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A Grounded theory of organization shutdown : the Santa Clara Technology Center experience

Stephen Val Meyer
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**A grounded theory of organization shutdown: The Santa Clara
Technology Center experience**

Meyer, Stephen Val, M.S.

San Jose State University, 1991

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A GROUNDED THEORY OF ORGANIZATION SHUTDOWN:
THE SANTA CLARA TECHNOLOGY CENTER EXPERIENCE

A Master's Project
Presented to
the Office of Graduate Studies
San Jose State University

In Partial Fulfillment
of the Requirements for the Degree
Master of Science in
The Interdisciplinary Major:
Organization Development

by
Stephen Val Meyer

May, 1991

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ABSTRACT

A Grounded Theory of Organization Shutdown: The Santa Clara Technology Center Experience

by

Stephen Val Meyer

This paper describes four theoretical hypotheses about the dominant social-psychological behaviors and processes that occurred during the two year shutdown of the Santa Clara Technology Center--a manufacturing facility in the Hewlett-Packard Corporation. It also documents the elements of a comprehensive organization development strategy to facilitate the shutdown. The introduction depicts the challenges of the researcher who is also the organization consultant and change agent. The methodology section builds a rationale for qualitative research and describes the process of grounded theory research. The research environment is reviewed followed by explanation of the hypotheses. The paper ends with a discussion of the key learnings and recommendations for managing periods of organization transition and shutdown. Appendices have been included summarizing the organization development activities and highlighting the results.

A Grounded Theory of Organization Shutdown:
The Santa Clara Technology Center Experience

Studying how people respond to the emergence of a particular organizational situation or problem can provide rich data about organizational behavior and processes. The shutdown of the Santa Clara Technology Center (SCTC) from 1987 to 1989 provided a unique opportunity to view how employees, specifically Hewlett-Packard (HP) employees, responded to the conditions of a division closure and a lengthy period of dramatic organization change and transition. With that in mind, during the SCTC transition, while in the role of organization consultant and change agent, I conducted research for my Master's Project. My research objective was to capture and document core organization behaviors and processes that emerged during the shutdown and to propose some substantive theory about individual and organizational behavior during periods of organization closure. In addition, I have documented and organized the organization development activities which were implemented throughout the shutdown. This second piece was written at the request of Hewlett-Packard in order to

initiate greater awareness and further experimentation of organization development (OD) practices during periods of shutdown and major transition change. The research methodology I used was a relatively simple yet powerful research procedure called grounded theory (GT). The data collection method I used was primarily personal observation with some focused interviews and paper and pencil surveys.

Overall, this thesis will: (a) present an overview of the grounded theory research methodology, (b) describe the research environment--the Santa Clara Technology Center at the onset and during the transition, (c) define the basic social-psychological problem(s) facing employees during the transition, (d) describe four theoretical hypotheses that emerged from the research, and (f) highlight some key learnings and recommendations for future transitions and organization shutdowns. The appendixes contain descriptions and discussion of the organization development interventions utilized during the transition, some of which were designed to address the core behaviors and processes discovered in the research activity. There is also a summary of some of the outcomes, particularly human resource results.

Dual Roles: Organization Development Consultant and
Researcher

It is important to make explicit my roles during the transition. It is quite reasonable to assert that the perspectives and outcomes of this project have, to some degree, been influenced by the different roles I played during the research. The format and organization of this paper directly parallel the products of each role. First, I began this project as a full-time internal organization development consultant for Hewlett-Packard; this was my primary role during the transition. My responsibilities in this role were (a) to provide action research--the use of data collection as an intervention to move the organization into action--, (b) to provide coaching, training and facilitation for the organization, (c) to design and implement OD interventions, and (d) to manage select change projects. In addition, my desire to conduct a thesis research project, grounded pragmatically in the problems and dynamics of my daily work, led me to add the second role, that of researcher/analyst. The responsibilities of this role closely followed the process and behaviors prescribed by the Grounded Theory research methodology.

At the beginning of the transition, the objectives for each role were clearly defined. However, the skills and responsibilities required to fulfill the roles overlapped throughout the transition. Some of the organization development activity was in response to the ongoing grounded theory analysis and hypotheses. There came a point in the analysis when the planned organization development activities affected the research environment and began to influence the organizational dynamics and the process of theory development. For the most part, by this time the critical data collection and research processes were complete and the major activity was writing theoretical statements about the relationship among different observational categories and formulating hypotheses. Inherently, I could not play the independent, outside observer, researcher role of someone who does not interact or intervene in the system. I was clearly in an action research position. I was an active player in the system; in fact, I was probably the most significant change agent within the system. This created some personal dilemmas as I was actively intervening in the system and was also attempting to study it. I was at once attempting to be inside and outside the organization. As a result, I believe

the theories I have generated reflect, in part, the dynamic of my dual roles within the system.

My perceptions and the resulting theoretical hypotheses are surely influenced by the merging of these roles. However, I do not believe the hypotheses were adversely affected by this role tension. On the contrary, I believe the two roles provided a unique position and perspective, one that most outside observers do not enjoy: the opportunity to observe, analyze and conceptualize about the organization while living inside the dynamic behaviors and relationships which one is observing. To address this apparent paradox, I consciously set aside time, both while inside and outside the organization, to specifically play the role of independent observer and analyst. For example, I planned for interactions with individuals and teams where I was in the role of observer/researcher, consciously asking questions that directly related to the conceptual codes and hypothetical relationships of the research.

The Organization Development Interventions

I have placed a description of the organization development activities employed during the transition in Appendix C rather than include or attempt to connect them to

the main body of the thesis. This section was originally written as an overview and executive summary of the organization development activities for Hewlett-Packard Corporation. I have included it in the thesis to reflect the merging and blending of researcher and consultant roles during the transition. In the description of interventions, the basic social-psychological processes (BSP) are not specifically correlated or identified with the activities. However, it should be noted that the BSPs described in this paper did provide a great deal of the substantive conceptual and theoretical underpinnings for the interventions. When I started, I did not plan to specifically incorporate the two into one thesis. In my mind, they were separate projects with different objectives. However, as my dual roles converged so did these two projects.

The researcher/analyst role put me in position to more objectively and consciously observe the overall organization dynamics. In this role, I was compelled to seek out and explore the broader, inclusive interactions and relationships of the whole organization. My investigation and deliberation into the basic social-psychological processes provided some keen insights into the underlying behaviors of the

organization. I realized that if my observations were accurate then these behaviors were conceivably fundamental to the overall system dynamics and thus critical levers for successful developmental intervention. I began to share my observations with the management team and proposed and designed interventions with the awareness gained from the research.

The Research Methodology: Grounded Theory

For a number of years, social scientists, in particular sociologists, have been working with a qualitative research methodology for generating theory from substantive data. What has emerged is a method for systematically obtaining and analyzing social research data and translating it into substantive theory. The method is called the discovery of grounded theory. After reading about it, I felt a qualitative research project using a methodology such as grounded theory was an ideal fit for my thesis for several reasons: (a) there appears to be a lack of theoretical discussion and models that relate to organization closure and endings, (b) as a practicing organization development

consultant I feel the ability to conduct good qualitative research and develop grounded theories and models from substantive data is an important set of skills to master, and (c) generating substantive theory within the Hewlett-Packard culture is a step in the direction of defining a corporation-specific model of the nature of organization change and transition that could benefit future HP organizations in transition. In the methodology section I will do two things: first, briefly outline a rationale for using the grounded theory research methodology for my thesis; and second, outline the process of grounded theory which I used to conduct my research.

Rationale

Grounded theory research argues against the more common practice in sociology and psychology for students and researchers to spend their time verifying existing theoretical hypotheses. It is felt that perhaps too often students are trained to master prominent theories and to test them in small ways rather than to develop and assert their own theories. Glaser and Strauss (1967) suggest that:

. . . in the face of this prevalent attitude about research, theoreticians have not provided enough

theories to cover all the areas of social and organizational life. Furthermore, many of the current theories lack a grounding in data, do not fit or work, or are not understandable so that they can be readily used in further research, theoretical advancement or practical application. (p. 4)

They also contend that theory generation does not take a "genius" but more often a solid research methodology. Grounded theory is a highly systematic method of collection, coding and analysis of qualitative data for the generation of theory. It points the way to advancing the development of theory from abstract qualitative thinking to actively applying our understanding of the canons of good quantitative research methodology. Historically, the generators of theory have used qualitative data in a nonsystematic and non-rigorous way--if they used data at all to support their own logic and common sense. However, we cannot ignore the continued advancement and influence of quantitative analysis. With the ability to translate theoretical concepts into research operations, more and more qualitative theories show little scientifically reproducible fact. Consequently, there continues to be controversy about the appropriateness of

qualitative research in the social sciences.

Grounded theory takes a middle ground in the debate between qualitative and quantitative methods--whether we emphasize the verification or generation of theory. Grounded Theory works from the assumption that each form of data, qualitative and quantitative, is useful for both verification and generation of theory. In fact, in many instances both forms of data are necessary; not quantitative used to test qualitative, but both used as complements, as mutual verification and, most importantly, as different forms of data on the same subject.

Glaser and Strauss (1967) have called GT a "bridge" methodology because it applies rigorous research standards to a qualitative basis. They focus on and argue the benefit of qualitative data for the following reasons:

The crucial elements of social theory are often found best with a qualitative method, that is, from data on structural conditions, consequences, deviances, norms, processes, patterns, and systems, because qualitative research is, more often than not, the end product of research within a substantive area beyond which few researchers are motivated to move; and because

qualitative research is often the most "adequate" and "efficient" way to obtain the type of information required and to contend with the difficulties of an empirical situation. (p.18)

Other prominent writers have also discussed the importance and value of qualitative research. Edgar Schein (1990) in his discussion of the different research streams that today influence how we perceive the concept of organizational culture talks about a similar process which he calls "clinical" research in the field of organization development. He states:

The essential characteristic of this method is that the data are gathered while the consultant is actively helping the client system work on problems defined by the client on the client's initiative. Whereas the researcher has to gain access, the consultant/clinician is provided access because it is in the client's best interest to open up categories of information that might ordinarily be concealed from the researcher. The empirical knowledge gained from such observations provides a much needed balance to the data obtained by other methods because cultural origins and dynamics can

sometimes be observed only in the power centers where elements of the culture are created and changed by founders, leaders, and powerful managers. (p. 111)

In the preceding discussion, I have offered a brief rationale for a qualitative research project that is well structured and grounded in situational data. In the end, we are still left with the debate about the relative merits of qualitative and quantitative research. My intent was not to argue one side of this debate, but to indicate the possibilities inherent in a well-constructed qualitative research project. I chose a qualitative research methodology for my thesis because, as Glaser and Strauss (1967) so aptly stated, it is the "most adequate and efficient way to obtain the type of information required and to contend with the difficulties of [my] empirical situation" (p. 18).

Process of grounded theory research

The discovery of grounded theory, as prescribed by its originators, Barney Glaser and Anselm Strauss (1967), "is the method or process for discovery of theory from data systematically obtained from social research" (p. 2). Their basic position is that generating grounded theory is a way of arriving at theory suited to its supposed use, in contrast to

the position where theory is generated by logical deduction from a priori assumptions. Glaser and Strauss (1967) argue in their book, "The Discovery of Grounded Theory: Strategies for Qualitative Research," for the following interrelated jobs or conditions of theory:

(1) to enable prediction and explanation of behavior, (2) to be useful in theoretical advancement, (3) to be usable in practical applications--prediction and explanation should be able to give the practitioner understanding and some control of situations, (4) to provide a perspective on behavior--a stance to be taken toward data, and (5) to guide and provide a style for research on particular areas of behavior. (p. 3)

They go on to say:

. . . theory should provide clear enough categories and hypotheses so that crucial ones can be verified in present and future research; they must be clear enough to be readily operationalized in quantitative studies when these are appropriate. The theory must also be readily understandable to sociologists of any viewpoint, to students and to significant laymen. (p. 3)

In brief, GT is largely concerned with application and utility. The categories must be easily applicable to and indicated by the data under study and be relevant to and able to explain the behavior under study.

The grounded theory method offers a rigorous, orderly guide to theory development that at each stage is closely integrated with a methodology of social research. In the following section, I will first present the overall process of grounded theory research and then define the terms and explain the process step by step. The process of conducting grounded theory research is (a) collection of research data, (b) open coding of the data and theoretical sampling, (c) generating memos with as much saturation as possible, (d) identifying emerging core social-psychological problems and processes, (e) selectively sampling the emergent core social-psychological problems and processes, (f) more coding and memoing as the analysis focuses on the core, and (g) sorting and writing the theory. In short, the grounded theory approach provides a process for systematically gathering, analyzing, and focusing on selective information critical to core processes and problems.

Data collection. The grounded theory method begins with the collection of data from the system, then open coding and analysis to determine where to look and collect data next. Data collection is the activity of gathering documents, such as reports and communications as well as observing the ongoing behavior. Coding is the process of looking for underlying patterns and relationships within the data. Coding gets the analyst out of the empirical level of research by breaking the data into conceptual groupings. A code gives the researcher a condensed, abstract view of the data. Open coding is simply the starting activity of putting the initial data into general conceptual relationships; by open coding in the early phases of data collection, the analyst is able to quickly transcend the experiential nature of the data and begin to account for some of the processes in the data conceptually.

The initial decisions for collection of data are based in the general social/psychological perspectives of the researcher and on the general subject or problem areas. In other words, these decisions should not be based on any preconceived theoretical framework other than the partial framework of familiar concepts held by the researcher and the

structures and processes of the situation under study. Beyond the initial decisions to collect data, further collection should not be planned in advance of the emerging theory. The emerging theory will point to the next step. The beauty of grounded theory is that within days you are already generating codes, developing hypotheses and beginning to integrate concepts. Much of the analysis is done while collecting data and not after the data is finally collected. In short, the process of data collection is controlled by the emerging theory.

Coding. With the abundance of raw data and opening codes, the next step is to further direct data collection. The primary relationship between data and theory is the conceptual code. In coding, the analyst attempts to conceptualize the underlying pattern of a set of events. Theory is then generated by developing hypothetical relationships between conceptual codes. The process proceeds as various properties of codes and their connection with other codes are saturated. Saturation occurs when the data don't lend any new information about the properties or functioning of the conceptual code. The sampling activity--the process of investigating the properties and behaviors of

a conceptual code--ceases when a code is saturated and integrated into the emerging theory.

There are two types of codes in grounded theory: substantive and theoretical. Substantive codes conceptualize the empirical substance of the area and theoretical codes conceptualize or hypothesize how the substantive codes may relate to each other.

As one proceeds to sample and refine the data, one becomes increasingly attuned to the basic dynamics and processes of the situation. Barney Glaser (1978), in his book Theoretical Sensitivity, describes the result of theoretical sampling:

This process produces cumulatively intense theoretical sensitivity into one's data as the integrative matrix of the emerging theory grows denser. The analyst progressively sees more in his data of relevance and fit as he explains how the basic social process resolves the basic social-psychological problems of the participants in the substantive area under study. (p. 36)

Memo writing. Throughout the process of collecting and coding data, the researcher is also writing theoretical memos. Memos are the theoretical write-up of ideas about the

codes and their relationships. Memoing is a constant process that begins with the first coded data and continues as the analyst explores the literature and even while sorting and writing the theory paper. In essence, memo-writing should capture the analyst's thoughts and ideas as he goes through the data, codes, reviews the literature, and writes. Glaser (1978) suggests that the basic goals in memo writing are, "to theoretically develop codes with complete freedom into a memo fund that is highly sortable" (p. 81).

In GT much of the analysis is done while collecting data and not after the data are finally collected. Writing theoretical memos is the stage of generating theory which serves to connect the data and the final analysis. During the sampling process--data collection and coding--the nature of note taking is primarily descriptive. Memo writing differs from detailed descriptive writing about events or concepts. While memo writing is based in the data collection and sampling, it is aimed at raising the descriptions to a conceptual level. The original description is overshadowed by the analysis. Memos are distinguished from codes in that codes conceptualize the substantive data while memos theoretically code the properties of the substantive codes.

In other words, during the process of writing memos on codes, the analyst elaborates on the theoretical properties of the descriptive data.

By memoing and writing about the theoretical properties of the code, the analyst helps to define the boundaries, the criteria and the conditions under which the code emerges and is evident. Writing also highlights the theoretical connections and significance of the data to the major themes. It is hoped that through memoing the subtle connections to general processes will be developed. Memo writing asks the analyst to think about how the codes relate and are relevant to the on-going social structure and significant processes of the setting being studied. The essence of memo writing is to provide the analyst with a rich fund of easily sortable theoretical ideas. About theoretical writing Glaser (1978) writes:

When the analyst just describes codes in his writing he is not far beyond, if at all, those who just know the area very well. He has little or no codified abstract thought on the substantive area. His theory is thin with ideas and thick in description of 'interchangeable' indicators. (p. 81)

As with sampling, the analyst should grow with the depth of his theoretical understanding of the data. In the beginning the analyst memos on the codes and their properties and perhaps on some problems. As the research grows, the analyst more and more writes memos about the relationships between concepts, abstract frameworks and the general processes and problems. With time, the ability to see the data in its full conceptual scope increases.

Writing the publication. In the final phase of grounded theory the analyst must sort through the theoretical memos and write the paper. While memos are the "fund" of grounded theory, theoretical sorting of memos is the key to formulating the theory for presentation to others. This step consists of setting up the memos in a theoretical outline. This sorting is of ideas not data; it is conceptual sorting. It is hoped that the most useful and complex integration of the theory will be forced during this theoretical sorting activity. Glaser(1978) sums up this step:

Theoretical sorting results in several crucially important benefits for theory writing. It produces a generalized, integrated model by which to write the theory since it forces connections between categories

and properties. It generates a dense, complex theory. It generates more memos, often on higher conceptual levels which further condense the theory. Also, the initial sorts are virtually the first draft of the manuscript. (p. 117)

The Research Environment:

Santa Clara Technology Center, Hewlett-Packard Corporation

In the fall of 1987 the decision was made to transfer the manufacturing organization of the Santa Clara Technology Center (SCTC) to the Colorado Integrated Circuit Division (CICD) in Fort Collins, Colorado. The decision to close the facility was based on many factors; foremost among them was a consolidation strategy within the Circuit Technology Group (CTG) to gain leverage on the high cost of capital investment. Among the rationales for selecting the Santa Clara facility to close down was (a) the age and condition of the shop, (b) needed upgrades and changes in the technology and equipment, (c) the sky-rocketing cost of sustaining a state-of-the-art fabrication facility, and (d) the move toward leveraging and consolidating throughout HP. To reduce

the risk of losing engineering talent, HP would keep the R&D design function in Santa Clara and only move the manufacturing to Colorado.

An Integrated Circuit (IC) fabrication facility, SCTC grew up and evolved like other IC facilities in Hewlett-Packard. Started in 1970, SCTC was originally part of the Santa Clara Division (SCD), a manufacturer of time and frequency measurement instruments. During the early seventies, SCD employed its own IC designers and ran a small 2 inch wafer fabrication shop. (A wafer is the medium upon which an integrated circuit is produced; typically there are 50-200 circuits on each wafer.) This small functional organization designed and fabricated IC's for specific applications in their instruments. In the mid 70's, SCD's IC shop began to fabricate ICs for other HP divisions, thus expanding its charter and mission. In 1983 the shop was physically enlarged and the technology was upgraded to 3 inch wafers. At the same time a new Bi-Polar technology and process was transferred from HP's R&D Lab to SCTC. Many of the current SCTC senior managers were members of the team that brought over the Bi-Polar technology. Several years later, HP reorganized and moved its IC technology away from

decentralized divisions into a centralized corporate group structure organized around the integrated circuit and printed circuit technology. A new group was formed called the Circuit Technology Group. With the formation of this group structure, IC's were established as a business and became more accountable for maintaining solid business practices and financial integrity.

The circuits designed and manufactured by the Tech Center concentrate on a small niche market of low volume, high tech, high speed applications for select electronic instruments. The use of this specialized IC technology has given HP a distinct competitive advantage over its competitors and is highly valued by its HP customers.

Under the leadership of an Operations Manager, SCTC was divided into two primary functions: Research and Development and Manufacturing. At the time of the shutdown announcement, the R&D organization had approximately 50 employees and the Manufacturing organization 130 employees. Each department had a Functional Manager, who together with the Operations Manager and a Financial Analyst comprised the Functional Staff. The relationship between R&D and Manufacturing was highly interdependent.

The Santa Clara Technology Center was a mature organization at the time of its closure. In many ways it had locked itself in time, holding fast to the traditional values and norms of an HP that had elsewhere been changing and evolving. Most of SCTC's employees had been with the organization 10 or more years. It was also hard to separate the culture from the technology at SCTC; the two were intimately married. The IC business occupies a unique technological niche within HP and the electronics industry. It seems part science and part art and requires many technical specialties. Consequently, there was a high level of specialization and job differentiation within the organization.

There were three basic categories of employees at the Tech Center: managers, engineers and production workers. The managers were all technical managers who had risen to their positions primarily because of their technical abilities and knowledge. The managers and engineers behaved very much alike since most managers came from the engineering ranks. The engineers were highly educated from top engineering schools. The average degree was a Masters and many had Ph.Ds.

Of the production ranks, 80 percent were women. This was a large, ethnically diverse population, many with English as their second language. Educational background varied; the majority had completed high school or less. Most of the women were working mothers who belonged to two-worker families. The male production workers were predominantly young. Twenty to thirty percent of the production population were also temporary employees; during the transition this number expanded to 40%.

The shutdown of SCTC started with a set of assumptions and conditions from which the management team felt they had to operate in order to satisfy their three primary stakeholders: the Hewlett-Packard Company, their customers and their employees. Briefly, the boundary conditions were: (a) all policies and procedures adopted by SCTC would stay within Hewlett-Packard's overriding corporate policies and guidelines, (b) except for promotions or terminations, employees would not be allowed to leave SCTC for other jobs in HP until their transition responsibilities were completed, (c) the shutdown would be unnoticeable to the customer, (d) the management team would ensure that HP's placement policy--employment security--would be well-managed, to the point of

striving not only for employment security but also employment satisfaction for all employees, and (e) the organization would achieve the goals and objectives of the shutdown within the time and cost targets established.

It should be noted that the shutdown of the Tech Center was not a simple ramp down activity common in factory closures, but was a situation that required considerable increases in overall performance to be successful. In reality, what the shutdown meant for SCTC was the continuation of normal customer build activity plus building selected lifetime and buffer inventories; the buffer inventories were created to minimize business risk during the switch-over of fabrication processes from one facility to the other. This meant significant increases in work-in-process (WIP) and added demand and stress to the equipment and human resources. In addition, customer orders increased by 100% to 400% during the first year of the shutdown. Other significant contextual issues that had an impact on the shutdown were (a) the start-up of a new IC manufacturing process--the HP 1X process--in the fabrication shop during the first year, (b) a significant labor shortage requiring heavy utilization of temporary labor (as much as 40%),

(c) a high turnover of temporary labor, (d) continual pressure on permanent employees to work overtime, (e) ongoing customer fear and anxiety, (f) increased stress and demand on manufacturing equipment that was old and outdated, (g) ongoing activities and training programs to provide employees with personal development opportunities, and (h) the implementation of a new corporate non-exempt scoping--defines the requirements of a job category--program that introduced new pay ranges for all non-exempt employees.

The overall transition strategy was simple: over a two year period, SCTC would continue to meet its customer expectations while transferring its numerous manufacturing processes to Colorado. SCTC would also build lifetime quantities and buffer inventory for many circuits that were scheduled for obsolescence. While undertaking the process transfers and lifetime builds, they would also be responsible for outplacing the 130 members of the manufacturing organization in other suitable jobs.

The Basic Social-Psychological Problems

I hadn't been inside the Technology Center a week when I began to recognize a familiar mood, a tension and isolation, that I had experienced years before among family members of the terminally ill. I began to liken my early work at the Technology Center to hospice counseling; the mood and feel were certainly similar. What was the basic social-psychological problem that faced the members of this organization and created this mood? It seemed to have several characteristics:

1. Foremost, was the simple reality that the employees of this organization were being uprooted from their jobs, their positions of known security and stability, and were going to be relocated to new positions and new organizations. There was a fundamental disruption of their basic need for security and stability.

2. The organization was facing a tough, long term transitional state, and business conditions dictated that the doors be closed and people not allowed to leave during the transition. Employees were locked into a long term condition of transition.

The Organizational Behaviors and Processes Resulting
from the Shutdown

Having identified the basic social-psychological situation, or problem, we can then ask the question, how did the employees of the Santa Clara Technology Center deal with this situation? What were the core behaviors and processes--series of actions or operations concluding to an end--which explain how employees and managers coped with and managed this situation? After spending extensive hours gathering data, coding it, and then looking for relationships, relevance and saturation of core categories, I identified these dominant social-psychological processes that emerged during the shutdown of the Santa Clara Technology Center.

The Rational Manager Syndrome

The first social-psychological process I call the Rational Manager Syndrome. The hypothesis is: When managers respond to the emotional undercurrent of a shutdown with only the reason and rationality of their intellect and do not appropriately acknowledge and respond to the feeling level of the organization, they will create alienation between themselves and their employees. A dominance of rational,

analytical behavior will aggravate rather than mitigate the highly emotional climate of organizational transition and change.

The circumstances of imminent closure and impending loss of current jobs created a strong undercurrent of emotion throughout the Santa Clara Technology Center. It was not uncommon for these emotions--anger, fear, anxiety, resentment and others--to be openly expressed in the organization. Employees made pleas and petitioned for guarantees of support and protection. The fundamental request from employees was for guaranteed job security.

The pleas pulled strongly and heavily upon the leadership's sense of compassion and their deep, fundamental commitment to their people. The management team comprised a group of bright, intelligent individuals. Schooled in rational management theories and methods, their natural response to the emergent emotionalism was to reiterate the rationale and logic behind the decisions that created the situation, and to expend their energy and resources searching for impartial, thoughtful solutions to the problems and dilemmas. They approached their job with logic and good sense, finding rational policies and procedures to manage the

situation. Their intent was to mitigate the surrounding anxiety with impartial and fair operating procedures and practices.

Designed to manage the fragile social aspects of the shutdown, these thoughtful and well-conceived policies did little to ease the underlying anguish. Contrary to expectations, when management instituted new policies and processes, however benevolent and well-designed, they were largely received with suspicion and challenge from the ranks. Furthermore, the cautious response by employees created more tension and anxiety, particularly between the top and bottom of the organization. This further fueled the emotional undercurrents.

By addressing the fragile emotional issues in a rational, magnanimous manner, management was not addressing the widespread feeling level of the organization. This behavior did not display the caring, supportive demeanor employees needed to trust and follow their leaders. Instead it appeared indifferent and insensitive to their needs. Thus, a normally solid management activity--providing guidance and direction--spawned fears of being deceived, betrayed and exploited by management. This response points

to a key relationship in this social-psychological process. The organization's leaders were acting in characteristically normal managerial behavior and had created excellent products. Nonetheless, their actions were not effective in resolving the organization's problems because their behavior was detached from and incongruent with the needs and wishes of their employees. It also appears that during times of change and uncertainty, employees are less tolerant and patient with management behavior that is not responsive to needs, and less cautious and more genuine with their reactions and feedback. I propose that during times of change and transition employees are more truthful and authentic in their dealings with management.

The final link in this process was the management response. The managers were hurt by the resistance and mistrust their actions elicited. Occasionally, they took the resistance personally. They would break from their rational, well-reasoned behavior, and surrender to their own feelings of rejection, hurt and abandonment. Then they would become protective, defensive and sometimes withdrawn from the organization for periods of time. This exacerbated the emotional situation further.

I documented a good example of this process between the management team and the engineering ranks early in the transition process. The engineers were suffering as much as any group in the organization. The tradition within the company was that engineers were secure and treated well during periods of closure and transition. However, there were many fatal stories and rumors floating through the ranks to diminish their sense of security and to create heightened fear and anxiety. The emotional strain was no less among the engineers than anywhere else in the organization, if anything perhaps worse.

At first, management's response was impartial and cautious, surprised at how the engineers were responding. It seems they expected with time the anxiety would go away, but it didn't. A communication session was organized between management and engineering. There was quite a gap between the two parties. Engineers were challenging and despondent; managers were reasoned and optimistic. There was little listening on either side for the underlying assumptions of the two parties. In the end, an agreement was reached that management would come back to the engineers, after a period of time, with a response and recommendation.

Management took this task seriously, formed a task force and set out to conscientiously address the issues. The engineering situation and issues were an active part of the weekly transition management meetings for several months. The management team produced a set of agreements with peers from other entities to absorb the engineers into their respective ranks. Along with the agreements, there was a step by step process, in flow chart format, documenting the process of transfer from SCTC to another entity. A unique feature of this process was that engineers could secure employment with these entities months in advance of their identified transfer date, thus guaranteeing them employment security while they completed the shutdown. They named the procedure the engineering placement process.

The roll-out and presentation of the engineering placement process was met with skepticism and doubt. "Management couldn't pull it off." "The process was limiting and confining." "There must be some hidden-agenda somewhere."

In response, most engineers chose not to start the process but to wait and explore their options for as long as possible. Underlying their response was a mistrust of

management and the process. There was a fear that committing to the process might be another painful mistake. Management was shocked and visibly upset. Their negotiations and hard work seemed to be for nothing. They felt their credibility with their peers would suffer as engineers avoided the process. Management's reaction was to pull back in frustration and to complain about their engineers.

Later, we knew the underlying emotional issues had not been discussed openly and candidly. The feelings surrounding the closure had not been dealt with. Employees' fears had not been acknowledged. With management harboring hurt and defensiveness, this conversation became more difficult. After a time of frustration and tension, we were able to address some of the underlying emotional issues with other organizational interventions. The focus of these interventions was to give engineers avenues to vent their feelings, more access to information affecting their future, greater control over their destiny and as much support and as many resources as they requested. Over time the relationship between the engineers and management improved slightly, primarily because of the continued commitment and integrity of the management team. Except for a few isolated

individuals, the engineers kept to themselves and maintained an unhealthy distance from the management team throughout the transition.

Cycle of Self-Fulfilling Behavior

Another process that emerged in response to the transition was a cycle of self-fulfilling behavior. The hypothesis is: People create their reality based on their beliefs and assumptions about a situation. People who hold positive expectations and optimistic beliefs manage change better, more successfully than those who have negative expectations and pessimistic beliefs about change.

The change process will provoke and release a large amount of emotional energy into an organization. In the Santa Clara Technology Center, I discovered that the primary expression of this energy was found in the informal conversations going on inside the organization. I call this emotional talk the background conversation of the organization. Background conversation does not occur in the foreground of the organization, in the formal meetings and exchanges among employees, but rather during informal, spontaneous contact among employees. This type of conversation is more than spoken words, it is also the non-

verbal mood and tone that animate conversations. The background conversation reflects and, if strong enough, influences the morale of an organization. I believe this type of conversation is a dynamic in all organizations, sometimes referred to as the bathroom or water-cooler conversation. However, during this period of change it was much more obvious and commonplace than before.

Early in the transition, while listening to the background conversations, I heard a lot of blame and finger-pointing. People were feeling helpless, at the mercy of the circumstances and the people in authority. This denouncement went on at all levels of the organization. The mood and tone was predominantly pessimistic and fearful. The focus was on others, rather than oneself. When I explored the underlying assumptions behind these conversations, I found that most people believed that upper management was deceiving them by withholding information and that employees were somehow being used and manipulated.

I documented a specific inquiry with a twenty-year employee who had been through several successful downsizings. She firmly believed that the company would be changing its fifty-year policy of no layoffs and that management had no

intention of finding her employment. She believed she would be let go after the shutdown was completed. Regardless of information, management commitment, and her own experience to the contrary, she chose to believe the foreboding rumors and myths in the background conversation and was herself actively contributing to the negative background conversation of her work group. It appears that she created this "reality" out of her fears and the underlying assumptions she was making about the company and management. Those assumptions were grounded only in myth and rumor.

In my role as organization consultant, I was active in bringing the nature of the background conversation to awareness for the management team. They decided to intercede and attempt to positively impact the mood and direction of morale. The focus of the interventions was to help people sort through their feelings, to gain a better understanding of change and the change process, and to frame or reframe their current assumptions with more positive, self-empowering beliefs and assumptions about change, the transition and their personal future. In addition, we helped people create action agendas and provided the necessary support and resources to make the changes they needed to make. These

activities were optional and supplementary to their normal work activities. In making the interventions optional, we unwittingly created an interesting action research proposition: Would the interventions make a difference in the outcomes of those who chose to participate compared to those who did not? The difference was so discernible that it began to show up in the grounded theory research as one of the fundamental social-psychological processes. (I have described at length the activities used to intervene and shift the background conversation of the organization. Refer to sections on employee development and placement in Appendix C.)

As a result of the intervention activities, I began to document a self-fulfilling effect manifest in individuals willing to shift their beliefs and assumptions about their situation. Those employees who seriously shifted their perceptions and believed the transition was an opportunity for positive growth, development and personal transition were more successful in meeting the challenges of the transition and in securing new jobs with a high level of job satisfaction. This shift showed up in their background conversation and occasionally pervaded entire work groups.

In fact, one of the distinctive features of this process is the impact that shifting underlying assumptions and beliefs has upon the background conversation. This result suggests that at the core of an organization's morale may be the beliefs and assumptions that are held by the members of the organization about their futures.

One example of this process in action was observed in a young black, male operator who was well-liked and definitely an informal leader within the manufacturing organization. Early in the transition he was hesitant and skeptical and could be found listening to the background conversation during breaks and lunch. In conversations with me, he was cautious and sarcastic. Faced with the shutdown, he shared his dissatisfaction with his job but acknowledged that the routine and security, along with his low self-esteem, made it difficult to leave. When transitional activities came along, he was encouraged to take advantage of the opportunities for self exploration and career development. Working with a career counselor, he was able to acknowledge his skills and aspirations and he began to reframe the transition as an opportunity for personal growth and development. He was an active and engaged participant, and as time passed his

attitude and demeanor changed noticeably. Actively using the resources available, he created a realistic new career direction and a positive self image. He became a cheerleader within his work group and was one of the first operators to make a career leap from manufacturing to another functional area. Upon leaving, he shared how the transition had turned his life around. He had changed some deeply-held assumptions about himself and made an important life transition. He was later active in helping other employees secure employment in areas other than manufacturing. He was a positive influence on the background conversation of the manufacturing area, remaining a strong advocate for the possibilities in change after he left. Many members of his work group had similar experiences.

On the other side, those employees who remained negative, cynical and pessimistic about the change and their future continued to reinforce their perceptions and to ultimately foster pockets of individual and group separation and isolation. Their attitudes and behavior led them to erect barriers, to become distant and less receptive to the helpful information and assistance that was available to them. As this process unfolded, the fear-based assumptions

and beliefs that motivated their behavior were reinforced unconsciously by the reaction and responses of those around them to their behavior. In time, management became less patient and accepting of resistance, eventually withdrawing support and commitment.

This response was most evident among the maintenance technicians. This was a group of fiercely independent and opinionated individuals. Unfortunately, several of the technicians had recently come from another shutdown and they brought with them deep negative feelings about the experience. In fact, much of the negative rumors and background conversation seemed to originate from this group. Except for a few, the maintenance technicians chose not to participate in any of the activities or use any of the resources during the transition. They remained throughout skeptical and cynical of the efforts being made to turn the transition into a positive experience. They continued to predict a dismal outcome even as people were leaving for fulfilling new jobs. In the end, what turned out to hurt them the most was not what they predicted--a weak job market and poor management support. Their biggest liability was themselves. To a person they emanated poor attitudes,

fragile self-esteem and weak preparation. Their detachment and self-righteousness left them unprepared to handle the demands of a job search. After a difficult job search, several left the company and several took jobs of lesser position and responsibility. This was in shocking contrast to the majority of employees. (Over 80% of the SCTC employees reported that they were satisfied with their new jobs. Refer to Appendix B for data.)

Middle Management Squeeze

Another basic social-psychological process recorded during the shutdown of the Santa Clara Technology Center was the Middle Management Squeeze. The hypothesis is: During organization shutdown middle and first-line managers, compared to other personnel, are more forcefully pulled and pushed from both the top and bottom of the organization and react by focusing their attention on surviving their predicament rather than managing the situation.

The position of being in the middle of an organization is challenging under normal organizational circumstances. I propose that the middle condition is amplified during periods of change, creating significant increases in task and interpersonal complexity. As change is introduced into the

organization, there is an acceleration of information flow, new organizational structures and systems, new policies and procedures, additional task assignments, not to mention a heightened emotional climate. This directly and dramatically impacts middle management and introduces a compelling dilemma for the organization, how to maintain effective linkage from top to bottom.

The increased demand upon supervisors was most apparent during the first half of the transition, as the Tech Center was ramping-up for the transition. Identified as key players in the transition process, most supervisors were called upon to participate in newly formed task forces, to help design and manage the change policies and processes, to accept new assignments as the organization was being reorganized, and to effectively manage employee's concerns and confusion surrounded the start-up of the transition process. What happened to one of our best supervisors highlights this activity.

A senior supervisor, she was identified as a strong technical contributor and leader among the operators. She was asked to participate in a key transition task force that met twice weekly for two months and later continued to meet

weekly. In an early reorganization, she was moved to a new assignment, managing a new, larger work group. In addition to her normal functions, she had to deal with the added demands of a very dynamic and difficult task force, an unfamiliar work area and troubled employees with whom she did not have a solid working relationship. In addition, top management was pushing higher production and quality goals. The same magnitude of change didn't happen to every supervisor; however, all supervisors experienced changes in their roles and increased responsibility and expectations.

More than ever, during the transition, top managers expected excellent quality implementation of the business plans and process, in addition to the extra transition activities. However, because they were strongly focused on their customers and external stakeholders, they were removed from the human impact and reaction that the change was creating at the bottom of the organization. They were less empathetic to the needs and conditions of their supervisors. The result was an increase in expectations, more job complexity and greater responsibility for the middle from the top, without an increase in support, resources or personal development.

During this change employee needs and wants also increased. They wanted more information, more support, more freedom and more acknowledgment and recognition. They complained more, asked more questions, challenged and questioned decisions more and generally felt more vulnerable and helpless.

The middle was both squeezed and pulled between the top and the bottom of the organization. Squeezed by the increasing demands, expectations and time constraints. Pulled by the desire to affiliate and maintain relationships with their diverse stakeholders. As the pressure, tension and stress increased they adopted coping mechanisms. The most frequent response by the middle to this increased tension was to narrow their focus and create blinders. This behavior manifested as a disregard and neglect for the big picture, the long term vision and strategic activities. There was an attitude of, "if I don't pay attention to it, I won't have to deal with it." Behave as if there wasn't a transition and shutdown. Another often observed behavior was to adapt one's allegiance up or down in response to the strongest pressures and the necessities of the moment. If there was a lot of pain and anger towards the top because of

a recent decision, it was easier to join the bottom than to try to manage the situation from a middle position. There was a definite difficulty in holding a middle ground when the pressures and demands were great at either pole of the organization.

It took awhile to discover this middle condition created between the top and bottom of the organization. The top was under increased external pressure and the complexity of their jobs had increased dramatically, so they were neither focused on nor attuned to the middle. Ultimately, this middle behavior throttled the flow of valuable information and resources up and down the system, creating breakdowns in the throughput and transition activities. The first signs that the middle was in trouble came from a breakdown in the communication system.

Supervisors were the primary conduit of information to employees and many employees were not receiving information about programs, events or policies. Supervisors told us they did not have time to read their memos or attend communication sessions. The flow of information was broken. We attempted to pull supervisors together for a feedback and communication session. Only a few showed up. That was the next indicator

that we had a real problem. Finally, we got them together for several hours. It was obvious that they were in a great deal of pain. They were visibly removed and separated from each other and were feeling unappreciated for their efforts. Much of their frustration had turned to open resistance towards the transition. Although not actively sabotaging the transition, they were consciously choosing not to support or sponsor activities and programs that did not address their immediate objectives. They were in daily survival management, meeting their most measurable and visible objectives.

In addition, while we were asking them to provide support and coaching for their employees, no one had yet asked them how they were handling the transition. With all the available support, they were left to manage their own change process. Underneath, most of their frustration and resistance was connected to their own fears and anxiety about the future. One supervisor expressed their assumptions this way: "Upper managers will be taken care of, they always are. And, they'll get most of the credit for our hard work. You provide [developmental] programs but we're too busy to

participate in any of those activities. We're being left out."

Breakdowns

The last basic process I identified during the transition is called Breakdown. The hypothesis is: Under the strain of rapid, forced change, the performance of individual employees and the organization's human and technical systems will more readily decline and break down.

There are many forms and degrees of change. For example, maintaining the status quo of an organization while applying continuous improvement to the technology or management process is one form of change. Shutting down an operation and relocating employees and technology is another. Both activities bring about changes. However, there are considerable differences in the what and how of these two types of change. It also seems that each person and organization has a different pace and aptitude for change. Like other behavioral processes, we form assumptions and beliefs from our past experiences that influence and shape our present behavior. And so, we find individuals and organizations that embrace and pursue change, others that accept and allow change, while others struggle with and

resist change.

The Santa Clara Tech Center was an organization that struggled with and strongly resisted the change process. And, although I have limited experience with large-scale organization change, I believe I observed a disproportionate amount of pain and suffering during the transition and a significant number of individual and system breakdowns. Were there dominant variables and interrelationships that caused this organization to resist and suffer inordinately over change? Was there something in the organization's culture that predisposed it to suffer more individual and organizational breakdowns? I propose that what I observed was not a typical response to organizational change but a substantive social-psychological process specific to sudden, unexpected organization cessation. This was the most powerful and complex process I discovered during my research, for it besieged and continually affected the entire system throughout the transition.

Change is not an easy process for humans or organizations. In fact, it has been suggested by some that given the choice we would not change. In their Transition Grid Model, Cynthia Scott and Dennis Jaffe (1988) suggest

that the typical direction during the early phases of a change process is downward. They refer to it as descending into a valley and then climbing back out. Once change is introduced we slide downward from our normal functioning through the psychological stages of denial and resistance. We move back out of the slump once we are able to explore and discover new opportunities and to make commitments to new objectives and directions.

We can use this model to help define a breakdown. The model proposes that it is typical for us to take a functional downturn during the change process. So, in essence, the typical person will suffer some relative decrease in their normal functioning during the change process. We might say they have had a breakdown in their normal functioning. This breakdown in performance may or may not be noticeable to the surrounding environment, but to some degree it probably occurs.

The model also suggests that it is typical that after some reasonable period we move through the downward cycle and start our movement back toward a new beginning. I asserted earlier that we all deal with change differently, so some of us move through the change cycle faster, with less trauma,

than others. For the purpose of this hypothesis, I am defining a breakdown as that point in the downward slide where inertia sets in and it appears to be impossible to pull out of the downward trend without outside intervention.

One example of an individual breakdown during the shutdown was a woman who remained in a state of denial and resistance for the entire two year transition period. Unable to accept the eventual ending of her job, with the perceived loss of friends and structure, she avoided the supportive activities and disregarded the job search process until she was forced to participate. She was given considerable personal counseling, yet nothing seemed to help her find a way into a new beginning. Eventually, the company took control and placed her in a new job. She opted for early retirement rather than start a new job.

The most common forces behind individual inertia were the inability to break out of denial, blame, and low self-esteem. Many people had difficulty looking objectively at the reality of ending while others had difficulty accepting responsibility for their future.

An example of a system breakdown was a technical process that slowly went out of control and took three months to

bring back to full functioning. In this case, the engineering organization lost focus and stopped managing a set of complex, highly interactive manufacturing processes. As the process specifications started slipping, the variance was accommodated rather than brought back into control. Ownership and accountability were vague; communication was random within the engineering organization. This was a case of both human and technical systems break down. The human system was in trauma, managers and employees were at odds and self-preoccupied. The formal management systems, like staff meetings and process control charts, were not well managed. Other organizational subsystems were being adapted and redesigned to find optimal fit and utility. Managers were struggling to understand and adapt to these new designs. The downward momentum of personal pain and suffering, poor communications and unclear accountability led to a major technical breakdown. These are examples of unusual downturns and breakdown.

I first noticed the breakdown process while helping employees to work through their emotional reactions to the change. What stood out was a pervasive sarcasm for the company and a strong dislike and mistrust for the Vice

President who made the decision to close the organization. At first I suspected this was a normal response, but it did not subside with time; nor did the resistant emotional energy. People were resolute in their sarcasm and mistrust of the senior leadership and it hampered the credibility and effectiveness of the SCTC staff. I surmised that there was something more than normal resistance after we published our first transition newsletter. In the back an allegory was written about the plight of the SCTC employees with caricatures from the Star Wars movies. The Vice President was Darth Vader. At this point I felt the organization might be manifesting distinctive behavior that deserved further exploration.

The unfolding of this process can be traced to the management culture of HP. The predominant management style is a benevolent patriarchy. Power and authority reside at the top in a benign and rational manner. The success of an organization is greatly dependent on the leader's management ability. Because of its highly technical nature, SCTC had a history of strongly technical--but weak business--management. With the increasing importance of business performance, management power and control moved outside the organization

to the executive level. The message came down that SCTC needed to improve significantly its business performance, and so the organization set about to implement performance improvement measures. During this time, two important messages were unclear to the organization: the degree of urgency and the window of opportunity they had to make improvements. Feedback on their performance was also vague and mixed. In fact, the organization thought they were making the necessary changes when the decision came to close down. People throughout the organization felt betrayed and the people who most believed in the management culture, the direct labor, took it hardest. They had the least amount of information and the highest level of trust and loyalty for their leaders. As a consequence, the organization went into a deep emotional dive. Most employees had a strong, painful and lengthy reaction to the announced shutdown. Many suffered lengthy periods of declining performance leading to a noticeable break down of their normal capabilities.

This scenario points to the underlying dynamics and my hypothesis. One variable is the underlying assumptions about management. We have an organization that is predominantly patriarchal and modeled after a benevolent parent-child

relationship. The senior manager has the power, which is given to him out of deference to supposed wisdom and position. Knowledge and information remain at the top. Employees put their faith and trust in their leaders. As a result, employees surrender much of their personal control and power at work to their bosses. Very few employees feel personally empowered. In return for their obedience and work, management must treat employees with openness and benevolence. Fairness and integrity are deeply held and cherished values. At SCTC, as the decision making power moved outside the organization this relationship was compromised. Senior management, having the information, was faced with making a business decision. They were also not intimately connected to the people of the organization, so the unspoken cultural norms were not as strong. It was easier to make a decision unpopular among the work force.

In summary, a major cultural norm was violated with the decision to close down SCTC. Management had breached an unspoken assumption and was then perceived as no longer trustworthy. Local management was perceived as impotent because important decisions were being made at a higher level. Management promises were received with skepticism and

sarcasm. In essence, the culture was ruptured.

Another notable variable in the breakdown process was the loss of control. Having a sense of control or an internal locus of control (Anderson, 1977; Lefcourt, Martin, Saleh, 1984; Rotter, 1975) is beneficial in dealing with crisis and change. Little control and self-management was given to employees prior to the shutdown. For the most part, employees did not feel empowered in their work. The majority of power and control at work lay with management. When employees could no longer trust or respect their management they were also left with a power and authority void. Being conditioned to look outside for direction and guidance, they were ill-prepared to trust themselves and to tap into their own personal power. The dilemma of feeling dependent upon untrustworthy managers created an impasse for many employees, and, as observed in the other basic social processes, much of the personal energy and conversation was discharged in finger-pointing, blame and undermining potential solutions.

Another closely related variable in the breakdown process was the manner and process of initiating the change. This was a change and change process that was largely imposed upon the organization from outside. People had no voice in

the decision to end the organization nor in determining the pace of closure. The decisions that would powerfully affect their lives were forced upon them from above.

The breakdowns within the Santa Clara Tech Center lead to several propositions about change. People need to be involved in the decision making process that initiates major organizational change so they can maintain a sense of meaning and commitment to the decision. Change decisions that are imposed upon employees without any involvement by them in the decision making process will meet more significant resistance and emotional reaction than if they do have voice. When change is imposed upon us we react with more resistance than when we choose to initiate change. In our lives, when we choose change we have the opportunity to work through our blocks and resistance at a pace that is appropriate and natural to our own style of transformation. Changes which we do not initiate, like accidental death and natural disaster, give us little time to prepare for the feelings of loss, vulnerability and transition that surround change. Unless managers are prepared to deal with a powerful reaction, they do not want to duplicate a sudden loss scenario in their organizations. The consequence to people and systems are

unnecessary breakdowns.

Last, while you can force, direct and facilitate change from the outside, people nevertheless have the tendency to move at their own pace and through their own process of working towards acceptance of and coping with the changes. In situations such as the closing down of the Technology Center, one's own pace may not be functional and in accordance with the organization's pace and process. The normal stress caused by change is thus intensified by one's conflict with the imposed pace and process. As a result of the stressful conditions surrounding change, particularly forced change, mixed with individuals' varying aptitude for managing change, there emerged more individual breakdowns and several systems breakdowns.

Key Learning and Recommendations

In concluding the thesis, I would like to identify and briefly describe several essential learnings derived from the Grounded Theory research and the organization interventions implemented during the transition at SCTC. The learnings fulfill two important objectives. First, they represent

hypotheses that can be explored further or tested empirically for their relevance to organization change and management development. Second, they yield a set of recommendations for organization decision makers to use in managing similar organization change processes.

They are, not in order of priority: (a) manage from vision and values, (b) spend time building and maintaining relationships, (c) empower everybody, (d) strongly support and partner with first line supervisors, (e) understand and manage the culture, (f) create a value for learning, growth and change, and (g) nurture the spirit.

Manage from Vision and Values

The power of creating and managing through a vision and a set of values does not diminish during a shutdown activity. We found that formulating a future vision, clarifying our values and establishing operating principles to be very powerful tools for creating a meaningful context and a shared focus during the shutdown. The mood among the management team shifted significantly once we had identified their shared values and a vision of what they wanted to accomplish during the transition. The vision captured the collective spirit of the team and shifted the energy away from a

resignation and sadness to a sense of possibility and bright future. The collective process of involving the entire team in visioning also helped people see and acknowledge their communality, thus bringing them closer together. After the visioning activity we also found it valuable to ask everybody to commit themselves to making the vision real and not just an empty statement. The commitment came out of an enrollment process where everybody expressed his/her own vision inside of the greater organizational vision. Fundamentally, the commitment was to support each other and keep the organization's vision in front of the daily activities.

Spend Time Building and Maintaining Relationships

Leaders and managers need to be accessible and open to their employees. I found this to be particularly important during the shutdown. Trust is the key variable here. During times of change and transition people feel more strongly that their personal lives will be directly affected by the decisions, policies and plans made by management. Formal communication is not always effective and the grapevine is always active. This puts increased pressure and demand on the leaders. Often information seems confusing and disparate, leading to assumptions that management isn't

telling all. Spending time staying close and accessible to employees builds up personal relationships and communication. It allows for sharing and receiving information, opinions and suggestions with employees. By having a personal relationship, one that is built upon open and honest communication, employees are more likely to trust and commit to their leaders.

When in a positive relationship with management, employees are more likely to deal with and tolerate the changing nature of decisions, plans, and policies because the human side of their leaders is more accessible to them. Instead of seeing management behavior as deceptive and manipulative, employees will more likely look with empathy at the complexity and challenges of the job and be less inclined to project the vacillations of decisions and procedures upon the individual. Building and maintaining relationships brings out the shared human predicament and helps focus and distinguish the role from the person.

Empower Everybody

During periods of change and transition people's sense of power and control are challenged. This is a time to focus on empowering the organization by giving and encouraging

people to take responsibility and control over their future. This can be done by supporting and encouraging people to get involved and to participate in resolving the transition issues that are affecting them, both personally and organizationally. Helping people maintain and increase their self-esteem by listening and being affirming and supportive is very empowering. People particularly need encouragement, acknowledgment and appreciation during periods of transition. We shouldn't forget that even during periods of ending and shutdown, employees still care about the business. Empowering people to help with the tactical transition and change issues is also personally empowering and allows people to participate and influence the way the organization will end.

Strongly Support and Partner with First Line Supervisors

First line supervision is the pivotal organization position during a transition. Supervisors are the key to implementation, communication and on-going morale. It is important that supervisors are strongly supported throughout a transition. Always make sure they understand and know what is going on. Often by the time information gets to the supervisor level it is jumbled and confused. Remember, for employees, the supervisor represents the management team and

the company. Often supervisors are as confused and conflicted as their employees and more often than not, when they are not supported from above, they share this confusion openly with their employees. Spend lots of time involving supervisors in visioning, planning, decision-making, and problem-solving.

Understand and Manage the Culture

Earlier in the paper, I talked about the significance of the background conversation during a change and transition process. I now believe that one of the key learnings and recommendations from the SCTC experience is the necessity for managers and leaders of an organizational change effort to be active in listening for and managing this background conversation. How do you do that? First, and most simply, it requires a willingness to spend the necessary time with the organization. This is time well spent and if done intelligently it can be leveraged considerably. In managing the background conversation, the emotional dimension must be brought to the surface and identified. Once it is out and available--write it on flip-chart paper--it is already less threatening and unapproachable, and people can look at it and talk more candidly about what is bothering them. A lot of

what you find is fear, hurt, and anger or blame. This is the time to help people let go of the emotional soup, and it can best be done by working with people to let go, forgive and grant amnesty. If that can happen, then you can start to shift the conversation from the past to future possibilities.

Create Value for Learning, Growth and Change

Values are a powerful factor in organizational life and they strongly influence how the organization handles change. There are several values and underlying beliefs that will help facilitate a change process. They are the values of growth, learning and change. Surprisingly, some people do not value these. Organizations are made up of some people who value stability, playing it close-to-the-vest and keeping it the same-old-way. Change is counter to their belief structure. Often organizations foster stability and tradition unknowingly through their business and organizational behavior. When change comes people are not prepared to handle it. A key to managing change is to legitimize change and the learning process. This can be done by leaders articulating these values and their underlying beliefs and reinforcing the values through behaviors and action. Announce that change is here, here to stay, and that

learning--continuous learning--is going to be crucial for organizational and personal survival into the future. Support this declaration by providing learning and growth opportunities and rewarding effective change activities and behaviors. Make it okay to make mistakes. Be willing to acknowledge and declare breakdowns when they occur and to see them as learning and breakthrough opportunities for the organization. Ultimately, you want to create a culture that values continuous learning and improvement.

Nurture the Spirit

The last key learning from the Santa Clara experience was the importance of nurturing the spirit within the organization. Spirit lives individually in each person in such qualities as energy, enthusiasm, creativity, and collectively in the mood and morale of the organization. It is touched and nurtured by finding ways to go underneath our normal work roles and connect with the essence within each of us. Personal coaching, mentoring, acknowledgment, appreciation and personal sharing are vehicles for touching the heart of individuals. Teambuilding, teamwork, visioning, values clarification, creativity, celebration and play are some of the ways to share the spirit in a group. By

nurturing the spirit we tap into a great source of energy,
vitality and collective creativity.

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Organization Shutdown

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APPENDICES

Appendix A

Results of the Organization Development Effort

One of the most important issues and challenges for an organizational development effort is the ability to identify useful measurements and to report results. At SCTC there were many dimensions to measure and report about. Some were tied to the overall goals and objectives of the business and others to specific human resource management objectives. There are many variables that affect the overall business results of an organization; organization development activities do have an impact on many of these variables, in particular the people or social dimension of the organization. A high degree of internal and external complexity affected the Tech Center during the transition. Some of these were the on-going transfer of processes, abnormal fluctuation and inflation of orders, and the movement back and forth of test and measurement capabilities between California and Colorado. Because of the unusual circumstances, many of the standard business measures like cost, volume and yield did not accurately report what happened during the transition. However, despite the

circumstances, volume and thus yields increased significantly during the transition as a result of increased customer demands, the building of life time inventory and buffer stock, and the significant improvements in the management and control of processes. Manufacturing costs were favorable to business targets almost throughout the transition due in most part to the unanticipated and unplanned increases in volume. Because the transition activated significant increases in demand, some of these data may not explicitly reflect the true performance of the shop. However, they do represent and indicate a definite positive performance trend in the shop. Overall, organizational performance improved markedly during the shutdown. The most telling measures that reflect the upturn in overall organization performance were: (a) the significant increase in productivity from the production organization during periods of increased complexity, stress and product mix, and (b) the ability of the organization to complete a difficult and aggressive transition schedule only two months behind target (the organization held to its original schedule even after significant increases in the build plan used to create the schedule).

On the human resource management side, there were some very significant results to report. In the employment security objective--to place employees at an equal or greater level than their current SCTC position--87 percent of the employees got jobs at an equal or greater level than their old level. Of this group, 34 percent were promoted to higher positions. In a commitment to give our employees maximum control and autonomy over their placement process, a policy was instituted providing a three-month window for job search. The emphasis was on providing extensive, high quality support and development opportunities. As a result, 92 percent of our employees took only three or fewer months to find a job. Only two employees were forcibly placed by the company in new jobs.

A key strategy in the placement effort was implementation of a program designed to pre-place as many employees as possible prior to their exit date and the start of their three-month job-search window. It was considered a principal strategy to stabilize and focus employees on the transition tasks. In the end, 26 percent of employees were pre-placed in secure jobs prior to their identified exit date. Fourteen employees were placed one to five months

prior, 18 six to nine months prior and 5 were placed ten months or more prior to their exit date.

Before concluding the discussion of placement results, one last objective should be mentioned. This objective was positioned less as a public objective and more as a statement of commitment made by the placement specialist, organization consultant and leaders of the organization. The objective was to strive to place employees in new jobs that would be personally satisfying and fulfilling for them. In a survey conducted at the end of the transition, I asked employees whether they were satisfied with their new jobs: 74 percent said they were satisfied, 20 percent were still uncertain and 16 percent said they were not. The management team felt this was not an insignificant result, that at least 74 percent of SCTC employees, perhaps more, were motivated, energized and excited to move on to their new jobs. We believe this is a significant improvement over what we have heard about previous transitions.

We also gathered data on other aspects of human resource management, such as employee participation in development programs, employee satisfaction, management development, the results of work-to-build self-worth and morale and the

communication process. See Appendix B for a summary of the accomplishments and results at SCTC.

Appendix B

A Summary of the Human Resource Results from the Santa Clara Technology Ctr. Transition

ANNUAL PLAN OBJECTIVES FOR 1989:

A. EMPLOYMENT SECURITY

1. Strategy: Implement a preplacement program

Measurement: Completion

Goal: 4 Quarter 89

Results:

a. 26% of employee preplaced before exit date

1-5 months prior to = 14

6-9 months prior to = 18

>10 months prior to = 5

2. Strategy: Achieve employment security vision

Measurement: Placement

Goal: Equal or greater than old level

Equal or less than three month window

Satisfaction with new position

Results:

a. 87% got job a equal or greater than old level

Same = 53%

Higher = 34%

Lower = 13%

b. 92% took equal or less than three months to find job placement

Preplaced before window started = 28%

Secured job in 3 month window = 64%

Took over 3 months to find job = 8%

Directed placement = 02%

(2 employees)

c. TAS (* Transition Assessment Survey) Question: "I am satisfied with my new job"

74% agreed

20% uncertain

16% disagreed

3. Strategy: Implement employment preparation programs
 Measurement: Participation
 Goal: greater than 70%
 Results: -

a. 90% + participation in all programs

b. Transition Assessment Survey (11/89)

1. Got Needed Support

"I got the support I needed in my job search"

60% agreed
 14% uncertain
 26% disagree

2. Preparedness

" I was prepared for my job search"

72% agreed
 10% uncertain
 16% disagree

3. Necessary Resources Available

" HP made available all the necessary
 resources for me to be successful in my
 job change"

48% agreed
 25% uncertain
 24% disagree

B. STRENGTHEN THE HP WAY

1. Strategy: Management Training and Organizational
 Development

Measurement: Employee Satisfaction Form

Goal: greater than rest of CTG

Results:

a. CTG HP-Way Survey

	QTR	SCTC	CTG
	1	59% <	63%
88	2	61% <	64%
	3	66% >	63%
	4	64% >	62%
	1	65% >	63%
89	2	62% <	65%
	3	50% <	64%

b. TAS: MANAGEMENT DEVELOPMENT

Well Managed

"The transition was well managed"

46% agree
20% uncertain
34% disagree

Commitment

" Management worked hard to keep their commitments".

46% agree
26% uncertain
28% disagree

Teamwork

"During the transition we became a stronger team".

34% agree
38% uncertain
28% disagree

Management Quality Improvement

"During the transition the quality of management improved".

28% agree
28% uncertain
44% disagree

Acknowledgment

"I feel SCTC made an effort to acknowledge and appreciate me for my work and dedication".

42% agree
24% uncertain
34% disagree

Task/People Balance

"Management was equally concerned with the people as with the task aspect of the transition".

38% agree
24% uncertain
38% disagree

2. Strategy: Build Employee Self-worth and Morale:

a. Fun Projects

Measurement: Activities

Goal: Monthly Activities

Results:

1. One social/celebration event per month

2. TAS: FUN AND CELEBRATION

Fun and Sanity

"We had fun and kept our sanity while shutting SCTC down"

50% agree

26% uncertain

24% disagree

Celebrations Worthwhile

"I felt the Fun Team celebrations were worthwhile and enjoyable"

76% agree

14% uncertain

10% disagree

b. Recognition Programs

Measurement: Participation

Goal: greater than 75%

Result:

1. 68% participation

c. Communication Programs

Measurement: Positive Feedback

Goal: 85% positive feedback on survey

Results:

1. Quarterly Communication Survey

"How informed and knowledgeable are you about what is going on at SCTC"

88 Q3 - 80%

Q4 - 86%

89 Q1 - 78%

Q2 - 70%

2. TAS: COMMUNICATION PROCESS

Felt Informed

"I felt informed about the events, activities and status of the transition"

56% agree

16% uncertain

26% disagree

Open, Honest, Straightforward
"Information about the Transition was
communicated in an honest, open and
straightforward manner".

48% agree
18% uncertain
34% disagree

Vision

" I knew and understood the vision and goals
established for the transition".

76% agree
16% uncertain
8% disagree

Information Assessibility

" Information about work and the transition
was easily accessible and available to me".

52% agree
24% uncertain
24% disagree

C. COMMUNICATIVE MANAGEMENT STYLE

1. Strategy: Honest flow of communication with employees

Measurement: multiple channels/ meetings

Goal: minimum of 3 communication events per month

Result:

a. average 50 meetings per quarter (general
sessions, forums, lunches, work teams,
focus/feedback groups)

b. see above data

D. EMPLOYEE PERFORMANCE/PRODUCTIVITY

1. Strategy: Improve productivity

Measurement: Standard hours delivered

Result:

a. Total Standard Hours Delivered

86 2200 hrs per month
87 3900
88 5700
89 6400

b. Standard Hours Delivered per Operator

86 110
87 170
88 160
89 150

* TAS: TRANSITION ASSESSMENT SURVEY

DEMOGRAPHICS:

Conducted 11/89

50 employees responded 39%

23% production	40% same level	53% stayed till end
31% management	26% lower	22% 1-6 months
18% engineering	16% higher	15% left during middle
28% support		

Appendix C

Organization Development Activities Conducted During the Transition

The results achieved during the SCTC shutdown should not be judged as typical of an organization in transition but rather as the outcomes for an organization that engaged in a strategy of planned change using interventions grounded in the aforementioned research, the literature of organization development (OD) and in individual and group psychology. Early in the transition the decision was made to contract with me, an organization development consultant working inside HP, to help design and facilitate the transition process. Working as an integral member of the management team, I provided a professional level of organization scanning, assessment and diagnosis as well as design and facilitation expertise. For the most part, the activities conducted during the two year transition were part of a planned transition strategy. However, as situations and events dictated, unplanned interventions were also employed. When available and appropriate, social science research (see Grounded Theory methodology) and theories were used to frame

the diagnosis and design the strategies and specific interventions. I primarily used two organization development models to frame and guide the overall analysis and design of the change strategy: (a) Wayne Widdis' (1987) open system model of organizations, and (b) Linda Ackerman's (1983) organization change model. Both are open system models. In addition, models and theories were used to diagnose and understand the specific personal, interpersonal and organizational dynamics found during the transition. The OD activities can be divided into four areas: (a) structural and organizational design interventions, (b) training and management development interventions, (c) placement interventions, and (d) organization assessment activities. Again, it should be emphasized that each area played a purposeful role in a total systems approach to change.

Structural and Design Interventions

New job positions within the organization. Upon deciding to shutdown the Santa Clara Technology Center, much of the initial activity and intervention into the organization focused on creating the necessary roles and structures to make the transition successful. Two key roles were created to manage the transition activities, a

transition manager and an organization development specialist. The personnel who filled these positions were new to SCTC. Prior to the announcement of the shutdown, a new operations manager was identified who had the skills and demeanor to lead the change effort. He was also a well-regarded, highly visible member of the Colorado Integrated Circuit Division (CICD), the organization that would be carrying on the work activities of SCTC and the Bipolar business after the shutdown. His two major areas of responsibility were to manage the transition and to maintain the integrity and functioning of the bipolar business during the transition period. The other new role that was created for the transition was an organization development (OD) consultant. This position provided the organization several broad organizational functions: (a) the ongoing monitoring, gathering and analysis of organization data, (b) providing process facilitation to the management team, transition teams, internal work groups and other group or organizational activities, and (c) managing select critical people programs and projects.

Two other positions were also added during the course of the transition, a staffing specialist to manage the placement

activities and a transition planning coordinator. Early in the transition there was a strong request for a comprehensive transition plan, a plan that would guide the transition from start to finish. One of the process engineers, who would be leaving the transition in the early phases, was asked to coordinate the overall tactical plans of each transition team and to generate a comprehensive plan for the entire transition. This was a short-lived position involving a specific task assignment that was requested by management and the transition teams.

The responsibility for employee placement was an issue and concern that pressed on the management team throughout the early phase of the transition. Initially, the OD consultant handled specific placement issues until it became overly demanding. The demand triggered the decision to hire a full time staffing specialist to handle all placement activity. This role expanded and was vital to the overall success of the transition.

Task structures. Beside the normal organization and reorganization of the existing functional departments--Manufacturing, Quality Assurance, and Research and Development--there were three additional structures designed

into the organization to facilitate a successful transition: (a) a transition steering committee, (b) joint SCTC and CICD transition teams, and (c) internal SCTC transition teams. The steering committee merged members of the functional staff, a finance liaison, a personnel liaison and the organization development consultant. Its responsibility was to provide overall leadership and direction for the transition. Some typical transition issues and topics covered during committee meetings were transition strategies, policies, processes and people programs. The steering committee did not generate the majority of these topics but functioned as a review group to critique and to evaluate transition activities and decide on the appropriateness of proposals made by various transition teams and individuals. The council met weekly and was part of the business staff meeting.

Early in the transition, critical strategic activities were identified and joint Colorado and California transition teams were created to design and manage the tactical implementation of each strategic area. Transition teams had ownership for planning and implementation, while the steering committee and transition manager provided the overall

coordination and leadership functions. The OD consultant provided a system perspective, process guidance and facilitation. There were also a number of internal activities such as people placement, morale, productivity and yield improvement that were managed by mixed teams of SCTC employees and management. These teams were also coordinated by the transition manager and steering committee and supported by the OD consultant.

System linking structures. As the organization grew in complexity of task and structure there was an increasing need for effective linkages between and among the various components of the transition organization. The linkages that were designed and implemented followed a system perspective and focused on two fundamental interactions, internal and external linkages. Internally the focus was on maintaining a high level of information flow and exchange up, down, and across the organization. A multi-channeled communication system was designed to ensure these linkages were maintained and that a high level of formal and informal interaction among members of the system was ongoing. This multi-channeled system was made up of monthly general sessions, monthly communication lunches among diverse members

of the organization, various management meetings, education forums, developmental activities, bulletin boards, newsletters, suggestion boxes, and periodic focus and feedback sessions with all members of the organization. The communication system along with the task structures and specific transition roles mentioned above rendered a climate of high interaction, open communication and quick feedback and input up and down the organization.

Linking the organization to its external customers and stakeholders proved to be equally complex and became increasingly more demanding as the transition progressed. There were several linking mechanisms use to unite stakeholders. The primary interface with stakeholders was the transition manager and members of the steering committee. The transition manager consistently played the key role in managing the critical stakeholder relationships. Most important among them were the interface and relationships with senior management, with customers and with the receiving division in Colorado (CICD). In addition, committee members maintained a high level of interaction with their counterparts and peers across the organization's boundaries as well as frequent interaction with customers. The OD

consultant also crossed the organization's boundary to identify and interact with resources that could enhance and support the organization development effort.

In addition to the roles and responsibilities fulfilled by the above mentioned boundary managers, several other structures were designed to facilitate and maintain the linkages between the organization and critical stakeholders. These were the creation of stakeholder teams and quarterly review meetings of all transition teams with stakeholders invited. Because the planning and tactical implementation of the transition was driven by the independent transition teams, it was imperative that a high level of communication and interaction among teams be maintained throughout the transition. Teams met on their own to coordinate and manage their specific implementation activities and were gathered together quarterly to share their progress and accomplishments, and to identify problems and opportunities for the future. These quarterly review meetings were coordinated and facilitated by the transition manager and the organization development consultant, and provided a forum to keep the tactical issues in view as well as to maintain a spirit of cooperation and collaboration between the

organization and the key stakeholders.

Customer focus and interaction received special attention throughout the transition, and to accomplish it a specific transition team was responsible for customer interface. Early in the transition, the team, consisting of the transition manager and key functional staff members, traveled to each customer site to communicate the transition rationale and strategy and to deal with the concerns and questions that customers would have about the transition. This created a context of commitment and involvement with customers. Later, as the transition unfolded, the customer team took on different members--materials and production--and played different roles; however, the primary concern throughout was to maintain a close linkage and alliance with customers in order to alleviate any concerns and fears they might have about the transition and products.

Cultural and Morale Building Interventions

Building and sustaining a supportive culture and positive morale during periods of change and transition is extremely important. From the beginning, it was obvious that the announcement of the shutdown and the impending transitional period had already aroused and would continue to

generate considerable anxiety and upset in employees and management alike. If left alone and unattended, the climate in the organization would likely have continued to degenerate and seriously impair productivity and output. Many activities and programs were implemented specifically to intervene in the emotional climate and to counteract the declining morale caused by the unsettling effects of the transition and impending shutdown. Two key interventions were the recognition and productivity incentive programs.

Recognition and reward activities. Considerable effort was directed toward creating an appreciative and supportive climate among employees and management. This was not something that came naturally but needed to be created, structured and actively implemented by the management team. Some of the activities were simple, others elaborate. On the simple side, we wanted to continually remind employees that they were special and appreciated for enduring a difficult period. We did a lot of little things like purchase a popcorn machine and have daily popcorn. We often provided snack food and treats for accomplishments, special events and holidays. There was a celebration cake for each employee who left. At monthly general sessions individuals and work teams

were also publicly acknowledged by the transition manager and other managers for their ongoing contributions and dedication. Accomplishments were also identified and acknowledged in the quarterly newsletter.

In addition to the simple things, more elaborate recognition and incentive programs were devised. One major effort was the recognition-chip program. This was a structured and organized attempt to get both managers and employees thinking about the extra effort and accomplishments of others and to acknowledge each other while it was happening. Recognition chips were printed, redeemable for specific gifts, and given to managers and employees. Employees and managers could then appreciate each other's activities and accomplishments using these chips as appreciation tokens. We created an elaborate redemption scheme so that the chips had a high degree of reward value for the majority of employees. The program proved to be enjoyable as well as having good motivational value; surprisingly, the greatest gain from the recognition-chip program came in creating a new cultural context and norm for ongoing acknowledgment and appreciation.

Productivity incentive program. Where the recognition program primarily focused on appreciation and morale, the incentive program was designed to increase productivity and output. The organization faced the unique challenge of living in the emotional climate of transition and change while needing to increase levels of output and productivity. In order to accomplish this objective, the steering committee decided to experiment with providing additional incentives for increased output and productivity. The organization was first surveyed to identify the reward mechanisms that would produce the highest level of interest and motivational appeal. Weekly and monthly production and output goals were then set and continually monitored, and progress toward goals was continuously fed back to employees. While employed, this program was instrumental in significantly increasing productivity and output. Unfortunately, the program was slowly curtailed and eventually discontinued because of clashes with long-standing HP norms--equity and fairness--and Hewlett-Packard's policies and guidelines regarding wage and benefits. (The personnel community felt that if we offered this type of incentive program we would have to make it available to the rest of HP.) Subsequently, we tried to

create incentive programs that were more in harmony and alignment with company norms and policies. However, the adjusted incentive program did not regain the previous level of energy and motivation. We found that when tied to highly valued motivators, incentive programs do increase productivity and output even in times of emotional transition and change.

Building community through celebrations and organizational gatherings. One of the vision statements for the transition was to have fun and keep sane. Management and employees felt that the transition did not have to be all sorrow and dissatisfaction, but could also be a time of coming together and uniting. With a vision in mind, an internal transition team dedicated to fun and celebration was created. As the Fun Team, they had a simple charter: to create, organize and produce events that would sustain and foster community morale and spirit, and provide a forum for social gatherings of play and celebration. This was a very active team that demonstrated a strong commitment to the vision and charter. They produced many wonderful events that were clearly instrumental in sustaining and holding together an organization tending to fracture and disengage from each

other. As with so many activities, they first surveyed the organization for desired events. Using this survey and the creativity of team members, they created and produced monthly and quarterly events. This was outlined in a quarterly fun calendar. Briefly, some of the events and celebration conducted during the transition were picnics, Christmas parties, a closing grand celebration and dinner party, transition phase or project completion celebrations and seasonal celebrations such as Halloween Day, Thanksgiving, and Flag Day.

Training and Development Interventions

Training and development activities entailed the biggest effort and utilized the greatest amount of internal and external resources. Training and development was a key to helping employees understand and deal with the transition and prepare for the future. Training and development also demonstrated immediate, discernible action from management; this was very important to the employees who were looking to see what, if anything, management was going to provide as assistance. The organization was able to draw upon a broad resource base of internal training and development personnel as well as to select external educational institutions,

trainers and consultants. In addition, the training and development activities were an opportunity to provide additional emotional facilitation and support; during training events, a natural forum exists to exchange thoughts and feelings. We also discovered that by bringing outside trainers and consultants into the organization we expanded our ongoing process facilitation. Employees often seemed more comfortable and open with their feelings and opinions with outsiders. I divide the training and development activities into two aspects: (a) employee development activities, and (b) management development activities.

Employee development activities. The People transition team, with the guidance and leadership of the organizational consultant, was chartered to organize and manage employee development activities. The primary vision for employee development was to provide resources and selected opportunities for employees to prepare themselves for eventual transition to satisfying new jobs. An implementation strategy was designed around an employee development model (Appendix D) with the organization providing the resources to help employees proceed through each step in the process. Employees who did not need each

step could advance to their appropriate level and proceed on their own with the approval and guidance of their own manager. The steps in the development process were: (a) self-assessment workshop, (b) career counseling, (c) creating a career and vocational training plan, (d) basic skills assessment, (e) basic skills training, (f) vocational and personal developmental training, (g) job search skills training, and (h) self-management skills development.

Outside resources were used for the majority of employee development activities. A career counselor was brought in to conduct the self-assessment workshop and to provide individual counseling and planning. A local Junior College, was used for the basic skills assessment and basic skills training. Both of these programs were provided on-site during company hours. We used the normal HP employee educational assistance program for outside vocational training along with programs offered internally through site personal computer education, employee training and development and after hours programs.

Management development activities. Management development was one of the key leverage points in the overall organizational development strategy. The organization would

clearly depend upon its managers for vision, leadership, and a stabilizing influence throughout the transition. However, at the beginning of the transition, the management team was strongly affected by the shutdown announcement and was also embroiled in denial, anger and resignation as deeply as their employees. This was an area of fundamental concern given the obvious importance of having the management team on-board and committed. In partnership with the transition manager and steering committee, I had responsibility for reviving and growing the management culture and processes. As it unfolded the activities took on two distinct characteristics: (a) management development off-sites, and (b) regularly scheduled manager and supervisor meetings.

The focus and underlying strategy for management development was designed just-in-time using information and feedback received directly from the management team and the organization. This information was used to identify the appropriate development activities necessary to empower the management team and to forward the transition objectives. I provided the assessment activities, proposed alternative interventions and lead discussions with the steering committee, which decided upon the appropriate course of

action. When I possessed the appropriate expertise, I also designed and facilitated the intervention. When I did not have the skill and technical expertise it was my responsibility to identify external resources. These could be found within the greater Hewlett-Packard training and consulting community or outside. In the case of SCTC, we utilized the unique expertise of several outside consultants to help us advance the management development effort.

Throughout the transition, the most powerful management development interventions were off-site meetings. The specific topics for these off-sites were diverse, yet the underlying theme was always the same: to bring the management team into greater relationship, commitment and alignment to each other and to the goals and objectives. The off-sites progressed in the following developmental sequence:

1. The management team met for two days to explore and understand the rationale for the shutdown. External consultants were used to help managers process and express their reactions to the news and to begin to understand the emotional and organizational responses to change. Managers spent time exploring their values, concerns and issues for the transition and preparing a presentation to the rest of

the organization.

2. Eight weeks later the team met for one day to discuss and explore their own personal career transition issues and concerns and to begin the process of team development. A team development simulation was used along with a self-assessment activity. The People Team also introduced and proposed a model for managing motivation and morale during the transition. Interventions were proposed to the team and a lively discussion ensued. A decision was made to move forward with the proposed motivation and morale strategy.

3. Eight weeks later the team met for two days to work with external consultants on relationship and team building. The focus was on having the team openly and honestly explore and inquire into the nature of relationship and how it is to work together toward shared objectives. The session was instrumental in beginning to break down the barriers of separation, blame, competition and personal resignation and withdrawal resulting from the shutdown. Managers got to see each other more clearly, gaining a regard and appreciation for each other's unique contribution and commitments.

4. Four weeks later the management team met for three days of training in managing personal and organization change

and how to utilize HP's Process of Management. (The Process of Management--POM--is a sequence of core management activities that are generically use to manage all task activities.) For the first day, we brought in an outside consultant to share a model for managing change. The consultant took the team through the model using experiential exercises at each stage. The following two days the team learned and began to apply HP's Process of Management model to the task of managing the transition. The purpose and mission statement was reevaluated and revised, along with further discussion about values and the vision. Managers were given feedback through a management survey to complement the training session.

5. Four weeks later the entire expanded management team--managers and supervisors--met for the first time in a two day off-site with outside consultants to bring the supervisors into the teamwork discussion that had been started previously. The team began to establish a unified vision for the transition. Supervisors were now able to enter the ongoing teamwork discussion and to understand better what their managers had experienced and learned in the previous off-site. Supervisors for the first time felt and acted like

members of the management team and had an opportunity to explore and share their feelings, perceptions and commitment with the rest of the management team. Everybody got the opportunity to share their personal vision for the transition. People were surprised at the communality and alignment of vision.

6. Four weeks later the entire expanded management team again met with outside consultants for two days to create a shared vision. The team was by now working very well together and had shared their individual vision and commitments, so this session brought together the underlying collective vision and gave it shape and substance. We spent time exploring our concerns and expressing individual and collective commitment to the vision. We identified projects and actions we could take to manifest the vision. Commitments were made to specific actions and an action plan was initiated.

An early fallout from the off-site meetings were regular bi-monthly follow-up sessions with the management team. As time progressed, these meetings took different directions and emphasis. The most common, repeated themes were teambuilding, managerial skill building, team and individual

process feedback and critique, and career development.

A lot of the off-site work initiated follow-up discussions about teamwork and the process of management. During these team building discussions we explored the nature of teams, the relationship of teams to the game we were playing (metaphor for the business arena we were playing in) and also the types of rules and the playing field we were inhabiting. Metaphors from the sports arena were used to symbolize the unique characteristics of the team. As the management team began to meet regularly, the nature of the topics and discussions followed the path of greatest benefit to the ongoing management development. Often the focus of a meeting would center on the current organizational and technological issues and problems. During these meetings, the developmental activity followed more a path of process facilitation, increasing the awareness of the underlying processes and providing process and content feedback. I would guide the discussion and offer appropriate feedback and critique. When the timing was appropriate, I or an external consultant might share a social science model or theory as a learning and awareness opportunity. Personal and team assessment and feedback, using various management development

instruments, was often used to provide managers and supervisors with regular feedback and insight into their own personal management behaviors. The feedback and instrument models were shared during these regular bi-monthly meetings.

Another topic that occasionally surfaced during these meetings was career development. During these times I would bring in career assessment activities or would lead a discussion about career development and career transitions.

Functional staff development activities. Another unique and often overlooked aspect of overall management development is the specific attention given to supporting and enhancing the performance of the functional management team. During the transition this effort followed three paths: (a) providing an active, reflective listening and process facilitation, (b) providing coaching and guidance where appropriate, and (c) identifying and promoting selected training and consulting resources.

One of the most conspicuous consequences of upward movement in management is a marked decrease in support, feedback and developmental coaching for functional managers. During the transition there was an attempt to relieve this tendency towards isolation at the top by scheduling regular

one-on-one meetings between myself--occasionally an external consultant--and top managers. The push in these meetings would be developmental--on active listening, questioning and reflecting. When possible, the focus would be on promoting and exploring topics and issues for personal growth and development. As a result of these meetings, and the feedback and observations gathered during normal operational activities, I could also recommend and promote outside training and development opportunities that would support and forward the manager's personal growth and development.

Placement Interventions

Placement activities have always been an essential component of any closure and downsizing activity; unfortunately, it is often thought of as the only, or main, organization development activity to pursue. Placement and placement-related activities occupied a great deal of attention and action at SCTC throughout the transition. However, these activities should be perceived as integral to an overall design of transitional activities and not a stand-alone intervention.

As with the other major areas of focus, the placement effort was diverse and multifaceted in its approach. For the

sake of classification, the placement effort at SCTC could be grouped into three categories: (a) Processes and structural activities, (b) Job search skills development activities, and (c) Breakthrough placement activities.

Placement processes and structural activities. Job placement is about finding and securing jobs. What was challenging for the management team at SCTC was how to design a comprehensive placement program incorporating structures, processes and policies that were in harmony and supported the organization's values and vision. This was an even more challenging enterprise because the organization had set for itself a very lofty vision for the placement of its employees. HP suggests, within its policies and guidelines, the specific course an organization should follow in implementing outplacement during periods of excess and organization closure. Working within this framework and its vision and values, SCTC created its own local placement policies and process to guide the placement effort.

The development of these policies and process was iterative. Many of the initial underlying values and vision were expressed and given significance during the very first management off-site. Later as the transition manager, the

management council, and the people transition team wrestled with the underlying themes, incompatibilities and consequences, they began to hammer out guiding policies and an overall placement processes. As with all policies and processes, these guiding principles were tested and challenged once the placement activity began. The transition council spent many hours reevaluating and often revising the process and policies until they best met the spirit of HP's values, policies and guidelines and the vision and values of SCTC. Over time, these policies and processes stood the test of trial and error and were clearly communicated to all employees. In the end, the placement process served to guide the ongoing actions and difficult decisions that faced the management team and the placement specialist.

In addition to the placement policies and processes several other structures were put in place to facilitate the placement process: a placement data base, a career/placement resource center, and a variety of speaker's forums to increase and enhance information flow and exchange. Early in the transition, it became apparent that a great deal of information and data were being generated around placement. There was an outplacement plan, biographical and career data

about each employee, resumes, information about job opportunities, business and labor trends, products and job make-up of other divisions, and measurement data on how the placement was proceeding. In order to organize and make this data easily accessible and useable, several structures and systems were set up. The first was a personal computer data base with vital employee and organization placement data. These data were regularly updated and reports generated and shared with the management team and employees. The non-electronic data was gathered and made available in a resource center. This was an area within the division where employees could go to explore and investigate career and job resources, use a personal computer, and make job related phone calls. The resource materials that were available in the center were career and job search manuals, school catalogues and schedules, local and out-of-state newspapers, and a network file of information and organization charts on other divisions and sites.

Another formal structure that worked well to bring information into the organization was a series of speaker's forums that were organized around selected topics. There were two general directions: (a) information about specific

careers and job opportunities, and (b) information about specific products, manufacturing processes and the goals, mission and vision of other businesses and divisions. These speaker's forums proved to be quite valuable in expanding and increasing the awareness among employees about the opportunities and possibilities outside the organization. Networks and invaluable contacts and resources were also generated as a result of these forums. Often, employees were able to identify a mentor or coach from these sessions who was close to their preferred career objectives and who would be willing to guide and counsel them in appropriate career and educational decisions.

Job search skills development activities. The activities and training programs designed to develop and prepare employees for the placement process are a fundamental intervention during periods of organization transition and termination. Whether internal or external placement, there are two essential skills that must be mastered if employees and the organization are to be successful in their placement endeavors: resume writing and job interviews. At SCTC we chose to contract with an outside training resource to teach these skills and we facilitated the process with our internal

personnel staff. The key to working with an outside contractor was to identify and establish up-front the learning objectives and teaching process for the program and then actively manage the vendor relationship. In addition, it was critical that the contracted personnel understood and related to the employee population and the underlying cultural norms. By proceeding in this fashion, we gained the specific expertise and resources of an outside consultant without losing the continuity, spirit and vision of the transition. In addition to these two important training activities we also provided video-taped practice interview and feedback sessions, a "Dress for Successful Interview" and a "Dealing with Interview Stress" lunch time seminars for all interested employees.

Special placement activities. SCTC was challenged with some difficult issues surrounding placement that required breakthrough thinking in strategy and approach. Predominantly, SCTC instituted a "closed door" policy on its employees for the duration of the transition. The transition was scheduled to occur over two years at a minimum, which meant the majority of employees would be locked into the organization until the end. However, we did allow employees

to continue to leave for promotional opportunities and some employees left during the transition once their job was completed. Still most employees were to stay until the end. This would mean that the majority of our employees would flood into outplacement all at once. In addition, the transition plan required that we run at full capacity until the very end; there would be no gradual decline even in the last days of operation. To the best of our knowledge, this had never been done in a transition shutdown within HP. The challenge was to design a placement strategy that would not have an adverse impact on the production goals while maintaining a high degree of integrity and commitment to our placement vision. We had established two very demanding visions: to run at full capacity and to complete our business objectives as soon as possible, and to give our employees a high degree of control and choice during their job search, thus ensuring a high degree of future job satisfaction. Strategically, the people vision was not simply a stand for humanistic values but a very pragmatic approach to maintaining a high degree of integrity and morale among our people. Job satisfaction was a fundamental commitment between management and employees. Given these

conditions and constrains, whatever we did would require a breakthrough from past company placement practices. We would have to identify new possibilities for placing our people. The concept and ultimate strategy we took was to pre-place our people well in advance of their termination date.

Basically, the pre-placement program took the tack of having our people conduct their job search months in advance of their exit date, identify good job matches, interview for the positions and then negotiate with the entity for a start date in the future. Along side this activity, our management and personnel leaders were requesting from their counterparts in other divisions and sites a commitment to hold these jobs until SCTC had completed its shutdown. These positions would be left unfilled or more often filled by flex or temporary labor. The program was not easy to implement and took many hours of meetings and negotiations. We couldn't have implemented it without a full time, dedicated staffing specialist. With all the effort, it proved ultimately to be one of the corner-stones in the overall success of the transition. Of the many benefits we gained from pre-placement, the most propitious were the ability to stabilize a critical mass of our work force with secured future

employment, the ability to allow people a normal job search with control and choice over their job future, and the message it sent to employees that HP management was indeed committed to its people by being willing to make sacrifices and hold jobs unfilled until they were available.

The other notable special placement activity was the engineering pre-placement program. This activity was based on the same commitment as the program described, to secure engineering positions in advance of the shutdown and to promote a high degree of new job satisfaction among the engineering ranks. Early on, a special engineering task force was formed to focus on the unique issues surrounding engineering. Information was gathered from the engineers and special activities were initiated to meet their special needs. Among the activities were an engineering career speaker's forum, professional resume critique, a special engineer resume book, special training opportunities and a pre-placement effort with the Group's (CTG) R&D Lab. Most of the engineers interviewed and were placed months in advance of the shutdown.

Assessment Activities

We know in order to run a solid business operation we must have timely and effective management information systems. This system depends upon the ability to identify the critical success factors and measurements and then to gather the appropriate data. Gathering daily operational data is relatively easy once you have identified the measurements. However, gathering data on the organizational processes, climate, and morale are much more difficult. A key organization development objective during the transition was just that to continuously gather, analyze and act upon people and process-related data. We gathered data in two ways, through surveys and through direct interviews with individuals and focus groups. The measurements we established were reported monthly to our employees and quarterly to management.

Surveys. We used a variety of pencil and paper surveys throughout the transition to gather and evaluate different dimensions of the organization. They were the CTG HP Way Survey, a Communication Effectiveness Survey and a Post-shutdown Assessment and Feedback Survey. The CTG HP Way Survey was designed at the group level to measure the overall

organizational climate around specific identified variables. These variables gave a broad reading on the mood and temperament inside the organization. The survey was conducted quarterly. Another climate-oriented survey was a quarterly communication survey. This survey focused on the effectiveness of the communication process inside SCTC. It was designed to give an overall perceptual reading of the communication process as well as ongoing feedback on the effectiveness and utility of the different communication channels. The communication strategy was adapted and refined quarterly based upon the feedback from this survey. The remaining surveys were conducted to gather information about employees for our data base and to design programs and services.

Gathering information through interviews. Much of the data about the ongoing organizational processes and people climate was collected through interviews with individuals and selected focus groups. This was a periodic activity of the organizational consultant and central to the consultancy role. There were many formally structured and organized interviews conducted throughout the transition; nonetheless, the informal and spontaneous discussions with key members of

the organization were essential to effectively managing the organizational process in real time. Throughout the transition cross-functional focus groups were identified as a principal means of receiving feedback on selected topics or to get a reading on the general organization mood and morale. We used these groups at different phases of the transition. In the beginning we formed start-up focus groups to identify the various issues and concerns and to enroll everybody in participating and sharing in the design process. At mid-course we again conducted focus groups to get feedback on the climate within the organization and to identify issues and concerns about the placement program, the management process and the communication process. With management, we also conducted regular, ongoing work group meetings designed to process the emotional underpinnings, to identify issues and concerns, and to solve problems in specific work areas. Bi-monthly lunch meetings of the management team also produced valuable information about the organizational climate and especially the workings of the management process. During these meetings I would identify real-time issues and facilitate awareness and process improvement. Not the least important, we discovered that monthly lunch meetings between

management and employees provided additional information and feedback about the mood and morale in the organization.

Last, it is important to say that one cannot gather quality information without first building open, honest personal relationships with key members of the organization. Honest, open one-on-one discussions are vital to the information gathering and assessment process and they are an essential leverage point for internal consultants.

Organizational development measurements and reporting.

One of the most important challenges for consultants engaged in organization development activities is the ability to identify measurements and report results. There are several major areas in which to measure and report results. One is closely tied to the overall goals and objectives of the organization and the other is bounded by the specific projects or interventions undertaken by the consultant. In the larger context of the organization's goals and objectives, the consultant does not operate independently of management and the collective effort of the organization. This is a partnership and cooperative effort wherein the consultant plays a particular role and makes a particular contribution. Accordingly, I believe the work of the

organization consultant should be measured and results coupled to the principal client, who is normally the senior manager and the management team. In the case of SCTC, the business and transition objectives were clearly defined and measurements identified through the annual Quality Improvement Plan (QIP). The data on these measurements were gathered by the management team quarterly and communicated upward. Like management, the organization consultant should be identified with these overall measurements and results as a primary indicator of contribution and effectiveness.

In addition, throughout the transition there were specific people and organization development activities and projects that were measured and reported. This measurement not only helps to quantify the results of these activities but also gave a reasonably objective reading on the social aspects of the organization. The specific activities or processes that were measured and reported, either monthly or quarterly, were the communication process, linking mechanisms (number and types of meetings), recognition activity, placement activity, time to placement, and placement level--whether up or down from current position.

This concludes the summary of organization development activities conducted during the shutdown of the Santa Clara Technology Center. The results achieved suggest that this was a highly successful transition. The activities described throughout this discussion helped to generate and produce this success. They point to the opportunities that exist for designing and managing a planned organization change effort during periods of organization change and closure. They also suggest the value of adopting a broad, systems perspective and approach to change. When members of an organization take the time and effort to understand and analyze their current situation and then focus on a meaningful and significant vision, they can accomplish great things, even during somber periods of shutdown and closure.

EMPLOYEE TRANSITION MODEL