999, these goals are: drive growth by providing products and services of enhanced value to our customers; increase employee skills and opportunities by a commitment to learning; and apply Six Sigma tools to drive productivity and generate cash flow. These corporate strategic goals serve as the basis for a "goal tree."

Each strategic business unit defines how these goals will drive their activities. Ultimately, each AlliedSignal employee should have an idea of how his or her activities contribute to the overall corporate objectives.

Sandy uses a tried and true important business process, goal deployment, and really makes it come alive to address how you get the best from people. You get the best from people by thinking about them as a whole person and being sensitive to how you're going to help them win in all aspects.

<div align="right">Lloyd Wilky</div>

What's nice about goal deployment is it helps make clear what is expected, what people are committing to, not just me saying this is what we've got to do this year. If there's trouble along the way, and problems, and life intervenes, then we work these things out, but if I don't know the people, if I didn't speak with them enough, then I wouldn't know what was going on.

Sandra Beach Lin

Goal deployment is enacted at the individual level, in part, through AlliedSignal's Integrated Performance Management and Development (IPMD) review process. In the IPMD process, managers and their direct reports create Development Action Plans to help employees strengthen attributes defined as core competencies for success at AlliedSignal: business acumen, customer focus, vision and purpose, values and ethics, bias for action, commitment, teamwork, innovation, developing people, performance, and technical skills. Sandy integrates the corporate IPMD process, goal deployment, and the emphasis on continuous learning to help focus on the "whole person."

In the IPMD process, people talk about what they want to do next. That's where we can get into a discussion about work/life balance and work/life priorities.

Sandra Beach Lin

Sandy's keen interest in people – a key part of her natural management style – helps people meet performance and personal goals. But her style has not brought about formal changes in the existing corporate process of goal deployment. Although individuals have discretion in means they use to achieve difficult performance goals, individuals do not document work/life goals on their goal trees. Still, there are signs that this is within the realm of possibility.

Goals outside of work are not coming directly into goal deployment. But, when I was building my own goals, even though I didn't build anything from outside of work into those goals I was very conscious of how many things I could put into my goals so that I could still have a life outside of work.

Anne Tiefenthaler

Lloyd Wilky is one person who is building personal goals into formal processes. When he realized that he was using his talents only at work, and wanted to do something for the community, he included partnering with the Morris County Chamber of Commerce as one of his personal learning plan goals for 1998.

Sandra Beach Lin acknowledges the potential for further – and more formal – integration of performance and work/life goals.

We're really in our infancy in documenting work/life goals. It's something we can talk about. In the IPMD process, people talk about strengths and development needs, but at this point they're still tailored around work. Documenting these goals would legitimize them further.

Sandra Beach Lin

7. Executives Who Discuss The "Undiscussables"

Discussion of work/life balance is not always welcome in the American corporate setting. In the Specialty Wax group, it's a regular part of informal conversations.

At my old job, people would talk about the ballgame from the night before, but not about their kids. It's wholesome and positive here to hear people talking about soccer games and children – because that's who they are.

Pam Roach

Talking about work/life balance is also sanctioned in more formal arenas.

We have a "New Manager Assimilation" process. When a new leader comes in, all of us sit down together – with the new manager out of the room – and say what we know about the new leader and what we want to know. Then he or she comes back in.

In my session, Gary really talked about work/life balance. He said: I'm not going to make this easy on you. You have to help find it yourself.

Sandra Beach Lin

Just as Sandy brings work/life into the formal IPMD process with her direct reports, Gary has raised the issue with her.

At the end of my performance review, Gary asked me: how do you do it? We went into a twenty-minute discussion.

What I do is try to protect the time with my family. That's why I don't come in on the weekend.

Sandra Beach Lin

Even at meetings of the most senior executives, work/life is on the agenda for discussion.

We agonize a lot. But there's a beauty about it, because people that are agonizing care. I've been to three corporate executive council meetings, and work/life balance has come up two times out of three. Did we come out with

well thought-out plans to address this issue? No. Do we communicate a desire to address this issue? Yes. And we leave it up to people like me to create a better culture, one more embracing of the balance.

Gary Cappeline

Furthermore, there is a willingness to confront employees in an effort to resolve problems of work/life balance.

> When I do find people that are imbalanced, the first thing I try to do is ascertain why they are imbalanced. Is it self-imposed, or is it a perception that the company is demanding it?
>
> What I have found is that in nine out of ten cases – and I mean that literally – it is self-imposed. Then the issue becomes: maybe they don't like the home, maybe they're happier outside. If that's the case, that's the employee's business. I don't legislate morality. But if it's that one out of ten cases where they perceive that the company requires it, then I straighten them out – because I am the company.

Gary Cappeline

Pam recounts how Sandy has come to talk to her a few times about how she really doesn't have to spend so many hours at work and it would be a good idea if she went home. Pam says, "I really appreciate it because I know she means it." Still, Pam says she voluntarily opts for the long hours because, after only four months, she is learning a lot and trying to make a contribution at the same time.

8. Particular Challenges

There are, of course, things about AlliedSignal that pose particular challenges to the accomplishment of Sandra Beach Lin's goal of instilling a culture that supports work/life balance and a whole person philosophy. One of the biggest barriers may be the short-term, bottom-line orientation of corporate management.

> I'd like to see a longer-term focus, not on the month and the quarter, but on years and decades.

Specialty Wax Employee

Another challenge is that employees often feel they owe the company more when the company affords them flexibility.

> I was given the option to telecommute so I could stay home beyond twelve weeks after the birth of my daughter. I was putting in more time than if I was physically here. They're doing this much for me. I need to do extra.

Specialty Wax Employee

> If we take a Friday off, we know we'll be working on Saturday and Sunday to make it up. There's always a cost – and don't forget it.

AlliedSignal Employee

Handling everything on the plate is another challenge, one only compounded by being a public company. Each day, AlliedSignal's senior leaders have to be ready to answer to the shareholders for their actions and decisions. The main focus at AlliedSignal is on numbers and making people "stretch" beyond the goals they think are reachable, not work/life balance.

> I think it takes a lot of management commitment to make these two things come together successfully. I think that we're a lot closer than we have been in the past, under previous management, where we had a lot of guys whose wives worked at home and who had a different perspective on work/life balance. Now we have a lot of people whose spouses work outside of the home, and I think we get a lot more sensitivity.

Anne Tiefenthaler

With a plate full of stretch goals, employees may find it difficult to decide what they can or cannot accomplish, while keeping consistent with their personal aspirations and choice around work/life balance.

> I think there's no clear-cut answer. One scenario is that the employee and the supervisor come to the conclusion that there is just too much content to allow for a vital personal life. These two things just cannot simultaneously exist. Then the question becomes whether the employee will accept an assignment, a change in content, that would allow him or her to have a full personal life. That could mean a lateral, or even lower-level, assignment, where the content isn't quite as stringent. Or it could mean that we get two people, each working three days a week, instead of one person working six days a week.
>
> You have to keep in mind in many instances…that the company is going to show more flexibility than the employee. The employee wants it all. They want to keep their current job. They love their current job. And they want to continue to do it all. Sometimes a major life event like the birth of a child will trigger a re-evaluation, but most times it's more insidious than that. The work just creeps and creeps and creeps and suddenly it's choking them.

Gary Cappeline

Despite all these challenges, Sandra Beach Lin is attempting to drive change. She is open about her desire to build a culture that reinforces

accountability for results and that supports employees as "whole persons" with unique work/life choices. She aims to make it a part of the culture that people will responsibly figure out how to meet their goals, taking into consideration whatever is necessary.

The culture change in the Specialty Wax group is underway, but is certainly not completed.

> I've worked for three major corporations. In terms of work/life balance, recognition, and caring, AlliedSignal is already way out there. What we need to do is get our managers to talk to our people. We've moved from an autocracy to at least the middle, where we do trust our people to manage their own time and their decisions, but we haven't gone as far as we could. And I suspect that with each passing year, we will make more progress. Because that's the way of the world. Because the kind of technique to manage people from when we entered the workforce is very different for people coming out of business school. They expect to be treated with more flexibility, and if you can't give it you'll lose them. So, in many respects, the employee is forcing us to be flexible. And the nice thing about AlliedSignal is that we're not *giving in* to the trend; we believe the trend is *right*.
>
> Gary Cappeline

9. The Top Priority: Making the Numbers

Meeting goals still rules the day, though, at AlliedSignal.

> We're getting a tremendous amount of pressure to make sure we make our numbers. If we don't make our numbers, we're the ones in trouble.
>
> Sandra Beach Lin

The push to surpass the goals is relentless; with oil prices at high points, the pressure is even greater. Wall Street looks at quarterly results more than at the satisfaction of employees.

Can Sandra Beach Lin become a catalyst for change outside of Specialty Wax? If she successfully meets her challenging performance goals, others may become curious about how she was able to do so. If she doesn't meet her numbers, will she survive? Should she?

Postscript:

Within Honeywell, Sandra Beach Lin served in several roles including that of President of Bendix Commercial Vehicle Systems. In 2002, she left Honeywell to become President of Closure Systems International, a global division of Alcoa. In 2005, she was appointed as group vice president, Specialty Materials and Converting at Avery Dennison Corporation, based in Pasadena, California. Avery Dennison is a Fortune 500 company with 2004 sales of $5.3 billion. Products include peel-and-stick postage stamps, reflective highway safety products, brand identification and supply chain management products for the retail and apparel industries, and specialty tapes and polymers.

Gary Cappeline left Honeywell to be a chemical industry partner for Bear Stearns Merchant Bank. In 2002, he returned to Ashland (for whom he had worked for almost 20 years beginning in 1974). He was named president of Ashland Specialty Chemical Company and subsequently elected senior vice president and group operating officer of Ashland Inc. in 2005.
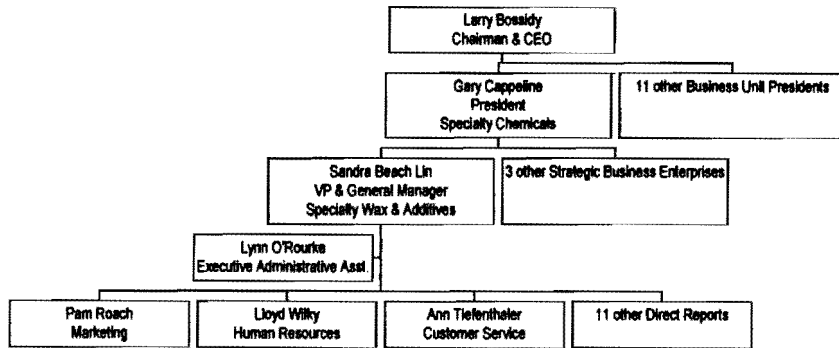
Exhibit 1

ALLIED SIGNAL CASE

Larry Bossidy
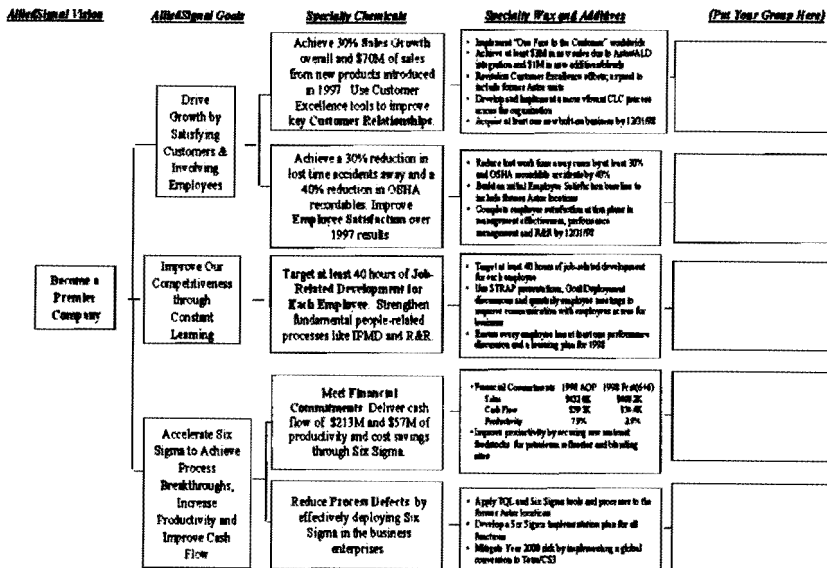Chairman & CEO

Gary Cappeline
President
Specialty Chemicals

11 other Business Unit Presidents

Sandra Beach Lin
VP & General Manager
Specialty Wax & Additives

3 other Strategic Business Enterprises

Lynn O'Rourke
Executive Administrative Asst.

Pam Roach
Marketing

Lloyd Wilky
Human Resources

Ann Tiefenthaler
Customer Service

11 other Direct Reports

Exhibit 2

AlliedSignal

1998 Goal Linkage

AlliedSignal Vision	AlliedSignal Goals	Specialty Chemicals	Specialty Wax and Additives	(Put Your Group Here)
Become a Premier Company	Drive Growth by Satisfying Customers & Involving Employees	Achieve 30% Sales Growth overall and $70M of sales from new products introduced in 1997. Use Customer Excellence tools to improve key Customer Relationships		
	Improve Our Competitiveness through Constant Learning	Achieve a 30% reduction in lost time accidents away and a 40% reduction in OSHA recordables. Improve Employee Satisfaction over 1997 results		
		Target at least 40 hours of Job-Related Development for Each Employee. Strengthen fundamental people-related processes like IPMD and R&R		
	Accelerate Six Sigma to Achieve Process Breakthroughs, Increase Productivity and Improve Cash Flow	Meet Financial Commitments. Deliver cash flow of $213M and $57M of productivity and cost savings through Six Sigma		
		Reduce Process Defects by effectively deploying Six Sigma in the business enterprises		

Exhibit 3

AlliedSignal

1999 Goal Linkage

Sandra Beach Lin

AlliedSignal Vision	AlliedSignal Goals	Specialty Chemicals	Specialty Wax and Additives
Become a Premier Company	Drive growth by providing products and services of enhanced value to our customers	• SpecChem to grow Sales to $XB. • Acquire new businesses that will add $XM in Annualized Sales in 1999 & commercialize $XM of new products. • Take aggressive steps to address customer satisfaction & value deficiencies	
		• Improve safety performance to a level of 18 LWDCA 0.39 incident rate & 64 OSHA recordable 1.39 incident rate • Decrease environmental excursions by 25%	
	Increase employee skills and opportunities by commitment to learning	• Focus on learning for employees to support our business objectives • Support learning for employees that will accelerate their personal development	
	Apply Six Sigma tools to drive productivity and generate cash flow	• Achieve 7% Productivity • Achieve Cash Flow of > $XM	
		• Lower materials cost by > $XM • Deliver $XM in Six Sigma results plus an additional $XM in cash and increase focus on non-manufacturing arenas to accelerate results	

Exhibit 4: Hewitt People Practices Inventory. Survey completed by Susan Hofman in preparation for Fortune's most admired companies process.

Hewitt People Practices Inventory™

About This Inventory

The Hewitt People Practices Inventory™ gathers information about philosophies, policies, programs, and practices affecting people in organizations. Please provide information on each practice that has been in existence since *at least* January 1998 *to the present.* Unless otherwise specified, please answer for full-time employees in the United States only. It is important to understand not only the prevalence and utilization of key programs and policies, but also the philosophies and qualitative data that differentiate organizations as places to work. We urge you to take advantage of the space provided for commentary so we better understand your organization as a place to work. Please feel free to attach additional pages as necessary.

The following are some definitions of terms used throughout the People Practices Inventory.

- Managerial/Professional (M/P) Employees: Exempt workers, including technical or supervisory employees who are not paid hourly.

- Hourly/Administrative (H/A) Employees: Nonexempt workers, including clerical, production, or service employees who are paid on an hourly basis.

Part III – Work Environment
Question 24 – Part 2
Please briefly describe other practices in the area of Work Environment that make your organization a great place to work.

AlliedSignal's leadership creates an environment where people and our customers are valued, goals are clear, two-way communication is a priority and continuous improvement is expected. Opportunities to learn and grow are numerous and employees/ associates are encouraged to work hard, concentrate on things that add value, and then celebrate success and reward excellence.

"Visual Workplace" is a great example of how we communicate goals and accomplishments. From the manufacturing sites to corporate offices, teams calculate metrics, and proudly design and display their accomplishments for all to see.

Part VI: Time/Work/Life

Dependent Care Assistance

49.   Which of the following dependent care assistance programs are offered to your employees? *(Please check all that apply.)*

	Available:		
	To Most or All Employees	To Some Employees	On a Case-by-Case Basis
• Parenting seminars		X	
• Child care resource and referral services	X		
• Adoption resource and referral services	X		
• Elder care resource and referral services	X		
• On-site child care		X	
• Reimbursement of overnight/weekend dependent care when business requires parent to be away			X
• On-site before and after school child care			
• Off-site before and after school child care			
• On-site mother's room/lactation program		X	
• Sick/emergency child care programs		X	
• Child care center discounts		X	
• Reserved spaces in child care centers		X	
• Summer camps/programs		X	
• School holiday child care program		X	
• Employee may use own sick day to care for sick family member		X	
• Paid maternity leave beyond that specified in Disability plans (additional weeks)			
• Dependent care spending account	X		
• Paid paternity leave (weeks)			
• Adoption assistance (dollar maximum per child: $2000)	X		
• Paid leave for adoption (4 weeks)	X		
• Other *(please specify)* "Help When Life Happens"	X		

50.   If you offer child care subsidies, how do you determine the subsidy?

X   Sliding scale rates at on-site centers
X   Direct payments to employees, based on family income
X   Match of employee contributions to pre-tax savings accounts (specify match: % match)
X   Coverage of operating costs at on-site center (specify coverage: $664,000 per year)

Convenience/Personal Services

51. Which of the following convenience/personal services are offered to your employees?
(Please check all that apply.)

	Available: To Most or All Employees	To Some Employees	On a Case-by-Case Basis
Free meals (e.g., breakfast, lunch)		X	
Partially subsidized meals or cafeteria	X		
Take-home meals		X	
Casual dress:			
- Every day	X		
- Fridays only			
- Summers only			
Personal concierge services (e.g., personal gift or food shopping, car repair, etc.) Please see Tab VI for details	X		
Convenience services (e.g., dry cleaning service, postal service, film processing, etc.)		X	
On-site convenience store			X
College planning assistance	X		
Personal travel services	X		
Home purchasing assistance (e.g., referrals, resources, brokerage assistance) See Tab VI for details	X		
Employee credit union		X	
On-site ATM or banking services	X		
Relocation services	X		
Voter registration			X
Van pooling		X	
Discounts on entertainment (e.g., movie tickets, amusement parks, theatres, etc.)		X	
Discount merchandise/service program (e.g., for automobiles, clothes, computers, personal services)	X		
Other *(please specify)*			

52. Which of the following alternative work arrangements are made available for employees? For those arrangements that are made available, please estimate what percentage of employees use each arrangement.

	Available to Most or All Employees	Not Available Widely, but on a Case-by-Case Basis	% of Employees Using this Arrangement
Flextime (flexible or nonstandard arrival and departure time)	X		
Reduced hour employment (less than 40 hours per week)		X	1%
Job sharing (multiple people share one job for reduced hours)		X	2%
Compressed work week (e.g., four days, 10-hour days)		X	40%*
Telecommuting (working from home during part or all of the work week)		X	5-10%
Summer hours (e.g., reduced hours for summer months)		X	

* Heavy utilization in manufacturing facilities

Part IX: Completing the Story

88. Below are statements we would like you to complete. These will be valuable in
     helping us understand what makes your environment great and what events
     shaped that environment. Attach additional pages if necessary.

     • Employees stay with this organization because...

1.   With employees' help, our CEO has built AlliedSignal into a financially solid, global
     company with a secure future. His leadership and our track record of consistent earnings
     and sales growth makes us a company for which people are proud to work.

2.   The work is demanding, but challenging and interesting. Employees who desire the
     excitement of a fast-paced work style thrive in the AlliedSignal environment.

3.   Employees are offered unique learning opportunities and experiences in the classroom
     and on-the job. Managers support them in spending at least 40 hours a year in formal
     training, making them more marketable now, and for the future.

4.   AlliedSignal offers tremendous development and advancement opportunities throughout
     its global organization for employees who perform well – 70% of our openings are filled
     internally.

5.   Employees develop powerful and meaningful relations with...

     -   Their boss, based on mutual trust and respect. Managers learn how to deal
         openly and honestly with their employees and are expected to promote learning,
         coach performance, and recognize excellence.
     -   Their peers, based on mutual support and teamwork. Most employees work in
         self-directed work teams and the culture is one of collegiality and mutual sup-
         port. You work side by side with great people and they inspire you to do your
         best work.
     -   Their customers, based on a win-win partnership. Employees get the organiza-
         tional support that allows them to delight their customers.
     -   The company, which spends its money in ways that help employees achieve all
         their life goals, not just their work objectives.

6.   Employees receive very competitive pay and benefits, such as a dollar-for-dollar match
     in the 401K up to 8% of their pay.

7.   To offset the demands of the job, employees receive support for meeting work and life
     challenges via alternative and flexible work programs and state-of-the art work-life pro-
     grams, many of which are accessed through our "Help When Life Happens" 800 number.

8.   Employees are recognized and rewarded for their work. There are recognition programs
     for everyone. People at all levels have internal mechanisms by which they can recognize
     each other for help and support and reward their colleagues. People do great things at
     AlliedSignal every day and we match the recognition with the achievement. We strive to
     recognize the right people for the right performance with the right reward.

9.   Change is not simply something we talk about. Our drive to become a Six Sigma com-
     pany has provided employees with the tools and authority to analyze problems and fix
     them. Employees are empowered to enact improvements in the way we do business on a
     day-to-day basis.

10. Employees feel that they are respected as individuals and their contributions are truly
     valued.

• Our organization is a great place to work because...

*AlliedSignal is a great place to work for many of the same reasons that people choose to stay with this
organization. In addition...*

1.   Through constant communication from all levels of management, employees are "kept in the loop"
     on all aspects of business strategy and performance: they know how they are doing as individuals
     and teams, and they know how we are doing as a company. We cocus on eliminating jargon from
     our vocabulary and telling employees what's happening in the business as soon as possible so all
     of us can better participate in decision making.

2   We constantly strive to provide a more trusting work environment in which everyone is open and
     honest in his or her communicatioon. A two-hour learning session called "Straight Talk," which
     many of our leaders have completed, is helping us move toward our goal. Much of what is covered
     in the session may seem like common sense - good listening, directness and clarity - but partici-
     pants tell us it really helped them to be motivated to deal more directly with their employees.

3.   We make tough decisions necessary for continued growth with caring and conern for the employ-
     ees affected to ensure that they are well taken care of and that their transition is well provided for.
     For example, if a busness is relocated, additional kiosks are often imported for internal job posting
     so that affected employees may have added resources and assistance with locating positions at
     other nearby facilities.

• Our organization is successful because...

1.   Our leaders feel that every employee ought to act like they own part of the company and they are
     encouraged to do this by being owners. In fact, employees own more than 11% of the company,
     and through the AlliedSignal Savings Plan, are the largest group of shareholders. More than
     41,000 employees -- from the shop floor to the corporate office -- earned shares worth $94 million
     in 1996 simply by contributing to their own future through the AlliedSignal savings program.

2.   Our goal of being premier in everything we do includes how employees are treated and how they
     feel about working here. We recognize that there's no way we can continuously meet the chal-
     lenges of global competition, customer satisfaction, and continuous improvement unless our peo-
     ple are engaged and 100 percent committed to the company's success. So, being a "Six Sigma"
     company, we will continue to seek employee feedback, implement their ideas, and strive to be a
     company that truly "walks the talk" of its commitment to people as its greatest resource.

• The one or two people and/or events in our company's history that had the biggest impact
  on how our organization culture treats people are...

Larry Bossidy, who has inspired us all to personally strive to be premier, and instituted a culture that rewards excellence.

Karen Clegg, President of our Federal Manufacturing and Technology business, who, by her business success, has become a role model to many women in our organization, while at the same time creating an environment of participation and caring through modeling these behaviors with all employees.

Part X: Other Unique Practices

89.   Please use the space below to describe any other unique practices that make your organization a great place to work.

- Our "Total Value" strategy, which has enabled us to communicate to associates how all of our programs -- including those that support their health and well-being, life planning, work-life balance, learning, and financial security -- combine to make their lives as Allied-Signal employees successful, rewarding, and satisfying. The combination of these programs gives employees the tools to manage their careers and their lives so as to achieve their personal goals, while at the same time making a valued contribution to our organization.

- Building trust and supervisory skills. It is imperative to build the relationships required for the workplace of tomorrow. This means developing supervisory and employee skills to operate effectively in a delayed, high-performance work organization. Leadership behaviors identified by employees as most critical to the relationship include clear, direct and two-way communication; openness and flexibility; active commitment to employee development and learning; recognition; and performance coaching. These behaviors will be the emphasized during performance management discussions and emphasized in the leadership development curriculum.

- Improving communications with employees to ensure that they know about and take advantage of all the tools and opportunities that are available. We need to make it easy for employees to understand how AlliedSignal adds value to their lives. A special focus of employee communication becomes answering the question, "What's in it for me?" Specific areas of attention include the value of ownership; skills and competencies that make you more valuable and employable; challenging work that provides intrinsic rewards; and contemporary employment practices that maximize choice and flexibility.

- We continually measure the effectiveness of our people strategies using bi-annual worldwide and quarterly interim employee satisfaction surveys, multi-rater/360 degree feedback for leaders, program utilization metrics, and our ongoing skip-level meetings and focus groups. Importantly, while we know that our state-of-the-art programs and practices may attract employees to our door, what makes them want to stay -- give their very best -- is knowing that they are respected, valued, and that their contributions will be recognized.

Importantly, while we know that our state-of-the-art programs and practices may attract employees to our door, what makes them want to stay - give their very best - is knowing that they are respected, valued, and that their contributions will be recognized.

Exhibit 5

Specialty Wax and Additives
Creating a High Performance Culture

Customer Driven
- Our priority is time with customers
- It's not unusual to miss an internal meeting for a customer meeting
- Meetings start with SPAC²ER

Commitments Matter
- We meet commitments - to the business and to each other
- No surprises

We Value Relationships
- Trust and respect abound
- Feedback is honest, fair, and frequent
- Issues get addressed with the person, not through others
- The "Whole" person matters, not just the "Work" person

Teamwork Gets Results
- We communicate proactively, not as an afterthought
- "We're all in this together"
- We stand united with team decisions
- We enthusiastically recognize accomplishment

Growth is the Measure of Our Effectiveness!

Exhibit 6: Sandra Beach Lin – Leadership Team Contact Checklist

Leadership Team Contact Checklist

Leadership Team Members	11/ 01	11/ 08	11/ 15	11/ 22	11/ 29	12/ 06	12/ 13	12/ 20	1/ 03	1/ 10	1/ 17
Nelson	✓				✓✓	✓			✓	✓	✓
Dirk	✓				✓✓	✓			✓		
Nancy					✓	✓				✓	
Bill		✓		✓	✓	✓				✓	
Vicki				✓	✓✓	✓			✓	✓	✓
Bentley	✓				✓✓	✓			✓	✓	
Fred			✓		✓✓	✓			✓		✓
Michael				✓	✓	✓				✓	
Steve	✓				✓	✓			✓	✓	
Pam	✓	✓			✓	✓				✓	
Mike	✓	✓		✓	✓✓	✓			✓	✓	✓
John				✓	✓	✓			✓	✓	✓
Jeremy	✓	✓		✓	✓	✓			✓		
Ann					✓	✓			✓		
Lynn					✓	✓			✓		

AlliedSignal

Sharon Lobel
Seattle University

Teaching Note

Synopsis and Overview

The "AlliedSignal" case revolves around a senior leader's effort to integrate an unyielding corporate demand for bottom-line results with her desire to create an environment wherein employees can make choices that lead to work/life balance. The context is a relatively small group within a large, multinational corporation driven by a well-known, high-pressure chief executive officer.

Specifically, the case describes the Specialty Wax & Additives group, one of four Strategic Business Enterprises (SBEs) within AlliedSignal's Specialty Chemicals Strategic Business Unit (SBU). Sandra Beach Lin is the vice president and general manager of the Specialty Wax & Additives group, with 800 employees.

The AlliedSignal CEO, Larry Bossidy, joined the company in 1991. He has earned a reputation as a hard-driving leader who places a "stretch" on top of the goals people set for themselves. Headlines in the popular press describe "Bossidy" as a "tough guy" who "won't stop pushing." AlliedSignal has had twenty-nine quarters of net income growth greater than 13 percent, which validates Bossidy's approach.

Specialty Wax & Additives is under tremendous pressure to meet tough goals. Its products are a byproduct of oil processing, and the petroleum market – and hence the market for wax – is volatile. Generating new products is very important; you need the right raw materials at the right place at the right time to make products that customers want and at the price they demand. With several oil refiners in the United States shutting down their business or moving to recycled products, the supply/demand chain is shifting. The wax business is affected by oil prices and supplier availability. Specialty Wax and Additives makes wax for candles, firelogs, adhesives, cable, plastics, textiles, packaging, rubber, and ink.

Despite a short tenure at AlliedSignal – less than two years – Sandy Beach Lin has come to be known as a leader who inspires her direct reports to accomplish stretch goals, without compromising important aspects of life outside of work. One direct report describes her as someone who sees more than just a "business person" in those who work for her. She is known for showing genuine interest in the personal lives of her employees, and focuses on the employee as a "whole person".

From Sandy's senior manager, her direct line and staff reports, and a focus group of employees, we learn how others view her unique style and how it has affected their performance and morale. Individuals describe changes in the culture of Specialty Wax, although they acknowledged that there is still much room for improvement.

We also learn that Sandy's style is not a catalyst for change outside of the Specialty Wax & Additives group – at least not so far. There is some sense that if she successfully meets her challenging performance goals, others may become curious about how she was able to do so.

The case can be used to demonstrate several basic lessons:

1. Senior leaders play a critical role in effecting positive work/life-related change.

2. When a business organization sets concrete, difficult goals, there can be value in giving discretion in how those goals are met.

3. Cultural change in a large, traditional organization may require numerous pockets of change, operating fairly independently.

4. Hiring the "right" people can make a big difference.

Suggested Study Questions

• What extent of change is possible in an established business organization?

• What difference is made by bringing in new leadership and new role models?

Sandy Beach Lin emphasizes the importance of hiring the right people. Change in Specialty Wax & Additives involves a group of people who share similar values and vision. The creation of a new culture, as Sandy is attempting, is a daunting task, but one made easier by the fact that she is not working with a group of individuals wedded to "traditional" views about work, life, and the interaction between the two.

More than half of the senior leadership group at AlliedSignal corporatewide has a tenure of less than five years. Sandy Beach Lin has assembled a group of talented individuals who reinforce and reflect her style. Moreover, her senior manager, a confessed workaholic, validates open dialogue about work/life.

• Where should lines be drawn between the organization making work/life-related decisions for employees and the employee's choice in those decisions?

• Is transfer of choice to the employee a key feature of an ideal flexible work environment? How does the organization affect, directly or otherwise, the choices that employees make?

• Do executives face unique dilemmas in choosing an appropriate work/life balance for themselves? What guidelines can they use to make their choices?

The organization sets concrete, difficult goals and expects individuals to meet them; people have discretion in their methods of achievement. Goal deployment is a tool, and Sandy Beach Lin uses that tool. Her keen interest in people is her style, which helps people meet performance and personal goals, but the tool remains unchanged.

The organization is still in its infancy when it comes to documenting work/life goals in its goal deployment process. Still, AlliedSignal's corporate culture blends accountability, responsibility for decisions, and choice. Gary Cappeline describes the "beauty" of this blend when he says that missing his child's basketball game was his decision, not that of his boss.

• What is the role of a senior leader in effecting positive work/life change?

• Does the senior leader need to be a role model for work/life balance, especially when we want to acknowledge and support individual differences in choices people make? Or is some other paradigm possible?

In such a large organization, Sandy's style has the most effect on her direct reports. Eventually, those further down in the hierarchy may feel the effects through the behavior of their supervisors, but this trickle-down process may take a great deal of time.

• What is the likelihood of a senior leader who serves as a role model to her reports having lateral influence? Upward influence?

Sandy Beach Lin's influence laterally – that is, outside the Specialty Wax & Additives group – seem unlikely. Her ability to influence upward seems

limited. She may earn her superiors' respect, but it seems unlikely she will contribute to a change in their management style. Culture change in a large, traditional organization may require numerous pockets of change, operating fairly independently. The ability to learn from one another across business groups may be limited.

- Consider three principles for affecting positive work/life change: clarifying what's important; recognizing and supporting the "whole person"; continually experimenting with the way work is done. What is being done in the Specialty Wax & Additives group to embrace these three principles?

Goal deployment certainly suggests adherence to the first principle. Sandy Beach Lin's own actions demonstrate a strong commitment to the second principle. Is there evidence of work redesign on a global or individual basis?

- What does Bossidy's strategy of organizational growth, six sigma, and stretch goals suggest about the overall culture?

Such a strategy may create a culture where people are invited to "love it or leave it." Those who cannot keep up with the intensity may not survive.

- What do Sandy Beach Lin's efforts to create a different culture within the larger AlliedSignal culture portend for her future?

- If she doesn't meet her numbers, will she survive? Should she?

Proving Leo Durocher Wrong: Driving Work/Life Change at Ernst & Young

A case on the role of senior business leaders in driving work/life cultural change[1]

Stewart D. Friedman, Cynthia Thompson, Michelle Carpenter and Dennis Marcel
University of Pennsylvania, Wharton

Abstract. Describes initiatives at Ernst & Young, LLP (E&Y) in the late 1990's designed to transform the organization's culture to make it more supportive of life beyond work in order to attract and retain the best talent. CEO Phil Laskawy led the way, through his personal leadership and frequently stated position that "people issues" are his top priority. Laskawy created the Office for Retention (OFR) to improve opportunities for women and life balance for all employees. Its director, Deborah Holmes, reported directly to Laskaway. The OFR developed new approaches to addressing life balance challenges. Described here are two such prototypes and their innovative practices (e.g., revising the work week's structure, discussing work/life considerations with clients, restructuring consultant-client relationships, dialogue about work/life issues in account teams, etc.). Also described is E&Y's "Life Balance Matrix," which leveraged the firm's approach to knowledge management and information technology to create a dynamic repository for E&Y's life balance tools.

Keywords: leadership, work/life, human resources, gender equity, careers.

Executive Summary

Ernst & Young, LLP (E&Y), one of the "Big 5" accounting and consulting firms in the United States, has invested heavily over the last several years in the transformation of the organization and its culture to make it more supportive of life beyond work. The tight labor market for talented professionals in accounting and consulting has driven firms competing in these fields not only to create work environments that attract the best and the brightest, but also to ensure retention of existing employees.

Chairman and CEO Phil Laskawy led the way. He demonstrates tremendous support of life balance and other retention-related initiatives.

Through his personal leadership and frequently stated position that "people issues" are the top priority for the remainder of his tenure in office, he has personally advanced the cause of retention and life balance, and engaged other senior leaders to do the same.

Laskawy created the Office for Retention (OFR) to improve opportunities for women and life balance for both men and women. The OFR's director, Deborah Holmes, reports directly to the chairman. Since its inception, the OFR has worked with people at all levels of the firm to develop new approaches to addressing the life balance challenges. The OFR developed life balance prototypes in partnership with leaders and staff in several of the firm's practice areas and captured their best practices.

The case describes two of the main prototypes, including the innovative work/life practices tried in them (e.g., revising the structure of the work week, openly discussing work/life considerations with clients and restructuring the nature of the consultant-client relationship, requiring explicit dialogue about work/life issues in account teams, and more). The case also discusses E&Y's "Life Balance Matrix", created by the OFR by leveraging the firm's approach to knowledge management and information technology. The Life Balance Matrix is a Lotus Notes database that serves as a dynamic repository for E&Y's life balance tools.

The case discusses the OFR's partnering with E&Y's Consulting Services practice to implement the Life Balance Matrix on various accounts through the Account-Centric Retention Initiative (ACRI). The ACRI is an effort to bring to the account level a dedicated focus on continually retaining the best talent in the field.

1. Introduction

Ernst & Young LLP, with FY 1998 total revenues of $5.5 billion, is one of the "Big 5" (until recently known as the "Big 6") accounting and consulting firms in the United States. The firm employs 30,700 people in 87 locations throughout the country – in 39 states, Puerto Rico, and the District of Columbia.

The "Big 5" firms each work in much the same way.

> While the practice of [these] firms continues to be a business which essentially delivers services on an hourly fee basis, the firms are becoming increasingly diversified and complex in their service/product offerings and billing practices.
>
> "Emerson's 1998 Big Six Annual Report"

The varied services Ernst & Young offers its clients are reflected in the firm's four broad practices. Assurance and Advisory Business Services (AABS) comprises auditing and other traditional financial services with high-impact consulting services aimed at enabling clients to improve their finance functions. Tax Services comprises compliance and consulting functions related to corporate taxation. Corporate Finance provides a variety of value-added financial advisory services to client organizations. And Consulting Services helps companies solve mission-critical problems through such means as strategic advising, enterprise-wide process transformation, information technology, and competency development.

In Survey 1997, Ernst & Young's annual survey of its employees, management got an earful from the more than 17,000 people who responded. While the firm came out well in general on issues of employee satisfaction, one issue stood out: there were 3,071 written comments regarding "life balance", more than on any other topic. Clearly, there was tremendous concern throughout the firm regarding how to balance work and life beyond work. (Exhibit 1 includes the work/life balance questions from Survey 1997. Exhibit 2 presents an excerpt from the firm's response to the survey results.)

The survey confirmed what the firm's leadership already knew, namely that Ernst & Young employees were finding it difficult to balance the demands of work and home life. The survey also highlighted problems related to career opportunities, the absence of senior role models, and the lack of mentoring opportunities for women. Many women were leaving the firm because of these problems.

Within its industry, the retention problem is not unique to Ernst & Young. And it has implications.

> For fiscal 1998, the most significant constraint to growth will be limitations to being able to hire qualified staff. Every firm is currently resource constrained. ... [T]he firms would have hired more people if they could have found them ...
>
> Every firm seems to recognize the importance of maintaining high levels of profitability per partner as it relates to retaining and attracting top professionals. ... [Q]uality of life issues [have begun] to take precedence over earnings.
>
> "Emerson's 1998 Big Six Annual Report"

Ernst & Young had already set out on the path of addressing these sorts of issues. Just the year before, in 1995, Chairman and CEO Phil Laskawy had created and then chaired the Diversity Task Force to address issues affecting the retention, development, and advancement of women in the firm. The task force commissioned a study by Catalyst, a national, not-for-profit organization

that works on issues facing women in business, to study the situation and recommend a course of action. Deborah Holmes was the Catalyst team leader.

The Catalyst team took a hard look at Ernst & Young. They conducted focus groups with managers and senior managers. They interviewed principals and partners. They even spoke with high-performing people who had voluntarily left Ernst & Young. And they identified a number of issues concerning women in the firm and major issues of work/life balance affecting both women and men.

Catalyst confirmed the results of Survey 1997: that Ernst & Young employees – both women *and* men – were facing work pressures that affected their ability to achieve a healthy work/life balance.

In its report, Catalyst quoted a senior manager describing the retention problem.

> The majority of people I see leaving the firm do so because they have kids. Men are leaving for that reason, too, but they don't say it. When they leave, they don't say: "I just want to spend more time with my kids." What they say is: "I've got this great opportunity where I will be able to make more money without these horrendous hours."
>
> Ernst & Young Senior Manager

Rich Namerow, a partner responsible for a Healthcare Consulting account, stated his business case for dealing with the retention problem.

> If I lose a key player in the middle of an engagement, I lose revenue because my client is unhappy. You only need a few of these to feel the pain. This is a pragmatic, not an altruistic, issue.
>
> Rich Namerow, E&Y partner

However, while both men and women were affected by their inability to achieve a healthy work/life balance, these difficulties seemed to have a greater effect on the women at Ernst & Young. Women were choosing to leave the firm at greater rates than their male counterparts. Women may have felt the pressures of work/life balance differently than men, especially since women were far more likely to have spouses who also worked full-time outside the home. But more generally, women did not see partnership as a realistic career goal. These women felt excluded from the informal networks that put junior men in contact with male partners on a regular basis. While junior men interacted regularly with male partners, women at Ernst & Young saw fewer role models to emulate. In addition, many of the client-development activities traditionally accepted by the firm were more appealing to men than to women.

A Boston [E&Y] senior manager had her expense report rejected after she took a client for a manicure. The problem: It wasn't for golf or one of the few other traditionally male diversions readily approved by the firm.

"Accountants Have Lives, Too, You Know", *Business Week* (Feb. 23, 1998)

Catalyst drew this conclusion:

> To ensure continued delivery of outstanding client service, Ernst & Young must reduce turnover of valued, trained client service staff. This will require an understanding of work-life balance for all staff, as well as more support for users of the firm's reduced-work options. ...
>
> Most people who feel the firm's goals are out of synch with their own personal and career goals perceive they must leave the firm, make personal sacrifices with which they are not comfortable, or pursue other options (e.g., reduced work) which too often are linked with second-class stature.
>
> "Improving Retention and Career Development of Women at Ernst & Young"

The task force recommended establishing a team to focus on improving the conditions identified by the Catalyst study, and Phil Laskawy created the Office for Retention in November 1996.

> It's pretty obvious that the first firm to crack the code – the firm that figures out how to work most effectively with women, how to make them feel connected, how to get them to stay with us, how to help them reach their fullest potential – is going to win in the long run.
>
> James S. Turley, E&Y Metro New York Area Managing Partner

Phil Laskawy has stated repeatedly that people issues are his number-one priority for the remainder of his tenure at Ernst & Young's helm. Asked what drives him to pursue these issues with such intensity and focus, Laskawy explains that when he was 10 years old he heard that Leo Durocher, the famed baseball curmudgeon, had said, "nice guys finish last".

> I've always had a commitment to believe that this shouldn't be the case. This is not about being a nice guy; it's about doing the right thing.
>
> Phil Laskawy, E&Y CEO

Creating the Office for Retention was part of Phil Laskawy's attempt to "do the right thing" by putting people issues at the forefront of the firm's concerns. Since its inception, the OFR has worked with people at all levels of Ernst & Young to develop new approaches to addressing the work/life balance challenges employees face. The initiatives speak to very real problems faced by the firm.

The Office for Retention is a new function, reporting directly to Chairman Phil Laskawy, whose mission is to improve retention at Ernst & Young, especially among women. This function grew out of the work of Ernst & Young's Diversity Task Force ... to address the concern that turnover among women is higher than men. Women comprise one-half of all new recruits, but are just 20 percent of the firm's population of partners, principals, and senior managers. Clearly, this "brain drain" is robbing E&Y of outstanding talent.

From a January 9, 1997, Company Message to All E&Y Personnel

The Office for Retention is a unique group for Ernst & Young, charged with addressing the improvement of work/life balance for men and women in the firm. Phil Laskawy convinced the Catalyst team leader, Deborah Holmes, to come on board as the OFR's director. She reports directly to Laskawy and works closely with him to ensure his involvement in all OFR initiatives. As a sign of the importance of the function, OFR's offices are just down the hall from the CEO's office at E&Y's headquarters in New York City.

Since its formation, the OFR has grown to a staff of nine, including professionals with backgrounds in organizational change, organizational development, human resources strategy, women's issues, and strategic communications. The group has championed several work/life balance and women's initiatives throughout the firm. (Exhibit 3 reproduces a timeline of OFR and related E&Y activities from January 1996 to February 2000.)

Internal networking: linking women across the firm's practice areas and creating the support structure so critical to employee satisfaction and career development.

External networking: ensuring that women are used effectively in client development, and giving women an appropriate role as representatives of the firm to the business community.

Mentoring: creating a culture in which the leaders of today understand their responsibility to help develop the firm's future women leaders.

Life balance: exploring ways for all E&Y employees to contribute their best to the firm while achieving the appropriate balance between work life and personal life.

From the "1998 Office for Retention Annual Report"

Women are a special focus of the Office for Retention. This is indicated in a letter from Phil Laskawy and Deborah Holmes addressed "to the people of Ernst & Young:"

Women bring to the workplace a diversity of thought, perspective and experience that no firm can afford to disregard. That wealth of ideas and experience makes the work environment richer and enhances our relationships with our clients, reasons enough for Ernst & Young to dedicate so much attention to the challenge of woman's retention.

The underlying issues that cause women to leave our firm – like access to leadership, appreciation for life balance, the availability of role models and mentors, the need for affiliation – are, of course, *people* issues. As we address these issues for women, we'll make Ernst & Young a better place to work for all our people.

Clearly, Ernst & Young isn't the first firm to focus on retention. But *first* doesn't matter half as much as *best* does, and when the people of Ernst & Young set our minds to something, we do it better than anyone else. Already, we're ahead of the pack as the only professional services firm with a retention effort that reports directly to the chairman. And as far as we know, we're the only enterprise in the country – public or private – with a database of flexible workers and an on-line toolkit to help our people through the process of applying for a flexible work arrangement.

So, here's our pledge: Ernst & Young is going to address the retention challenge more effectively than anyone else. And the benefits – to the people of Ernst & Young and everyone we touch – will be enormous.

From the "1998 Office for Retention Annual Report"

Phil Laskawy has been involved in shaping a philosophy of work/life balance for Ernst & Young that drives a variety of initiatives to help employees. That philosophy is summed up in a company statement.

Life balance is achieved when people integrate their personal goal for a full life outside of work with their professional goal of delivering superb client service. Given today's workforce demographics and business environment, the challenges of balancing one's professional and personal lives are very different than in the past, and require new approaches.

Creating a win-win work environment in which our people balance their professional and personal lives is crucial to retaining a highly qualified staff and providing superb client service. Our prototype experience and research have shown that, when people feel free to be innovative and creative as they integrate their professional and personal lives, commitment, morale, and retention improve. Consequently, the firm can avoid the high costs associated with employee turnover – recruiting, training, and assimilating new employees – and maintain consistency on our client-serving teams. Ultimately, the commitment and creativity generated by the emphasis on life balance can be leveraged to enhance client service, resulting in more balanced people, more satisfied clients, and a more profitable firm.

From the Ernst & Young "Life Balance Matrix"

Once established, the Office for Retention set out to develop work/life balance, women's networking, and women's mentoring prototype programs –

in partnership with leaders and staff in several practice areas – to address the needs identified by Catalyst. These prototypes fall into four broad categories, identified by the OFR (see Exhibit 4 for additional detail on prototypes).

This case is concerned primarily with life balance prototypes. The Office of Retention ran two such prototypes: one in a Tax and AABS environment; another in a Consulting Services environment.

2. Tax and AABS Life Balance Prototype

Ernst & Young chose the San Jose and Palo Alto offices of Tax Services and AABS at which to initiate a prototype program to address issues of work/life balance. These offices seemed a perfect choice for the prototype: located in the heart of the Silicon Valley, they faced intense competition for talent. Also, the continuing turnover of male and female talent posed problems. And, the firm viewed the leadership in the office as right for the prototype.

Brad Herrmann, a partner in the office, was given responsibility for managing the entire prototype. Roger Dunbar, the area managing partner, took overall leadership responsibility for communicating about the prototype with E&Y staff. A self-described "different animal," Roger grew up in the Silicon Valley. He thinks and acts "outside the box," is charismatic, takes risks, and is very smart. "People initiatives flourish" in San Jose and Palo Alto, he believes, and he viewed the prototype as "an opportunity to help people see the future." That was the message Roger communicated to everyone.

Roger Dunbar's view of prototypes themselves reflects his outside-the-box thinking. He sees them as experiments from which to learn.

The eighteen-month prototype began in January 1997 with a meeting of senior professionals and representatives of the Office for Retention, who made the business case for addressing work/life balance. The prototype's goals were to reduce turnover and to begin to build a culture in the office that would promote better work/life balance and help make it possible.

The group that met in January 1997 brainstormed potential solutions to the retention problem, discussed barriers to those solutions, and then consolidated the discussion into seven distinct topic areas: Leaders as Role Models; Triage Clients and Management of Client Demands; Management Skills; Telecommuting; Evaluation Process; Professional Hires; and Administrative Support. Leaders for seven teams – corresponding to the seven topic areas – were identified and enlisted, each chosen for their concern about the issue, willingness to work on the prototype, and ability to energize team members to make something happen. Some 100 people served on the teams.

Over four months of meetings, the teams outlined an action plan with short- and long-term solutions to the retention problem. After briefing the entire Life Balance steering committee (including the Area Leadership Team

and E&Y's vice-chairman for human resources), the team began to work on building detailed implementation plans. The solutions developed by the teams ran the gamut from major initiatives to small office "rules", such as the institution of casual dress in the office, everyday, and a new policy for checking voicemail over the weekends and during vacations.

On a larger scale, the offices decided to communicate Ernst & Young's work/life balance philosophy to clients. Partners committed to making themselves more available to employees. A telecommuting pilot was developed for thirty to forty employees. The "Peer Review" process was expanded to include additional levels and reviews that are more frequent.

This prototype didn't attempt to define clear objectives and set measures as a means to determine if and to what degree the prototype was successful. In Roger Dunbar's view, the prototype simply made sense and didn't need numerical data for validation. And he seems to be right: all participants interviewed two years later about the prototype concurred in the opinion that it was "successful". The prototype team found that internal and client demand could lead to "burnout" and hence to turnover. A utilization committee was established to oversee the deployment of employees, how many clients and how many partners they work with, and the number of hours they are working. With this information, the office has been able to identify potential life balance problems and address and resolve them before they become unmanageable.

To participants, the San Jose/Palo Alto prototype spurred an examination of processes in the offices that have a direct bearing on employees' sense of work/life balance. It underscored that one's success with work/life is very much integrated into all of Ernst & Young's people practices, policies, culture, and so on – in other words, it cannot be dealt with apart from the overall work picture.

Employees who were part of teams from the beginning of the prototype state that there is a noticeable difference at the San Jose and Palo Alto offices. They say it has become acceptable to discuss personal needs, family issues, and the impact they might have on one's ability to complete the work. Employees believe that Ernst & Young cares about work/life balance, and they feel comfortable that the firm recognizes that work may have a negative influence on that balance. The fact that E&Y would even identify this issue as critical to the business, and then attempt to address it, is considered significant.

As a result, people in the San Jose/Palo Alto offices state that they feel better about Ernst & Young as an employer. Still, given the client-service nature of E&Y's business and the fact that billable hours show how one has accomplished their work, there is lingering skepticism from some about the real ability to achieve "balance."

3. Consulting Services Life Balance Prototype

Whereas the Tax and AABS prototype focused on the San Jose/Palo Alto offices, the Consulting Services Life Balance Prototype was quite different in that it supported a group working on an engagement for a specific E&Y client – in this instance, Consulting Services employees working on an engagement with a Fortune 50 manufacturing client. Again, the Office for Retention provided guidance.

E&Y's turnover problem was resulting in the loss of some of its best people. The manufacturing client noticed that it was losing some of its best consultants. Employees were expressing their view that the firm didn't allow for communicating about issues not directly about work. People didn't feel comfortable asking, for instance, whether they could leave early on a given day for a child's birthday, or for some other family-related reason. In the Ernst & Young culture of old, the belief was that "if work is your life, you're balanced."

Nonetheless, consultants were burning out from the stress and long hours of the consulting engagement. Senior managers and partners were asking what they could do to help these employees do a good job, be happy, and stay with E&Y for the long term. What they were really asking was about the different ways they might structure the work. They created a steering committee to develop initiatives for the consultants, and – from a Life Balance Survey used at the initiation of the prototype and then through a series of discussions – picked out some things on which they could focus.

Several initiatives emerged. The heart of the effort was the life balance "contract". A new workweek schedule was developed, called the "3-4-5 workweek": three nights out of town, four days on site with the client (a minimum of forty hours), and the fifth day in the consultant's home office. In addition, midweek travel for work/life balance-related reasons, such as birthdays and anniversaries, was instituted. Consulting teams would meet to develop calendars for the engagement that incorporated these work/life balance dates. They would also meet on a daily basis to discuss project status, work/life needs, and whether those needs are being met.

Central to the entire prototype was putting the E&Y initiatives into context for the client. The client was told what Ernst & Young was up to, and why: "This is how we can serve you best."

Key to the entire Consulting Services prototype was the role of senior leaders. Mark Hauser, the partner heading up E&Y's work for the manufacturing client, served as a role model; on occasion, he would fly home from the client site during the middle of the week, demonstrating that it was an acceptable thing to do. Partners encouraged discussions about work/life balance.

At the heart of the pilot was the contract – called the "Life Balance Operating Agreement".

The Life Balance Operating Agreement is designed to surface career and life balance goals, determine engagement roles and processes, and assist individuals and project directors in assessing whether a person and the engagement are a "good fit," given their current life balance goals and the requirements of the project.

> From the "Procedures" Section of the Account-Centric Retention Initiative
> Life Balance Operating Agreement

This contract provided an "excuse" for discussing work/life issues and opened up the conversation for all staff. In fact, the discussion that follows completion of a contract is seen as more important than the contract itself. (Exhibit 5 presents excerpts from the Life Balance Operating Agreement form.)

Most participants have deemed the Consulting Services prototype successful. As one senior partner said, "Most of the time it was well received."

Before the work/life initiatives, the culture in the consulting engagement was "macho": consultants would brag about how many hours they worked. But the new attitude is different. It says, for example, that if you're not taking your vacation, you're not balancing – you're failing.

Bob Forbes, an engagement partner working on the client account, reported to the Office for Retention that the client was very interested in the Life Balance initiative because it helped retain and attract quality E&Y consultants for the engagement team. Some client managers, facing similar work/life balance challenges, even expressed interest in learning about E&Y's Life Balance tools for possible application on their internal teams.

4. The Life Balance Matrix

The prototypes played a crucial role in one of the OFR's most significant initiatives, the Life Balance Matrix. It was through the prototypes that many of the tools codified in the Life Balance Matrix were first created.

The Office for Retention leveraged the firm's approach to knowledge management and information technology to create the Life Balance Matrix, a Lotus Notes database that serves as a dynamic repository for Ernst & Young's work/life balance tools and best practices (Exhibit 6 presents a picture of the first electronic page of the matrix). Implementation of the Life Balance Matrix is aimed at fostering a culture at E&Y that recognizes and integrates into the engagement-planning and -management process the full spectrum of professional and personal needs of E&Y employees. According to the OFR, the specific intent of its implementation is to:

- Provide engagement team leaders with tools to improve the engagement-planning and -management process and extend the dialogue regarding life balance to include the client.

- Foster discussion and innovation among staff on how work is accomplished to enhance both their life balance and client service.

- Ultimately improve the firm's retention and profitability.

The Life Balance Matrix is organized by the type of implementation ("area/office" for those practices that typically serve clients by area or office, and "engagements" for those practices that typically serve clients with engagement teams) and by the timeframe of implementation ("quick hits" or "longer term"). The matrix includes the following sections:

- *Business Case* — provides the rational for the firm to focus on life balance

- *Business Challenges* — challenges and solution scenarios illustrating the integration of various tools to resolve team issues

- *Best Practice Tools* — a summary, discussion, current areas of application, sample tools, related best practices, and resource contact by type and time frame of implementation

- *Implementation* — provides roll out guidance and contact

- *Life Balance Contacts* — lists people throughout the firm working on life balance

- *Join Our Discussion* — a discussion database for people to share their experiences and ideas on life balance

- *Life Balance Factoids* — provides data points, research findings, and quotations concerning life balance

- *OFR Links* — to the OFR website and other OFR databases

- *Feedback* — allows users to provide feedback concerning the database

Rollout of the Life Balance Matrix in select Consulting Services (CS) accounts was one of the first steps.

The OFR's work goes well beyond the creation and maintenance of the Life Balance Matrix. The formalization of work/life policies has played a central role in the OFR's work. Ernst & Young has had Flexible Work Arrangements (FWA) since the 1980s. Now, there are three databases to support FWAs, each containing policies and procedures related to FWAs. The "FWA Database" also contains profiles of 500 E&Y employees currently on FWAs (of some 1,700 employees who take advantage of FWA). The "FWA Roadmap" helps people navigate the process of developing, negotiating, and implementing Flexible Work Arrangements. And the "FWA Toolkit" provides resources to the HR community to support FWAs. The evolution of FWA resources at Ernst & Young continues with the development of *Flexworks*, which integrates all firm FWA knowledge into a single intranet site.

The Office for Retention has spearheaded the creation of a Life Balance Steering Committee, which includes representatives of the OFR, the national Human Resources office, and all practice areas. The committee's mission is to improve communications concerning work/life balance issues throughout Ernst & Young, leverage work/life balance initiatives across practice areas, and develop and implement work/life balance policies.

5. Account-Centric Retention Initiative

Following a reorganization of Consulting Services in late 1998, members of the Office for Retention opened up a dialogue with Robert McIlhattan, the vice chairman and head of U.S. Consulting Services, and several of his leaders regarding a second wave of work/life balance prototypes. As a result of these discussions, Consulting Services and the OFR would partner to create an Account-Centric Retention Initiative (ACRI). This initiative would roll out the Life Balance Matrix in several accounts and provide dedicated OFR and Human Resources support to engagement-based "retention coaches," to serve as the team focal point for retention-related activities. The ultimate goal is to fine-tune the Life Balance Matrix on these accounts and then roll it out to a broader audience. (The Life Balance Matrix is being used in eleven Consulting Services accounts, as well as three Tax and AABS areas).

Nowell Rush, the director of human resources for U.S. Consulting Services, partnered with the Office for Retention to prepare a kickoff meeting in Chicago for the ACRI, which was held in March 1999.

> We're rolling out ACRI on a small basis first. Work-life balance is part of a larger initiative to get HR support down to the account level. The vision is to have retention coaches work with engagement teams to help develop leaders at all levels of the firm.
>
> Nowell Rush, Director of Human Resources, U.S. Consulting Services

Bob McIlhattan opened the Chicago meeting and stressed the backing of senior leadership in an effort to overcome initial resistance.

> The reality of partners' resistance was there. The first step in creating change is to put in your language. The OFR is a banner we can rally around.
>
> We need to create an environment to allow people to develop leadership in their whole lives. You don't walk in to the office and become a leader at 7:00 a.m.
>
> Robert McIlhattan, Vice Chair, U.S. Consulting Services

Rich Namerow – the partner who led the first work/life balance pilot on the Healthcare Consulting account – described his experiences with the life balance tools (some of which later evolved into the Life Balance Matrix), and explained to those present how improving consultant morale had led to greater effectiveness with the client, better results with the client, and reduced turnover. And Bob Forbes, the partner on the Consulting Services Life Balance Prototype engagement team, also addressed the kickoff meeting. He described the use of the Life Balance survey, and its integration into all engagements.

6. Bringing the Issue to the Forefront

Several themes emerged from the two prototypes and from Ernst & Young's overall efforts in the work/life balance arena. In the Consulting Services Prototype, the most important outcome of the initiatives has been that it brought the issue to the forefront. People take the question of work/life balance more seriously than ever before. The issue of retention has come to the forefront, and there's widespread recognition that work/life balance issues are key to retention.

Among the E&Y consultants working on the manufacturing engagement, the actual prototype seems less important than the new attitude that it is not only legitimate to talk about work/life issues, but that it is necessary for the health and proper functioning of the team.

Both prototypes taught that client involvement is central. Although the Tax and AABS Prototype didn't involve clients directly, participants determined that – because they work in a client-driven service industry – figuring out how to involve the client in the change process (or even as the catalyst for change) will make the change "take" more quickly and be sustained. Clients get what they want.

The role of senior leadership has emerged as a central factor. Bob McIlhattan has personally been involved in the planning and development of the Account-Centric Retention Initiative to improve work/life balance and

retention on engagement teams. And the OFR routinely provides practice area leaders with updates concerning work/life balance and retention-related initiatives in all practice areas. Additionally, the OFR practice area specialists maintain an ongoing dialogue with area leaders concerning OFR initiatives. (Exhibit 7 presents a list of selected press stories about the work of the OFR and E&Y's initiatives.)

One senior executive puts things this way.

> By setting a goal of being the "employer of choice," we've started a process of discovery. It's causing us to look at everything differently – how we mentor our people, assign them to projects, prepare them for career advancement, even how we work with them to set expectations about the way they balance work and personal life. We don't know exactly where it will lead us, but we can be sure it'll be good for our people, for our clients, and for the firm.
>
> Richard S. Bobrow, Senior Vice Chair, AABS and Tax Services

Phil Laskawy, Ernst & Young's CEO, is quite visible in the firm's work/life balance initiatives. He chairs the Gender Equity Task Force (formerly the Diversity Task Force), which supports the efforts of the OFR and brings together senior leaders from across practice areas to champion work/life balance initiatives. He includes work/life balance or other retention-related issues in his periodic firmwide voice mails. He also meets frequently with Deborah Holmes, the OFR director, to address a variety of retention-related issues, and they attend leadership meetings to discuss these issues with senior firm leaders. Many at E&Y point to Laskawy's involvement as the most important critical success factor for the work of the Office for Retention.

> Seven times over the last two decades there's been a focus on women's issues, and this is the first time we're seeing real change. Why? We now believe it's a real business imperative. And Phil has made it a personal priority.
>
> Jim Freer, Area Managing Partner, Pacific Southwest

> My goal is not to convince a lot of 58-year-olds to change, but to have an organization in the future that accepts balance, that it's the right thing to do.
>
> Not all are following my lead, so we need to keep pushing along. Getting buy-in is a key dilemma. If we had done it the old way – giving a lot of speeches – it wouldn't have worked. The initiative has been driven through a prototype approach.
>
> We try and we learn. We have enough champions now.
>
> Phil Laskawy, E&Y CEO

The chairman's commitment and sense of purpose is recognized throughout Ernst & Young. Employees believe that he fully values and supports the work/life balance efforts (see Exhibit 8 for sample messages to the Office for Retention from Ernst & Young employees). What he says, how he says it, and the frequency with which he communicates to employees about work/life balance makes a tremendous difference in the firm. He has taken a "leap of faith," believing that the effort to transform Ernst & Young will enable the firm to hold on to its best people.

Phil Laskawy and other key E&Y leaders have made it clear that despite all their efforts, a question lingers. Will it all work?

> We've not seen it *not* work. But at the end of the day, will we still be the best and have this kind of work environment?
>
> Phil Laskawy, E&Y CEO

Nevertheless, the senior leadership of Ernst & Young – particularly Phil Laskawy – presses on with a series of initiatives devoted to changing the culture of the firm. Laskawy knows that the work won't be done in the brief time before his retirement, but that it will be carried on by his successor. He has stated that he expects the fruits of his labor to be born well into the future. As the "1998 Office for Retention Annual Report" states: "there must be a change in culture" if the "people of Ernst & Young are to make the environment more inviting…"

> It's just short of two years since the OFR came into existence. In that time, we have seen the commitment of people at all levels of the firm to get this work done. Our chairman, Phil Laskawy, says that when the people of Ernst & Young set their minds to something, they do it better than anyone else. We believe him.
>
> We must be realistic: culture change does not happen overnight. Work to alter ingrained patterns of behavior is often slow and incremental. But our experiences over the past two years is of women leaders eager to be role models for junior women, of male leaders committed to opening their circle to women, of people in all lines of business excited about rethinking the way work is accomplished so that personal needs are met as effectively as client needs. If that experience is any indication, we *will* accomplish our goals, and we'll do it better than anyone else.
>
> The OFR team has appreciated every call, every e-mail we've received about our work. We think of the people who have communicated with us – to help, to commend, to criticize – as our advance guard for change, our friends, our conscience, our network.

> We urge you to become part of that network – to declare your commitment, volunteer your services, tell us when we're off the mark, suggest new ways of leveraging our accomplishments to sustain the momentum for change.
>
> From the "1998 Office for Retention Annual Report"

Exhibit 1: Survey 1997 Questions on Work/Life Balance

Ernst & Young is interested in how its people are balancing the various demands placed upon them both on and off the job. Responses to the following series of questions will provide a firm profile of family responsibilities and travel demands, as well as views on how well people at Ernst & Young feel they can manage their various roles.

69.   Which of the following best describes your status?

☐ 1. Living with spouse or partner who works full-time for pay
☐ 2. Living with spouse or partner who works part-time for pay
☐ 3. Living with spouse or partner who does not work for pay
☐ 4. Single, separated, divorced, or widowed

70.   Do you have any dependents?

☐ 1. No
☐ 2. Both child (ren) and dependent adult (s)
☐ 3. Child (ren) only
☐ 4. Dependent adult (s) only

71.   On average, over the past year, how often have your work assignments required that you travel away from home, so that you have to spend nights away?

☐ 1. Not required to travel
☐ 2. 1 to 3 days a month
☐ 3. 4 to 10 days a month
☐ 4. 11 to 15 days a month
☐ 5. More than 15 days a month

	Agree	Tend to Agree	?	Disagree	Tend to Disagree
72. I am often bothered by excessive pressure at work......................	1	2	3	4	5
73. The people to whom I report are considerate of my life outside of work..............	1	2	3	4	5
74. I think my workload is excessive.........	1	2	3	4	5
75. I am able to take vacations/holidays without interruption from the office or pressure to complete work........................	1	2	3	4	5
76. The amount of overnight travel required by my position is manageable..............	1	2	3	4	5
77. The demands of my work seriously interfere with my private life.....................	1	2	3	4	5
78. In my opinion, having a Flexible Work Arrangement: (Please answer each item.)					
a. Is an effective way of helping people balance work and family responsibilities.....	1	2	3	4	5
b. Is supported by those in management positions........................	1	2	3	4	5
c. Does not disproportionately impact one's opportunities for advancement in the firm....	1	2	3	4	5
d. Does not disproportionately impact one's compensation.........................	1	2	3	4	5

Exhibit 2 : Excerpts from "Taking Action - A Progress Report distributed to E&Y employees after the Survey 1997 results were tallied

---

LIFE BALANCE

You said

→ The firm needs more emphasis on life balance.

→ Flexible work arrangements should be encouraged and supported locally.

→ You need time off without work interruptions.

We heard you

→ An internal consultant is working exclusively on developing an overall strategy for work-life benefits to identify new initiatives and maximize the effectiveness of the many programs already in progress around E&Y.

→ Pilot projects addressing life balance issues are underway in AABS, Tax, and Consulting. At the Consulting Services Life Balance Prototype account, one idea being piloted is a "team message board." It is a simple way for team members to take one another's personal obligations into account and support each other's life-balance needs. The Pacific South West Area has established guidelines for voice mail and other issues related to life-balance.

→ Concierge services are now available in 23 Consulting offices, with 10 more to come. In Indianapolis, all practices have access to concierge services.

→ Recently we sent you more information about programs that can help with life balance issues — the E&Y Assistance Program and the Family Resource Service. Through these programs, you soon will have access to additional services through an 800 telephone number or the Internet.

→ Over 1,400 of our people currently have Flexible Work Arrangements (FWAs). This year, 134 of these individuals were promoted, including 36 senior managers and one partner.

→ In addition to the two existing databases that support and encourage FWAs, we are developing new tools and training for the human resources community to support the success of FWAs. Also, Area FWA specialists and coordinators are being designated in all practice units.

→ New business rules standardize the procedures for applying for FWAs, and enhancements have been made to our Human Resource Management System to better accommodate these arrangements.

→ In Los Angeles, new offices are being built and old ones restructured to reduce commuting time and improve the work experience. These constellation offices are closer to our people's homes and client locations, away from downtown L.A. In certain practices, a constellation office may also be a department home base, or designated for a specific practice group.

→ The firm is reviewing time reporting issues in AABS and Tax and will issue a joint policy.

→ Many locations provide direct subsidies to pay for child care and reimburse child-care costs incurred while working late or overtime during busy season.

→ A number of E&Y locations have a lactation program or provide privacy rooms to support women through their nursing experience.

→ People who coordinate staffing and lead engagement offices will have access to a Lotus Notes-based Life Balance Matrix. It will detail what we have learned from Office for Retention prototypes and from best practices throughout the firm.

Exhibit 3: OFR Timeline

(Sources: "1998 Office for Retention Annual Report"; "1999 Office for Retention Annual

Review"; OFR quarterly reports)

1996

January
- Gender Equity Task Force retains Catalyst

May
- Catalyst presents the findings from its study to the Gender Equity Task Force.

October
- First annual Ernst & Young Partners Conference.
- Ernst & Young's Office for Retention (OFR) established with three employees.

November
- Holmes presents to 1,500 Ernst & Young partners at their meeting (held every three years).

1997

January
- OFR adds fourth team member to work on Flexible Work Arrangements Database.
- The OFR internal networking prototype is launched in the Mid-Atlantic area.
- The OFR life balance prototype is launched in the San Jose/Palo Alto area.

March
- OFR adds fifth team member to work on women's mentoring prototype in Upper Midwest.

April
- Eight San Jose/Palo Alto life balance solution teams present their research, goals, and recommendations to Vice Chair of HR Tom Hough, Regional Managing Partner David Reed, and members of the prototype steering committee for approval.
- The women's mentoring prototype is launched in the Upper Midwest region.
- Flexible Work arrangements (FWA) Database is launched. Receives 7,000 "hits" in the first month.

May
- The external networking prototype is launched in the New England area.

June
- OFR expands to six to add statistical analysis and research capabilities.

July
- In San Jose/Palo Alto, based on work in the life balance prototype, comprehensive evaluation sessions are held for staff and seniors, manager promotions are announced early, and performance bell curve is eliminated.

August
- First Women's Forum is launched in the Mid-Atlantic area to rave reviews. Over forty professional women attend. Topic is *Becoming a Partner at Ernst & Young*.

September
- OFR launches its Internet site.
- Casual dress is implemented throughout the Pacific Northwest area.
- Two-day management skills education for more effective personal and team management is offered for all managers in the Pacific Northwest area.

October
- The entire Consulting Services Life Balance Prototype engagement team receives a survey on life balance issues.

November
- A new utilization committee, to manage employee workload and ensure deployment by skill sets, is fully functioning for AABS in San Jose/Palo Alto.
- Second Women's Forum is held in Mid-Atlantic area. Topic (*Charting Your Early Career Path at Ernst & Young*) is so popular that the session is over-subscribed in two hours, and a second session must be scheduled. More than 80 women attend the two sessions.
- Denver office establishes its women's leadership group with a dinner meeting. Subsequent events (held quarterly)

have included top women executives from outside the firm sharing their keys to success.

December
- One hundred twenty women partners attend the second annual Ernst & Young Women Partners Conference.
- The first annual Rosemarie Meschi Award is presented to Ernst & Young Chairman and CEO Phil Laskawy.
- A survey of participants in the women's mentoring prototype yields overwhelmingly positive results.
- An area-wide policy recommending freedom from e-mail and voice-mail during vacation goes into effect in San Jose/Palo Alto.
- FWA Roadmap is launched.

1998

January
- Cleveland creates AABS/Tax steering committee for women's issues, including women's professional network.
- OFR Director Holmes is named to the *Crain's New York Business* "40 Under Forty" list.
- *Wall Street Journal* profiles Flexible Work Arrangements Database.

February
- *Business Week* publishes article focusing on the San Jose/Palo Alto life balance prototype.

April
- The Upper Midwest steering committee endorses firmwide introduction of the Women's ACCESS Program, successor to the women's mentoring prototype.
- Cleveland MC, P&OD, and CBK hold their first professional women's networking event.

May
- St. Louis MC launches professional women's network.
- OFR adds seventh member to handle firmwide rollout of life balance initiatives.
- Extended OFR team meeting held with members of steering committees from all OFR prototypes.
- Five internal networking solution teams present research, goals, and recommended solutions to area leadership and the prototype steering committee.
- Atlanta MC group holds its second women's networking retreat.

July
- FWA Database and Roadmap profiled on *All Things Considered*, a nationally syndicated program on National Public Radio.
- OFR adds eighth team member to increase firmwide awareness of women's initiatives.

August
- OFR discusses plans for firmwide introduction of Women's ACCESS Program and Life Balance Matrix to a meeting of Area leaders in AABS, Tax, and Management Consulting.

September
- Senior leadership in Tax and AABS approves rollout of Women's ACCESS Program to those practices.
- OFR announces finalists for the 1998 Rosemarie Meschi Award.

November
- Consulting Services establishes an Office of Diversity and Life Balance.
- Telework pilot begins in Pacific North West AABS/Tax Area
- Women partners at Ernst & Young number more than 200 for the first time.
- Women's PLAN, our executive development program for women, announced at the Women's Leadership Conference.

1999

January
- Professional Women's Network Database launched to support women's networking groups and forums firmwide.
- *Fortune* magazine names Ernst & Young one of the 100 best companies to work for in America, and cites the Office for Retention and its work to foster mentoring and networking for women and life balance for all E&Y people.
- Women's PLAN, our executive development program for women, launched with 27 women, each of whom is assigned a Management Committee mentor

February
- Life Balance Matrix launched.
- Firmwide telework guidelines prepared for presentation to the Management Committee.

March
- Account-Centric Retention Initiative launched in several consulting engagements.

April
*   The third annual Rosemarie Meschi Award process launched with a call for nominations from Phil Laskawy to all Ernst & Young people and distribution of a booklet profiling the 36 finalists from the 1998 award.

May
*   Nominations for Rosemarie Meschi Awards increase by 74 percent over the previous year.

June
*   A Women's ACCESS prototype begins in the Consulting Services West Area.

August
*   Links to external women's professional networking groups added to Professional Women's Networks Database.

September
*   Ernst & Young is awarded *Business & Health* magazine's first annual Productivity Plus Award.
*   Telework pilot ends.

October
*   Large-scale trials of the Life Balance Matrix launched in three AABS/Tax areas.
*   Representatives from the women's networking groups firmwide form a national steering committee.
*   *Working Mother* magazine places Ernst & Young on its list of the best companies for working mothers for the third time.

November
*   We reach 20 women's networking groups firmwide.
*   The fourth annual Women's Leadership Conference is held in Orlando, Florida. Thirty male leaders join 375 women partners and principals from the North American firm and from EYI firms across the globe.
*   Women comprise 10 percent of the partner population in the firm, up 5 percentage points in five years.
*   The women in PLAN gather to network and discuss development opportunities specific to professional women in the firm.
*   Winners of the third annual Rosemarie Meschi Award process announced.

December
*   Women's ACCESS launched in all 12 AABS/Tax areas.
*   The Gulf Coast AABS/Tax Area holds its first annual meeting for all women in the area.

2000
January
*   *Fortune* magazine places Ernst & Young on its list of the 100 best companies to work for in America for the second consecutive year.

February
*   The Women's ACCESS Database is launched to support leaders and colleagues with discussion topics, program guidelines, and a discussion area.

Exhibit 4: Office for Retention Prototypes (adapted from the OFR website)

Mentoring

The Upper Midwest prototype was designed to create a mentoring culture in which the leaders of today understand that part of their line responsibility includes developing women to be among the leaders of tomorrow.

A Steering Committee chartered three solution teams to design mentoring approaches tailored to the needs of women at different levels in the organization:

*   Pairs — a traditional one-on-one relationship, where female managers and senior managers were paired individually with partners
*   "Quints" — where three female seniors met with partner and senior manager as a group, and where cross-functional relationships were encouraged
*   Circles — where 8 to 10 female staff met with a manager, senior manager, and partner to discuss career issues selected by the group

Internal Networking

The Mid-Atlantic prototype looked at communication, decision-making, and teamwork to find ways to ensure that women were included in the formal and informal business processes that surround key business decisions and business opportunities.

In addition to the steering committee, there were five solution teams working on the Mid-Atlantic prototype, focusing on the following issues:

*   Holding individuals in leadership positions responsible for networking opportunities
*   360 degree assessment
*   Information sharing — gender differences in communications
*   Career planning for women
*   Women's forum series

External Networking

The New England prototype focused on external networking: creating strategies and approaches for ensuring that the firm's women were represented as leaders and experts in the local business community, and for enhancing the external networking and relationship-building efforts of both women and men.

The Steering Committee chartered four solution teams to design external networking approaches tailored to the needs of women and men at Senior level and above:

*   Focused networking
*   New networking ideas
*   Toolkit development
*   Communication strategy

Life Balance 1

The San Jose/Palo Alto prototype focused on life balance, seeking to develop ways that all AABS and Tax personnel — partners as well as employees, men as well as women, people who work full-time as well as those on alternative schedules — could achieve their optimum balance between work and personal life. Prototype participants explored more innovative and effective ways to lead, perform, and evaluate work to allow for greater individual flexibility in how time was spent both within and outside the workplace.

Life Balance 2

The Consulting Services Life Balance Prototype explored ways that both men and women in Consulting Services could continue to deliver the outstanding quality of service to which our clients have become accustomed, while also enjoying a full life outside work.

In its initial meeting, the steering committee chartered four solution teams to explore specific areas related to life balance:

- Engagement Planning, Staffing, and Management — how can we incorporate principles that recognize the importance of life balance into how we run our engagements?
- Travel — given that travel is a fact of life in consulting, what steps can we take to minimize potential negative impact on our people's personal lives?
- Rewards and Recognition — what can we do to show people that we value their total contribution to the firm and the community?
- Leaders as Role Models — how can we make our leaders more aware of the life balance issues faced by the people they manage, and encourage these leaders to model behavior reflecting the importance of a balanced life?

An in-depth survey was conducted to provide a clearer understanding of the life balance challenges faced by team members. This was followed by the joint development of "life balance agreements" between team members and their project managers to provide a framework for working together on the engagement.

Exhibit 5: Account-Centric Retention Initiative Life Balancing Operating Agreement (excerpts)

ACCOUNT-CENTRIC RETENTION INITIATIVE

LIFE BALANCE OPERATING AGREEMENT

Overview

The Life Balance Operating Agreement is used by engagement teams to facilitate discussion and understanding of life balance issues and project requirements among team members and their leaders; to help team members articulate their life balance goals; and to ensure team members understand project requirements. Life Balance success on an engagement is defined as each team member meeting or exceeding his/her individual life balance goals as identified in the agreement process. It is also understood that overall engagement success incorporates not only life balance success, but also success in meeting or exceeding other project objectives such as on-time delivery of deliverables, exceeding the needs and service expectations of the client, and engagement profitability.

Procedures

During the implementation of the Account-Centric Retention Initiative, the start-up phase of a new engagement, or the assimilation of a new team member, each engagement team member develops his/her engagement life balance criteria and initiates the development of the Life Balance Operating Agreement. It is to be completed by all team members who are projected to spend at least 160 hours on an engagement. Typically, team members will develop an agreement with their project director, who will in turn develop an agreement with the engagement partner. Agreements will be revisited as part of the existing engagement review process or when there is significant change in client expectations or an engagement team member's life situation.

The Life Balance Operating Agreement is designed to surface career and life balance goals, determine engagement roles and processes, and assist individuals and project directors in assessing whether a person and the engagement are a "good fit," given their life balance current life balance goals and the requirements of the project.

Additionally, the Life Balance Operating Agreement is used to:

- Document the life balance agreement between the engagement team members and engagement leaders
- Identify the scope, boundaries, and time frames of team activities
- Describe expectations of each engagement team member for the engagement
- Set clear project expectations for each engagement team member
- Designate feedback interventions
- Communicate mutual understanding of the agreement
- Seek "win-win" solutions for both the engagement team member and the project director

Exhibit 6: Life Balance Matrix

Life Balance Matrix

Exhibit 7: Media Attention for Work-Life Balance at Ernst & Young (selections)

- "The 100 Best Companies to Work for in America" — *Fortune*, January 10, 2000

- "100 Best Companies for Working Mothers: Fourteenth Annual Survey of Family-Friendly Companies" — *Working Mother*, October 1999

- "Commitment" — *Sky* magazine, September 1999

- "And the winner is ..." — *Business & Health*, August 1999

- "Hearing Them Roar" — *Human Resource Executive*, June 4, 1999

- "The 100 Best Companies to Work for in America" — *Fortune*, January 11, 1999

- "The New Loyalty: Grasp It. Earn It. Keep It." — *Workforce*, November 1998

- "Employers help workers handle balancing act: Large, even small companies compete on more than salary, get family-friendlier" — *Crain's New York Business*, October 5-11, 1998

- "100 Best Companies for Working Mothers: Thirteenth Annual Survey of Family-Friendly Companies" — *Working Mother*, October 1998

- "Can't survive on work alone: To stop the exodus of talented employees, Ernst & Young is injecting a healthy balance between job and home into its high-powered corporate culture" — *Business & Health*, September 1998; "Productivity Plus" column

- "Families are their business" — *New York Daily News*, June 14, 1998

- "Flex Times Lets Good Employees Stay Put" — *Newsday*, March 22, 1998; "Money & Careers" column

- "On the Mommy Track: Flexible schedules offer healthy balance for employees, boost productivity and loyalty for area companies" — *Dallas Business Journal*, March 20-26, 1998

- "Accountants Have Lives, Too, You Know" — *Business Week*, February 23, 1998; "Social Issues: Work and Family" section

- "Accounting Firms Battle to Be Known As Best Workplaces" — *The Wall Street Journal*, January 21, 1998; "Work & Family" column

- "Flexibility can be a turning point for employee turnover" — *The Boston Globe*, November 25, 1997; "Workplace Issues" column

- "Flexible schedule no longer leads to a dead end for many workers" — *The Dallas Morning News*, November 19, 1997; "Career Strategies" column

- "New Jersey Father Keeping Career on Track" — *The Christian Science Monitor*, October 27, 1997; "Work and Money" column

Exhibit 8: Sample calls and emails received from E&Y employees by the Office for Retention

From a senior vice president (May 1998):

"One of my old buddies at Coopers & Lybrand is now at E&Y in Atlanta, and he tells me that it is clear to him that E&Y is 'head and shoulders above all other Big 6 accounting firms in walking the talk'."

From a woman thanking E&Y for the Mid-Atlantic privacy room (July 1998):

"Although I am long past the nursing-mother stage, I am incredibly grateful to E&Y for this room for nursing mothers in the firm. It is yet another example of how considerate of working mothers the firm is."

From a woman who works in E&Y's Chicago office (October 1998):

"Thank you for the back-up childcare facility in Chicago. It's a warm and friendly place where my 2-year-old son looks forward to going everyday. I appreciate E&Y's generosity and am really glad to be here."

From a senior manager in the Consulting Services High-Growth Middle Market Practice (November 1999):

I nearly left E&Y because of life-balance issues. I'm so excited to see the 1999 Annual Review. Please let me know if I can assist in any new initiatives the OFR is planning in my area."

SAS Institute

Ellen Bankert, Mary Dean Lee and Candice Lange[1]

University of Pennsylvannia, Wharton

Abstract. This case explores how and why SAS Institute has been so successful in a turbulent industry and a challenging, highly competitive business environment and what role its leader has played in that success. SAS Institute is a privately held software company based in North Carolina that experienced double digit revenue growth from 1976 when it was founded by the current CEO, Jim Goodnight, to 2000 when this case was written. What is most unique about this company, however, is a work environment and culture designed to promote contented and motivated employees by providing interesting, satisfying work in a physical setting that offers very generous perks for employees and their families, like on-site medical care, a full gym and fitness center, and childcare center plus a 35 hour work week. As a result of the CEO's vision of the kind of workplace he wanted his company to be, long before the term family-friendly was even coined, SAS has consistently broken industry records on annual employee turnover rates and has won recognition in numerous surveys on "Best Places to Work" surveys in such magazines as *Fortune, Business Week.*

Keywords: leadership, work environment, work and family, organizational culture, employee-centered, organizational strategy, family-friendly.

1. Introduction

People find it hard to believe that working at SAS Institute, Inc., a North Carolina-based software company, is for real. Jim Goodnight, the founder and chief executive officer, has carefully crafted a community of employees who seem literally to live the good life at work. From the outset, he envisioned establishing a company that would be a fun place to work, with a stimulating environment that would encourage creativity and with extensive on-site resources so people could be productive.

That description, though, could fit any number of companies. The difference at SAS Institute is that Goodnight saw – and went – much further. He decided to demonstrate in word and deed that his company truly cares about its employees. His guiding standard for decisionmaking is how he himself would like to be treated.

> In a quiet corner of North Carolina, there's a place that contradicts most of the assumptions of modern business. In an era of relentless pressure, this place is an oasis of calm. In an age of frantic competition, this place is

methodical and clearheaded. In a world of free agency, signing bonuses, and stock options, this is a place where loyalty matters more than money.

This kingdom, a secluded realm west of Raleigh, is home to an all-but-unknown group of software wizards whose output touches every aspect of life – from what medicines get developed to who gets a mortgage. Although this company is thoroughly modern, ... there is something fairy-tale-like about the place. The inhabitants are happy, productive, well rounded – in short, content in a way that's almost unheard-of today. They are loyal to the kingdom and to its king, who in turn is the model of a benevolent leader. The king – almost unbelievably – goes by the name Goodnight.

Fast Company, January 1999

Jim Goodnight emphasizes that, in his view, what he has done at SAS Institute isn't rocket science. He often expresses amusement at how much attention and raised eyebrows he gets for something that to him is just "common sense." He does not characterize SAS Institute as a family-friendly employer, and that's not what he set out to create. He wants people to enjoy being at work, and most of what he does is derived from that simple philosophy. A company fact sheet explains this "employee-friendly" approach:

Employee-friendly benefits reflect Dr. James Goodnight's philosophy at SAS Institute: "If you treat employees as if they make a difference to the company, they *will* make a difference to the company." SAS Institute's founders set out to create the kind of workplace where employees would enjoy spending time. And even though the workforce continues to grow year after year, it's still the kind of place where people enjoy working.

Excerpt from the SAS "Employee-Friendly Benefits Summary"

That's the reason SAS Institute provided childcare in the basement of its first building: one of the few early employees needed it, and the absence of worrying that came with that childcare was key to making sure that employee enjoyed being at work. Messages like this email message to Jim Goodnight are common:

I started three weeks ago in the Publications Department ... I never imagined that I would have a job where I look forward to coming to work in the morning and forget to check the clock in the afternoon to see when it is time to leave. I work with a charismatic manager and my team is full of creative and hardworking individuals who have done their utmost to make me feel welcome. As a Liberal Arts Manager (from UNC even), I didn't envision a software company as the "ultimate job" but then I guess I didn't know enough about SAS. You have a wonderful company and I am thrilled to be here. Thank you.

SAS Institute Employee

But is SAS Institute successful as a business?

2. The Company and Its Products

Founded in 1976, SAS Institute is an international leader in data warehousing and decision support software. Some 3,400 employees work at the company's headquarters on the 200-acre campus in Cary, North Carolina. There are another 1,900 employees scattered at offices throughout the world. Sales in 1998 were $870 million – double its revenue only six years earlier. In 1999, they exceeded $1 billion. SAS Institute is the world's largest privately held software company.

The company boasts some remarkable financial numbers: 1997 was the twenty-second consecutive year of double-digit revenue growth. With 31,000 customers in 120 countries, SAS Institute counts all but two of the largest U.S. companies as users of its products.

The Institute's core product, base SAS software, was originally developed to analyze agricultural data on IBM mainframes at North Carolina State University. Over the years, the SAS system became a complete information delivery system, including more than 25 fully integrated modular applications that allow an organization complete control over its data – from data access, to data management, to data analysis, and presentation.

Excerpt from "SAS Fact Sheet"

SAS Institute does business differently than most software companies. Rather than sell its software, SAS leases to its customers – a strategy of immense importance in understanding the company's relationship to its users. The fact that leases must be renewable annually creates a tremendous emphasis on customer satisfaction and quality. As SAS Institute sees it, the leasing strategy "helps keep the company sharp" by ensuring that technological advances are driven solely by customer needs.

Our leasing strategy has been a critical piece of the company's success. It keeps us on our toes and forces us to be tied in very closely to our customers. That's not always the case in the software business.

SAS Institute manager

A key is ongoing research and development. SAS Institute reinvests more than 30 percent of revenue in R&D.

We really focus on what the customer wants, and then we have the resources to invest in delivering it.

SAS Institute employee

This attention to the customer has paid off: nearly 90 percent of SAS Institute customers renew their annual leases, and 70 percent of these, on average, increase their business.

3. How It All Began

SAS Institute puts an enormous effort into keeping on the cutting-edge of technology. The company also puts an enormous amount into creating and sustaining its remarkable work environment (see Exhibit 1 for a company fact sheet on the SAS "employee-friendly history"). How did it all begin?

A colleague shares a story about Jim Goodnight's work experience before founding SAS Institute. It seems Goodnight worked briefly at NASA. What he found there was an environment in which people did not communicate. Any effort to build trust was absent: NASA used timecards to make sure that employees worked their full allotment of hours, and there were metal detectors to ensure that employees weren't stealing.

That wasn't all. At NASA, executives were supposed to be seen as "different" from the rest of the workers. There were special executive parking areas. Executives had their own break and dining area, with free, "good" coffee. Everyone else had to dump a quarter into a vending machine if they wanted coffee or a soft drink.

Goodnight decided that when he started his own company, he would create a very different environment.

The primary goal has been to create a workplace in which employees can produce great results because they are working in a fun, stimulating, and resource-rich environment. More than a focus on employee *productivity*, however, SAS Institute's focus is on employee *effectiveness*. Goodnight's motivation is business-related, but he – and company spokespeople – always make it clear that SAS Institute is what it is because of Goodnight's views on how people should be treated.

Jim Goodnight is perceived throughout the company as a "regular" guy, a down-to-earth man with a strong value system and incredible technical gifts. He is not seen as a stereotypical CEO, and appears to value being seen as different. The director of communications tells a story of Goodnight agreeing to be interviewed for a story in *GQ* on "three CEOs you don't know but should." The photographer wanted a picture of each CEO next to his car. Goodnight thought it was odd that they'd want a picture of him by his car, a Ford station wagon. When the communications director explained that the other CEOs might be driving something a bit fancier, Goodnight's response was to wonder aloud how those people cart their junk to the dump.

Business Week data from 1997 indicate that 79 percent of SAS respondents listed the highest choice – "a great deal" – when asked: "Do the leaders of your company support work-family programs?" Only 38 percent of respondents from all the companies totaled together listed the highest choice.

4. Differentiating from the Silicon Valley

It is only over the past two years that SAS Institute has become much more in tune with the public relations value of touting its unique work environment, and has begun to take steps to get on various business magazine lists of family-friendly companies. The importance, according to the company, goes beyond the corporate image with customers: it is a key factor in recruitment and SAS Institute's retention of employees. SAS has created an environment that seeks to bypass many of the problems faced by its rival firms in California's Silicon Valley and elsewhere, where "churn and burn" is the order of the day.

> The Valley has its own proprietary ways of burning and churning its soldiers. Sure, burnout plagues almost every corner of corporate America. In fact, it's so bad on Wall Street that the New York Stock Exchange recently installed defibrillators on the Exchange floor to revive brokers suffering heart attacks. But Silicon Valley's maniacal, anything-goes, startup-driven pace creates a weird bubble of a world. ...
>
> In a Valley where kids out of Stanford University are racing to become millionaires by age 30, where years of work can be wiped out if a competitor beats you to market, no one has formally studied the burnout rate among driven Silicon Valleyites. Yet the Valley way of life and work is the clinical definition of stress: extreme unpredictability with little control.
>
> *Upside*, July 1998

In the spring of 1998, William M. Mercer, Incorporated – one of the leading U.S. human resources consulting organizations – released a report based on a survey it conducted under co-sponsorship with the Pittsburgh High Technology Council, an employers' group. The Mercer survey offered respondents ten reasons from which to select as the "most significant reasons for turnover" at their companies. Participants cited the following:

1. aggressive hiring practices of competitors (cited by 54% of participants)

2. dissatisfaction with income (49%)

3. dissatisfaction with career opportunities (46%).

Other often-indicated reasons for turnover include dissatisfaction with management practices (41%), employees' dissatisfaction with their type of

work or projects (34%), and a feeling that the organization lacks direction (22%).

In the software industry, employee turnover averages as much as 20 percent and some firms face even higher turnover rates. Many have taken to all sorts of incentives to keep employees at their jobs.

> At a time when annual turnover in some information technology shops is as high as 30% and filling empty positions can cost anywhere from two to five times' an employee's salary, IT managers are discovering that it takes more than just a paycheck to keep their people happy, according to Brian Anderson, vice president and general manager of the San Francisco office of Personnel Decisions International, a global management and human resources consulting firm in Minneapolis. IT managers are also finding that offering a buffet of "softer" benefits – anything from on-the-job training to days off to elegant dinners – builds loyalty, makes work more enjoyable and nudges employees to think twice about sending off a resume when a headhunter calls.

SAS Institute's unique work environment and family-friendly programs contribute to the company's astonishingly low 4 percent turnover rate.

> A typical software company of SAS's size loses 1,000 employees per year. At SAS, the number lost is about 130 – which translates into almost 900 employees per year whom SAS doesn't have to replace. The result: a huge reduction in expenses for recruiting candidates, for flying them in for interviews, and for moving new hires across the country, as well as a reduction in the amount of work time lost while jobs remain unfilled.

> Two independent consulting companies – Hewitt Associates and the Saratoga Institute – have estimated that the cost of replacing a worker runs between 1 and 2.5 times the salary of the open job. The more sophisticated the job, the higher the cost. So, given a factor of 1.5 (which is conservative) and an average SAS salary of $50,000, the company arguably saves $67.5 million a year, compared with what its competitors shell out. That comes to an extra $12,500 per year per employee that SAS can spend on benefits.

The company estimates its low turnover rate translates into some $60 to $62 million in savings.

Asked whether it's important to be on the lists, Goodnight responds: "Well, I'd rather be on them than not, but I'd rather be reading about how great our products are." It is a sentiment that rings true in light of how Goodnight acts, and it's backed up by what the head of corporate communications

remembers: "In the early days, we were almost reclusive about touting who we were or what we did for employees. We wanted to be recognized for our products. It took us a long time to convince Jim Goodnight that we should be talking about this other stuff."

5. The Work Environment

Several overarching features of the work environment at SAS Institute make the company unique. Coupled with the "perks" – often quite unusual – that employees enjoy, these features help define the special SAS culture. (Exhibit 2 presents a summary of "employee-friendly" benefits at SAS.)

First and foremost is that the company's values are *employee-centered*. SAS Institute seeks to send a strong message to all employees that the company truly cares about every man and woman on its payroll, as individuals. Some of that caring is manifested in tangible things, from the on-site healthcare facility to the piano player in the company cafeteria (or café, as it is called in SAS Institute literature), who helps ease the frenetic pace one so often finds at lunchtime in other companies. It can be found in the financial planning courses that the company offers to all who work at SAS Institute. And it can be found in the discounts on residential property in the headquarters town of Cary – Goodnight invests in real estate, completely apart from SAS Institute, and offers 10 percent off undeveloped lots where he has an interest.

One example of employee-centeredness can be found in the fact that each employee has his or her own office. There are *no* cubicles. While SAS Institute describes this as a way to maximize productivity, it also fits in with the operating principle for Jim Goodnight: that's how he would like it were he "just" an employee.

Another significant feature of the work environment is *employee interdependence*. SAS Institute has structures in place to encourage – and even demand – teamwork. Employees will tell you that it's easy to get help when needed. Seeking out help when needed is critical to success within the organization. One senior executive describes what it takes to fit in at the company.

> You need to care about a sense of contribution, you need to value humility over individual recognition, and you must want to work in an environment of total interdependence. If you need a lot of ego or tangible compensation, this is not the place for you.

Jeff Chambers, SAS Institute Director of Human Resources

The SAS Institute reward system encourages interdependence. For instance, everyone in the sales organization gets a bonus, depending on performance relative to other members of the salesforce but relative to target.

> There's really not much competition within sales. We're not competing with each other, but competing with our own target.
>
>   SAS Institute Employee

> I could definitely make a lot more money elsewhere, but I wouldn't have nearly as much fun.
>
>   SAS Institute Sales Professional

SAS Institute encourages a genuine *spirit of risk-taking*. Many employees comment on their ability to take risks, and most everyone agrees that it really is okay to fail. As one employee in technical support says, "We can try anything within reason here."

To be sure, there is some downside to this encouragement of risk-taking. Some employees perceive that competition is deliberately established between work groups as a way to create new ideas. They criticize this approach for wasting resources and setting up unnecessary competition. But this sentiment is clearly a minority one.

Another feature of the environment is *challenging work*. The key reason people come to SAS Institute is for the work – and it's why they stay.

> Motivation is not a problem here. Everyone has a strong desire to excel.
>
>   SAS Institute Employee

That the SAS Institute work environment is *resource-rich* also contributes to the unique culture. Employees are given what they need to do their jobs. Everyone you talk to mentions this.

> If you need something here to get your job done well, you'll get it without a big hassle.
>
>   SAS Institute Employee

> You're given the freedom, the flexibility, and the resources to do your job. Because you're treated well, you treat the company well.
>
>   *Fast Company*, January 1999 (quote from employee)

The *physical surroundings* and *facilities* make a big difference at SAS Institute. Lots of companies have campuses, but the amenities at the SAS campus are legion. There's a gym, healthcare center, and childcare center. Every floor in every building has one or more "break rooms" stocked with coffee, tea, cold drinks, cookies, crackers, and other refreshments. Each

Wednesday, the break rooms are stocked with large canisters filled with M&M candies – a perk lots of employees mention, half-jokingly, as their favorite thing about working at SAS Institute.

All of the benefits and perks are available to all employees, and everyone on campus is a SAS Institute employee: software engineers, salespeople, childcare workers, groundskeepers, and so on. Goodnight believes strongly that people are much more committed if they are part of the company. All employees have the same exact bonus plan potential (of course, higher-paid people are paid out at a higher rate).

There are no designated parking spaces and no executive dining room. Goodnight and other senior executives eat lunch regularly in one of the two company cafeterias.

One particularly notable thing about the SAS Institute work environment is that the company sees little need to produce specific documents about the culture precisely because it is so pervasive. While there are a few, though brief, descriptive pieces about the company in which the SAS Institute philosophy is clearly articulated, and the philosophy does feature prominently in some of the company's customer-focused material, there's a sense that the culture is so strong that it doesn't need to be neatly summarized and put on a plaque.

> SAS is just a very pleasant place to be. You don't see plaques on the wall telling us that because it doesn't need to be said. The niceness surrounds you and, while a lot of it is visible, there are subtle things done that are important, too.
>
>   SAS Institute Employee

6. Maintaining The Work Environment

Ask employees who or what is responsible for the work environment at SAS Institute, and everyone agrees that Goodnight created the culture and still has a huge effect on how it has evolved over time. Despite that he is no longer directly involved with most decisions related to the SAS Institute work culture, Goodnight's original vision has spawned a self-perpetuating culture, and "new" decisionmakers now share his vision – which governs the variety of philosophies, strategies, and practices adopted by the company over twenty-three years. Four practices stand out.

"Hire hard" recruitment philosophy. Many people inside SAS Institute attribute the longevity of the company's culture to the heavy emphasis placed on recruiting. It is very tough to get hired: there's a strong emphasis not only on technical skills but also on attitude. One often hears SAS Institute people explain that "we hire hard and manage easy," meaning that folks have a lot of autonomy in their jobs. (Exhibit 3 summarizes the extensive hiring process.)

In 1999, SAS had about 20,000 applicants for roughly 200 posted open positions.

35-hour workweek. SAS Institute's written policy is that the standard workweek is thirty-five hours.

> It used to be that we had to work much longer hours to get the work that needed to be done completed. With all the advances in technology, we don't need to spend so much time at work.
>
> Jim Goodnight

While most employees don't actually work thirty-five hours on a regular basis, people talk about how the choice is there – and that such a choice makes all the difference. Among those who choose to work longer hours, there's a strong sense that they do so by choice and out of a love for their work, as opposed to a lack of productivity or because of unreasonable workloads. According to the 1997 *Business Week* data, 66 percent of SAS Institute respondents strongly disagreed with the question: "Are you expected to work long hours no matter what it means for your personal or family life." This compares with 29 percent of all respondents.

Employee and manager surveys. SAS Institute relies heavily on employee input through its annual employee satisfaction survey. Most of the questions seek to gauge the overall work environment at SAS Institute, and only a few are work-life specific. Results of the survey are posted for several weeks on the company's intranet, and each year key areas are identified for improvement.

In 1996, SAS Institute introduced its first management feedback survey, through which all managers are rated by their direct reports. The results, which are widely discussed within the company, are also posted on the SAS Institute intranet. Top-rated managers receive individual recognition.

Compensation system. So many benefits set SAS Institute apart from its competitors. When it comes to pay, though, SAS employees get the average (or in some cases below the average) for the software industry. In addition, unlike at most other software companies, there are no stock options. Every SAS Institute employee does participate in profit sharing and is eligible for a bonus, and the company has paid a bonus each year since its founding. Each manager is given a pool of bonus money to divide as he or she chooses.

Goodnight's view has always been that SAS Institute doesn't have to offer high salaries to get people either to come or stay, given everything else the company provides to its employees. He has always wanted people to come to work at SAS Institute for the work itself, and stay with the company for the work. In the SAS Institute view, money should not be the key motivator. People that care primarily about the money can easily be bought, the reasoning goes.

Money is not talked about, though. The company's compensation system is a somewhat taboo subject among SAS Institute employees. Salary levels are not posted within the company, so an employee looking to move within SAS Institute has no access to pay information. Just as he doesn't want new hires coming for the money, Goodnight doesn't want people moving around the company just for pay.

7. The Role of The Leader

SAS Institute is a very flat organization: there are, in essence, only four layers between the bottom and Jim Goodnight. This means that Goodnight has a large number of direct reports.

The SAS Institute work environment was clearly initiated by Jim Goodnight himself. He is the principal driver, though several of his direct reports play key roles. Executives at SAS promote the culture through example.

For example, the vice president of commercial sales has two children in the SAS Institute daycare center. After heavy travel periods it's not uncommon for her to announce to her staff that she won't be in for a few days so she can spend some time with her kids. And John Sall, the company's number-two executive and only other owner, is very visible on campus as a man whose work behavior promotes the company's philosophy.

While most of the major features of the culture were initiated and led from the top, programmatic ideas typically come from the grassroots level. SAS Institute's work-life manager explains that new ideas bubble up through the organization. If they're specific ideas for employee services, she has a lot of autonomy for being creative and adding things to SAS Institute's offerings. More substantial policy change issues go through the human resources vice president and potentially get the thumbs up or down from Goodnight.

So very much of the SAS Institute culture is the product of the CEO himself, and it is instructive to consider Jim Goodnight's leadership style – which is a bit of an anomaly.

Goodnight is viewed as a "silent leader," one who gives the people below a lot of autonomy. At the same time, his is a very strong presence within the company, and most major decisions bubble up to him – as well as many smaller ones.

Is he too controlling? He appears to be very much on top of all the details of the organization, and chooses at times to become involved in issues that one would not typically imagine catching the attention of a CEO. Conversely, he appears to give his direct reports a clear direction of where SAS Institute is going on the product/technology front, and then let's them run their own areas. Direct reports often go two or three weeks with no interaction with Goodnight.

Meanwhile, the CEO spends almost 50 percent of his time programming, so he's very involved with the product line on a daily basis. This passion for the technological side of the business is very clear to employees.

> Dr. Goodnight spends a lot of his time programming, which is very cool.
>
> > SAS Institute employee

Asked how he can afford to spend so much time on programming, and told that most other CEOs wouldn't do the same, he responds: "I don't know what they do all day. Probably poking their noses in where it doesn't belong."

Goodnight appears to be a leader who gathers the input of his direct reports, but not in a typical team fashion.

> Recently, SAS was considering a substantial investment opportunity. Jim asked many of his direct reports for their input, and he listens well. He's not looking for consensus, though. He takes it all in and then makes a decision fairly quickly. In this case, he decided not to go with it.
>
> > SAS Institute Manager

Also, his direct reports rarely come together to meet as a team.

> I hate meetings. I think most of them are a waste of time.
>
> I'm the boss that doesn't like to manage much. I like to do start-up stuff and then move on to something else. I like the creative side of things.
>
> > Jim Goodnight

> I wouldn't say this to Jim because he would die, but this is a meeting-oriented culture. We probably could use more meetings of the department heads, but that's not Jim's management style.
>
> > SAS Institute Senior Manager

Goodnight's business for growing the business is to look out over only a short two- to three-year horizon, given how rapidly technology changes. He assesses developing technologies, invests in some heavily, and give people the latitude to make them work.

> Jim's approach is to place some bets on multiple technologies in the hopes that one will prove right. Since he started the company, his vision has been incredibly accurate.
>
> > SAS Institute R&DManager

All the evidence points to the fact that SAS Institute is doing things right. The company continues to grow, and employees are thrilled to have their jobs. SAS Institute has made the top of most of the lists various business magazines publish about the "best places to work." In both years of the *Fortune* "Best Places to Work" survey, SAS Institute finished third. In the 1997 *Business Week* survey, SAS Institute ranked fourth within its comparison group overall, and at the very top of the list if you take only employee opinion into account (that is, rather than including the employer survey on programs and policies). And SAS Institute has been on the *Working Mother* "Best 100" list ten times since 1989, and has been recognized as a "Top 10" company six of those times.

Of course, the entire SAS Institute story does leave a lingering question: could a similar "utopia" be created at a company that has to answer to shareholders?

Exhibit 1: SAS Institute Fact Sheet – "Employee-Friendly History"

SAS Institute, Inc. has a solid record of providing an employee friendly work environment since the company was founded in 1976. The programs have grown in depth and breadth throughout the company's history, and the Institute continues to explore ways in which SAS Institute can best meet the needs of employees.

1. 23 consecutive years – profit sharing plan

2. 23 consecutive years – discretionary bonus for employees in December

3. 23 consecutive years – 35-hour work week and flexible work schedule. Employees who are parents particularly enjoy this benefit because it allows them to participate in special events at their children's schools. Some parents choose to arrange their work schedule to that they are able to meet their children at the school bus stop every afternoon and be a part of after-school activities.

4. 23 years – work-friendly perks, including Friday breakfast goodies; Wednesday M&Ms; fresh fruit on Mondays; generous break rooms stocked with soft drinks, juices, coffee, tea, crackers and peanut butter; winter company-wide party; spring family picnic; family Halloween party; and numerous family activities throughout the year.

5. 19 years – company-sponsored on-site childcare staffed by employees. Two centers serve the needs of 328 children ages 6 weeks to 5 years of age. When the new Bright Horizons Child Care Center opened in April 1996, the total number of children rose to 500. Qualified employees at regional offices receive subsidized childcare at a comparable center near their locations.

6. 14 years – self-funded on-site healthcare center staffed with family nurse practitioners (two full-time physicians joined the staff in 1995)

7. 15 years – on-site recreation and fitness center

8. 15 years – wellness program

9. 14 years – company subsidized on-site café

10. 14 years – self-funded indemnity plan with low deductible

11. 10 years – additional paid week off between Christmas and New Year's Day

12. 9 years – Employee Assistance Program

13. 7 years – Work-Life Initiatives Department

14. 6 years – eldercare program, Generation to Generation

Exhibit 2: SAS Institute Fact Sheet – "Employee-Friendly Benefits Summary" (excerpts)

The Institute provides a generous benefit package to all U.S. employees, which includes:

- Paid sick leave

- Two weeks paid vacation for all employees, with an additional week for employees who have been with the company five years or more

- Paid holidays (with an additional paid week off between Christmas and New Year's Day)

- Fully paid health insurance (also available for dependents and domestic partners)

- Profit-sharing retirement plan

- Paid education and training expenses

All U.S. employees also get to take advantage of these other employee-friendly benefits:

- On-site healthcare center (no cost to employees and their covered dependents)

- On-site recreation and fitness center (no cost to employees, family, domestic partners)

- Extensive wellness program

- On-site childcare

- Company subsidized café – award-winning gourmet cuisine and a piano player to help create a relaxed atmosphere; breakfast and lunch available

- Elder Care program

- Flexible work environment and 35-hour workweek

- Annual bonuses

- Other fun perks include free fresh fruit every Monday; M&Ms on Wednesday, and breakfast goodies every Friday; break rooms stocked with complimentary soft drinks, juices, crackers, coffee, and tea, as well as first aid supplies; and employee events and celebrations, including the annual Family Picnic, the elegant Winter Party, and end-of-the-month parties.

The Institute's employee-friendly philosophies are not limited to headquarters and other United States offices. Because the needs of employees in other countries vary greatly depending on that country's culture, each office tailors its benefits to best suit the needs of those employees.

- In Heidelberg, Germany, European headquarters, public transportation is the norm for all citizens, and is a significant expense for commuters. The Institute pays 100 percent of the public transportation costs for all employees in that office.

- In the Madrid, Spain, office, SAS Institute presents a birthday gift to each employee, provides lunch tickets redeemable at area restaurants, and funds an inter-company football competition.

Exhibit 3: SAS Interview and Hiring Process

1. Posting of position

2. Applications accepted (immediately; this "open period is typically open for two weeks)

3. Position closes.

4. During and after the "open period," Human Resources sifts through applications and provides the hiring manager with qualified applicants to the hiring manager. This process lasts for roughly ten days. Qualified applicants must demonstrate certain "skills" requirements via the application.

5. Over approximately one week, the hiring manager conducts phone interviews with applicants to determine who should be brought in for a face-to-face interview.

6. Human Resource schedules "First Round" interviews immediately upon receipt of the hiring manager's candidate list.

7. The hiring manager interviews candidates. These interviews typically also involve members of the work team, as well as people outside the specific reporting group who will work with the person in the position. Second and third interviews, along with skills assessment testing, are not uncommon.

8. The hiring manager selects a candidate and Human Resources offers the position.

9. The candidate begins working for SAS either on the 1st or 16th of the month.

The candidate is interviewed to discuss required skill sets, but also to look for personal and cultural fit within the company. SAS looks to match "attitudes" related to teamwork and work/life balance. Specifically, the company looks for people who value camaraderie, who enjoy being part of a winning *team* more than being recognized as an individual star, and who understand the holistic personal benefits of working within a company that has a philosophy of "work/life" balance. While SAS does not believe the company can *teach* attitude and life philosophy, it does teach and enhance professional skills related to these areas through professional training programs.

SAS Institute

Ellen Bankert, Mary Dean Lee, and Candice Lange
University of Pennsylvannia, Wharton

Teaching Note

1. Synopsis and Overview

SAS Institute, the world's largest privately held software company, has received considerable media attention in recent years for the "utopian" environment for which it has become known. The company's physical surroundings have been described as country club-like, and include two childcare centers, a fully staffed health center, private offices for everyone, state-of-the-art athletic facilities, and a host of unique amenities. The company offers employees unlimited sick days and a 35-hour workweek.

SAS Institute also stands out with respect to what it doesn't offer. There is no executive dining room. There are no reserved parking spaces and no coveted offices for executives. And unlike most of the software industry, there are no stock options and pay is average. Employee turnover is far below the industry norm.

From the inception, Jim Goodnight – SAS Institute's founder and CEO (who owns two-thirds of the company) – set out to create a particular kind of work environment. It has been sustained over time. Goodnight is the key driver behind the company culture – a man with a value system and philosophy that are central to what SAS Institute is today.

Several elements describe the SAS Institute culture: employee-centered values, employee interdependence, a spirit of risk-taking and freedom, challenging work, richness of resources, and the company's physical surroundings.

The SAS Institute case can be used to demonstrate several basic lessons:

1. Senior leaders play a critical role in effecting positive work/life-related change.

2. There is an important connection between specific work/family-related benefits and the actual work environment within which these are offered.

3. In the software industry, the ability to enrich oneself financially may not be all that matters to employees – contrary to the conventional wisdom.

2. Suggested Study Questions

- What characteristics make SAS Institute unique?

- Which of these characteristics are fundamental to creating the SAS Institute culture? Which contribute, but to a lesser degree?

- Do some characteristics matter more to certain individuals or groups of employees? Matter less?

- What is the connection between specific work/family-related benefits and the actual work environment within which these are offered?

- What do the "perks" SAS Institute offers employees say to potential recruits?

- How important are the "funkier" perks, such as the piano player in the cafeteria or the weekly delivery of M&Ms?

While it's easy to highlight some of the mainstream work/family benefits at SAS Institute (such as subsidized, on-site childcare and the 35-hour workweek), these would mean little were they not part of a work environment that promotes interdependence, is a fun place to be, offers stimulating work, provides employees with the resources they need to get their job done well, and places a significant emphasis on attitude when hiring.

- Are there "types" of employees who would not fit within the SAS Institute culture? Which types?

- How important is this? What does it mean given SAS Institute's industry and the market conditions for software?

- What do you think about the 35-hour workweek?

- How real is it?

While not everyone works a 35-hour week, SAS Institute employees do seem to spend a lot less time at work than do their counterparts in other companies. Even more important is the issue of choice: while employees may not work 35-hour weeks on a regular basis, the fact that they can when they want or need to is important.

- How would you assess Jim Goodnight's leadership style?

- To what extent is Goodnight the "keeper of the culture"?

- Can the SAS Institute culture be maintained after Goodnight retires?

A huge piece of SAS Institute's success as a premier employer is attributable to the deeply held values of its founder and CEO, Jim Goodnight. Most employees at present believe that the culture is so strong that it would survive a change in leadership.

There is a lot of room for disagreement among students on this point. But as a privately held company, Goodnight does hold the succession decision. Is seems likely that he will select a successor not only for her or his business leadership ability but also for shared values.

Nonetheless, the power of having a leader with very clear values around the importance of family and that work should be fun, combined with the respect that he receives throughout the company for his technical competence and vision, cannot be overstated.

- What are the implications of the flat management structure at SAS Institute?

- What are the implications of the way in which Goodnight's direct reports operate?

The obvious advantage of the flat structure is that employees do not feel far removed from the top of the company, which would appear to help instill the company values. Conversely, there may not be sufficient opportunities for upward movement.

There appears to be a disconnect between the company's emphasis on teamwork and the apparent lack of "teamness" among Goodnight's direct reports.

- Is SAS Institute's strong financial performance the reason the company offers what it does to employees, or is it the opposite: do the programs and the environment contribute to the company's success? If so, how?

- Are there issues important to employees where SAS Institute could improve?

The compensation system may need improvement. There is a lack of communication around compensation. The company de-emphasizes compensation purposely: SAS Institute does not want people moving around or coming to the company just to make a lot of money.

- Consider three principles for affecting positive work/life change: clarifying what's important; recognizing and supporting the "whole person"; continually experimenting with the way work is done. How does SAS Institute demonstrate that it embraces these principles?

- How replicable is the SAS Institute success story?

- How and what can other companies learn from SAS Institute?

Many observers of SAS Institute claim that it's difficult to replicate SAS's work/life-related success, given that the company is privately held, is led by a man with values that seem quite different from those of most other CEOs, and has very high margins that make the environment affordable. But there may be common-sense decisions that the company has made that transcend these conditions and thus make the SAS Institute example more widely applicable.

Seagate Technology[1]

Phyllis Siegel[2]

Rutgers University

Abstract. This case pertains to the managing of events that surrounded Seagate Technology's shift to a team-based work environment in 1998. The case focuses on the High Performance Products (HPP) division, a business segment which comprises roughly 40% of Seagate's total annual sales and specializes in the design, manufacturing, and marketing of ultra-high-performance disk drives. The effectiveness of the restructuring of the HPP division into core teams is examined from the perspectives of corporate, senior, and middle management. In the context of this major initiative, the Senior Vice President in charge of the HPP division has articulated two business objectives: faster time to market and employee work-life balance. The extent to which these goals are effectively implemented and achieved are explored from the vantage points of the firm's chief technology officer, the HPP division head, middle level management, human resources, and the employees who are affected by the change initiative.

Keywords: organizational change, leadership, teams, work-life balance, high-tech industry, human resource management.

1. Introduction

It's the end of a long executive meeting. Esther Williams steps out of the conference room where the discussion has revolved around "core teams" and how they are going to help Seagate meet its objective of faster time to market, which is being pushed aggressively by the company's CEO. She has just spent three hours listening to presentations about how Seagate's work is going to be transformed, and she's wondering whether there's a place for work/life balance in the face of all this fast-paced change.

Esther Williams, Seagate's manager of Corporate Benefits, reaches for her cell phone to call Sue Eklund and discuss the meeting. Eklund is in charge of Training, Learning, and Development for Seagate's Twin Cities Operations (TCO).

Sue Eklund and Esther Williams first met in October 1997. They are the self-described "co-conspirators" who have focused TCO and the Enterprise Storage group on the importance of work/life issues.

When they met, Esther Williams was in the process of formulating her vision for work/life programs and looking to secure support from Seagate's corporate management. Sue was struggling to develop a leadership model for

TCO. Sue Eklund's manager suggested that she contact Esther Williams to ask for some feedback. They've been working together ever since, against the backdrop of a highly competitive industry and a diverse and dispersed company where technology change of one kind or another can seem like an almost everyday event.

2. The Company and Its Financial Performance

Seagate designs, manufactures, and markets products for storage, retrieval, and management of data on computer and data communications systems. Founded in 1979, Seagate today is an eclectic company, thanks to a host of mergers and acquisitions. From 1985 through 1997, Seagate acquired approximately fifteen businesses and invested in or merged with at least seven additional companies. In its first decade, Seagate established itself in the low-cost, high-volume market niche of disc drives, a position analogous to that of K-Mart in the discount retailing industry and was known for its production-driven mentality.

Overall, Seagate employs about 85,000 people worldwide. The company's headquarters are in Scotts Valley, California. (Exhibit 1 presents a snapshot of Seagate's organization chart.)

For the fiscal year that ended on July 3, 1998, Seagate's revenues were $6.82 billion, a decline of approximately 23.7 percent from the previous year's $8.94 billion. The losses for FYE 7/3/98 totaled $530 million, compared to net income of $658 million for the previous year. (Exhibit 2 presents Seagate's annual financial performance.)

Senior management attributed the decline in revenue to

> a continuing decline in the average unit sales prices of the company's products as a result of intensely competitive market conditions, a lower level of unit shipments reflecting continuing weakness in demand for the company's disc drive products and a shift in mix away from the company's higher priced products.

Seagate 1998 Annual Report

On June 28, 1999, Seagate Technology announced that due to weaker-than-expected demand for its disc drive products, together with price deterioration for its desktop disc drive products, it would not meet its earnings estimate for its fourth fiscal quarter ending July 2. The company was not alone in its lowered earnings expectations: the storage industry is very competitive, and dropping prices affect all disc drive manufacturers – who find they must take some action to address a changing marketplace.

For the most recent fiscal year, which ended July 2, 1999, Seagate's reported revenues were unchanged from the previous year, but net income increased to $1.176 billion.

On June 7, 1999, Seagate's stock (traded on the New York Stock Exchange under the ticker symbol SEG) closed at $33. Out of 15 analysts employed by the Zacks Brokerage Research Center, the majority expressed optimism about the firm's future prospects: five gave their highest recommendation of "Strong Buy"; seven analysts recommended "Moderate Buy"; and the remaining three analysts recommended a neutral "Hold" position on the company's stock.

3. The Disc Drive Business

Seagates's products include disc drives and related disc drive components (e.g., recording heads), tape drives, and software. The disc drives are the components on which data are stored and from which data are retrieved. Disc drives enable the storage and access of large volumes of data that cannot be economically stored in the random access memory (RAM) of the computer's central processing unit. Exhibit 3 presents the primary components of a typical disc drive.

Disc drives are a commodity business, one that yields modest margins. There is continual, rapid technological change, the product lifecycles are relatively short, user needs change quickly, and customers are not terribly loyal. In short, competition is fierce.

Seagate's major competitors include IBM, Western Digital, Quantum, Maxtor, Fujitsu, Sun, Hitachi, and Samsung. Seagate and IBM hold the largest share of the market for high-end disc drives.

Success in the disc drive market is driven by performance and being first in line on the "Qualification Train." Performance is measured on the basis of five criteria: 1) rotation speed (measured in revolutions per minute), which affects the time it takes to access data); 2) access time speed (expressed in milliseconds), which is the time needed to position the recording heads over a selected track on the disc surface; 3) media data transfer rate (expressed in megabits per second), which is the rate at which data is transferred to and from the disc; 4) storage capacity (currently measured in gigabytes), which is the amount of data that can be stored on the disc; and 5) reliability or quality (expressed in terms of mean time between failure – MTBF – or usage hours – e.g., 300,000 hours of expected reliability). Being first in line on the Qual Train translates into getting a customer test unit (CTU) ready for your customer before your competitors are able to do so.

Seagate's largest customers – who will give the lion's share of their business to whichever company is first to produce a CTU – are Compaq, Dell,

EMC, Gateway, and Hewlett-Packard. Being first on the Qual Train is also essential to continued profitability.

> If you are three months late to market on a product that has an eighteen-month lifecycle, you will lose one-third of your revenue and two-thirds of your profit. The customer isn't terribly loyal. This is a commodity market, not a performance market.
>
> Tom Porter, Seagate's Chief Technology Officer

A recent article in *Storage Review* – an independent trade journal that evaluates the disc drive industry (and also the leading independent storage authority on the Internet) – stated that "traditionally, one looks to Seagate or IBM to introduce the first of the next-generation units." In fact, Seagate received the 1998 Compaq Supplier Partnership Award for its outstanding performance in "meeting Compaq's goals for technology leadership, technology alignment, quality, availability, responsiveness, and cost." However, in 1999 Western Digital was the first to introduce the next generation of SCSI drives.

> What's crucial is *what* we deliver and *when* we deliver it.
>
> Brent King, Director, Seagate Transformation Office

4. Seagate's Enterprise Storage Group

Seagate's Enterprise Storage group (ESG) division specializes in the design, manufacture, and marketing of ultra-high performance disc drives. Built with a multiple interface platform and characterized by extremely high rotation speeds, storage capacity, and performance reliability, these disc drives serve a variety of high-end needs – including applications in digital video, video-on-demand, file servers, workstations, mainframes, and supercomputers. Seagate's enterprise storage disc drives make possible the electronic booking of airline flights and the myriad financial transactions conducted daily at ATM machines all over the world.

Design and production pilot centers for ESG are located in Oklahoma and Minnesota. Most of the company's products are manufactured overseas in the Far East, with limited production in the United States (Minnesota, Colorado, and Oklahoma sites). Seagate's presence in Minnesota stems from its $450 million acquisition in 1989 of Imprimus Technology, the disc drive division of Control Data corporation.

ESG accounts for roughly 45 percent of the company's total annual sales. The division contributed 47 percent, or $846 million of revenues, to the company's overall finances for the quarter ending January 1, 1999. In the

second quarter, ending April 2, 1999, ESG contributed 54 percent, or $975 million in sales. (Exhibit 4 presents ESG's recent quarterly performance.)

The ESG division has established its reputation with two major drives: the Barracuda and the Cheetah. Both disc drives were selected by leading computer publications as the best choices based on value, storage capacity, and speed. *Computer Reseller News* picked the Barracuda 50 as the top high-capacity drive in its March 15, 1999 edition: "For those who recall when 50 Mbytes was astonishing, this drive will leave you speechless." And Hewlett-Packard announced in April 1999 that it would be integrating the fifth-generation high-performance Barracuda (Barracuda 18LP/36, 7,200-rpm) in its award-winning HP AutoRAID Model 12H. *PC/Computing* selected the Cheetah 18LP as the "fastest hard drive on the planet.

Seagate's success with the qualification process is illustrated by what happened with one of the generations of the Cheetah 10,000-rpm disc drive. The company got to the customer first and, as a result, won 100-percent market share.

Even with the success of Cheetah and Barracuda, though, the highly developed competition in the disc drive industry has hit Seagate hard over the last few years.

5. Restructuring into Core Teams

From a technology standpoint, IBM had long been recognized as leading the disc-drive industry. Historically, Seagate was very good as a "fast follower" on the technology curve. In 1997, Seagate was edged out by the competition, which helped contribute to Seagate's performance downturn. Seagate executives decided it was time to change strategies. The company wanted to move from a low-cost manufacturer and fast follower to a position of low-cost manufacturer and technology leadership. Steve Luczo, Seagate's CEO, articulated seven corporate objectives to address the new strategy.

1. Improve time to market for all products.

2. Technology leadership.

3. Improve material management and develop strategic supplier relationships.

4. Develop strategic relationships with key customers.

5. Create world-class manufacturing processes.

6. Provide best-in-class product and process quality.

7. Employer of choice.

Seagate's design centers had, historically, been organized around function, with one product line manager in charge of tracking the progress of all programs and with senior management heavily involved in day-to-day decisionmaking as well as strategy formulation. In 1998, the firm undertook a restructuring of the design centers, including ESG, under Tom Porter's leadership, to meet the corporate objective of faster time-to-market (TTM). (Exhibit 5 presents a summary slide from one of Tom Porter's presentations to employees during the summer of 1998.)

Guided by consultants, Tom Porter implemented various product development process-related initiatives to increase functional excellence and improve the overall efficiency of product development and materials management within the corporation. Perhaps the most visible structural change instituted to improve time to market was the organizational redesign of design centers into *core teams* organized around individual projects.

Core teams direct projects from the product planning stage through drive development. In ESG, generally speaking, it takes about eighteen months for a team to complete its work, from Phase 0 (product planning) through Phases 1-6 (design, integration, qualification, pilot, transfer, and ramp, respectively). At the end of Phase 6, the core team disbands. Members of the team either join new core teams or return to their respective functional areas.

Each core team is guided by a team leader and includes six individuals who come from each of the respective functional areas of design engineering, product line management, materials and process engineering, quality control (reliability), operations, and manufacturing/factory. The teams are physically located in one common area, aimed at promoting more direct and multi-way communication between and among core team members.

Empowering the core teams to take ownership over the operational aspects and daily decisions surrounding a particular project was intended to speed up the development process and thereby improve time to market, one of Steve Luczo's primary corporate objectives. The reorganization also had a secondary benefit: senior management would have more time available to spend on corporate visioning, strategy formulation, and employee development.

As part of the restructuring, Site Management Teams (SMT) were established in Minnesota and Oklahoma. These teams typically include senior managers from engineering, manufacturing, finance, marketing, quality, materials, human resources, product line management, and the factory. The SMTs set high-level business and technical direction, enabling the core team and functional organizations to do their jobs. They also provide development direction by setting strategies, managing resources across all projects, and ensuring the success of core teams through the phase-approval process.

The Transformation Team Office was also established, with fourteen members representing the two ESG sites. It supports, interacts, and communicates with the core teams, and the functional departments. It also works to improve the TTM-related work of the core teams by supporting process initiatives, including Functional Excellence, Pipeline Management, Functional Strategic Planning, Organizational Learning and Development, Six Sigma, and SLAM (Share Leader All Markets).

Another group that emerged is the F.O.C.U.S. (Focused on Culture and Unified Solutions), which evolved from a former group oriented around increasing total customer satisfaction. Approximately fifteen individuals from different functional areas voluntarily meet bi-weekly as a team to define and implement value-added meetings that increase organizational effectiveness and efficiency, create strategies that achieve the goal of work and life balance, and facilitate a successful cultural transition to the new Shakopee facility (described below). Sue Eklund is active member of F.O.C.U.S., and Esther Williams is actively involved as an "outside" consultant.

The core teams, as well as the SMT and FOCUS groups, were charged with the responsibility of developing their own charters to describe their missions, goals and objectives, and roles and responsibilities. (Exhibits 6, 7, 8, and 9 are excerpts from these charters.[3])

An article in Seagate's internal newsletter, *Business Monday*, described the role of these groups and likened the "race between companies in the storage industry to be first-to-market with leading products" to the Indy 500 automobile race:

The site management team

In a product development role, the site senior-management team makes strategic decisions and sets high-level business and technical direction. Back at the Indy 500 speedway, this group determines the strategy for winning the race and becoming the champion. They map the course.

The core team

Each core team focuses on developing quality products cost-effectively and on-time. The team of A.J. Foyt and crew members tactically navigates the speedway, maneuvering around obstacles, refueling, and staying on course.

Functional departments and employees

Employees provide the critical knowledge and resources for successful market and financial tracking and planning, product development, customer-

---

3. It should be noted that the SMT had not completed the chartering process at the time this case was written.

qualification and management, materials acquisition, and manufacturing. They work upstream of product development and also constitute the extended team members. They are the vehicle ... speeding around the course and crossing the finish line.

Business Monday, January 25, 1999

As of January 1999, there were a total of seventeen core teams in operation at the Minnesota, Colorado, Oklahoma, and Singapore sites, five of which are at the TCO. Each core team is supported by an extended team of individuals from the various functional areas of the organization. So, although only thirty individuals are integrally involved as core team members, approximately 1,000 individuals in ESG (at TCO, Oklahoma, and overseas) are involved or are linked in some way to this new organizational initiative.

Extended team members (or functional organization employees) represent, by far, the greatest number of contributors to product development and management because they are responsible for daily program-related activities. The degree of support required from extended team members fluctuates according to skills required at a product phase. At one point heavy support may be required from a particular area, whereas at another time, less effort may be needed.

Business Monday, February 1, 1999

One of the ways in which the core teams initiative was introduced to Seagate employees was through a series of articles that appeared in the company's internal newsletter, *Business Monday*. (Exhibit 10, "Interactions and Communications," presents a diagram showing the relationship between core teams, the Transformation Office, the SMT, and functional areas.) While Seagate communicated the change in many other ways, including through various employee meetings, the challenge of reaching so many people proved quite difficult, and the employees' understanding of this very complex initiative was not fully realized. Despite a concentrated communications effort, it was not enough to gain full understanding by the entire Seagate employee population.

As the team initiative went forward, team leaders received monetary incentives for their critical roles in managing core teams and the product development process. Core team members have been promised rewards for their roles, but have not yet received these monetary incentives. Core teams members will be rewarded monetarily for their efforts in driving time-to-market improvements. As for additional benefits, core team members cite the following perqs

... career growth, development, increased visibility [with senior management], knowledge gained from being involved in a product

development lifecycle, and the satisfaction that comes with being saddled with a problem that the team must figure out how to fix.

Seagate Core Team Member

Core teams provide a tremendous opportunity for growth and development. Team members receive training and experience in complex decision-making skills and are mentored by the site's executive management group.

Tom Porter

Several core team members expressed uncertainty about their careers at Seagate after their work on the core team was completed. It was unclear to many whether opting to go back to the functional organization – versus joining a new core team – would be harmful or helpful to their Seagate careers. And for extended core team members (as for the functional organizations they represent), the benefits are not obvious: the extended teams must adopt changing work styles and additional responsibilities, yet their efforts are not tied to specific monetary rewards.

In addition, individual performance at Seagate historically has been evaluated based on the employee's work in his or her functional area. Now, the company has developed a new performance appraisal for core team members.

Forty percent of the input comes from myself and my peers, 40% from the functional home parent, and 20% from the site management team leaders. The vice president asks whether we met our business objectives, whether we moved the business forward, and whether we hit TTM.

Joan Motsinger, Core Team Leader

To date, no other changes have been made to the performance appraisals for the functional areas, where the extended core teams reside (see Exhibit 11 for a copy of a core team performance appraisal).

6. Addressing Resistance

There has been resistance to restructuring into core teams – even among senior management. This has required that Tom Porter undertake a concerted effort to get senior leaders on board.

It took me months to convince John [Weyandt, senior vice president of ESG] that this would be a good thing. I could have told him to go do it because he

works for me, but I chose to sort of ease him into it, if you will, and convince him. I knew if I didn't it would fail.

People look at John as "Mr. ESG disc drive." So I really needed him to buy into it, and he was stubborn. That's the way John is: resistant to change until he is convinced that it's the right thing to do. Then, get out of his way.

But it took a while. John wasn't going to buy into this overnight. So, we'd talk about it and he gave me all the reasons that it wouldn't work. But once he bought into it, it was great.

You can't force change on people, at least not effectively. You can make them follow a process by threatening them with their jobs, but that's not what you want. You want people to buy in, adopt the vision, and then champion it.

That takes time. With John, it was a case of intellectualizing the ideas and concepts of a very complex subject.

Core teams are very threatening to functional managers. The way people like John Weyandt got where they are is because of their very good technical skills. Now you're telling them that we don't want them to do things as they always have. That's the way it feels to a functional manager when we say we want them to worry about people, strategy, and infrastructure processes, and make that 70% of their time.

Tom Porter

Some of the greatest resistance has come from the various Seagate functional areas that assist the core teams. At first, the functional areas saw the core teams as contrary to their interests.

I would say that the functional organizations are having more trouble adjusting to this system than the core teams. We froze the functional organizations in their tracks a little bit. But some of the functional groups are farther along than others.

People felt threatened by change. The core team change was quite threatening to the PLM and design guys. Design engineers don't change quickly -- they are still wearing their long-johns to work in the summer and their Bermuda shorts in the winter. Resistance is high until change is understood.

In Minnesota, there are roughly 1,000 people in the drive business, and five core teams with six people on each -- 30 people. I hardly think that 30 people out of 1,000 are going to do all the work. Functional excellence is still the heart of everything. I think now the functional organization understands this.

What the core teams really do is give a focus to a program. It's a group of people totally dedicated to a program and that shouldn't be distracted by what I call purely functional issues: who gets the job done, designs the product,

builds the product, sells the product, tests the product. That's all done by the functional organizations.

I think the functional organizations are getting up to speed. It was harder and slower for them. They're not all in the same place. In my mind, I've rated each of the functional organizations, and a couple of them are doing really, really well -- they're at full speed -- and a couple still have to get things sorted out.

On the first programs, it cost us time to market, and we went backwards, losing two or four months. But I'm not discouraged. This is a way of getting better.

John Weyandt

The Site Management Team has been challenged to coordinate between the various constituent groups. There has been contention over which parts of the product development process are the responsibility of core teams, and which are under the ægis of the functional areas.

At first, one of the problems we ran into in the product development process was that it was difficult to hand off between the functional group and the core team. A lot of times, the functional groups would say: "That's a core team responsibility. We're not going to do that." And vice versa. We probably didn't do as good a job as a management team as we could have in making sure that the roles, rules, and responsibilities were clearly defined.

John Weyandt uses the analogy of a football game. Everyone's got a job: linebacker, offensive tackle, quarterback, wide receiver, and so on. When the ball gets fumbled, though, it doesn't matter what job you have -- everyone has to jump on the ball. John explains that we had several times when there was an issue and, rather than anyone jumping on the ball, no one wanted to get tackled.

So, that's one area where we had some difficulties. We worked on it. It's not that people don't want to do a good job, but just that initially there was confusion over who runs what and who makes what call.

Doug Dehaan, Site Management Team Leader

7. The Shakopee Facility

A major part of the restructuring at Seagate involves the relocation of TCO employees to the new building in Shakopee, Minnesota.

Until 1999, there were six different sites in Minnesota housing design and production centers for disc drives and their related components. But Seagate spent more than $50 million to construct a 350,000-square-foot building in

Shakopee, Minnesota, where these sites could be consolidated. Some 1,200 Seagate employees will be housed at the Shakopee site, among them 651 ESG employees.

In the employee orientation to the new facility, the many features of the Shakopee site are touted as reflecting Seagate's vision, values, and business goals. The building's state-of-the-art design and features – what Seagate calls the "new building savvy" – are described as

- Flexible and adaptable to changing business strategies

- Open to encourage collaboration, sharing of information, building new relationships, acquiring new behaviors

- Energy efficient, visually striking

"New Facility Orientation"

The building's "central core team area" is "focused to drive [a] team-based culture," while "Main Street" is intended "to encourage lots of 'accidental' interaction." There are high-performance acoustic tiles for diffusing sound, lighting to prevent monitor reflection, and lots of greenery throughout the building "to bring the outside inside." Cubicles and furniture are "state-of-the art." The building has two video-conferencing rooms, thirty-eight meeting rooms (many with high-tech electronic equipment), and computer monitors are placed strategically throughout the building to provide real-time communications. In addition, there are multiple break areas and a fitness/ wellness center with treadmills, Stairmasters, weight machines, showers, and lockers.

The restructuring – of which Shakopee is a part – is not exclusively about time to market, but also about Seagate's concerns regarding its ability to maintain technological leadership. The company wants to ensure that it is prepared for the emergence of new technology so that it doesn't find itself behind – as it did when Western Digital was the first to introduce the next generation of SCSI drives.

Would Seagate be equipped to deal with the emergence of a new technology? CTO Tom Porter acknowledges that the company would not have been ready two years earlier. But today, Seagate has "Advanced Concepts," a group of some 400 engineers focused on technologies two to five years out. And Seagate Research was formed to focus on what Porter calls "far-out" storage concepts that may be ten years in the future. This is all geared toward ensuring that Seagate will have the requisite skills and knowledge base to deal with any radical technological shifts.

8. Work/Life Balance in the Midst of Change

Esther Williams and Sue Eklund saw all this change in the context of their concern for the work/life balance of Seagate's employees. From Steve Luczo's seven corporate objectives down to the creation of core teams, they began to ask whether work/life balance could find a place in the changing environment.

Seagate has no formal work/life "philosophy," nor is there a work/life policy "on the books." Part of this is due to the fact that different Seagate sites have different cultures.

> There's a different culture in California and the Silicon Valley [where Seagate's corporate headquarters is located]. There are an awful lot of startups out there, and people work all the time. All of your personal savings are on the line, so you don't worry about work/life balance. The Midwest has strong family values.
>
> Tom Porter

Another reason for there not being a formal policy is that Seagate itself is the product of a host of mergers and acquisitions over the years. In Minnesota, Seagate is a cultural mix of old Seagate personnel and people from Control Data. It is from Control Data in particular that Seagate, in the early 1990s, earned the reputation for being "Slavegate."

> Some of the old management found it difficult to get used to the idea that it's okay *not* to be at work all the time. Senior management lived this way and were especially proud of it. They loved it; it was like flying the Marine flag. Putting in long hours was viewed favorably as a badge of honor, being strong and tough.
>
> Sue Kugler, director of Human Resources, Twin Cities Operations

Despite the absence of a corporate-sponsored, formal work/life policy, Seagate offers a standard package of healthcare benefits, insurance (life, accident, and disability), a 401k plan, dependent care plans, and an employee stock purchase program. Employees are covered by the federal Family and Medical Leave Act and may, therefore, take up to twelve weeks of unpaid leave for family/illness reasons. Seagate does not offer its own maternity/ paternity leave package.

The company's profit-sharing plan did not distribute money to employees in 1998, due to Seagate's net losses.

9. Corporate Leaders View Work/Life Balance: Steve Luczo (CEO), Don Waite (CAO), and Tom Porter (CTO)

Senior leaders at Seagate have clearly articulated the corporate objectives as they see them:

> If you had to think of two themes, think time-to-market leader and cross-functional teams with best-in-quality.
>
> > Steve Luczo, in *Business Monday*, May 10, 1999

Don Waite, Seagate's chief administrative officer – who is responsible for the Corporate Human Resources function – has highlighted his key objectives: improve decisionmaking and information systems; establish employee best-in-class processes within support functions; create the best team within each support function; implement Oracle on schedule; and implement a leadership development program.

Tom Porter believes that Seagate's concern about work/life balance falls under the catch-all "Employer of Choice" objective set forth by Luczo.

> It is called different things in different locations. Employer of Choice is intended to be more global. Work/life balance is a subset of Employer of Choice – a more powerful subset in Minneapolis, which is probably a Seagate leader in work/life balance.
>
> > Tom Porter

Tom Porter acknowledges work/life balance as an important objective. (Exhibit 5, "Seagate Vision – Our Commitment," was the "hot slide" from a presentation Porter made in the summer of 1998.) He emphasizes that if the company can achieve its business objective to be faster than the competition in time-to-market, it can then work to achieve work/life balance for Seagate employees.

> This is an industry issue. Before I came to Seagate, I saw people's personal lives fail because the work was so intense. And I knew that in an industry with rapid change, the culture becomes one that the winners are the ones who "walk the talk" about total dedication to the job. Work/life balance doesn't have a place.
>
> We just came through twenty years of downsizing and consolidation in this country. In this competitive landscape, it's hard to worry about work/life balance when you're not sure you're going to have a job next year.
>
> I love the challenge of a fast-paced business, but I also recognize that it ruins people's lives. There were 200 disc drive companies in the last twenty years,

> and now there are about seven or eight. So I recognized years ago that this was a burn-out type of industry. My wife keeps me on track.
>
> Just the fact that management talks about the work/life balance as being important makes it okay to go to your son's basketball game, and makes it okay to have a life. That doesn't mean you have less dedication to the job. It just means it's okay to have another life.
>
> Do I walk the talk? Not on this one. I work way too many hours. But I really do believe what I said earlier. The definition of work/life balance is different for every individual. If you're part of a family unit, that helps provide a definition of work/life balance.
>
> When my kids were young, I refused promotions at IBM that would've forced me to pull them out of school. I have five kids, and they're all grown and out of the house now, so I'm working a lot more hours than when they were home. I probably worked too many hours then, too. My wife was a good barometer and pulled me back when I went adrift.
>
> > Tom Porter

In assessing his role in promoting work/life balance and evaluating its success at ESG, Porter says:

> I try to be extremely accommodating with them, and I let them know that that's okay and that I expect it. For example, we had a big meeting in Colorado with the technical VPs of the company. John Weyandt said he couldn't make it because he had a personal obligation at home.
>
> My measure that work/life balance is working for John Weyandt is that he didn't push all the stuff at home aside. But I couldn't tell you whether John's any better at work/life balance today than a year ago.
>
> But you can't manage what you don't measure. How do we measure work/life balance? There's no measure. In that sense, it means it's probably at the bottom of our priority list. We keep it very visible, but it's mostly words.
>
> > Tom Porter

Porter communicates frequently about the time-to-market objective.

> I say [time to market] over and over and over in every forum and every chance I get. It's practically every day that I'm in some meeting with employees in one level or another, talking about the vision, where we are, where we're going. On average, I probably spend a couple of hours a day on it – so, 25% of my time.
>
> > Tom Porter

Tom Porter's has ideas about how to implement work/life-related change at Seagate:

> I'm a believer in prototyping and piloting things. So, I'm very willing to have a local thing going here as a prototype, and if it does well — these are bright folks, and they'll buy into it.
>
> Tom Porter

Several employees see Tom Porter as their ally on work/life balance issues, and explain how his particular management style helps to promote change.

> Even before his promotion, Tom postponed a meeting with the top management team to come to my presentation on establishing a formal work/life office. He understood the urgency of the situation and my need for his help.
>
> Tom has influence. His philosophy is that change sometimes has to come out of the unit and not from the top down.
>
> Esther Williams

> Porter is big into "hands off." He sits on the monthly operational reviews, and says maybe ten or twenty words. He doesn't want to set direction, but prefers that it comes from others. He created the data to support our paradigm shift. Tom doesn't mandate things, but gives support.
>
> Joan Motsinger, Core Team Leader

10. Divisional Leaders View Work/Life Balance: John Weyandt, Head of ESG

As head of ESG with more than thirty years' tenure at Seagate (including his years as a Control Data employee), John Weyandt is one of Seagate's senior executives who raises the issue of work/life balance. His perspective on work/life balance is straightforward.

> I want everyone to be successful from a business standpoint *and* say that they like their jobs. Job satisfaction depends on, first, putting them into a job where they can grow and enjoy and, then, giving them enough space to work and live.
>
> Efficiency is the driver for freeing up space in their lives. It's not to work less, but to work hard but enjoy their lives.

> I just hope to gosh that, just as people will give up a Sunday afternoon to come in to work to finish up some stuff at the office, on a Wednesday afternoon they will feel comfortable saying: hey, I need to leave to go to my daughter's recital or to attend PTA conferences at school.
>
> The majority of the responsibility for work/life balance is on the individual. If we can get a significant amount of understanding and support from management ranks, it will fix itself — but you won't know how it's happened.
>
> I've been very fortunate. I have had to make some difficult adjustments outside of work. I have an understanding, supportive wife, and she's been able to fill the void.
>
> There are some big mistakes I've made, some things you can't go back and get another chance at. So, for me personally, there are things that I do to achieve better balance. It doesn't mean that I spend less time at work. That's part of it, but not all of it.
>
> John Weyandt

With respect to how he reconciles work/life balance with the corporate objective of time-to-market, John Weyandt offers the following analysis:

> From my perspective, we really have these two key initiatives. There are seven goals of the corporation — that's really clear to everyone. Then there's what I call the "bookends": the goal on the top, which is the key business goal of TTM, and the goal on the bottom, which is work/life balance.
>
> There are two pieces to work/life balance: the work piece and the life piece. I think we're starting to touch on some of the work piece.
>
> Seagate's got 85,000 or so people. The people with whom I interface most of the time are primarily in technical, materials, or support — maybe 10,000 to 15,000 people out of that population. There's a lot of consciousness, a lot of focus, a lot of good intent, but most of the progress I see is in things that help us with TTM.. If you look at work/life, the progress is on the work side: what we do to make a person's job more challenging and rewarding; what we do to the compensation system; what we do with communication. I think we've made a lot of progress in all those areas.
>
> What I don't think we've touched on, and where I don't have a clue of what to do, are personal needs that have an impact on work. I think it's an area we have to focus on. I don't know what we need to do outside of work, but it seems like people need — and I'm looking at this from my own perspective — some time and some space. And everything we do at work, whether it's advancing a person's career or sending them to a class, or getting them to some special event, seems to take away from their personal time and space.
>
> There's been good focus, but I think we still have a ways to go. I think about my own children, my parents, brothers and sisters, my friends — there are so

many things that have an impact on what makes a person happy and satisfied, and so many things that put pressure on a person. It's a pretty complex situation.

John Weyandt

In August 1998, John Weyandt began meeting with small groups of managers to discuss the two objectives of time-to-market and work/life balance. He also holds roundtable discussions with employees from all functions and levels in ESG; the discussion topics include work/life issues. In addition, every two months at his scheduled operations reviews with Oklahoma City and Minneapolis, he uses these extended staff meetings to articulate the importance of W/L balance.

John is very supportive of work/family issues. He has made a personal commitment to change the company. People talk, but they don't walk. He's walking.

He is honest and down to earth. There are no airs about him. He's trying to live what he's preaching, and does it through example.

When I told John that I was pregnant, his reaction was very positive. He told me it's wonderful, and said he was going to get me a partner at work one month before I leave and for the two months while I'm off. He wanted to provide other support and help me with my job, plus help me feel less guilty about being on leave.

ESG Employee

With work/life balance as one his goals for the division, John Weyandt recognizes that he must get the Site Management Team on board.

I have a hard time with this, because I've been on this site for 153 years! I've been here a long time. I want the SMT to run the business. I don't want the SMT to come to me and feel like I'm calling all the shots. I don't know when to step in on the SMT and when to let them go. What I've tried to let them know is that I'll be glad to come anytime and give my advice. Several of the people on the SMT work directly for me. With those people, I will share where I think they should put their priorities. If I had the perfect approach — which I don't — I could penetrate the SMT and they could penetrate down.

John Weyandt

In spite of the perceived importance of work/life balance, when "push comes to shove" at Seagate, the TTM objective will win. According to John Weyandt, "We're not going to give up the product."

Maybe I'm fighting a losing battle, but we're going to have our cake and eat it, too. If in the next six months there are TTM and work/life issues that come

---

head to head, maybe forty-nine will go the TTM way and one will go the work/life way. We'll still be one ahead of where we were six months earlier.

John Weyandt

Given these views and the barrage of changes at Seagate, Esther Williams and Sue Eklund began to explore how the company could be pushed to become more concerned with and more actively involved in promoting work/life balance.

11. HR and the Issue of Work/Life Balance

In her formal presentation to Tom Porter in December 1997, titled "Rethink and Relink Work & Life," Esther Williams argued that Seagate needed to create a culture that could support the goals of increased revenues, market share, and profitability; advancing technology; and becoming recognized as an employer, supplier, neighbor, and investment of choice (see excerpts in Exhibit 12). Since then and towards these ends, Esther Williams and Sue Eklund have proposed and executed a series of action steps. These include a diagnosis of Seagate's culture (see Exhibit 13), creation of a leadership development program, and a survey of employees to identify the strengths and weaknesses of the work environment.

The survey was administered to all U.S. design center employees (roughly 3,200) in June 1998, with a return rate of 82 percent (2,247 responses). Tapping into employees' perceptions of Seagate in twenty different categories – including pay, benefits, job satisfaction, career development, operating efficiency, and work/life balance – the survey played a critical part in surfacing concerns over job security, the performance management process, pay, and communication. Moreover, the survey results (see Exhibit 14) also indicated a positive relationship between an employee's position within the organization's hierarchy and his/her perceived level of work-related stress: the higher on the Seagate corporate ladder, the greater the stress.[4]

Everyone knew that there was a lot of frustration, but people couldn't put their finger on it. The survey helped to crystallize and identify the issues.

John Weyandt

The survey results made it possible for Esther Williams and Sue Eklund to make some progress on work/life issues, having been stymied in the past. Esther Williams's previous manager – the senior vice president of Corporate

---

4.   It should be noted that the survey was conducted only six months after Seagate had laid off more than 10,000 employees from the international side of the business.

Human Resources – had withheld his support for her proposed creation of a formal work/life group within the Human Resources organization, preferring instead to focus on other matters. However, with the support of Tom Porter, Esther Williams and Sue Eklund have pursued various work/life initiatives, including the Financial Education Program, the Life-Balance Program, and the Grassroots Leadership Program.

The pilot Financial Education Program offers Seagate employees in Minnesota free educational assistance in a variety of financial matters, including basic budgeting, estate planning, college funding, achieving financial success, and reducing credit card debt. Employees have the opportunity to attend seminars and meet with and develop a financial plan with a financial planner. By addressing a key factor in employee stress over work/life-related issues, the program is aimed at improving employees' personal financial wellness, reducing absenteeism and tardiness, and increasing employees' overall efficiency and productivity at work.

The Life-Balance Program is a consulting and referral service. Employees may call a toll-free hotline around-the-clock for assistance in myriad areas, including legal matters, financial issues, parenting and childcare, resources for seniors, disability and accessibility, and education and schooling.

Tom Porter has provided the needed financial backing for both of these initiatives.

In addition to her membership in the F.O.C.U.S. Group and her TCO representation on the Transformation Team, Sue Eklund established the Grassroots Leadership Program in May 1998 with an initial group of twenty-six handpicked managers who were interested in developing their leadership competencies. In January 1999, participants completed their own individual development plans (IDPs) pertaining to their desired career paths at Seagate, and the group piloted a 360-degree performance appraisal.

> Improving work/life balance will come with more education about what leadership is about. Modeling behaviors trickles down. Improving leadership will affect trust and have a positive impact on work/life integration. It's about awareness-building.

> The leadership model that Sue is building will prove to be the success of work/life balance at Seagate.
>
> A Participant in the Grassroots Leadership Program

It is Sue Eklund's belief that improvements in work/life balance for Seagate employees will be realized only when the company's leaders and managers begin to understand, support, appreciate, internalize, communicate, and model balance-related values to their employees. Her Grassroots Leadership Program is intended for managers to develop greater insight into themselves and others, become sensitized to work/life issues, improve their leadership skills, and receive the support and tools necessary to manage their employees effectively – which includes a partnering to achieve work/life balance. Sue has received $250,000 from Tom Porter to continue the development of this program.

Sue Eklund and Esther Williams have spent many hours together discussing the place of work/life balance within the corporate objective of "Employer of Choice." In their opinion, this hinges on the company's ability to create a supportive work environment. Eklund elaborated on this further with a mental model for how to implement this goal:

I. Career partnerships – quality of jobs

   Compensation, reward systems, dual career paths, learning opportunities

II. Work-life mastery – achieving balance in work and life

   Flexibility in work arrangements

   Financial Wellness Program

   Life balance

   Tuition assistance

   Fitness/wellness centers

   Wellness works

   Community involvement

   Employee Assistance Program

<div align="right">Sue Eklund, email to Esther Williams</div>

The efforts of Williams and Eklund to improve the work environment are marked by high energy, passion, friendship, and a heightened sense of enjoyment. They speak constantly about their desire "to really drive change in the organization, to light fires, to push the envelope, to put themselves out there, to take risks ..."

> We're jungle fighters. We want to make our intellectual assets passionate about what they do. If we can get people to *think* differently, then they will start to *act* differently.
>
> Esther Williams

We're willing to take the risk [of being fired] and trust the process. I would leave the company if it stops being fun. If you don't take a risk, what's it worth?

<div align="right">Sue Eklund</div>

Sue Eklund's philosophy is that "education empowers." She and Esther Williams continuously share information, books, and materials between themselves and with others. They give books to senior executives and urge them to crack them open.

> How are you going to get people to buy into organizational change initiatives if you don't give them the information to decide for themselves? The more information you give them, the greater the perceived trust and respect. Then, they'll be more likely to buy in and receive the change more positively because you're not just telling them to go do it.

<div align="right">Sue Eklund</div>

12. The Site Management Team and Work/Life Balance

The Site Management Team in Minnesota – which oversees the progress of the core teams – has been resistant to addressing work/life balance. As a former leader of the SMT, Doug Dehaan characterized his group's take on work/life balance.

> There are those who are very focused on the people issues, but there are others who are extremely tactical. We have a very broad spectrum on our SMT. We have people who only want to talk about day-to-day operations: "Are we executing?" Other people want talk about whether we are rewarding these teams: "Are people feeling right?"

> Diversity is good, but there are people for whom this is going to be more of a challenge than for others. We're 30% to 40% bought in.

<div align="right">Doug Dehaan</div>

Doug Dehaan was initially resistant to concerns over work/life issues, but came to reconcile work/life balance with Time to Market in light of one of Esther's recent presentation to the Site Management Team.

> I was probably one of the biggest negative resistors. I would say that I absolutely refuse to talk to any of my employees about work/life, because I don't feel I can do it credibly. I've been asking them to work harder now than I've ever asked them. We have all these new initiatives. Every time you introduce a new initiative, not only do they have to do their current job, but they've got to figure out this new way of doing it. And we've loaded tons!

> In comes Esther Williams saying: "I'm going to tell you how you're going to explain work/life balance to your employees." And I finally felt comfortable. I said: Let's get Esther in front of the SMT. This is something I feel I can talk to my employees about.

> Esther told us: "Here are programs funded in this division that the company is going to give to employees to help them in their personal lives outside of work, which will potentially relieve them of stress in their personal lives, and will make their work and personal life experiences better." It wasn't going in and saying that we've got all these new initiatives and we're going to figure out how you guys can work less. That's not real.

> Employees know that they're not going to be working less because it's the nature of what we're trying to go through right now as a company. And if we achieve all of this, if we get past TTM and we stay on technologically, our jobs may start to become easier and we can be more consistent in our schedules and not work on Saturdays to catch up, and stay ahead of the competition. But short-term, we're not there.

> So, Esther put forth these programs that I really like – things like financial education. Think of it: all these people with credit card debt and problems balancing their checkbook, or gambling issues. They probably spend a large amount of time worrying about it. And this would enable them to spend less time worrying about this at work.

> These are the kinds of things that hit home for me with work/life balance: how employees can live a more fulfilled, quality life by giving them tools not only for work, but also tools to help them at home.

<div align="right">Doug Dehaan[5]</div>

13. Core Team Leaders and Work/Life Balance

In the opinion of Joan Motsinger, a Seagate core team leader, each person in her position has the responsibility to model work/life balance. After more than fifteen years at Seagate – first as a team leader in the recording head division and more recently as a core team leader in ESG – Motsinger believes that work/life balance at Seagate is individually, not organizationally, managed.

> I was working seventy to eighty hours a week when I got married at age thirty-three. I made a conscious decision then to be home from work by 6:30 p.m. Then, when I had a baby at age thirty-five, I got a personal computer so I could work from home, and I changed my work schedule so I could leave the office every day at 5 p.m.

---

5. Doug Dehaan will be leaving the SMT to assume a new position as vice president for Advanced Concepts Manufacturing.

When I first found out I was pregnant, I established some ground rules for my team, too, telling them I would be gone by 5 p.m.

Everyday you have to emphasize the person. It's been ingrained in people that they have to work eighty hours. The reality is that you're not good if you're working eighty hours. So, we have to lead by example: to be excellent, and then go home.

<div align="right">Joan Motsinger</div>

Alan Saunders is another core team leader in ESG. He champions work/life balance by supporting his teammates, who "can work any hours they need to work." The restructuring into core teams, in his view, has helped work/life balance.

Within core teams, the work is more cyclical, and work/life balance is accomplished because the work is more evenly distributed.

<div align="right">Alan Saunders, Core Team Leader</div>

14. Assessing the Outcomes

How successful has ESG been with regard to time-to-market, work/life balance, and harmonizing the two?

With respect to time to market, in the high end [the ESG division], the feeling is that there's some mild progress being made. The progress in the desktop division is more pronounced, where they went from late to market to on-time or ahead.

Part of their progress is that they had more distance to travel, and also that the core team roll-out occurred a bit earlier for them than it did in Minnesota. It was harder to embrace in Minnesota, at first. Some of the team stuff was flat-out resisted at first.

Not everything works the first time. There's a little bit of finger-pointing, and a natural resistance to change.

<div align="right">Brent King, Transformation Office Lead</div>

As far as bottom-line progress goes, if you look at the three programs that we drove through the core teams, we didn't hit our dates on any of the three programs. But all three are very difficult programs. Although we didn't outrun the other guy, we outran the bear.

Even though we didn't hit our own schedules, we beat our two main competitors. And that's a really successful thing, because in the past we haven't always done that.

<div align="right">John Weyandt</div>

And what about work/life balance, John Weyandt's other "bookend objective" for ESG? In the view of several core team members:

It's so contradictory to the goal of faster time to market. Employees just don't see it as possible.

<div align="right">A Core Team Member</div>

Acceptance of work/life programs depends on management. However, here there's an enlightened versus the "old guard" — unenlightened management.

<div align="right">A Core Team Member</div>

People feel guilty about going home.

<div align="right">A Core Team Member</div>

The company has been beating on the employees to meet the objectives. The company has exhausted the employees. Everyone needs time to rejuvenate.

<div align="right">Extended Core Team Member</div>

Having core teams makes it worse. The work demands have increased for everyone — for both the core and extended core teams. Work/life balance is for management, but not for lower-level personnel.

<div align="right">Extended Core Team Member</div>

Esther Williams and Sue Eklund are preparing for their next meeting. They want to review the status of their work/life balance-related initiatives, and consider what else might be done at Shakopee to help the process along (see Exhibit 15, which presents a time line of organizational events at Seagate). They recognize that Seagate employees, for the most part, feel the onus is on them to balance work and life. These two women want to explore what the *company* can do to change the culture and make it easier for employees to deal with work/life issues.

Exhibit 1: A Snapshot of Seagate's Organizational Chart

Steve Luczo CEO, President

- Bernard Carballo — EVP, Sales, Marketing Product Line Management Customer Service Operations
- Donald Waite — EVP Chief Administrive Officer (CAO)
- William Watkins — EVP, COO Chief Operating Officer
- Tom Porter — EVP Chief Technology Officer
- Donald Colton — EVP Quality

- Brent King (formerly from PLM) Executive Director Transformation Office High Performance Products
- Jerry Mauer — SVP Human Resources
- Doug Dehaan — SVP SMT Lead Manufacturing Advanced Concepts
- John Weyandt — SVP HPP Division

- Susan Dingha — V.P. of Global Learning
- Bob Lee
- ?
- Joan Mottsinger — Core Team Leader
- Alan Saunders — Core Team Leader

- Sue Kugler — Director of Human Resources Twin Cities Operation
- Esther Williams — Manager Corporate Benefits
- Don Peterson — Core Team Leader

- Sue Eklund — TCO OLD

Exhibit 2: Seagate Annual Financial Performance

In $ Millions	FYE 7/3/98	FYE 6/27/97	FYE 6/28/96
Revenue	$6,819	$8,940	$8,588
Gross Margin	989	2,022	1,581
Product Development Expenses	(585)	(459)	(420)
In-Process R&D Expenses	(223)	(3)	(99)
Income (Loss) from Ops.	(686)	858	287
Restructuring Charges	(347)	7	(242)
Net Income (Loss)	(530)	658	213
Basic NI (Loss) /per share	(2.17)	2.82	1.07
Cash	666	1,047	504
Current Assets	3,615	4,552	3,399
Total Assets	5,645	6,723	5,240
Long-term debt, less current portion	704	702	798
Stockholders' Equity	$2,937	$3,476	$2,466
Number of Basic Shares	243.6	233.6	236.1
Cash from Operations (CFO)	500	1,880	630

Exhibit 3: Primary Components of a Typical Disc Drive
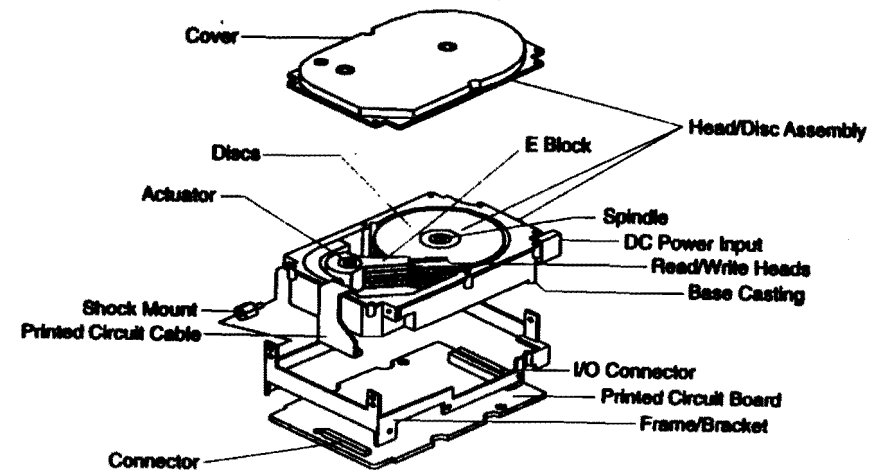
Exhibit 4: ESG Division Quarterly Performance

	Q3 1999	Q3 1998	Q2 1999	Q2 1998	Q1 1999	Q1 1998
Revenue	$975MM	$784MM	$845MM	$770MM	$766MM	$887MM
% of Firm Sales	54%	47%	47%	46%	49.2%	47%
Market Share	43%	40%	36%	40%	36%	45%

Exhibit 5: "Seagate Vision – Our Commitment"
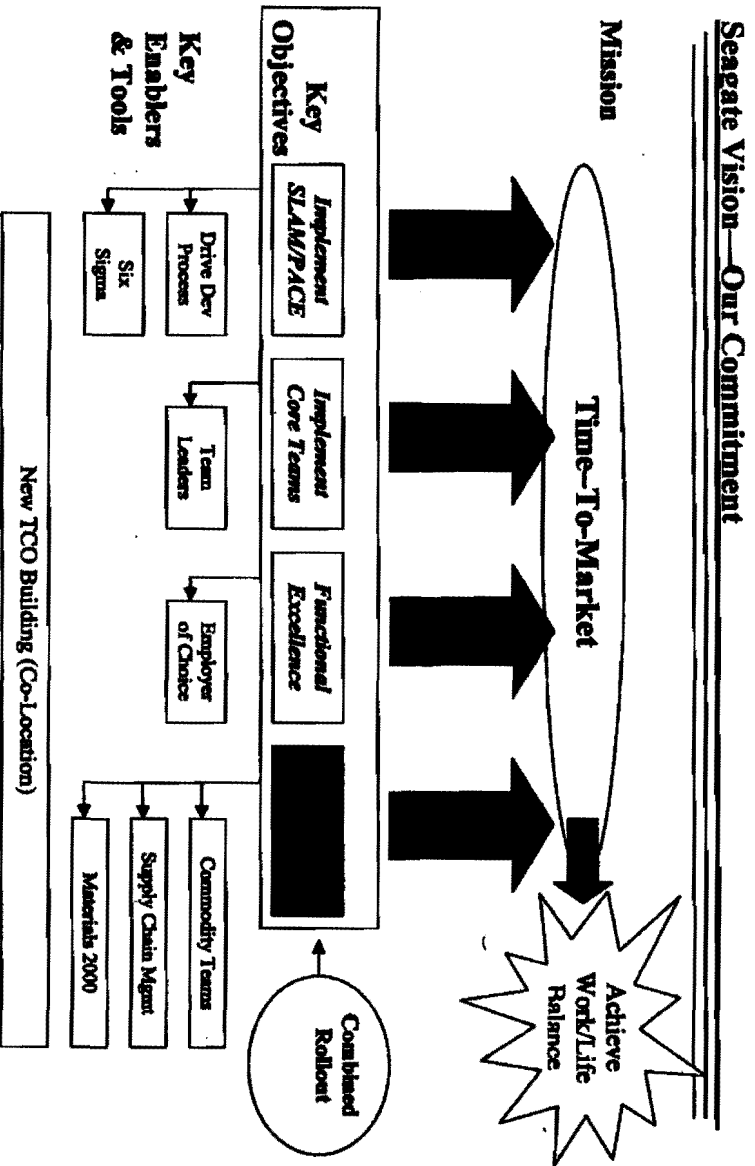
Exhibit 6: Core Team Charter (excerpts)

Seagate Vision—Our Commitment

Mission

Time–To–Market

Achieve Work/Life Balance

Key Objectives
- Implement *SLAM/PACE*
- Implement *Core Teams*
- *Functional Excellence*

Key Enablers & Tools
- Drive Dev Process
- Six Sigma
- Team Leaders
- Employer of Choice
- Commodity Teams
- Supply Chain Mgmt
- Materials 2000
- Combined Rollout
- New TCO Building (Co-Location)

Exhibit 6: Core Team Charter

Vision

Qualify the best drive for the high performance market ahead of the competition.

Mission

Work together as a proactive team and focus the TCO resources necessary to develop and qualify a new high performance drive platform which meets the customer's and Seagate's expectations.

General Rules

1. Communicate, Communicate, Communicate
2. Recognize what is urgent and what is important
3. Bring problems to the table
4. Support Core Team decisions
5. Help each other
6. Listen
7. Manage: Be on time, Leave on time
8. Use Lotus Notes calendar and coordinate
9. Leverage experience from other Core Teams
10. Recognize the need for each person's work/life balance
11. Be courteous, try not to distract your colleagues
12. Express appreciation
13. Maintain a sense of humor

Exhibit 6: Core Team Charter

HPD 18LP Core Team

Role	Name
Team Leader	Joan Motzinger
Design Engineering	Bruce Lawrence
Manufacturing	Don Peterson
Materials	Perdene Filkins
Product Management	Terry Lamb
Quality	Dianne Kane
Facilitator	

Core Values
- Honest Communication
- Respect
- Trust
- Flexibility

Exhibit 6: Core Team Charter

Team Responsibilities - All
- Achieve functional excellence including deliverables, plans, priorities and management/marketing tasks
- Provide timely communication of decisions, status and issues
- Insure that decisions are made in a timely manner at the appropriate level within the functional organization
- Provide SLAM input in time for each product phase
- Assist other team members as needed and ask
- Manage change
- Prepare volume team for receiving program under development

Exhibit 6: Core Team Charter

Team Goals

Make the Right Thing

Make the Thing Right

Do right for all

Exhibit 8: Transformation Office Charter (excerpts)

Exhibit 7: Product Line Management Charter (excerpts)

Exhibit #8 - Transformation Office Charter

Exhibit #8 - Transformation Office Charter

Exhibit #8 - Transformation Office Charter

Exhibit #8 - Transformation Office Charter

Exhibit 6: Core Team Charter

Exhibit 6: Core Team Charter

Exhibit #7 - Functional Group Charters

Exhibit #7 - Functional Group Charters

Exhibit #7 - Functional Group Charters

Exhibit #7 - Functional Group Charters

Exhibit 10: "Interactions and Communications" Slide
(depicts various groups created as a result of the reorganization)

Exhibit 9: F.O.C.U.S. Charter (excerpts)

Exhibit #8 - Transformation
Office Charter

Exhibit #9 - F.O.C.U.S. Charter

Exhibit #9 - F.O.C.U.S. Charter

Exhibit #9 - F.O.C.U.S. Charter

Exhibit 11: Core Team Appraisal Form

CORE TEAM APPRAISAL

Please check your relationship to the employee

___ Team Lead   ___ Team Member   ___ Functional Manager

EMPLOYEE NAME:	EMPLOYEE NUMBER:	TEAM FUNCTION & JOB GRADE:	DEPARTMENT NUMBER AND NAME:
LENGTH ON CORE TEAM:	PERCENT OF TIME SPENT:	REVIEWING MANAGER:	CURRENT APPRAISAL DATE:

JOB KNOWLEDGE:
- Exhibits depth & breadth of business and product development knowledge.
- Keeps up to date on the latest developments in technology, process, and tools.
- Serves as a resource and provides direction on technical matters within area of expertise.

1   2   3   4   5

TEAMWORK:
- Develops and maintains collaborative work relationships.
- Facilitates meeting to insure optimal participation and productivity.
- Brings group to consensus when necessary.
- Contributes to an atmosphere of support and mutual trust.
- Balances the needs of the Core Team and functional organizations.
- Open and flexible to change.

1   2   3   4   5

DECISIVENESS & JUDGEMENT:
- Identifies and diagnoses problems and creates effective solutions.
- Fully considers risks when making decisions.
- Appropriately involves others in decision making.
- Willingness to take a stand and make tough choices.
- Makes timely decisions.

1   2   3   4   5

COMMUNICATION:
- Facilitates timely conflict resolution.
- Encourages dialogue and shares information to build knowledge and focus action.
- Listens effectively.
- Communicates clear and concise messages.
- Addresses the communication needs of multiple audiences.
- Provides regular constructive feedback.
- Produces well written documents.

1   2   3   4   5

PROJECT MANAGEMENT:
- Establishes project objectives and deliverables.
- Effectively coordinates completion of multiple deliverables.
- Uses project management tools to develop effective work plans.
- Plans and organizes work effectively.
- Identifies issues, actions, and assigns appropriate resources as needed.
- Uses and maintains project and process documentation to drive continuous improvement.

1   2   3   4   5

LEADERSHIP:
- Ability to inspire and articulate a compelling vision.
- Sustains momentum and keeps others focused on achieving business goals.
- Exemplifies and encourages continuous learning and development.
- Effectively coaches others.
- Exhibits a "can-do" approach – Demonstrates courage and commitment under adverse circumstances.
- Develops and executes effective strategies based on understanding of interdependencies of the business.
- Ensures completion of deliverables in accordance with program objectives.
- Leverages diversity.
- Takes initiative to drive continuous improvement.

1   2   3   4   5

TEAM MEMBER PERFORMANCE		TEAM PERFORMANCE
CORE TEAM LEADER INPUT 40% - Deliverables met quality, functionality per program requirements. - Provides functional support as needed. - Resolved functional issues in a timely and effective manner. - Demonstrates core competencies.	**FUNCTIONAL MGR. INPUT 40%** - Effectively negotiated functional support requirements with team. - Upheld functional standards. - Effectively manage resources within parameters agreed upon in the program requirements. - Demonstrates core competencies.	**SMT INPUT PRODUCT BUSINESS RESULTS 20%** - Phase reviews reflect 100% of program objectives within the control of the team. - Deliverables met cost, revenue, yields and performance to specifications.
Circle Rating 1 2 3 4 5	Circle Rating 1 2 3 4 5	Circle Rating 1 2 3 4 5

OVERALL RATING	1 2 3 4 5
Additional Comments:	

Employee Comments:

I have read this appraisal and discussed the contents with my Core Team Manager. My signature signifies that I have been advised of my job performance an does not imply that I agree with the appraisal or its contents.

Signature of Appraiser: _____

Signature of Human Resource: _____

Signature of Employee: _____

Exhibit 12: "Rethink and Relink Work-Life" (excerpts from presentation)

Exhibit 13: Seagate's Culture Diagnosis : Current vs. Ideal

Organizational Culture Inventory Survey
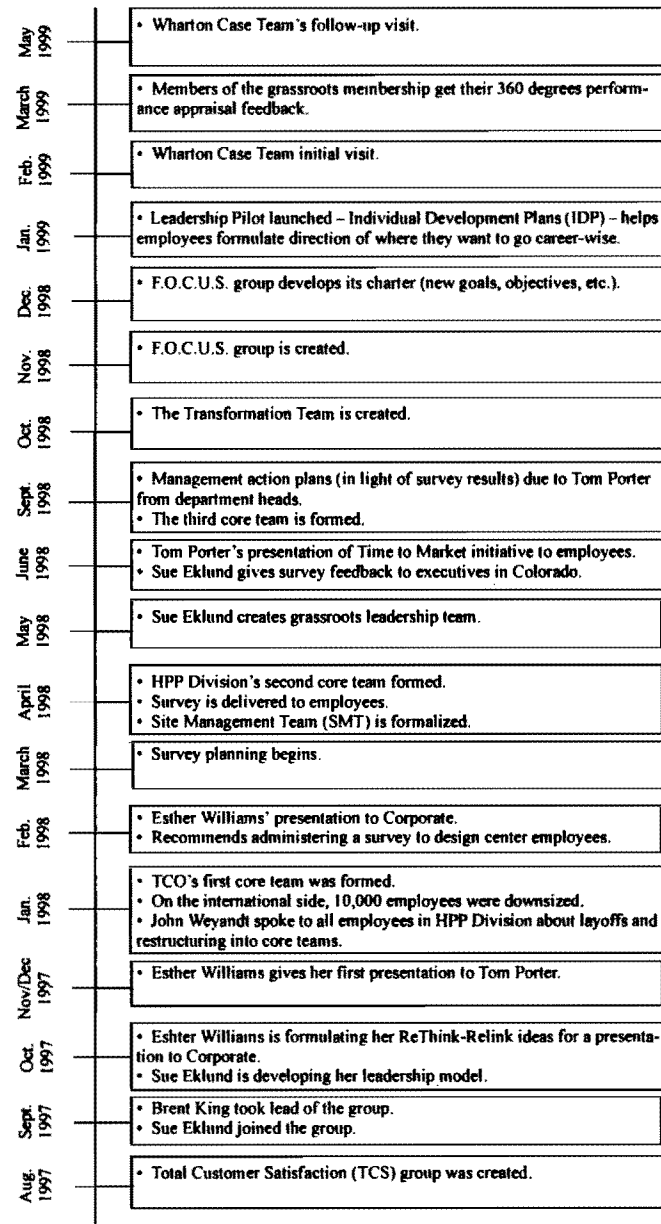Seagate Technology
July 1998
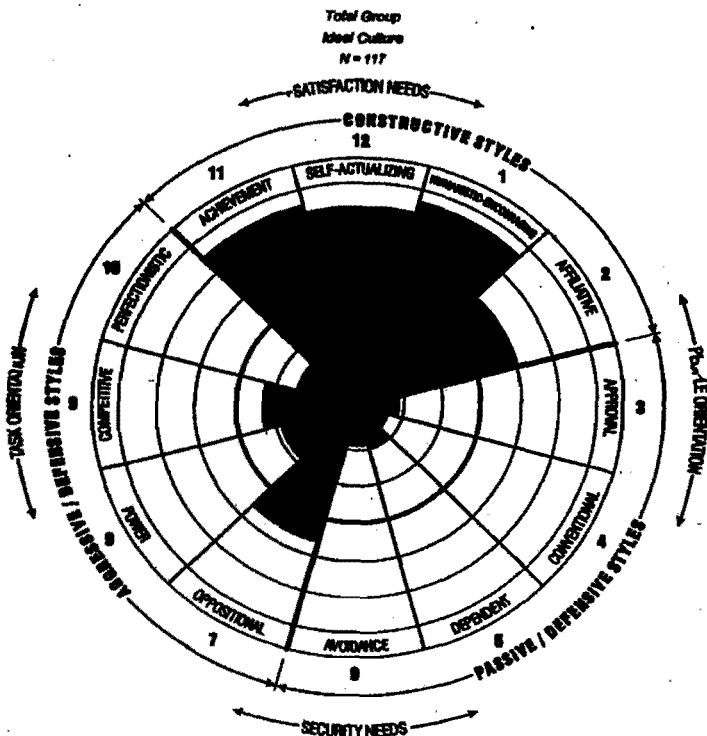
Exhibit 14: Employee Survey Results
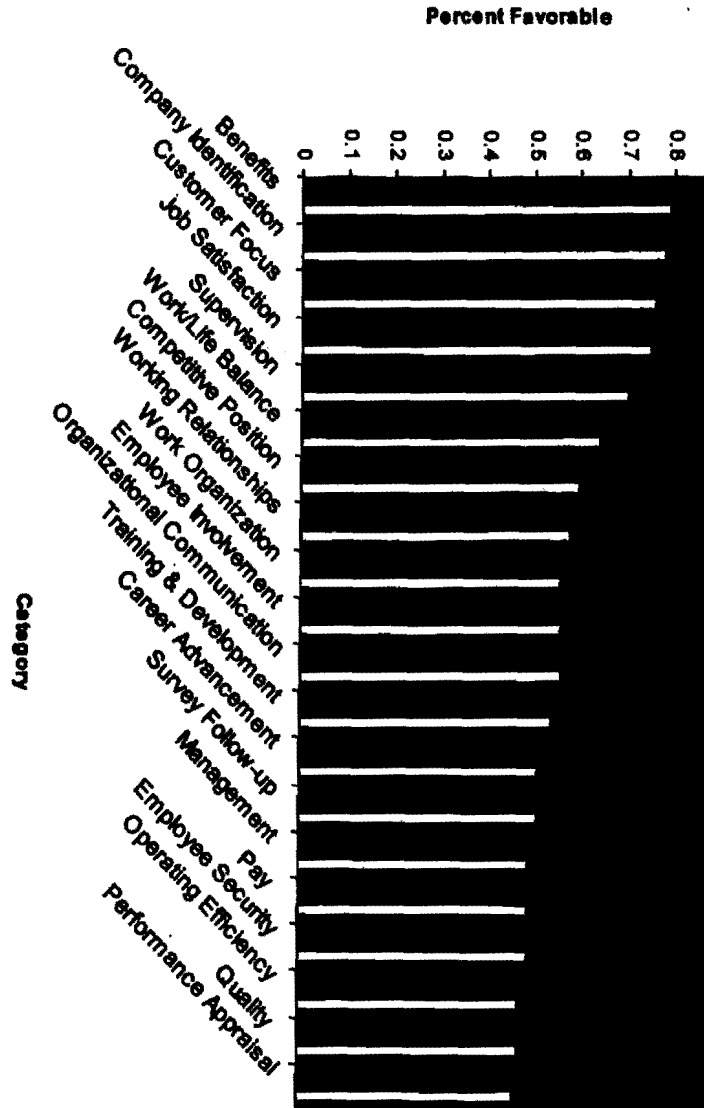
Two notable differences were:

- Employees in administrative/clerical positions were the most satisfied with their supervision, and training and development.

- Managers, directors and vice presidents expressed the lowest level of satisfaction with work/life balance.

Exhibit 15: Timeline of Organizational Events at Seagate

May 1999	• Wharton Case Team's follow-up visit.
March 1999	• Members of the grassroots membership get their 360 degrees performance appraisal feedback.
Feb. 1999	• Wharton Case Team initial visit.
Jan. 1999	• Leadership Pilot launched – Individual Development Plans (IDP) – helps employees formulate direction of where they want to go career-wise.
Dec. 1998	• F.O.C.U.S. group develops its charter (new goals, objectives, etc.).
Nov. 1998	• F.O.C.U.S. group is created.
Oct. 1998	• The Transformation Team is created.
Sept. 1998	• Management action plans (in light of survey results) due to Tom Porter from department heads. • The third core team is formed.
June 1998	• Tom Porter's presentation of Time to Market initiative to employees. • Sue Eklund gives survey feedback to executives in Colorado.
May 1998	• Sue Eklund creates grassroots leadership team.
April 1998	• HPP Division's second core team formed. • Survey is delivered to employees. • Site Management Team (SMT) is formalized.
March 1998	• Survey planning begins.
Feb. 1998	• Esther Williams' presentation to Corporate. • Recommends administering a survey to design center employees.
Jan. 1998	• TCO's first core team was formed. • On the international side, 10,000 employees were downsized. • John Weyandt spoke to all employees in HPP Division about layoffs and restructuring into core teams.
Nov/Dec 1997	• Esther Williams gives her first presentation to Tom Porter.
Oct. 1997	• Eshter Williams is formulating her ReThink-Relink ideas for a presentation to Corporate. • Sue Eklund is developing her leadership model.
Sept. 1997	• Brent King took lead of the group. • Sue Eklund joined the group.
Aug. 1997	• Total Customer Satisfaction (TCS) group was created.

Seagate Technology

Phyllis Siegel

Rutgers University

Teaching Note

Synopsis and Overview

Seagate Technology, Inc. designs, manufactures, and markets products for storage, retrieval, and management of data on computer and data communications systems. The company has 85,000 employees located around the world. The case centers around the High Performance Products (HPP) division, a business segment which comprises roughly 40 percent of Seagate's total annual sales and specializes in the design, manufacturing, and the marketing of ultra-high-performance disc drives. Design and production centers are located in Minnesota, Colorado, and Oklahoma; the case focuses on the Twin Cities Operations (TCO) in Minnesota, which employs approximately 651 individuals in the HPP division.

A major change initiative occurred at Seagate at the beginning of 1998: a shift to a team-based work environment that involved redesigning the organization into core teams. At the corporate level, CEO Steve Luczo and CTO Tom Porter characterized the core team restructuring as necessary for ensuring Seagate's time-to-market leadership, and continued product performance, competitive advantage, and profitability. The need for such change had became apparent in 1997 when Seagate fell behind IBM on the technology curve and performance declined at FYE 7/1/98.

As of January 1999, there were a total of 17 core teams in operation at the Minnesota, Colorado, Oklahoma, and Singapore sites. Five core teams are up and running at TCO. Historically organized around function with product line management in charge of tracking the progress of all programs and with senior management heavily involved in strategy formulation as well as day-to-day decisionmaking, the shift to core teams created several visible changes. First, each core team, guided by a project team leader and comprised of six individuals from the respective functional areas of design engineering, product line management, materials engineering, quality control, operations, and manufacturing, is now in charge of the product planning through drive development stages of a particular project. Second, the physical location of core teams into one common area promotes more direct and multi-way communication between and among core team members. Third, the empowering the core teams to take ownership over the operational aspects and daily decisions surrounding a particular project should theoretically enable senior management to spend more time on corporate visioning, strategy formulation, and employee development.

In the context of these major changes, John Weyandt – the senior vice president in charge of the HPP division – has articulated two business objectives: faster time to market (TTM), and employee work/life balance.

There has been a general feeling that some "mild progress" is being made with respect to TTM. While internal goals haven't always been met, the competition has been bested. Senior managers expect progress to be a bit slow at first as the division moves up the learning curve.

As for work/life, most employees feel the onus is on them to balance these two domains. Seagate – once known as "Slavegate" – is a company where individuals have typically felt their managers were not understanding, and raising work/life issues risked incurring managerial "wrath."

Nevertheless, the attention paid to work/life in HPP has increased, due in large part to the efforts of Esther Williams, the manager of corporate benefits, and Sue Eklund, who heads up the transformation team, training, and organizational learning and development. They have been indispensable in their roles as champions of change. Their dogged persistence has succeeded in getting both many at Seagate – both senior leaders and grassroots employees – to embrace work/life balance as an important business objective.

There are several other key players involved. At the senior leadership level, Tom Porter – Seagate's chief technology officer – views work/life balance as a product of TTM rather than a means to an end. He champions work/life by providing financial resources for various work-life initiatives and related programs, making himself available to Esther and Sue, and being supportive and accommodating of his employees' needs.

John Weyandt made a visible commitment to work/life balance by stating it as one of his two key objectives at a meeting with the CEO and other corporate executives. As a leader of change, he demonstrates the importance of work/life balance by "walking the talk." He is empathic and sensitive to the needs of his employees. He holds frequent conversations and meetings with his managers and employees and discusses the importance of work/life, and he appears to spend a lot of time in personal self-reflection on the issue.

Suggested Study Questions

- What occurred that brought about the need to implement a change initiative at Seagate?

- How did the organization get individuals to buy in to the need for change?

Employee surveys that reveal various sources of frustration and dissatisfaction with the existing system are an effective tool for managers to utilize in communicating the need for change and in garnering employee support for the change initiative.

The importance of monitoring and reinforcing change cannot be over-estimated. Champions of change must continuously communicate the objectives and values of the change initiative, ensuring that individuals are "on board" or helping them get back on track if they go astray. Employees must be rewarded for embracing and practicing the desired attitudes and behaviors.

The effectiveness of a change initiative often hinges on middle management. If these managers are not on board with the change initiative (or the strategic objectives driving the change), then any anticipated benefits may not be realized. Hence, senior leaders must constantly look for and manage pockets of active or passive resistance.

- What strategies did Esther Williams and Sue Eklund use that were instrumental to the success of the initiative?

- Are there alternative or additional approaches or tactics that Esther and Sue could have used to promote work/life balance as a priority for the HPP division?

- Would these approaches have been as effective?

- As Seagate's Chief Technology Officer, what role did Tom Porter play in promoting the organization's shift to a team-based environment and its restructuring into core teams?

- Was he successful in promoting both time to market (TTM) and work/life objectives?

- Going forward, what action steps should he take to promote both objectives?

- As the head of the High Performance Products Division, what role did John Weyandt play in promoting the organization's shift to a team-based environment and its restructuring into core teams?

- Was he successful in promoting both time to market and work/life objectives?

- Going forward, what action steps should he take to promote both objectives?

It is important for senior leaders to have a clear understanding of and agree on the objectives accompanying the change initiative and to share a common philosophy with regard to work/life balance. This philosophy must be clearly and constantly communicated to the rest of the organization.

Senior leaders at Seagate differ in articulating the role of work-life balance. For example, whereas John Weyandt sees his division's objectives as faster time to market and work/life balance, Tom Porter emphasizes that the focus on work/life balance can occur only once the time to market objective is achieved. Unless senior management reaches a consensus over the definition and role of work/life balance, employees will find it difficult to embrace this objective. Without a well-articulated philosophy, employees may not feel empowered or "safe" to discuss work/life challenges or feel that they have the leverage to do so. Future communication regarding work/life balance must be consistent when coming from senior leadership.

- Given the nature of the industry and the unique characteristics of Seagate (i.e., its history, culture, workforce, leadership, structure), what resources are required to drive change and meet successfully the stated objectives of the HPP division?

- Assuming that both Tom Porter and John Weyandt are committed to the importance of work/life balance as a division-level objective, what type of strategy should they devise with respect to ensuring that this objective is successfully met?

- How can they implement it in such a way that employees will understand, buy in, and commit to achieving this objective?

- Would the nature of the strategy and its implementation change if work/life balance were to be articulated as a corporate-level objective?

- Are the time-to-market and work/life balance objectives contradictory or complementary?

- What are the relative advantages and disadvantages of linking these two business objectives?

- What recommendations would you make concerning the successful integration of both objectives?

- What could or should Seagate – at the corporate level, division level, leaders, change agents – have done differently with respect to implementing and managing the transition to core teams and in promoting and reinforcing the objectives of time to market and work/life balance?