

Communicating the

HP Way

*A guide for HP managers, trainers and
other communicators.*

PURPOSE

An organization's culture can be an enhancement or a detriment to the organization's ability to meet its objectives. The various interpretations and expectations which are formed about the culture strongly impact the speed with which the organization can implement change and respond to customer needs. Because of this, an organization's culture must be understood, monitored and managed. The HP way is a key reason people join Hewlett-Packard Company. Additionally, our customers recognize quality, integrity and service as fundamental parts of doing business with HP. As such, the HP way can be a competitive advantage—a reason why our employees, suppliers, and customers want to work with HP.

Information collected in the HP Way Project indicated that past communication and training about the HP way presented mixed messages and expectations. This guide is intended to aid managers, trainers and other communicators in their formal and informal communication about the HP way. The guide outlines the relationship of HP's organizational values and corporate objectives with our changing strategies and practices, all of which make up our way of doing business. It offers examples and prompts you to add personal experiences which will make your discussion of the HP way applicable to the individual or group with whom you are communicating. It also presents several suggestions for framing your HP way messages.

The content of this guide can be used to prepare for a presentation to internal or external audiences and can be used to write communication and training materials. Most valuable perhaps, this guide can be used as a reference when preparing for difficult communication about change or redirection which impacts your employees. **The guide is not, however, recommended for broad distribution and is not to be used as a handout in HP way presentations.**

COMMUNICATING THE HP WAY

A Guide for HP Managers, Trainers and Other Communicators

THE HP WAY

At Hewlett-Packard we have a set of organizational values which underlies our corporate objectives. These values guide us as we work toward our common objectives. The corporate objectives are the guiding principles for decision-making within the organization. The various strategies and practices we choose are ones which will aid us in meeting our objectives and are consistent with our organizational values. We manage our changing environment through the continuous evaluation of our strategies and practices. It is the combination of our values, corporate objectives, strategies and practices that forms the HP way—the overall way in which HP people work together and with others to get results and make a contribution.

Why are organizational values important?

HP's values are a set of deeply held beliefs that govern and guide our behavior in meeting our objectives and in dealing with each other, our customers, shareholders and others.

1. HP has five underlying organizational values. These are described in the introduction to the corporate objectives, "The Organizational Framework for the Corporate Objectives".
 - a) **We have trust and respect for individuals.** We approach each situation with the understanding that people want to do a good job and will do so, given the proper tools and support. We attract highly capable, innovative people and recognize their efforts and contributions to the company. HP people contribute enthusiastically and share in the success that they make possible.

Points to emphasize and illustrate with your examples:

- We believe that people will do a good job when given the proper tools and support to do so.
 - We seek to hire and retain qualified people. We recognize their contribution and expect the best from them.
 - HP's success comes from the work and contribution of HP people.
 - Employees share in the success which they make possible.
- b) **We focus on a high level of achievement and contribution.** Our customers expect HP products and services to be of the highest quality and to provide lasting value. To achieve this, all HP people, but especially managers, must be leaders who generate enthusiasm and respond with extra effort to meet customer needs. Techniques and management practices which are effective today may be outdated in the future. For us to remain at the forefront in all our activities, people should always be looking for new and better ways to do their work.

Points to emphasize and illustrate with your examples:

- As a company and as individuals we strive to be the best and to offer the highest contribution.

Notes and Examples

- All HP people should work toward being leaders in their field *and* maintaining balance in their lives.
- Our products and services should supply long lasting value to our customers.
- Our efforts should contribute to our customers, to our shareholders, to the growth and development of our people, and to technology.
- We are always looking for ways to provide continuous improvement to our products, processes and services.
- We work with enthusiasm and are willing to give an extra measure of effort to achieve the best.

c) **We conduct our business with uncompromising integrity.** We expect HP people to be open and honest in their dealings to earn the trust and loyalty of others. People at every level are expected to adhere to the highest standards of business ethics and must understand that anything less is totally unacceptable. As a practical matter, ethical conduct cannot be assured by written HP policies and codes; it must be an integral part of the organization, a deeply ingrained tradition that is passed from one generation of employees to another.

Points to emphasize and illustrate with your examples:

- Openness and honesty are applied with judgement and sensitivity.
- We adhere to the highest standards of business ethics.
- Integrity is broader than honesty as it requires responsibility for actions. (e.g., One can see a safety hazard and walk by it and still be honest. With integrity one must take action to correct the situation.)

d) **We achieve our common objectives through teamwork.** We recognize that it is only through effective cooperation within and among organizations that we can achieve our goals. Our commitment is to work as a worldwide team to fulfill the expectations of our customers, shareholders and others who depend upon us. The benefits and obligations of doing business are shared among all HP people.

Points to emphasize and illustrate with your examples:

- We work together as a team to fulfill the expectations of our customers, shareholders and others who depend on us.
- HP teams are formed vertically within an organization or group and horizontally across the larger HP organization. They may also include third parties, suppliers and others outside of HP.

e) **We encourage flexibility and innovation.** We create a work environment which supports the diversity of our people and their ideas. We strive for overall objectives which are clearly stated and agreed upon, and allow people flexibility in working toward goals in ways which they help determine are best for the

organization. HP people should personally accept responsibility and be encouraged to upgrade their skills and capabilities through ongoing training and development. This is especially important in a technical business where the rate of progress is rapid and where people are expected to adapt to change.

Points to emphasize and illustrate with your examples:

- We support diversity of people and their ideas.
 - Innovation grows from allowing flexibility in building alternative approaches within broader objectives and guidelines.
 - We recognize that there are alternative approaches to achieving a task.
 - Each of us has a commitment to ongoing development of new skills and capabilities in response to change.
2. These values reflect what each of us, as HP people, strive for in our actions. The term "we" in the descriptions of the values refers to the full HP team, both individual contributors and managers.
 3. Values are the underlying beliefs in the corporate objectives. Each company-wide HP practice needs to be perceived as consistent with the HP values.
 4. HP organizational values evolved from Bill Hewlett's and Dave Packard's personal values and their ways of doing business and dealing with people.
 5. Values are relatively stable over time.

Additional notes and examples:

How do the corporate objectives influence our work activities?

HP's *corporate objectives* are guiding principles for all decision-making for managers and individual contributors.

1. Themes and key points from the text of the corporate objectives include:

a) **Profit:** To achieve sufficient profit to finance our company growth and to provide the resources we need to achieve our other corporate objectives.

Points to emphasize and illustrate with your examples:

- Profit is our one essential performance measure over the long term. It makes the other objectives possible.
- The objectives are not rank ordered: all are so interdependent that it is difficult to say that one is more important than another.
- Cash flow from profits funds growth. Debt is sometimes used for special purposes.

b) **Customers:** To provide products and services of the highest quality and the greatest possible value to our customers, thereby gaining and holding their respect and loyalty.

Points to emphasize and illustrate with your examples:

- This objective is shaped by two basic beliefs: 1) the central purpose of our business is to satisfy real customer needs; and 2) customer satisfaction is achieved through the active participation and dedication of everyone in the company.
- The essence of customer satisfaction is a commitment to quality.

c) **Fields of Interest:** To participate in those fields of interest that build upon our technology and customer base, that offer opportunities for continuing growth, and that enable us to make a needed and profitable contribution.

Points to emphasize and illustrate with your examples:

- A basic purpose of our business is to help customers use information more effectively to achieve their own goals.
- We evaluate new business or customer opportunities on five criteria: 1) strong links to existing technology and customer base, 2) profit potential, 3) long-term stability, 4) ability to make a distinguishing contribution, and 5) likelihood of generating the cash flow needed to continue self-financing.

- d) **Growth:** To let our growth be limited only by our profits and our ability to develop and produce innovative products that satisfy real customer needs.

Points to emphasize and illustrate with your examples:

- Growth in sales and profits is essential to achieve our other objectives for two reasons: 1) to maintain a position of strength and leadership in our fields, and 2) to attract and retain the most qualified people.
- Profitable growth provides returns to our shareholders, customers, employees, and community.
- We do not believe that organizational size is important for its own sake. The large or small size of an individual organization is determined based on the functions of the organization and the needs of HP overall.

- e) **Our People:** To help HP people share in the company's success which they make possible; to provide employment security based on their performance; to ensure them a safe and pleasant work environment; to recognize their individual achievements; and to help them gain a sense of satisfaction and accomplishment from their work.

Points to emphasize and illustrate with your examples:

- This objective describes the relationship between HP and its people.
- HP people share the successes and burdens of HP in varying economic conditions.
- Employment security is based on performance.
- HP people are expected to meet certain performance standards, to show flexibility in changing assignments and to be willing to learn and apply new skills.
- Through continuous improvement and learning through understanding past mistakes, HP people can contribute to HP's success.
- Achievements should be recognized and HP people should gain a sense of satisfaction and accomplishment from their work.

- f) **Management:** To foster initiative and creativity by allowing the individual great freedom of action in attaining well-defined objectives.

Points to emphasize and illustrate with your examples:

- This objective describes the relationship between HP people and the management of their work.
- Managers, as leaders, should foster initiative and creativity and communicate mutual understanding of objectives and goals.
- Managing through mutually agreed-upon objectives means that, insofar as possible, each level in the organization should make their own plans to help achieve company objectives

and goals. These plans must meet approval and support overall company direction and corporate policies.

- Individual organizational performance is judged on the basis of how well overall goals are achieved.
- We are a single company; cooperation between individuals and coordinated efforts among entities are essential.
- Adherence to company-wide policies is expected but recommendations on their improvement are encouraged.
- Managers have an added responsibility to work in accordance with HP values, policies, and expectations.

g) **Citizenship:** To honor our obligations to society by being an economic, intellectual and social asset to each nation and each community in which we operate.

Points to emphasize and illustrate with your examples:

- We should contribute to making each of the communities in which we operate better because of our presence.
- We provide worthwhile employment and advancement opportunity for people of diverse backgrounds and disadvantaged groups.
- We encourage individuals to work toward improvement in their community and their profession.

2. The corporate objectives guide the development of HP's strategies and practices.
3. Meeting the corporate objectives provides benefits to shareholders, customers, and employees.

Example: Meeting our profit objective provides stability, dividends to shareholders, and future product innovations to our customers. It also provides opportunities for growth and development to our employees.

4. Wording changes have occurred periodically (approximately every 5 years) to update word choices and add clarity.

Example: Wording change from "job security" to "employment security" resulted when work force adjustments, which were necessary to manage changing customer and manufacturing process needs, were viewed by some as contrary to the HP way. This change was made so that the passage would state Bill's and Dave's original intent: that people will not have to worry about being out of work because of business fluctuations.

5. The "Framework for the Corporate Objectives" describes HP's underlying values and is an important piece of a discussion on the corporate objectives.
6. The organizational values are reinforced throughout the corporate objectives.

What role do HP's strategies and practices play?

HP's *strategies and practices* are anything, formal or informal, which HP people do in our efforts to meet the company's goals and objectives. HP's strategies and objectives are made up of our plans and actions for working, leading, managing, and interfacing, and include our varying traditional and documented business, people and management approaches.

1. We manage and respond to external forces and internal conditions through changing, adding or subtracting various strategies or practices.

2. There are three forms of external forces:

a) Governmental: Legislation or intervention in areas such as taxation, trade and commerce, the environment, and employment.

Example: New laws to encourage balance of trade.

b) Societal: Issues such as community expectations, cultural values and local customs.

Example: Growing concern for the preservation of natural resources.

c) Market-driven: Issues such as customer expectations, increased competition, entering and exiting markets, and changing economic conditions.

Example: Customers' increased quality expectations.

3. Internal conditions influence and shape HP strategies and practices.

Examples: Budget, business cycles, and year-end goals.

4. Strategies and practices:

a) May differ across functional areas, product lines, and entities of various cultures.

Examples: European, U.S. and Intercon vacation policies differ; voluntary severance incentive was offered only in the U.S.

b) Change over time as the company grows and changes directions.

c) Must change for HP to remain competitive and stay in business.

d) Should be consistent with the HP values and support the corporate objectives.

5. Examples of HP strategies are found in John Young's yearly strategic issues and in the Hoshin plans prepared by various managers.
6. Examples of current strategies and practices which continue to evolve with our organization include the following:

a) **Management by Wandering Around:** Also referred to as Management by Walking Around, MBWA is descriptive of an informal practice of HP's founders and many HP managers. It involves keeping in touch with what is happening in one's organization through structured and unstructured communication. Today, HP managers at all levels may practice MBWA through conversations at their people's work areas, the coffee pot or another area, and by holding coffee talks, staff meetings, or informal lunches. The phrase MBWA was first used in a presentation by John Doyle (currently Executive V.P. for Business Development) in which he told a group of HP managers that to keep better informed and to manage smarter they did not need to get an MBA; they needed to do more MBWA. He was expressing then how important it is for managers to do an effective job of keeping in touch with their organization. Individual contributors can practice a form of MBWA as they keep in contact with others in their team and with their internal customers.

Our value of trust and respect for individuals is seen when MBWA is used for recognition of employees' contribution, and for listening to employees' concerns and ideas. Our value of flexibility is seen as each manager adapts his or her own style of MBWA to the style and needs of their people.

b) **Management by Objective:** The concept of MBO is described in the corporate objectives as: "insofar as possible, each individual at each level in the organization should make his or her own plans to achieve company objectives and goals." This should not be interpreted to mean anyone can do anything. Resources and efforts need to be coordinated and be complementary of one another. Management involvement and approval of plans are important components of MBO at HP. Some issues or strategies need centralized or high level resolution. Hoshin and 10-step planning are examples of MBO tools.

The practice of MBO is an example of our value of flexibility and innovation as we recognize that by generating and recognizing alternate approaches to meeting an objective, we find effective means of meeting customer needs.

- c) **Open Door Policy:** This written HP policy states: "The employee may seek counsel from a manager, a member of the personnel department or an individual at any level of management with the assurance that no adverse consequences will result from the action." Just as managers have an obligation to be responsive and confidential in an open door conversation, an individual using the open door has an obligation to be fair, organized and rational in the discussion of their idea or concern. In deciding whom to go to with an open door issue, an employee is advised to match the issue with a manager who is close to the situation. A likely first question in an open door conversation will be, "Have you discussed this directly with the manager or other employee involved?"

Our value of integrity is seen in the Open Door Policy.

7. Other examples of practices in use today within parts of HP:

Profit Sharing	Hoshin
Stock Options	TQC
Performance Evaluation	10-Step Planning Process
Pay Structures	Coffee Talks
Ranking	Communication Lunches

Additional notes and examples:

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As we look at past methods of communicating the HP way, three areas of needed change are evident. First, we have tended to relate the HP way to the past and to company folklore. This has left a negative message that the HP way today is somehow less apparent than it was in the past. Second, by presenting the HP way as only people/management practices, we have overlooked the importance of the HP way as our overall way of doing business. The HP way includes how we work with our customers, shareholders, suppliers, local communities, and each other, as well as the relationship between managers and their employees. Finally, we have tended to emphasize the importance of specific practices without clarifying that practices of a particular time period evolved in response to the business and social climate of that time period. In doing this, we have restricted our ability to take new approaches and to manage change. In the future, as you communicate about the HP way, there are several approaches to consider.

Notes and Examples

Present the HP way with a future perspective.

1. History and old stories can be used effectively to reinforce future direction and desired themes if care is taken in choosing the stories. Identify your themes, then identify the stories or examples to use.

Example: To reinforce the current practice of catastrophic medical insurance, use a story told by Bill Hewlett of an early employee who had tuberculosis and was required to take a leave of absence for two years. Bill said, "Here we had the opportunity to observe the devastating impact that it had on his family...Consequently, we established a plan for catastrophic medical insurance to protect our employees..."

2. Use current terminology for today's strategies and practices:

Examples: Rate ranges vs. curves, flexible time off vs. vacation, and employment security vs. job security.

3. Encourage people to identify ways that the HP way will help HP succeed in the future, and how today's managers and individual contributors can make that happen.
4. The HP way is our way of doing business today and in the future. Avoid presenting it as only the "Bill and Dave way." Use quotes and examples from the current organization and from the current management team along with those of Bill and Dave.
5. The HP way is not only the way people can expect to be treated, it is our total way of doing business: managing internal relationships, meeting our customers' needs, making profit and showing a return to our shareholders and the communities in which we operate.

Acknowledge that change has occurred in HP strategies and practices and reinforce that change must continue as the environment in which we operate changes.

1. The most important legacy of Bill and Dave is that they designed a company which could adapt.
2. Governmental changes, societal changes, and market-driven changes all lead to changes in practices.

Examples: Increased trade restrictions will influence how and where we sell our products; increased health-care expenses lead to changes in HP health benefits; and increased customer expectations concerning compatibility will lead us to work toward industry-wide standards.

3. Internal conditions also affect HP practices.

Examples: Budget, business cycles, and year-end goals will each influence and shape our strategies and practices.

Focus on values rather than practices.

1. Read, understand and communicate "The Organizational Framework for the Corporate Objectives" as well as the seven objectives.
2. Separate values from strategies and practices in discussions. Organizational values remain relatively stable while strategies and practices are expected to change often.
3. Link each strategy or practice to a value by asking yourself: Why do we do (or have we done) this? For what reason do we or will we do this?

Example: Rather than expecting managers to practice MBWA, expect them to be open and express trust in their people and to know what is going on in their organization and with their customers. Teach them how MBWA is one successful mechanism for doing this.

Promote the HP objectives and values as guiding principles for all business and people decision-making.

1. Present the objectives as fundamental to the HP way of doing business.
2. Present them as a set of guiding principles that tell managers and individuals at all levels how to do business and manage business relationships.
3. The corporate objectives guide all decision-making at HP.

4. Promote using the corporate objectives as a practical reference rather than allowing them to be perceived only as a philosophy brochure.

Use an HP way discussion to integrate other topics which have been covered in a program.

1. Various practices are shaped by the corporate values and objectives.

Examples: 1) HP's openness is seen in how we openly provide information on our pay administration practices to our employees. 2) HP's value of achievement is seen in our commitment to ongoing development. Additionally, the value of flexibility is seen here as we ask our employees to continually look for ways to expand and redefine their skills. 3) In response to changing customer expectations and needs for cost-effective manufacturing, many manufacturing functions have been combined. Our value of trust and respect for individuals and the profit, customer, and people objectives supported our practice of employment security and led us to explore and develop workforce balancing programs.

2. Change is shaped by our values and objectives:

- a) Strategies and practices which are appropriate in today's environment will continue to change to address the environment of the future and to respond to external forces.
- b) Flexibility and willingness to adapt to change is essential for the HP way to continue.

Frame appropriate HP way messages for appropriate audiences.

1. Teach management practices and communicate expectations about management practices, e.g., MBWA, to managers rather than communicating to employees that they should expect managers to do certain things as part of the HP way. Communicate to employees their roles or responsibilities in a particular strategy or practice.

Examples: 1) Teach a manager the benefits of MBWA as a mechanism for keeping in touch. Rather than teaching employees that managers at HP practice MBWA, teach them ways to help keep their manager informed of what they are doing. 2) When discussing the performance evaluation process, teach a manager how to prepare an employee for a performance evaluation discussion. Rather than teaching an employee to expect their manager to ask for "input into the evaluation," teach the employee how to prepare a summary of key accomplishments and how to foster a discussion of this at performance evaluation time.

2. Reinforce that each HP person is responsible for the HP way rather than presenting it as a management responsibility. Managers do, however, have a strong obligation to demonstrate HP's values as they do business and act as an example for their employees.
3. When discussing change, new directions and the HP way, trainers and managers have an added responsibility to support the direction and decisions of HP. We are key spokespersons for the company and as such shape the potential acceptance of a change.

Additional notes and examples:

Notes and Examples



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