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Abstract

Hewlett Packard was once a great company, made so by its founders, Bill Hewlett and Dave Packard, who used their experiences in the Great Depression to create a firm with a powerful egalitarian culture which adapted to environmental changes. Consequently, the company was very successful for many decades. When the founders retired, the HP Way was reinterpreted and inadvertently corrupted by successors, though this was partly attributable to poor succession planning. Cultural imbalance led to organisational failure and a new, visionary and glamorous leader was demanded to change the culture, reflecting the “renewal” spirit of the times.

The primary data collected from a survey and interviews revealed that all cultural elements in HP were substantially weakened during the Fiorina period. This was combined with secondary literature on economic shifts, cultural dynamics and leadership theories, to develop models, which explored the interrelationship between economic trends, national and corporate cultures, and leadership styles. The models suggested that Carly’s visionary leadership became dysfunctional as a result of economic and national cultural oscillations and so her changes to the already misaligned corporate culture exacerbated the situation.

Carly Fiorina outwardly claimed a desire to rejuvenate the “HP Way”, while preserving its essence, but her lack of understanding of the culture and her narcissistic, or even psychopathic, personality meant her changes were not well implemented or received. In addition, uncontrollable external events, such as the collapse of the dot com bubble and the pre-conditioning of the culture by predecessors meant that her expressed intentions were virtually impossible to actualise. Carly did indeed change the culture, but she made it even more dysfunctional and out of sync with both national culture and economic trends, meaning her plans were ultimately considered failures.

Introduction

The “HP Way” refers to the famous corporate culture of the technology giant, Hewlett Packard. The company was founded in 1939 by Bill Hewlett and Dave Packard, whose experiences in the Great Depression led them to seek a corporate environment that would provide secure and interesting jobs for their employees. Packard (1995) states that he and Hewlett genuinely believed that people want to do a good job and so made efforts to make this possible, including profit-sharing schemes, and celebrating efforts with annual HP Picnics.¹ The founders were also excellent businessmen and, to reach their egalitarian objectives, they made sure HP was profitable.

This “hard headed, soft hearted”² management meant that, for forty years, HP grew at an average annual rate of 20.2 percent³. As the founders and their firm grew legendary, myths emerged around the heroic Bill and Dave, cultural champions of the HP people and the HP Way. However, in 1999 the company was faltering. Anders (2003) and Burrows (2003) report that the culture had become too soft, focusing too much on employee satisfaction and not enough on the business side. Believing that HP Way needed a shake up, in July 1999 the board hired the charismatic Carly Fiorina. A slick marketing type, Carly seemed at odds in a culture of humble engineers, but her personable manner and eloquent speeches convinced everyone she could make a difference, while simultaneously preserving the “shining soul”⁴ of HP.

Carly’s first strategy was centralising the company, which angered employees as they not only felt disempowered, but also saw this as an attack on the inviolable HP Way. When the dot com bubble burst in December 2000, Carly eliminated profit-sharing and asked employees to take a voluntary pay cut, as had been asked of them in the past by the founders to avoid having to downsize. This time layoffs followed and employees feel betrayed, especially as they did not perceive Carly as sharing the pain. Perhaps the most significant blow came in 2001, when Carly spearheaded the controversial Compaq merger, designed both to make it a market leader, ahead of Dell in the low margin personal computer industry, and also to step up services offerings and hence to compete head-on with IBM. It was bitterly opposed by Bill Hewlett’s son, Walter, and the highly publicised proxy fight brought to

¹ Packard, D. (1995). *The HP Way: How Bill and I Built Our Company*, Pg130

² Burrows (2003), *Backfire: Carly Fiorina’s High Stakes Battle for the Soul of Hewlett Packard*, Pg50

³ Burrows (2003), Pg82

⁴ Fiorina, in Anders (2003). *Perfect Enough: Carly Fiorina and the Reinvention of Hewlett-Packard*, Pg72; Burrows (2003), Pg155

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attention his concerns that the HP Way would be destroyed by the merger. While most employees backed Walter, their cultural hero, Carly still won and the merger went ahead. Unfortunately, the merger was added to the list of perceived failures to revitalise the corporate culture.

To fully analyse the research question, this paper is split into four sections:

The literature review will summarise relevant events and theories, beginning with historical and economic trends of America and HP, providing a context for understanding the company's story. To make further sense of these trends, cultural elements and dynamics will be covered, with a separate section discussing myths as coping mechanisms for cultural reinforcement and change. Literature on leadership will also be analysed, with regards to how culture affects the type and success of leaders, and how leadership, in turn, impacts upon culture.

The second part of this dissertation will provide a detailed description of the methods used to analyse the research question, including the interviews and the survey conducted to better understand how Carly's changes were interpreted within HP.

In the third section, the results from primary and secondary information will be used to develop models, which analyse the dynamic interplay between economic trends, culture and leadership, and will be used to explain identified events in HP.

The fourth part of this essay will include an extensive analysis of the case study and associated readings, discussed in relation to the models and other findings. The evolution of HP's culture and leadership will be discussed, including how the founders established a specific culture, how it was changed by their successors and how Carly's intentions for the HP Way were actualised. Limitations of the study will be identified and future studies will be suggested to increase understanding of the dynamics found in HP.

Finally, a summary of the overall findings of the dissertation will be provided, with regards to how well they provide a suitable answer to the research question.

Carly Fiorina was hired by the HP board, which had specific intentions for the company. Carly attempted to fulfil those needs, renewing the company and rejuvenating the culture. This paper will seek to answer the research question by considering the following issues with regards to what extent she was able to implement those changes:

- How economic oscillations and cultural dynamics affected America in general and HP.

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- How the HP Way was created and developed by Carly's predecessors.
- Identification of Carly's expressed and actual intentions for the company and its culture.

Literature Review

Economic shifts, culture and leadership are all interdependent elements which twist and turn and wrap around each other, continually evolving and changing the shape of HP. In order to grasp HP's fluid story enough to analyse the consequences of Carly's impact on the culture, an extensive examination of relevant theories and analytical frameworks is required.

Historical and Economic Trends

Packard (1995), Burrows (2003) and Anders (2003) trace the history of HP, from its humble beginnings to the times of their respective publications. They each recall the beginning and development of the company and its famous egalitarian culture, the "HP Way". Packard provides insight into his and Hewlett's mindset and how the Depression influenced how HP was run, though misses out crucial events which affected the culture.

Cultural outsiders Burrows and Anders include more significant events, explicitly stating how both the cultural myths and leaders affected the company and its culture. They note the cultural seismic movement of the 2002 Compaq acquisition, spearheaded by Fiorina who was hired in 1999 to take the company in a new direction. Burrows considers Carly to be responsible for seriously damaging the "HP Way" through her self-seeking ambitions. Meanwhile, Anders portrays Carly in a more positive light, implying that she was a victim of "tradition-minded"⁵ employees who did not like change, and who blamed her for what was already a dysfunctional culture. While their research into the history of HP may be extensive, neither author thoroughly examines the American historical context, which encases the whole of the HP story, and could go some way to explain the changes in the culture and its interdependent counterpart, leadership.

With regards to history and economic trends, Hearn (1977) supports Packard (2005) in explaining how 1920s American prosperity was reversed by the 1929 Wall Street crash and subsequent mass unemployment and starvation of the Depression. Hearn (1977), Peeler (1987), and Bauman and Coode (1988) discuss a desperate search by social scientists and

⁵ Anders, G. (2003), Pg76

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artists in the Depression for the meaning of American identity, which came to include an emphasis on spirituality, love and family life. This creates a backdrop to the founding of HP and provides insight into the company's employee-empowered culture, although this narrow focus on one period of American history does not explain the subsequent changes to the HP Way.

Englander and Kaufman (2004) give a detailed account of the general management trend in America between the 1920s and today, discussing the socially conscientious "technocratic creed", where managers strove to serve employees and customers. They analyse how this people-centred ideal dissolved into the self-seeking proprietary creed of today, resulting from a string of events, beginning with a recession in the early 1970s. From 1993, managers and CEOs were able to hold shares in their own firms, which emphasised the concern for short-term performance and on benefiting from their proprietary rights.

Although these historians note significant changes, which establish a base for understanding the evolution of HP's culture, they do not comment that economic trends in fact swing to and fro, shifting from individualist prosperity to collectivist poverty and back again. Oshry (1999) examines how and why societies fluctuate with his 'Power Lab' experiments, showing how they oscillate between extremes of individualism and collectivism. When a society becomes unbalanced, as it may have done in individualist 1920s America, one of the states or cultures becomes too dominant, with the result that, its opposite counterculture rises up, temporarily restoring the equilibrium. Sterman (2000) elaborates on the dynamics of complex systems within organisations, showing how causal loops and delays lead to oscillations in many differing situations.

This constant shifting of societies was observed in Daoism, well before the invention of Western economics. Lao Tsu (1984) explains that the Yin and Yang represents every element in the universe caught in a never-ending cycle of interdependent, alternating opposites.

Culture

In order to comprehend the simultaneously linear and cyclical American economic trends (and that of HP), one must understand how American culture, as all societies, uniquely interprets history according to shared beliefs. Schein (1992) discusses three levels of culture: artefacts, such as clothing and language; espoused values, the shared rules by which a culture lives; and basic assumptions, such as the nature of people, time and reality, and which

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underlie artefacts and espoused values. Schein does not specifically analyse American culture.

Hofstede (1993, 1998, 2001) considers basic assumptions which differ between countries, including the US, identifying a set of bipolar cultural dimensions, which encapsulate national preferences. They include: Power Distance, Individualism, Masculinity, Uncertainty Avoidance, and Long-term versus Short-term orientation. Trompenaars (1993) examines country cultures in a similar manner, notably adding Universalist-Particularist and past and future-orientation. According to Hofstede and Trompenaars, US culture is notable for its highly individualist and masculine nature, with short-term and future orientation, and universalism, echoing Schein's assumptions about people, time and reality, respectively. Hall (1976) argues that Westerners evaluate time monochronically, perceiving it as a sequence of events, rather than viewing events as polychronically parallel. These analyses are useful in understanding American culture, but do not relate to economic trends and appear to assume that cultures are static, when in truth history shows shifts in response to changes in the external environment.

From a business perspective, Deal and Kennedy (1982) argue that strong cultures are the key to successful firms, providing meaning, vision and direction to people's lives. Peters and Waterman (1982) attribute HP's extraordinary success in the past to its strong value system. Kotter and Heskett's (1990) discussion of corporate culture and performance attributes HP's excellent performance to a strong value-based culture but also identifies the importance of HP's adaptability to change. Eckvall (1999)⁶ lists the fundamental principles needed to be ingrained into a culture to allow it to be creative and adaptive, such as freedom, trust, and risk-taking,⁷ many of which can be observed in the original HP Way. Deal and Kennedy also touch upon the need to continually alter cultural elements according to the environment, highlighting dangers of obsolescence. Argyris (1985) explains how organisations can develop defence mechanisms to protect themselves against reality, but which ultimately become dysfunctional.

Examining this concept further, Hampden-Turner (1990) describes virtuous and vicious cultural cycles, where pattern-reinforcing behaviours can both raise an organisation to extraordinary heights of success and then destroy it if the environment changes or elements of the culture become corrupted.

⁶ Referenced in Prather, C., <http://www.thinking.net/Creativity/creativity.html>, 1999

⁷ See Appendix A, Pg37 for his full list

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Myths

Deal and Kennedy indirectly tackle the issue of cultural dynamics by discussing corporate myths and heroes which reinforce cultural norms and beliefs, although not as coping mechanisms. Armstrong (2005) argues that myths are used by all cultures and societies to help people understand and live within the world, adding that cultures change their stories to retain their meaning in the face of change. Levi-Strauss⁸ (2000) agrees that myths are tools for solving logical problems and are continuously transforming into other myths to facilitate understanding of the shifting environment. Although explaining myths as a cultural reinforcement and change coping mechanism, Armstrong (2005) and Levi-Strauss (2000) only discuss myths of ancient cultures. Armstrong explicitly argues that there are no myths in modern western culture, yet there is much evidence, as suggested by Deal and Kennedy, that firms including HP, are highly influenced by corporate cultural myths, which change in response to economic oscillations.

Returning to history, Hearn (1977) discusses the changing American myth of material success, which was prevalent in the prosperous 1920s, but which became obsolete in the poverty-stricken Depression. Eventually, a new American hero emerged, whose treasure reflected the intangible, more collectivist values of the Depression, such as communal ties and self-acceptance. These shifting myths echo oscillating economic trends, causing US culture to swing between individualism and collectivism, but do not explicitly analyse how change psychologically affects humans to the level which would explain why HP employees reacted the way they did to Carly's cultural changes.

Kubler-Ross (1969) offers an explanation in her studies of terminally ill patients, who went through a series of psychological stages at the news of their conditions, from shock and denial, to anger, bargaining, depression, and finally acceptance. She warns that sometimes people can get "stuck" at one stage and fail to move towards acceptance. This grieving process can be applied to cultural change, including HP mourning the loss of itself through myth and, by the same means, either transforming or getting stuck at one stage and becoming dysfunctional.

Myth as a mechanism for cultural change or loss is explored in more detail by Campbell (1993) and Dunlop (1997), from multi-cultural and business perspectives respectively. Both explain how the hero or leader, as the embodiment of cultural values, embarks on a journey into the unknown to retrieve a 'treasure' which will save the homeland

⁸ In Wiseman, B. & Groves, J. (2000). *Introducing Levi-Strauss and Structural Anthropology*, Pg152

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from a threat. The culture effectively dies, but is reborn, better able to cope with the environment. These theories link culture and myth to leadership, explaining the leader as a change agent. This partly justifies Carly's dramatic changes to HP, but does not explain why they were not accepted. Whilst myths about Bill and Dave paint a rosy family picture, Carly failed both in leveraging and replacing these myths. Indeed, myths about her rotated more around greed and manipulation.

Leadership

Dunlop relates the hero as change manager to the modern business setting, suggesting that successful corporate cultural change requires the leader to work closely with employees to secure their understanding and support. Schein (1992) and Bennis (1989) agree that deep understanding of the culture and sensitivity to employees at all levels is essential for organisational change, gaining employee loyalty necessary for success. They each offer steps to facilitate organisational, cultural and emotional transition, including changing myths to support the new culture.

Although giving detailed instructions on facilitating change, they do not explain *why* people resist change. Brown (1972) states that cultural values are difficult to change as they are interlinked with other psychological elements and are part of core group values. Openly trying to change an individual's beliefs will be interpreted as an attack, causing the individual to react with defence mechanisms. This partly explains why Carly's direct changes to HP's core values provoked negative reactions from employees, but not why she was also seen unfavourably at HP, even during times of economic stability.

Effective leadership is necessary when the company is stable, as well as during transition, with Reichheld (1992) arguing that organisational performance is directly linked to loyalty. He describes how workers need to feel valued, a concept supported by Deming (1986), who states that if employees have "pride of workmanship"⁹, then quality and productivity will increase. Carly's centralising of the company led to people feeling less in control and hence less pride in their work. Along with lack of visible care, this led to loyalty being lost.

While giving examples of strategies for retaining loyalty, neither Reichheld nor Deming consider the mind of the leader with regards to leadership effectiveness. For example, Carly was not liked by many, even though she came across well, while Dave

⁹ Deming, W. (1986) *Out of the Crisis*, Pp60-1

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Packard was known to be very tough and made unpopular decisions, but he was still an effective, and loved, leader. Yukl (1989) argues that such an effective leader knows how to use different types of power, including position power, personal power and political power¹⁰. Carly used position, personal and political power, but was unable to maintain loyalty. Blake and Mouton (1964) and Goffee and Jones (1998) offer similar explanations for her failure, based on two sets of axes, people and task orientation, and solidarity and sociability.

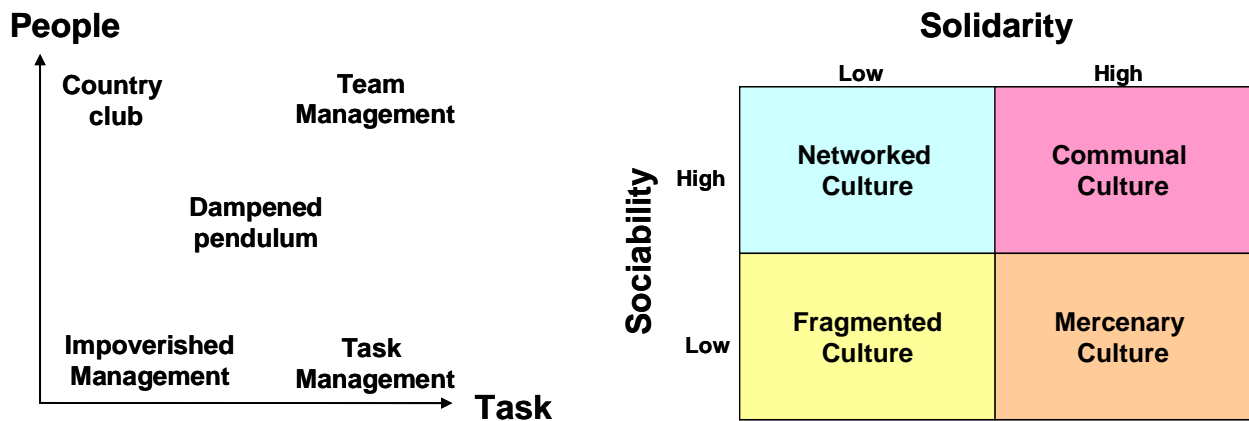


Fig.1
Blake and Mouton's (1964) people and task-orientation model compared with Goffee and Jones' (1998) Double S Model

Blake and Mouton argue that the best leaders create good Team Management, which is similar to Goffee and Jones' belief that a networked culture is best. Both types of leadership strike a balance between being nice and being goal-focused. From this perspective, it explains how friendly Bill and tough Dave succeeded, while Carly was very task-orientated and low in sociability. Whilst providing a basic outline for great leadership, the model does not explain the details of what makes a great leader.

Collins (2001), and Morell and Capparell (2001) make comprehensive analyses of the determining features of great leadership in both long-term company success and Shackleton's 1914 Antarctic expedition. It is concluded that a leader needs to be a deeply passionate visionary who truly cares for people, while having extraordinary organisational skills. This leader sacrifices his or her needs to serve the organisation and the people. Collins refers to this as, "Level 5 leadership".

¹⁰ These appear to be extensions of Weber's (1924) types of "legitimate authority": rational, traditional and charismatic

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These theories offer insights into leadership, but do not directly reveal how such great leadership impacts upon a culture, as might explain the effect of Carly's leadership on the HP Way. Bass (1985) and Burns (1978) discuss "transformational" leadership, where a visionary leader uses higher moral and cultural values to arouse the strong emotions and loyalty in others. The successful leader becomes a cultural hero by raising awareness of the task, to ensure maximum participation and encouraging team-work, as decisions are better accepted and implemented if employees feel valued and take responsibility. Carly can be described as visionary, as she instilled passion within others at first, but she was more operationally transactional than transformational, using extrinsic rewards such as share options to control behaviour.¹¹

Carly's type of visionary leadership can be identified as "charismatic". Conger and Kanungo (1998) and House (1977) define a charismatic leader as having supreme self-confidence and who can command adoration from a crowd by successfully conveying their lofty vision by appealing to their followers' cultural values, including referencing of cultural myths. However, unlike transformational or Level 5 leaders, many "charismatics" have been severely criticised by Collins (2001), Bennis (1988) and Viney (1999) for their lack of subsequent action and narcissistic, self-seeking nature. If charismatics make terrible CEOs, a return to US history is needed to understand why a culture like HP would demand such a leader.

Economic states and culture appear to determine the type of chosen leaders. Hampden-Turner (1990) observes that in times of uncertainty, people seek comfort in strengthened cultural norms, making a charismatic leader attractive. Bennis (1988) argues that "we need dreams"¹² and heroes to fulfil those dreams, but observes that Americans live in a culture where television and reality, fact and myth, become blurred and where attractive "stars" get into power. This suggests that, whilst the board claimed they wanted a leader who would change the culture, what they really wanted was a champion of the HP Way. Carly went to lengths to prove she was just this, but she is perceived to have merely used it as a tool for her personal gain, particularly during the proxy fight.

Charismatic and narcissistic leadership share elements with psychopathy. Robert Hare's¹³ (2005) research reveals that a surprising amount of business leaders have psychopathic tendencies, outwardly charming but callously using people for their own ends.

¹¹ Burrows (2003), Pp153-4

¹² Bennis, W. (1989). *Why Leaders Can't Lead: The Unconscious Conspiracy Continues*. Pg39

¹³ In Deutschman, A. 'Is Your Boss a Psychopath?', http://www.fastcompany.com/magazine/96/open_boss.html, July 2005

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Greene (2002) provides a guide of “48 laws of power” for potential leaders to manipulate and control followers. Hassan (1990) discusses Moonies cult leader, Sun Myung Moon, who uses similar methods to charm and control his followers. While these may explain some of Carly’s decisions, they do not consider the reverse impact organisations and culture have on leaders.

Bakan (2004) makes a fascinating argument that leaders are “normal”, but are corrupted by the psychopathic organisation. This is supported by North (1990), who argues that organisations are defined by formal and informal constraints, such that behaviour is influenced by the official rules and cultural norms of the organisation. In addition, Milgram’s experiments (1963)¹⁴ demonstrated how normal people performed atrocious acts towards others, merely because they were responding to authority. Perhaps higher forces that drive the leader are akin to this “authority” figure, which the leader is culturally programmed to obey, though these theories do not consider that the leaders remain responsible for their behaviours.

Maccoby (2003, 2004) agrees that, while the organisation can be corrupting, much is attributable to the personality of the leader. Providing a more balanced argument, he posits that narcissists have the strengths of charisma to garner support for their visions, but they suffer from weaknesses of becoming isolated and grandiose as they become more powerful. Maccoby argues that narcissists are popular during times of uncertainty, but that they are not fully understood. After highly publicised scandals like Enron, and the stabilising of the US economy, narcissists have been rejected in favour of more conservative leaders who trade risk and opportunity for safety. He criticises Collins (2001) for supposedly advocating this mundane leadership. This implies that Mark Hurd’s risk-averse style is a reflection of the times, an oscillatory reaction to the visionary Fiorina, rather than what the company needs.

While giving an original perspective, Maccoby’s view is simplistic. He sees only two types of leader: visionary narcissist and dull non-narcissist, when there are many descriptions of other types of leadership, some of which are described above.

In support of charismatics, Cha and Edmondson (2006) assign blame of some failed charismatic leaders on the followers, who get caught up in the excitement of a new leader, but interpret their espoused values differently. Thus, when the leader acts in a way that seems to contradict their perception of the values, the leader is painted as a hypocrite, not the cultural hero they wanted, and is subsequently forced out. The authors explicitly state that they

¹⁴ In http://en.wikipedia.org/wiki/Milgram_experiment, which references his 1963 article, ‘Behavioural Study of Obedience’

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observed this with HP and Carly Fiorina,¹⁵ but as their case study was on Maverick Advertising and not on HP, they may not have enough inside information to show this to be true.

While, Maccoby, and Cha and Edmondson provide good reasons for the failure of leaders, they do not consider another option: that a company was pre-conditioned by previous leaders to have the successor fail. Hirsh (2000), Cannell (2004) and Charan (2005) stress the importance of succession planning to the future of a firm's culture and performance. However, de Vries (1988) argues that leaders, especially founders of the organisation, may not want to relinquish power, evidenced by inadequate training of future CEOs, usurping them, or hiring "clones" who will not want to take the firm in a new direction. Whilst HP did plan for successors, they did not have the strength of process of such as GE.¹⁶ This probably contributed to the inappropriate appointment of Fiorina, as well as engineers John Young and Lew Platt who sustained Bill and Dave's methods, perhaps including elements that were no longer appropriate and missing critically important factors.

De Vries poses that the new CEO, especially if externally sourced, will have to face employees who "romance the past", referring to myths which paint the previous leader as perfect, an ideal which the new leader cannot match. HP's founders remained a huge influence on the company until they died, and could have unwittingly set up the firm to fail under Carly. However, as demonstrated above, if Carly had not made the culture-changing decisions she had and was not the personality type she was, she may have been more successful at HP.

No authors have applied the full combination of the above theories to explain how Carly affected HP's culture. This paper will provide a multi-sourced framework to tell the story of HP, through the interdependency of economic trends, culture and leadership, and posit how the interaction of these elements affected Carly's decisions and their consequences.

Methodology

This paper will answer the research question by combining the secondary literature with primary information, gathered in a survey and interviews, which will be carefully designed to

¹⁵ In Lagace, M., .., 'Corporate values and employee cynicism', *Harvard Business School Working Knowledge*, February 2006

¹⁶ Tichy, N. (1997). *The Leadership Engine: How Winning Companies Build Leaders at Every Level*

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gain information about HP's culture before Carly's arrival and how the culture was perceived to have changed during her tenure.

Survey

Design

The survey measured the cultural aspects associated with HP's culture.¹⁷ These were determined by evaluating HP's value statements from Packard's *The HP Way* (1995), Packard's "11 Rules"¹⁸ (2005) and Fiorina's "11 Rules of the Garage"¹⁹, in terms of general cultural elements identified by Schein (1992), Hofstede (1988, 1993, 2001), Trompenaars (1993) and Hall (1977), and leadership elements of Goffee and Jones (1998). Questions were developed around the general cultural elements which were rated the most important with regards to the value statements. These questions were each classified into eight groups, cultural aspects based Eckvall's (1999) elements²⁰, but made more relevant to this study using Packard's publications (1995, 2005) as a guideline. The number of questions in each cultural aspect, as shown below, is identified in the parentheses. There were a total of 48 quantitative questions.

1. Commitment (6)
2. Collaboration (7)
3. Innovation (7)
4. Openness (6)
5. Sociability (7)
6. Conflict (6)
7. Debate (5)
8. Risk-taking (4)

As the research question revolves Carly Fiorina's cultural changes to HP, each question asked the participant to evaluate a cultural statement, such as "People were committed to their work" for three periods: before, during, and after Fiorina. Answers to each statement and time frame involved a five-point Likert scale, from strongly agree to strongly disagree (thus there were three Likert scales for each question), to gain as much information

¹⁷ See Appendix B for spreadsheet design of survey

¹⁸ Packard, D., 'Packard's 11 Rules', *HBR*, December 2005. See Appendix A for full rules

¹⁹ Towers, S., <http://www.itstime.com/apr2002.htm#garage>, April 2002. See Appendix A for full rules

²⁰ See Appendix A for full list of Eckvall's cultural aspects

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as possible about participants' perspectives on how leadership affected the culture over time. With regards to interpreting the mean scores, each rating on the Likert scale was given ascending marks; from one point for "strongly agree" to five points for "strongly disagree". This means that the lower the score for each time frame, the more favourably it was rated.

To provide further qualitative data, for each cultural aspect the participants were given an optional open question in each section to add any relevant comments which might explain their answers. They were also given an extra question at the end to add any additional notes which they felt had not been covered by the survey. This brought the total number of questions to 57.

Administration

The survey was emailed to participants, who also replied via email.

Participants

66 people took part in the survey. 29 participants worked in America only, 12 were from the UK and the rest worked in other locations. Tenure ranged from one to 34 years, with an average of 16.5 years.

Interviews

Three groups of people were interviewed:²¹

1. Five current and former UK and US employees of HP
2. Two former employees of search firm, Heidrick & Struggles, which had bid for the contract with HP to place Mark Hurd as CEO
3. One film graduate, whose 1st class dissertation had been on the subject of myths and heroes

HP employees (former and current)

The five former or current employees of HP provided valuable insider information about HP's history, culture and leadership. The UK employees were interviewed in their homes, to maximise informality and comfort, and to allow time for any extra information they wanted to divulge. The HP employees from America were interviewed over the telephone, due to

²¹ See Appendix E – F for interview templates, and Appendix G for all interview material used in this dissertation

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geographic constraints. These remote interviews were more formal and structured due to the interviewees' time and workload limitations.

The questions were split into three sections:

1. *Self and HP* – interviewees were asked about the roles within HP and how the company developed during their tenure. This created a context for understanding their answers to the following questions.
2. *The CEOs* – interviewees were asked for their perceptions about each CEO of HP (from the founders to Mark Hurd) either from experience or from observations as an outsider.
3. *Culture and Leadership* – taken from the secondary research, interviewees were asked for their views about the relationship between culture and leadership and whether they thought Hurd represented the typical technology CEO of today.

H&S employees (former)

The two former employees of H&S were interviewed in their offices, due to time and workload constraints on their part. They were consulted to gain a head-hunter's perspective on HP's CEO succession strategies from 1999, as both Carly Fiorina and Mark Hurd were externally sourced. H&S, although not winning the bid for Hurd, did do extensive research into HP's situation at the time of the search for Carly's replacement.

The questions were split into four sections:

1. *Self and H&S* – interviewees were asked about their roles within H&S and how the company developed during their tenure. This created a context for understanding their answers to the following questions.
2. *Carly Fiorina* – interviewees were asked for their beliefs about why HP chose to hire an outsider, why Carly was chosen and whether they thought she was a suitable candidate
3. *Mark Hurd* – interviewees were asked for their beliefs about why both H&S and HP thought Mark Hurd was a suitable candidate
4. *Culture and Leadership* – taken from the secondary research, interviewees were asked for their views about the relationship between culture and leadership and whether they thought Hurd represented the typical technology CEO of today.

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Film graduate

Finally, the film graduate was chosen for interview, as his in-depth knowledge of myths and heroes it would add another dimension to the understanding of the culture and cultural myths relevant to this dissertation. The interview took place in the comfort of his home, to allow maximum comfort. Although the interview had little structure and a high degree of informality, it was still concluded that sound and relevant information would be gathered.

Model

The survey data revealed that all cultural aspects were significantly weakened between the Pre-Fiorina and Fiorina period, as shown in Chart 1.

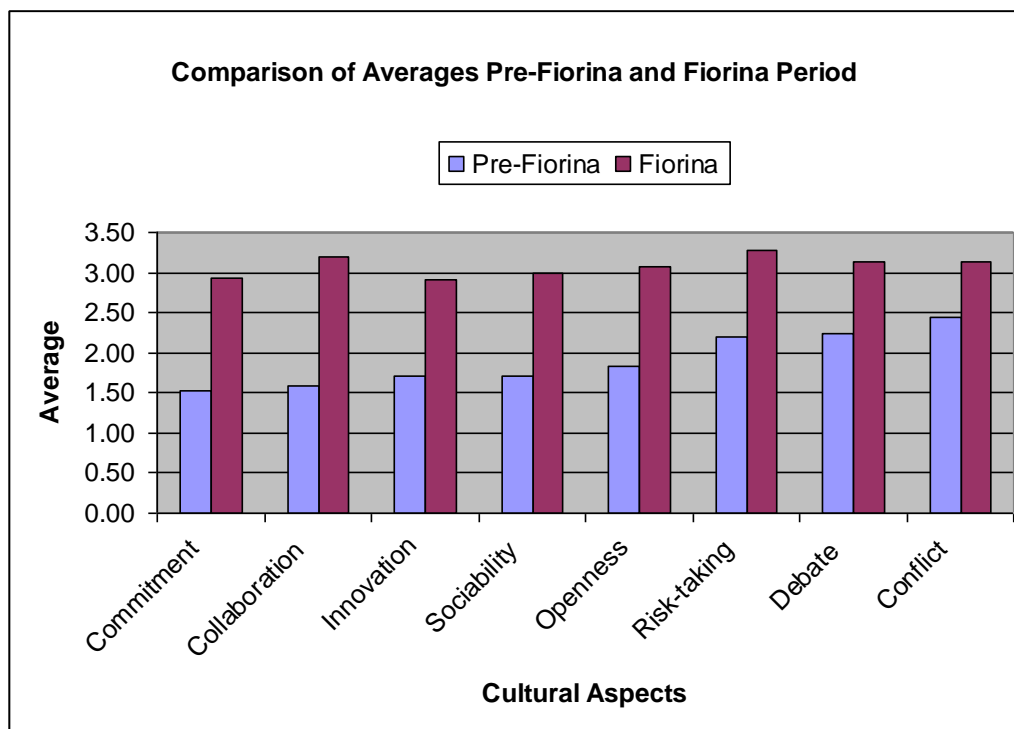


Chart 1

Bar chart showing how all cultural aspects have been weakened between the Pre-Fiorina and Fiorina period

This indicates that Carly's expressed aims of "preserve the best, reinvent the rest" were, to an extent, unsuccessful, as aspects such as commitment and innovation have been substantially weakened. These results, combined with the qualitative primary data and secondary literature, have been used to develop the following models to explore how and why these changes took place and how much is attributable to Carly.

Free Sample

Firstly, the gathered information forms a pattern, as summarised in Table 1.

Year	General		Firm-specific	
	Economic Trends	National Culture	Trends in HP	Leadership/Corporate Culture
1934	The Great Depression	Swing from individualism of 1920s to collectivism	Discussing starting a company	Founders – Considering egalitarian culture
1939	The Great Depression	Continued collectivism	Founded by Hewlett and Packard	Development of egalitarian culture
1941-1945	WWII	Oscillation from individualism at end of Depression to collectivism	Instruments for soldiers	Culture of working for a greater cause
1950s – 1960s	Economy boom	Swing back into individualism	Computers and globalisation	Visionary concept -Decentralisation to maintain culture
1970s	Recession	Oscillation into collectivism	Threat of layoffs	Pay cut to stop layoffs. Leaders take pay cut too. Taking fewer risks.
1980s	Computer boom	Swing back into individualism	Success, then struggling in 1989	Young - Focus on computers. Centralisation, layoffs
1990s	Economy and computer boom	Continued individualism	Huge growth, then miss nine quarters by 1999	Platt - Focus on computers, softer culture, risk averse, company split
1999-2000	New Economy	Continued individualism	Aim to enter New Economy	Carly – Centralisation, elimination of profit-sharing, focus on individual reward
Dec2000-2001	Dot com collapse, 9/11, Enron	Sudden swing back into collectivism	Layoffs imminent. Walter Hewlett opposes merger	Pay cut, then lay offs. Compaq merger talks. Carly portraying self as cultural champion to win proxy fight
2002	Economy still in decline	Continued collectivism	HP win proxy fight. Merger goes ahead	Layoffs, half teams are Compaq people
2005	Economy stabilising, but still low	Collectivism, but less extreme	Carly fired.	Post-merger HP unable to meet expectations
2005-2006	Economy stabilising, but still low	Collectivism, but less extreme	HP improving shares	Hurd – Centralisation, cutting R&D budget, taking few risks

Table. 1
Summary of economic trends, cultural shifts and leadership strategies

At both the national and corporate level, there appear to be causal linkages between economic trends, culture and leadership, with each oscillating between extremes of prosperous and poor times, individualistic and collectivist culture, and visionary and conservative leadership. Fig.2 illustrates this relationship.

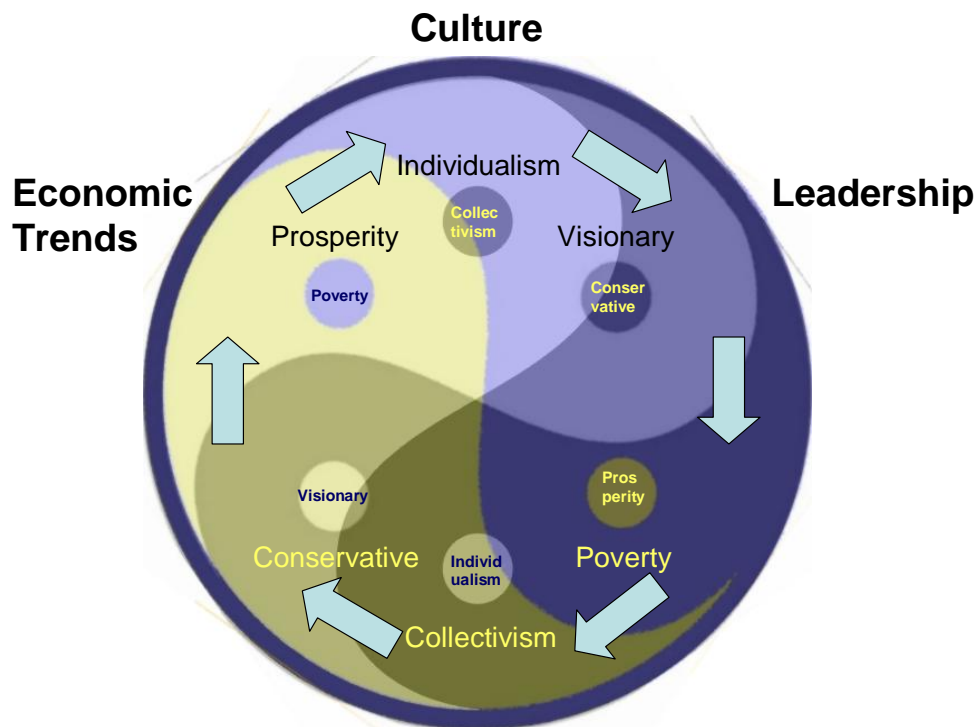


Fig. 2
The Yin Yang triad of
Economic Trends, Culture and Leadership

This Yin Yang model, based on Lao Tsu's observations, shows how oscillations of the economy, culture and leadership are interlinked in a never-ending cycle of opposites where, as found by Oshry (1999), when a system becomes too dominant its opposite rises up and temporarily restores equilibrium. Beginning with economic trends, the causal relationship is as follows: prosperity leads to national and corporate individualism, which gives rise to visionary leadership. Among other factors, too many failed risky ventures can lead to poverty, which leads to collectivism, from which emerges conservative leadership. It is important to note that, while leadership emerges from culture, it also affects culture, pulling it round the Yin Yang Triad and adapting it to the following economic shift. These economic and cultural shifts render the previous leadership style redundant, creating a demand for a different leader to continue the three-fold cycle.

With regards to HP, the economy was booming due to the New Economy, which supported an individualistic national culture, but the corporate culture was too risk-averse and collectivist to succeed, so individualist, visionary Carly was hired to align the culture with reality. Then the dot com bubble collapsed, which caused national culture to become collectivist, leading to a rejection of the change efforts of visionary leaders, including within HP.

Free Sample

While the Yin Yang Triad is useful for showing the continuous movement of the three axes, it does not clearly explain how the chain reaction of events takes place. For example, economies oscillate and culture responds, though there is a delay as people adjust to the change. Cultural values and the resulting myths simplify the environment to help increase certainty and understanding, so with each economic oscillation, delayed culture shifts are more extreme. Leaders then arise to facilitate the cultural change in response to economic trends, meaning there is a further delay in the emergence of leaders. In addition, leaders are embodiments of cultural values and so oscillations of leadership styles are the most extreme of the three elements. This phenomenon is known as the Bullwhip Effect, as described by Sterman (2000) and illustrated in Fig.3.

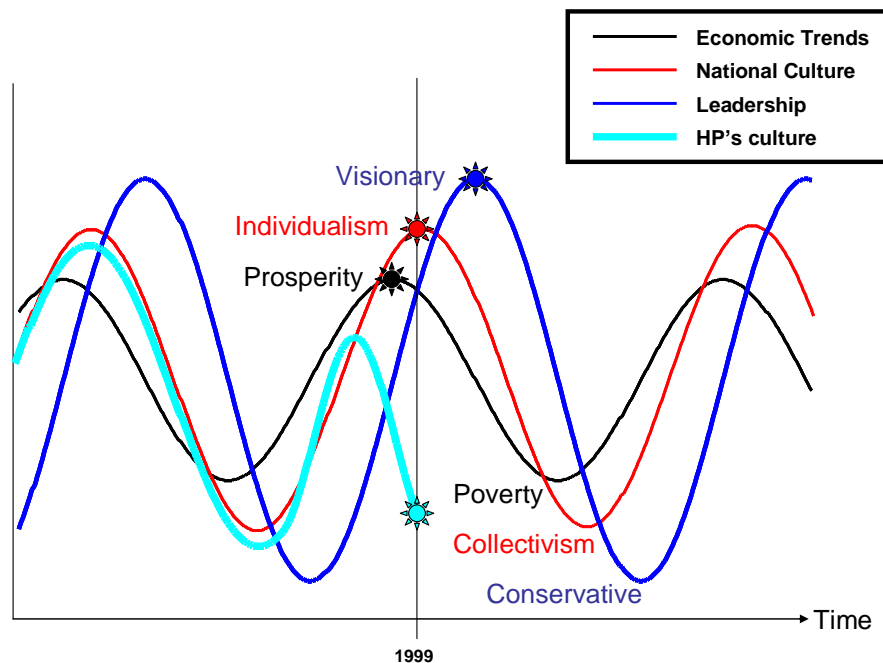


Fig.3
The relationship of Economic Trends, Culture and Leadership
as Bull Whip Effect

While the graph does not show that the leader affects the culture, as suggested in the Yin Yang Triad, it explains that Carly's "individualising" of HP's culture, with emphasis on financial incentives, the Compaq merger and a widening divide between management and employees, made it a simplified and more extreme interpretation of real world dynamics.

Free Sample

Carly's visionary leadership style was even more stereotypical, and so seemed almost caricature-like when the economy crashed.²²

The graph also fits the pattern into the time frame in question and explicitly differentiates and shows the discrepancy between national and corporate cultures, a lack in the Yin Yang Triad. That HP's corporate culture was not in sync with its national counterpart in 1999 implies this was a key reason behind the company's troubles. In fact, both models suggest that all axes need to be in sync if organisations are to survive, as shown in Fig.4.

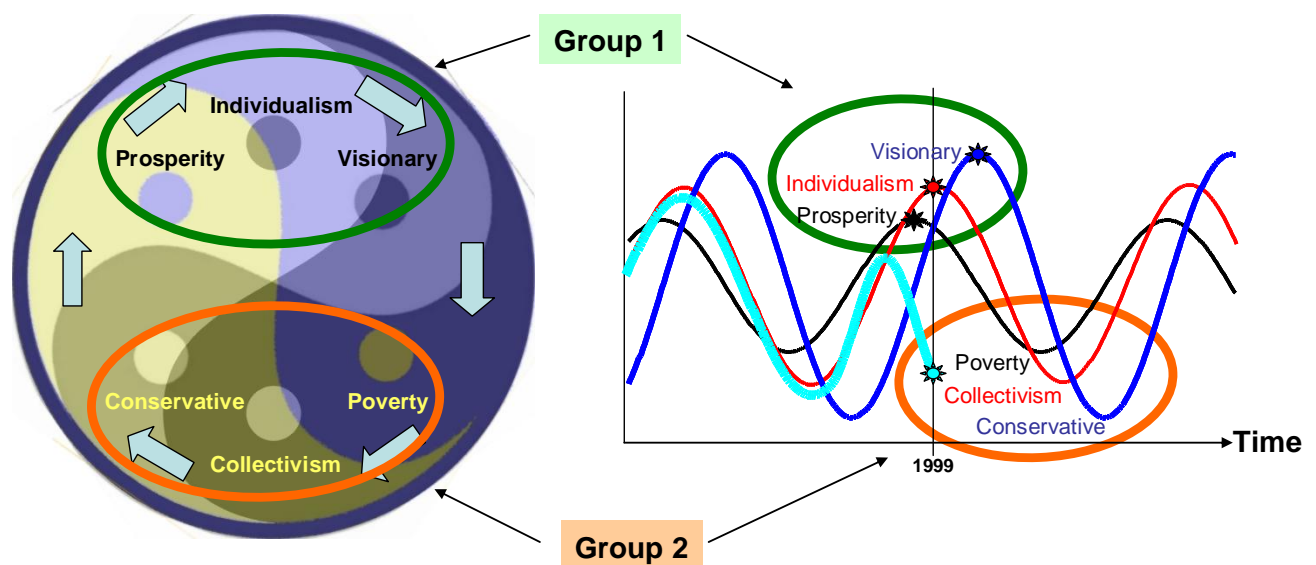


Fig. 4
Group 1 and 2 of axes in the two models

Prosperity, individualism and visions are in Group 1 and poverty, collectivism and conservatism are in Group 2. Given that the macroenvironment is more independent than culture and leadership, if either one of the latter two is out of alignment then organisational failure can occur. HP was successful while the founders were in power, as they adjusted their leadership styles to align the culture with economic trends. Fig.5 shows Group 1 in more detail, including how HP's culture under Young and Platt had fallen out of sync with economic trends and Carly, whose leadership was aligned with current economic conditions, was hired to shift the corporate cultural balance.

²² Like the myths in the Great Depression, which shunned the once loved materialistic protagonist in favour of his nemesis, in the post dot com era, visionary leaders were cast aside for the other extreme, conservative details-focused leaders, such as Mark Hurd.

Free Sample

Jul 1999 – Group 1

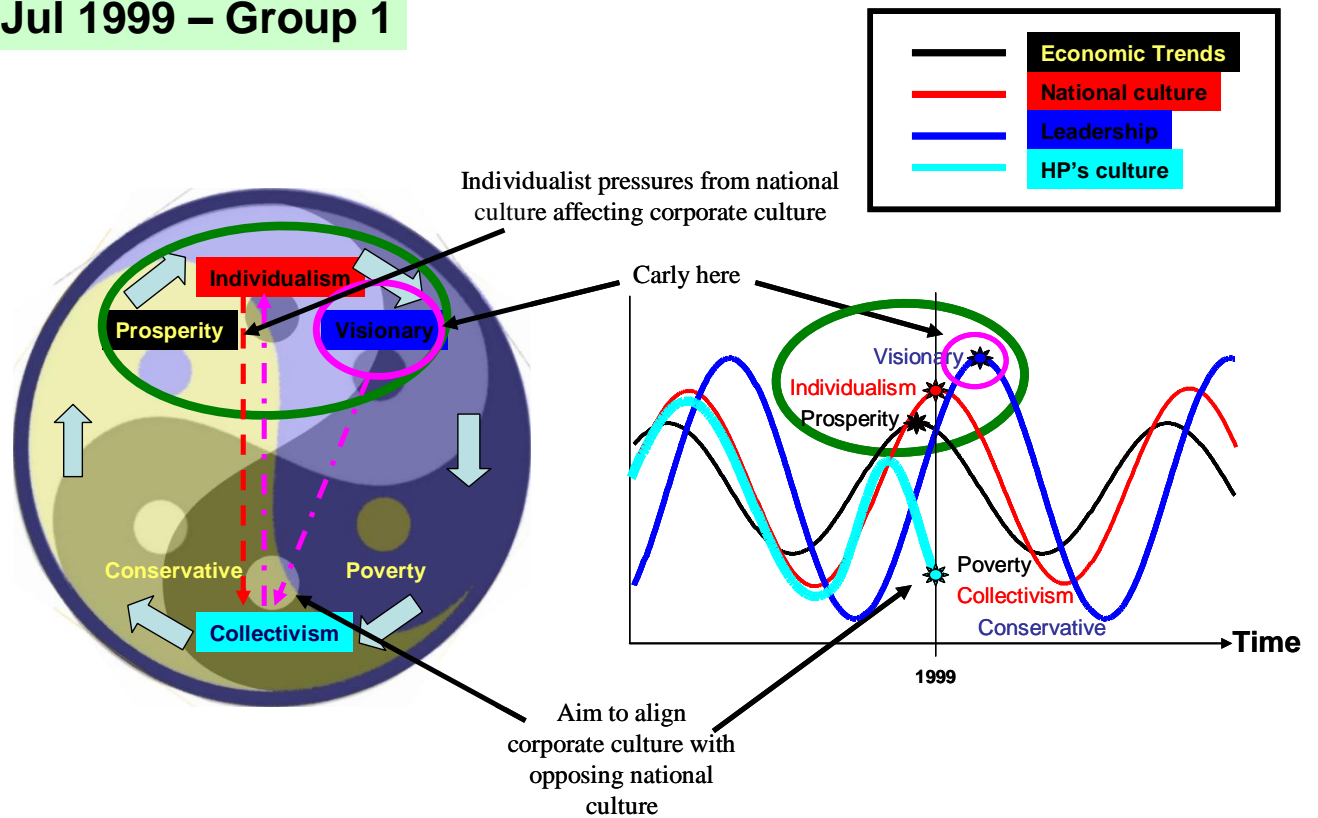


Fig. 5
Both models illustrating general and firm-specific situation, with corporate culture out of sync

The corporate culture is shown to be far out of alignment, implying the extreme difficulty of Carly's task, as the visionary leader is shown on both models to naturally emerge from and lead an individualist organisation, not turn around a collectivist culture. In addition, national culture may have affected the HP culture, as employees were national citizens and the fast-growing computer industry was highly individualistic, which may have added to the tension within the company. Unfortunately, Carly worsened the situation, as her centralisation, reflecting her narcissistic need to gain complete control over the company, was risk-reducing during a time when visionary risk-taking was required.

Then economy swung into a recession, as shown in Group 2 in Fig.6.

Dec 2000- Feb 2005 – Group 2

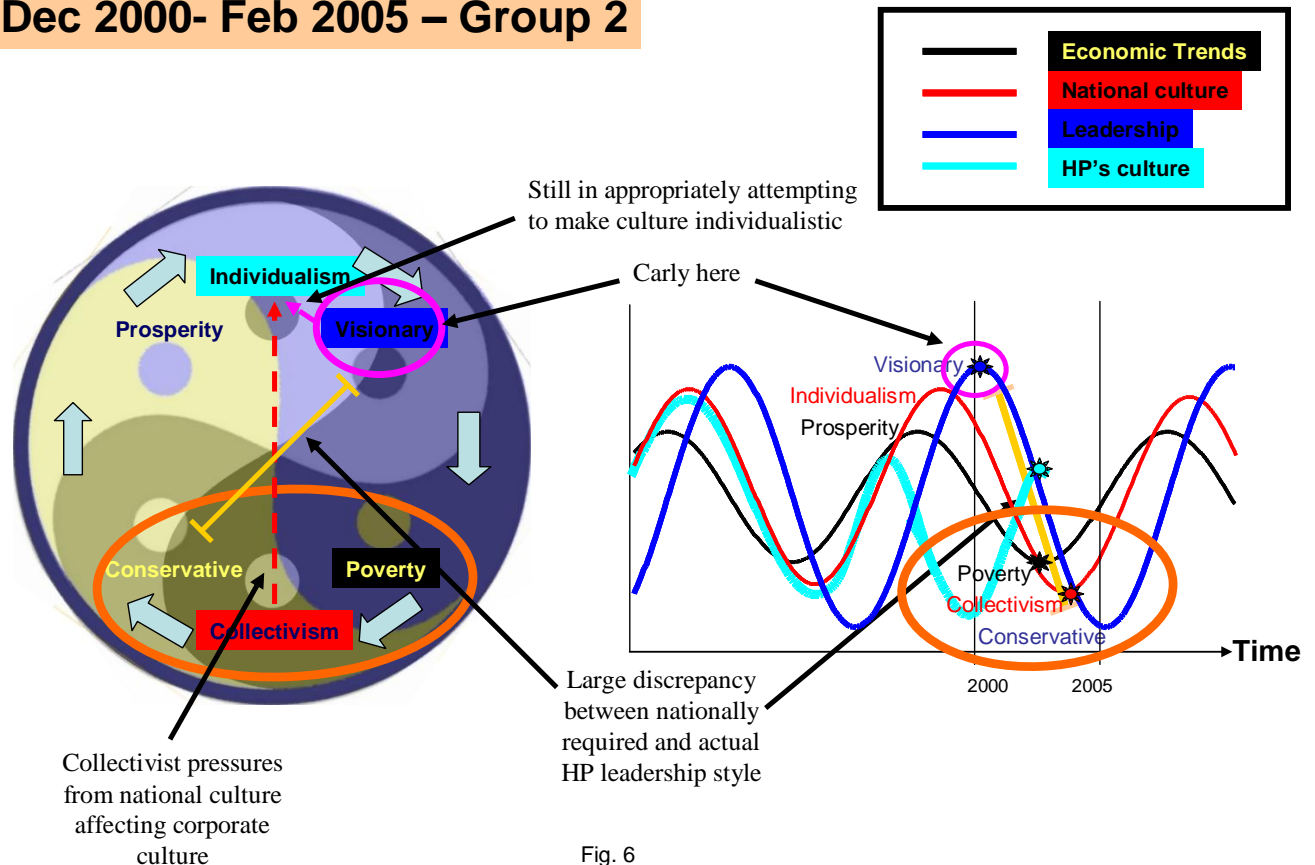


Fig. 6
Both models illustrating general and HP's situation, with both corporate culture and leadership out of sync

The economic conditions called for both national and corporate cultures to become collectivist, but Carly emphasised individualism by eliminating the profit-sharing scheme, instilling fear with redundancies, and isolating herself from employees. Again, national culture may have influenced corporate culture, potentially creating an even more dysfunctional corporate culture and causing more resistance to Carly's changes. The figure also shows HP's leadership to be out of sync, as the economy was still struggling when Carly spearheaded the "visionary" Compaq merger, when the model suggests that more conservative leadership was appropriate.

From the models, it appears that a combination of uncontrollable economic oscillations and obstacles created by an already dysfunctional culture meant Carly's intentions for change were extremely difficult, if not impossible. However, the inevitability of implementation failure was confirmed by her poor change management, as by the time she left the company in 2005, both her leadership and the corporate culture were out of sync with economic trends.

Case Study Analysis and Discussion²³

To understand how the HP Way affected by Carly Fiorina, much must be taken into account, starting, like all stories, from the beginning.

The Founders

“HP created a work environment where you felt you were special
and that you were part of something special.
This engendered incredible loyalty.”²⁴

After a comfortable, middle-class upbringing and solid engineering education at Stanford for both men, Packard (1995), Anders (2003) and Burrows (2003) mark the beginning of Hewlett Packard in 1934, with Bill Hewlett and Dave Packard, returning backpacking in the San Juan Mountains and deciding to create a company that would give people jobs and benefit the community. This chapter of history marks the origins of the HP legend. All countries and societies have founding myths, which establish a base for their culture. Armstrong (2005) argues that we have founding myths because we have no historical memory and these stories help us interpret our current situations. In his interview, Nicholas Twyford argued that America is unlike many countries, in lacking a founding myth and so it mythologized its European founding fathers, pioneers who travelled to the West and created civilisation in the rough and lawless desert, as epitomised in Western films. Bill and Dave are portrayed by Anders (2003) and Burrows (2003) as stereotypical Western heroes, forefathers of the HP Way, visible in corporate objectives defined in 1957 and 1966.²⁵ These are curiously reminiscent of the American constitution in its emphasis on individual freedom, contribution and success.

The organisation's egalitarian ideology reflects perhaps the time in which the company was founded, in 1939, and Dave and Bill's experience of the Depression. Hearn (1977), Bauman and Coode (1988) and Peeler (1987) report the nation-wide re-evaluation of American culture where, in a place and time when money was scarce, the new American values and resulting myths centred around intangible elements. The all-American hero now

²³ See Appendix C for gathered survey information

²⁴ Survey participant, see Appendix D

²⁵ Packard (1995), Pp80-1. See Appendix H for full corporate objectives.

Free Sample

strove for love, peace and family life and Bill and Dave reflected Englander and Kaufman's (2004) "technocratic creed", where managers cared for public and employee welfare.

These cultural assumptions can be observed in the HP Way, which support the Yin Yang Triad and Bullwhip Effect graph, that cultures emerge from economic shifts. For example, long-term employee, Joe Podolsky, who knew the founders, claims that the reason they started HP was not to change the world, but merely to give themselves and their friends interesting jobs – a distinctly individualist concept. In addition, the culture focused on recognising individual achievement and responsibility.²⁶ With regards to perception of time, while the company's innovation focus meant it was future-orientated, the HP Way was relatively polychronic and long-term orientated, wherein building relationships and solving complex problems is prioritised, as it is assumed that information is scattered and highly interactive. Joe Podolsky summarises the engineering culture in a similar manner, in that it revolves around problem-solving²⁷ and so depends on much collaboration and discussions to generate ideas. The focus on the people element also made the company more feminine in culture. These easily recognisable cultural elements suggest an idealised interpretation of economic events, echoing the predictions of the Bullwhip Effect.

These cultural assumptions expressed in the HP Way imply how the founders were both affected by personal history and national culture. Dave and Bill were born in 1912 and 1913, respectively, meaning their first hand experience of the Depression may have been imprinted upon on their personalities. For example, Hewlett was seen as very friendly and approachable, reflecting to some degree the communal days of the Depression. Packard (1995) does not mention his own personal style as a leader, though both Anders (2003) and Burrows (2003) report that he had two sides to him, expressed in two nicknames. The first was "Pappy"²⁸, as he was like a father to many of the employees. Charles "Chuck" House, who also knew the founders, said they were both very approachable – they were like talking to a "wise uncle" or a "father". Dave's second name was "The Mean One"²⁹, due to his short temper when he was displeased. Indeed, Joe Podolsky states that it was not a warm and cuddly environment; you were expected to deliver excellent quality and at speed. This "tough love"³⁰, Anders (2003) believes was effective for people who had lived through the difficult times of the Depression, demonstrating how Packard was a product of his day.

²⁶ Packard (1995). Pg130

²⁷ Kunda, G. (1992). *Engineering Culture*. Pg86

²⁸ Anders (2003). Pg7; Burrows (2003). Pg60

²⁹ Anders (2003). Pg7; Burrows (2003). Pg60

³⁰ Anders (2003). Pg12

Free Sample

The near extremity of the founders' personalities supports the Bullwhip Effect graph, that the economic conditions of the Depression gave rise to a particular culture, of which the founders represented the ideals, of camaraderie and toughness. Furthermore, Hewlett's friendliness and Packard's toughness balanced each other out, which support the models of Blake and Mouton (1964) and Goffee and Jones (1998), as shown in Fig.7.

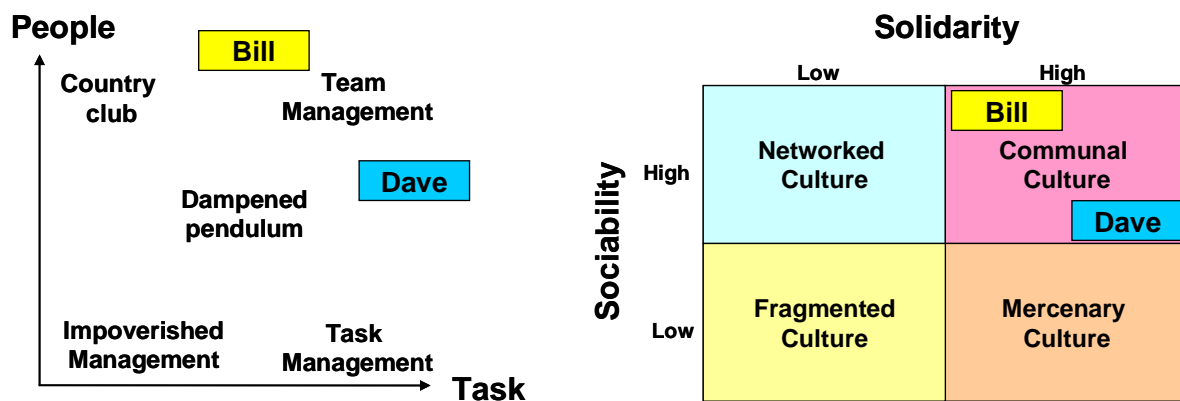


Fig.7
Bill and Dave on the Blake and Mouton's (1964) and Goffee and Jones' (1998) Double S Model

The models suggest that the relationship between Hewlett and Packard suggest that HP's culture was balanced, meaning the company was successful. This echoes the Yin Yang Triad and Bullwhip Effect theory that organisational performance is dependent upon the correct alignment of leadership, corporate and national cultures, and economic conditions.

While HP's leadership and corporate culture matched the contemporary national culture and economic trends, the HP Way was quite distinct from other American firms, which often followed task-orientated Taylorist principles.³¹ This suggests that the founders affected the corporate culture. For example, the long-term orientation and polychronic perception of time is seen in Packard's (1995) discussion of the importance of Management by Wandering Around and the Open Door Policy in order to build relationships with employees and keep communication channels open. Anders (2003) adds that even when HP went public in 1957, Packard was determined not to bend to Wall Street's short-termist pressures. This building of long-term relationships with employees reflects the feminine

³¹ Which are masculine in their emphasis on power and superiority, monochronic in their focus on singular tasks for individuals, and short-term orientated, as the focus in on completing the current task only.

Free Sample

aspect of the culture, which Packard (1995) states was developed by his wife, Lucile, whose contributions “served to enhance the family atmosphere at HP”.³²

Evidence of the development of the HP Way can be found in the survey data, which shows in Chart 2 that all cultural elements were strongly rated.

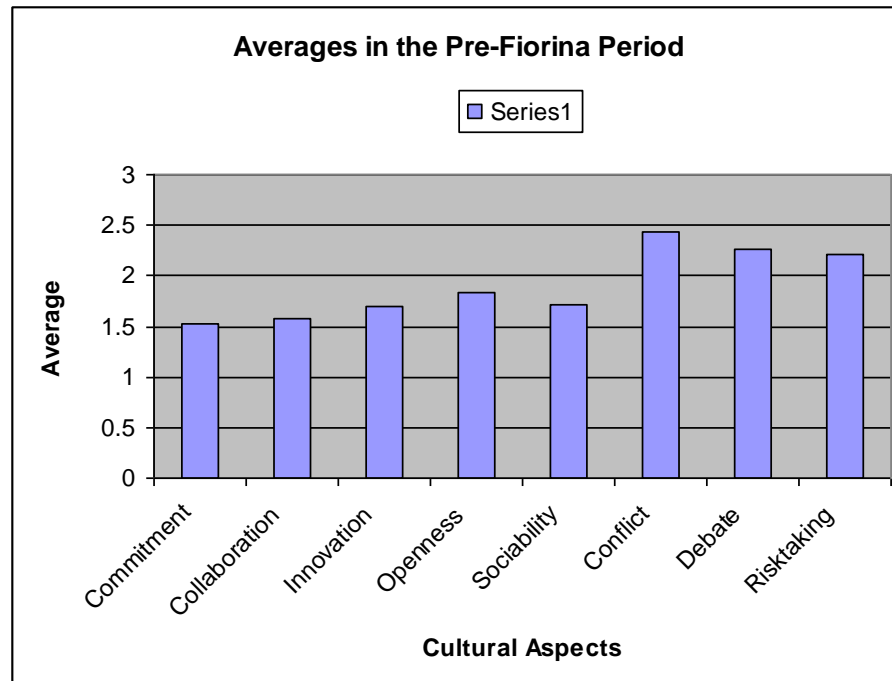


Chart 2

Bar chart showing average ratings of cultural aspects in the Pre-Fiorina period

The bar chart shows commitment and collaboration being rated the strongest, which suggests people recognised these aspects as important to the HP Way, supporting the secondary literature above. Indeed, many of the survey participants expressed pride in working at HP, with one stating, “I felt they were family and I was home”,³³ which supports Reichheld (1992) and Deming’s (1986) arguments that link genuine management concern with employee loyalty and dedication.

The dynamic interaction between culture and leadership at HP under Hewlett and Packard resulted in the emergence of myths around the founders, turning them into cultural heroes and reinforcing their polarised places on the Bullwhip Effect. For example, in 1957 an HP engineer discovered one morning that someone had wrecked his oscillator. On it was attached the note: “You can do better than this – Dave Packard”.³⁴ Anders (2003) notes how

³² Packard (1995), Pg130

³³ See Appendix D

³⁴ In Anders (2003). Pg5

Free Sample

these harsh memos became relics of the HP culture. Dave may not have been very charismatic, but his “personal power”, as described by Yukl (1989), came out in his genuine regard for employees.

The legend of HP and its founders continued to reflect the oscillations of the economy, as observed by Oshry (1999), Sterman (2000) and Lao Tsu (1984), again echoing the constant flux of the three axes in the Yin Yang Triad and Bullwhip Effect and how leaders need to continuously adapt themselves and the corporate culture to align with the other axes. America became more individualistic after the Depression, but shifted back into a patriotic collectivism in the Second World War. Anders (2003) argues that the war caused the HP culture to emphasise the concept of individuals working together for the greater good – a more collectivist concept and perhaps an idealised interpretation of the real world, as suggested by the Bullwhip Effect. In the 1950s the American economy stabilised and HP grew quickly, spreading globally and developed computers in the late 1960s to record and analyse the data measured by the company’s instruments. Burrows (2003) notes that the founders worked to maintain the HP Way as the firm expanded, creating decentralised structures and giving autonomy to subsidiaries. This strengthened the emphasis on individual achievement and responsibility, retaining the small-company feel and reducing bureaucratisation.

A significant event which may have had delayed impact on the culture was Dave leaving HP in 1968, leaving the softer Bill in charge. It can be argued that this marked the first step towards the unbalancing of the HP Way, which can be inferred from the following economic disaster.

The economic pendulum swung back again in the early 1970s, when a huge rise in oil prices threw America into recession. Englander and Kaufman (2004) argue that this difficult time marked the beginning of the end for the technocratic creed for many businesses, as they struggled to cope. This was a milestone in HP’s history, wherein, after Dave returned as Chairman in 1972, the founders demonstrated their leadership integrity. Packard states that employees were asked to take a temporary pay cut to help get the firm through tough times, rather than having to lay people off. He refers to this as “sharing the burden of the recession”³⁵, as he and Hewlett took the same pay cut. This lean towards collectivism shows again how the culture adapted to economic oscillations, a key factor for organisational success argued by Kotter and Heskett (1990). Interestingly, Anders (2003) and Burrows

³⁵ Packard (1995). Pg133

Free Sample

(2003) both discuss Packard's leadership, even though Hewlett was CEO. While there is not enough information to examine the details of events, Dave's return in 1972 coincides with the recession, implying that it may have been to help Bill, who might not have had the same strength to run the company during such tough times. This is supported by Blake and Mouton's (1964) model, which suggests that HP may not have been as successful as it was if it was run by only one of the founders.

Nevertheless, the dynamic combination of Bill and Dave's leadership during the recession is an example of transformational leadership, as it demonstrates the leaders' ability to motivate employees by reaching for higher goals. Collins' (2001) Level 5 leadership is also applicable here, as they were self-sacrificing and respected their workers, with whom they were open and honest about the situation. In doing so, they built the corporate myths about themselves and HP and hence contributed significantly to their future success.

The Next Generation

“After the two founders retired and after they didn't have an impact on daily activities the corporate culture eroded over time.”³⁶

Whilst the data from the survey suggests that all cultural aspects in the Fiorina period were much lower than in the pre-Fiorina period, numerous survey and interview participants believe the decline of the original HP Way was at least partly attributable to the CEOs following the founders. Hirsh (2000) and Charan (2005) argue that a company needs a well developed succession plan to ensure the continuing survival of the company and its culture, but Charan believes that too many firms replace their CEO's badly, which leads to poor performance.

In 1977, John Young became the first non-founder CEO of HP.³⁷ Joe Podolsky observes that John was more of a businessman than the founders and focused more on the computer side. Recovered from the 1970s recession, a wealthy 1980s America swung back to a high level of individualism, with a booming economy and fast-growing computer industry. Consequently, HP's overall revenues tripled to \$4.2 billion by 1982.³⁸ HP's soaring profit

³⁶ Survey participant, see Appendix D

³⁷ Anders (2003), Pp19-20; Burrows (2003), Pg72

³⁸ Anders (2003), Pg21

Free Sample

was particularly attributable the emergence of the hugely successful printer division, started in 1979 by Dick Hackborn in Boise.³⁹

It was during this time of intense individualism that a schism within the HP culture was developing between the fast-paced, aggressive computer industry, with its highly individualist culture, and the slow moving instruments business with its more collaborative culture. In addition, former HP consultant, Dave Straker, noted that in the late 1980s, more attention was paid to Wall Street, making decisions (and so the culture) more short-term orientated and risk averse. This was a significant reversal of Packard's 1957 refusal to be driven by stock market pressures and perhaps indicates a lack of deeper understanding of the HP Way. This may be attributable to Young's birth in 1932, meaning he was too young to fully grasp the devastation of the Depression and so may not have had the determination of the founders to stick to the same long-term goals.

HP's new risk-averse nature can be observed in the centralised, interlocking committees, which aimed to improve internal co-ordination. Packard (1995) criticised Young's centralisation as a reflection of a leader unwilling to risk giving control to others. He also believed that centralisation led to increased bureaucracy, slow decision-making and stifled innovation, which is indeed what happened.⁴⁰ In the Blake and Mouton (1964) and Goffee and Jones (1998) models in Fig.8, Young was quite task-oriented and less sociable.

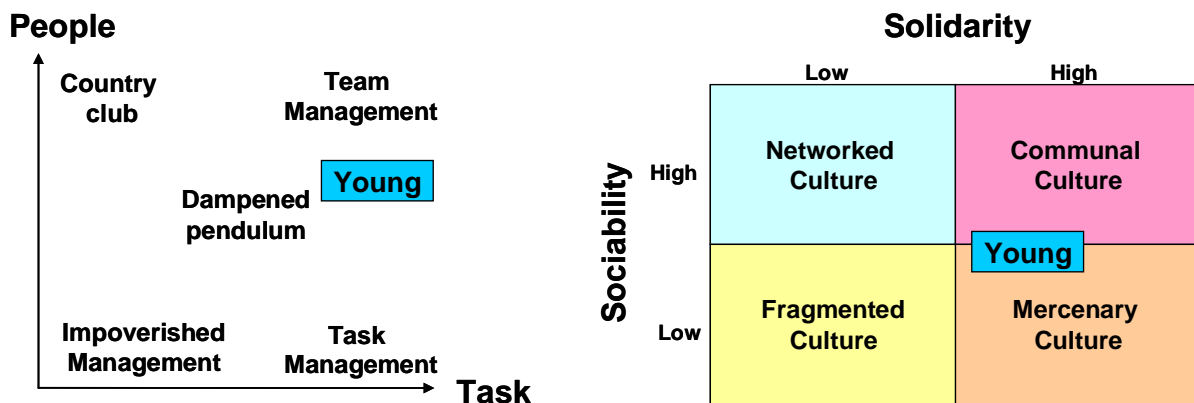


Fig.8
Young on the Blake and Mouton's (1964) and Goffee and Jones' (1998)
Double S Model

³⁹ Burrows (2003), Pp72-4

⁴⁰ Whether Packard makes this argument with perfect hindsight, rather than it being a genuine prediction is debatable. He implies he knew this would happen, but it is interesting that there is no report of him taking action or even expressing dislike at the strategy until *after* the committees failed and the company was struggling.

Free Sample

In this regard Young was more like Packard, but with no Bill Hewlett equivalent to balance the scale, a cultural shift occurred, resulting in poor organisational performance. Young's actions also reflect a cultural simplification of real world activities, supporting the Bullwhip Effect, and may have contributed to the company's woes, as it suggests a lack of understanding of economic conditions.

Anders (2003) states that Packard held a board meeting without Young's knowledge, during which he revealed he wanted Young out. This demonstrates the negative power a founder can have over a firm, that despite giving good succession advice in his book, Packard may have unconsciously not wanted Young to succeed, as suggested by Schein (1992), thus echoing Charan's (2005) concerns. It also echoes de Vries' (1988) argument that leaders, unable to surrender their power over their firm, can cause the downfall of their successor by usurping them, particularly if that successor is perceived to be changing the culture.

This is supported by Anders (2003), who states that after Young stepped down in 1992 and Lew Platt was made CEO, Dave Packard wanted him to strengthen the HP Way, as he was concerned for its future. As a leader, Platt is described by Chuck House and Theresa Wilcox as very "approachable", much like Bill Hewlett. Platt joined HP in 1966, just two years before Hewlett became CEO, so he would have had experienced more of Bill's leadership than that of the tougher Dave, implying Platt could have modelled himself on Hewlett. Indeed, Platt became the very embodiment of the softer side of the HP Way, eating in the canteen with employees and flying economy class. He fulfilled the typical polarised position of a leader in the Bullwhip Effect. Unfortunately, Platt was less sure of himself. Chuck House explains that he kept second-guessing himself, unlike the strong-willed Dave Packard. Packard appointing Platt as CEO implies another of de Vries' (1988) arguments that leaders will hire "clones" that embody the values of the firm, but will not take it in any new direction, which opposes Hirsh's (2000) advice of considering the future needs of the company.

In Blake and Mouton (1964) and Goffee and Jones' (1998) models, Platt was too people-orientated and with insufficient solidarity (Fig.9).

Free Sample

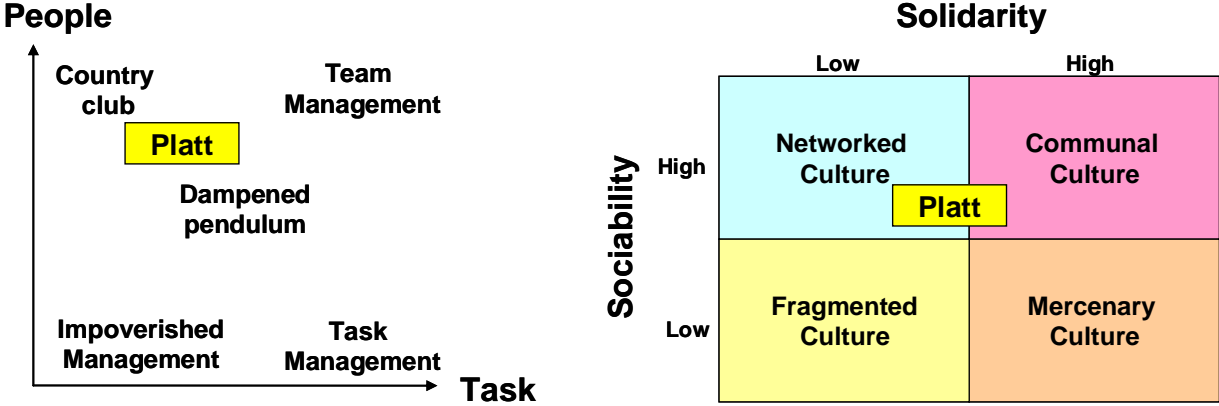


Fig.9
Platt on the Blake and Mouton's (1964) and Goffee and Jones' (1998)
Double S Model

The figures show how Platt's leadership caused further cultural imbalance, becoming as it did, more risk averse, with slower decision-making processes. Ian Ryder, a former marketing executive of HP, discusses the difficulty of decision-making caused by the matrix structure of the firm. Survey participants agree, stating that the company was "afflicted by terminal niceness"⁴¹, arguing that the HP culture was becoming dysfunctional. This affected HP's outward reputation, as shown in Fig.10.

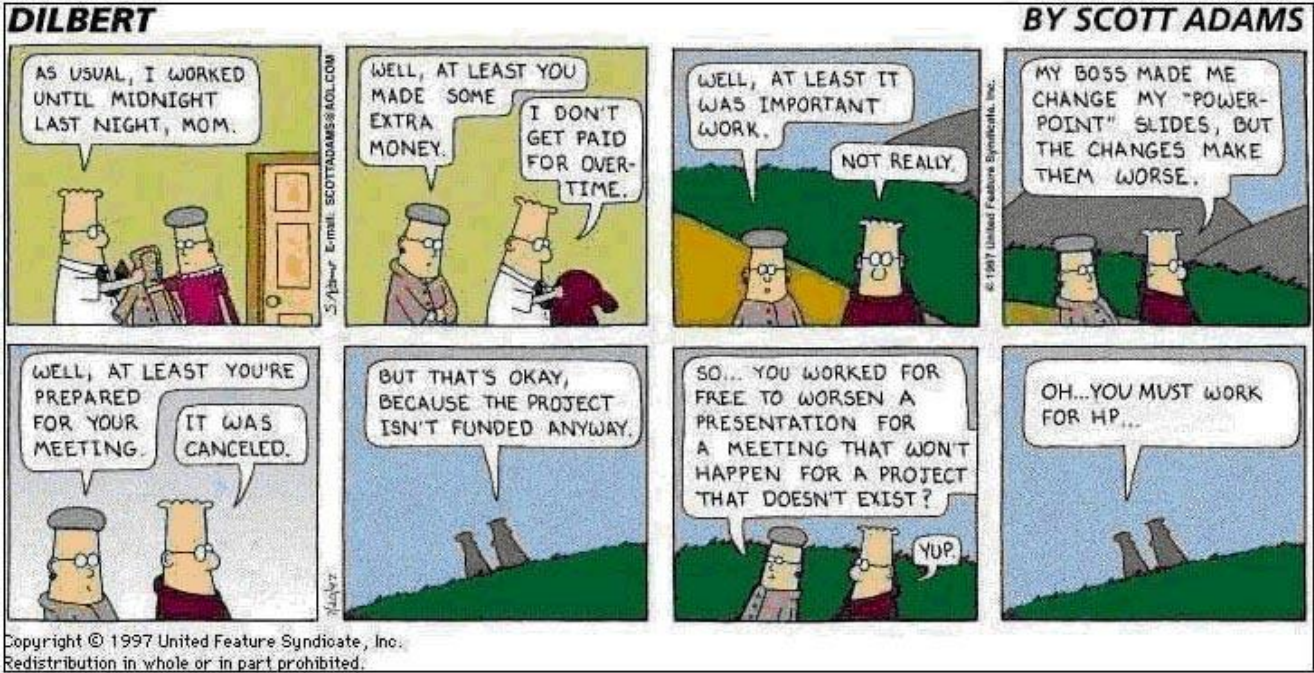


Fig. 10
Dilbert strip cartoon showing external perceptions of HP's culture

⁴¹ See Appendix D for full quote and Pp43-44 for other similar comments

The situation may have been exacerbated by the death of Dave Packard on March 26, 1996. Ian Ryder remembers an outpouring of grief which consumed the company. Caught up in the emotional atmosphere, it could be easy for Platt to fixate on the HP Way, as this would be effectively immortalising its creator. This is reminiscent of Kubler-Ross' (1992) warning that people can become stuck in the grieving process. This is reflected in distorting of myths, as Anders (2003) describes how Packard's mythic persona lost its tempestuous business side and became a kindly old man. This reveals a culture which had become past-orientated, focusing on what was now lost. While supporting Levi-Strauss' idea that transformation of myths act as coping mechanisms, these changes are more like Argyris' (1985) defence mechanisms and Hampden-Turner's (1990) cultural vicious circles, which can create a dysfunctional culture.

HP's situation was changed with another economic boom in the early 1990s. Although causing revenues to leap from \$12.5 billion in 1992 to \$31.5 billion in 1995, the fast-expanding computer industry meant there was less time to grow people internally. Dave Straker adds that this resulted in an influx of people who brought with them their own cultures, diluting HP's culture and reducing its effectiveness, with more and more people in HP who did not fully understand the HP Way. Chuck House adds that Platt was not a good judge of character, implying that he may have selected senior people who were not suited to the company and its culture. This is illustrated in Fig.7 on the Yin Yang Triad, which shows the corporate culture being affected by national culture.

The Ying Yang Triad and the Bullwhip Effect predict that any misalignment in the three axes will lead to organisational failure, and the Bullwhip Effect graph clearly shows a large discrepancy between HP's corporate culture and the other axes. Indeed, Burrows (2003) notes that the company lost strategic direction, disappointing Wall Street's expectations over nine straight quarters by 1999.⁴² In addition, the schism between the computer and instruments businesses was widening, with the former doubling in size every year, yet requiring proportionately less investment than the latter. However, Dave Straker argues that the "purer" HP culture in the instruments business was the stabilising factor of the company. Knowing something needed to be done to keep the company competitive Platt split the company in two.⁴³ While the instruments business was the original HP, the computer business got the HP name due to the high brand development costs for consumer markets.

⁴² Anders (2003), Pg41; Burrows (2003), Pg82

⁴³ Anders (2003), Pg38; Burrows (2003), Pg85

Free Sample

Interestingly, HP losing the business containing the root culture could go some way to explain the substantial weakening of all the cultural aspects in the Fiorina period.

In March, Platt announced he would step down as CEO after the split.⁴⁴ The board wanted a shake-up of the company's culture as they felt it had become too timid in the tough computer industry, reflecting also the historical need for renewal.

Carly Fiorina

“Carly seemed to beat the life out of the company by her celebrity leadership...”⁴⁵

After fast-track success through Sales and Marketing in Lucent, Carly Fiorina joined HP in July 1999 to revitalise the company's tarnished image and sluggish culture as compared with many of the dot-com stars. This supports both Hampden-Turner (1990) and Bennis' (1988) observations of the country at this time and is reflected in the Yin Yang Triad and Bullwhip Effect, which show how visionary leadership emerges from a prosperous economy and an individualistic culture. Anders (2003) explains how the New Economy became a “transformational phenomenon”,⁴⁶ changing fundamental rules of business. Swept up in the craze, many firms hired the most glamorous people, the best “story-tellers and advocates”⁴⁷, to lead them into this new and exciting age.

Cannell (2004) believes externally sourced CEOs often fail, but HP seemed so caught up in external events and, combined with its limited succession planning capability, the board bought into the idea. Carly was the first externally sourced CEO in HP's history, as well as the first female leader of a Fortune 500 company. This reflected the “renewal” spirit of the times, making global headlines and satisfying the board's needs for a shake-up of the company. In addition, Ian Ryder believes that this appeased external stakeholders who did not want HP to hire another clone.

While HP claimed to want a different CEO to its predecessors, Anders' (2003) comment about story-tellers suggests that HP really needed a cultural champion who could sell a vision to cultural followers. From the interviews conducted, it seems that many people in HP really believed she was what the company needed. She had the traits of Conga and

⁴⁴ Kanellos, M., ‘CEO to step down after major shakeup’, http://news.com.com/CEO+to+step+down+after+major+shakeup/2100-1001_3-222402.html, March 2, 1999

⁴⁵ Survey participant, see Appendix F, Pg44

⁴⁶ Anders (2003), Pg45

⁴⁷ Anders (2003), Pg45

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Kanungo (1998) and House's (1977) typical charismatic leader and appeared to truly understand the culture, claiming in impressive speeches a desire to "preserve the best and reinvent the rest",⁴⁸ emphasising collaboration and invention. However, it became clear early on that Carly was not perceived to be HP's champion, with her "obscene"⁴⁹ welcome package, which amounted to around \$70 million,⁵⁰ and the two private jets she bought for her executives and herself.⁵¹ According to Englander and Kaufman (2004), this was a reflection of the proprietary age, where CEOs felt entitled to enormous rewards due only to their status, but this was not of the egalitarian HP Way, and the contrast led to destructive myths of CEO greed.

This issue can be explained by the Yin Yang Triad and Bullwhip Effect, which suggest that visionary leaders naturally lead individualist organisations and are not equipped to handle collectivist cultures, implying that there will be tensions between leaders and employees caused by conflicting values. Carly's particular behaviour also suggests a discrepancy between her expressed and her actual intentions for the culture, which can be seen in the method and results of her changes.

Campbell (1993) and Dunlop (1997) discuss the hero's treasure, a symbol of cultural renewal. Carly's first "treasure" was the centralising 'front-end back-end' project, a convergence of front-end sales and marketing departments and back-end R&D departments and other upstream activities.⁵² While arguably in response to the slowed decision-making in HP, centralising the company could be perceived as removing individual freedom, a cornerstone of the culture, so for such a change to be successful, Schein (1992) and Bennis (1988) stress the importance of the leader fully understanding the culture. Burrows (2003) implies that she did not, as Carly implemented the centralisation strategy perhaps too early on in her tenure to fully grasp the HP Way.

As shown with Blake and Mouton (1964) and Goffee and Jones' (1998) model, Dave Straker argues that Carly may have perceived a culture that was too people-focused with

⁴⁸ Fiorina, C., Digital Connections Conference, San Jose, California, 2000

⁴⁹ Burrows (2003), Pg132

⁵⁰ According to Burrows (2003), this included 290,000 shares of restricted stock and rights to another 290,000 in the future, worth a total of \$65 million. Her basic salary was \$1million, with an annual bonus of \$1.25 million to \$3.75 million. She also received \$36,000 in mortgage assistance, Pg132

⁵¹ Also in Demerjian, C., 'HP buys two new Gulfstream Vs', <http://www.theinquirer.net/?article=11542>, 15 September 2003. He expresses the disgust typical of many at the time.

⁵² Anders, 'The Carly Chronicles', <http://www.fastcompany.com/magazine/67/carly.html>, Issue 67, February 2003, Page 66. The author comments that she got the idea from working at Lucent, which has a much more masculine culture

Free Sample

insufficient solidarity, and while the culture’s past-orientation may have also proved an obstacle for change, Fig.11 suggests Carly was too task-orientated and low on sociability.

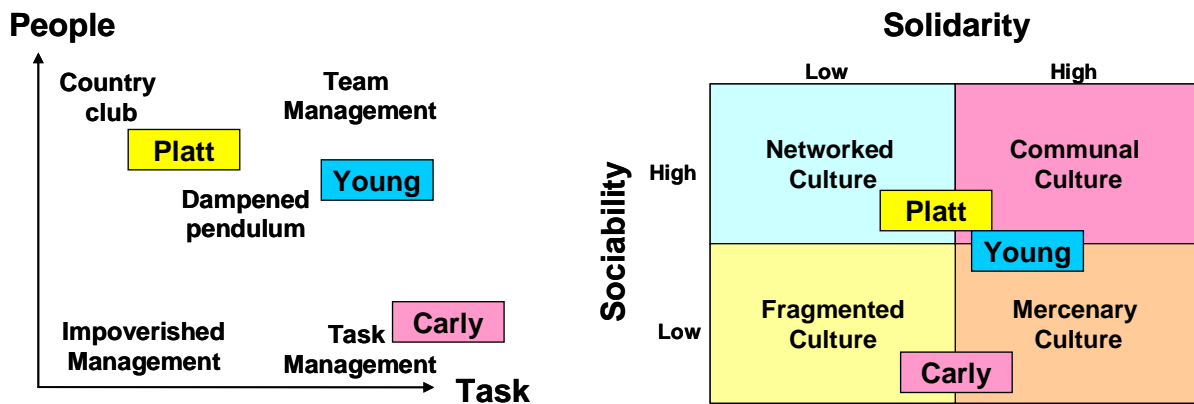


Fig.11
Young, Platt and Carly on the Blake and Mouton’s (1964) and Goffee and Jones’ (1998) Double S Model

Carly’s lack of people focus is reflected in her poor management of employees’ emotional needs during the transition. She neither worked closely with employees to help them cope with the change, as suggested by Dunlop (1997), nor did she implement the change incrementally, as recommended by Bennis (1988). Schein (1992) agrees, suggesting leaders introduce rituals, myths and reward systems to embed the new culture. Carly neither consulted employees nor made efforts to persuade people it was a good idea. In such a collaborative and open culture as HP, this may have been seen as an attack on the HP Way. This is reflected in question 2.1 in the survey data, which shows a sharp drop in the perceived people-orientation of the company (Chart 3).

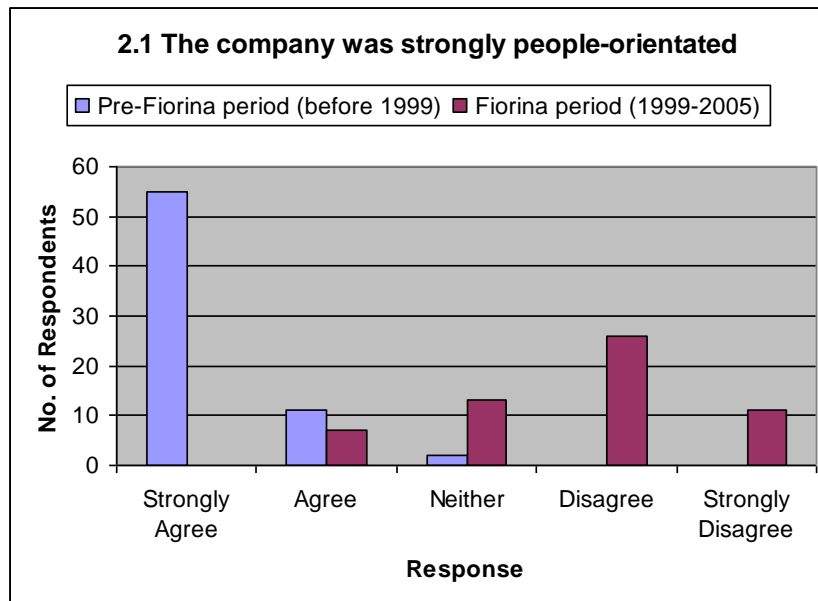


Chart 3

Bar chart showing how respondents perceived HP in the Fiorina period to be much less people-orientated

This data supports the secondary literature that Carly perhaps made the company too task-orientated.

Carly's centralising seemed like a risk-reducing strategy, as it placed all control into her hands, but the Group 1 models in fig.5 suggest that in a strong economy more risk-taking leadership is required, implying Carly may have inadvertently made the corporate culture more dysfunctional. This may have been due to her narcissistic personality, as suggested by Maccoby (2003, 2004), which is typified by a strong need to control the environment. This also explains her lack of people-orientation and sociability, as narcissists tend to lack empathic abilities. A narcissistic personality also provides insight into the disparity between Carly's expressed intentions of collaboration and actual implementation of an authoritative system.

In addition, Carly's centralisation may have inadvertently affected certain cultural aspects, such as innovation. Carly's "11 Rules of the Garage" emphasised invention, but the front-end back-end project inhibited this process by taking away individual freedom. This illustrates her failure to recognise Brown's (1972) point that cultural values are interlinked, so if one is changed, others will be affected. This is evident in question 3.2 in the survey, which shows a decline of resources available for people to innovate (Chart 4).

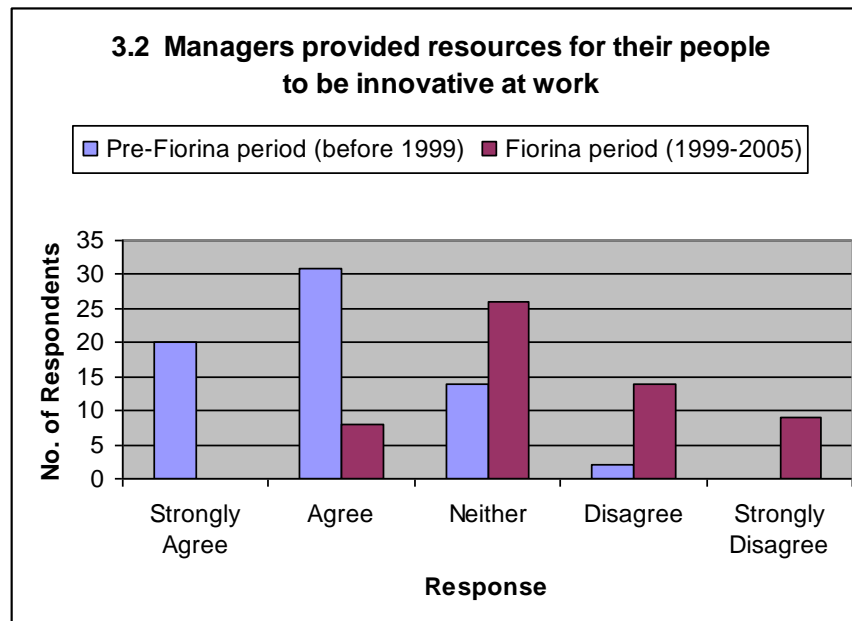


Chart 4

Bar chart showing a substantial drop in the perceived help from managers to innovate

The reduction of innovation emphasises the argument that Carly implemented changes without first understanding the culture, reinforcing the argument in the Ying Yang Triad and Bullwhip Effect, that visionary leaders are much less able to understand collectivist cultures.

After the bursting of the dotcom bubble in December 2000 and subsequent economic collapse, Carly reduced financial commitment by eliminating the profit-sharing scheme.⁵³ Dave Straker recalls profit-sharing as a culturally significant event, with results were announced live over Tannoy, by the CEO, who also used this as an opportunity to reach out and talk personally to the whole company. This was a part of Packard's idea of sharing, and to dispose of this culture-affirming ritual sent a message that fair sharing was no longer important. Carly then replaced it with an individualist compensation system that would only reward if her unrealistic goals were reached and the economy was stable. While the new system seemed as if Carly was trying to align the culture with reality, it was established when she knew the economy was crumbling, which makes it a manipulative act, highlighting her narcissism and widening the gap between her expressed and actual intentions. The Group 2 models in fig.6 show how Carly was still trying to create an individualistic corporate culture when the economy was poor, which served to make the culture even more dysfunctional.

⁵³ Burrows (2003), Pg173

Free Sample

In June 2001, employees were asked to take a voluntary pay cut, as in the 1970s recession. 86 percent of workers signed up,⁵⁴ demonstrating their continuing loyalty. Unlike the 1970s, in July 2001 there was a mass layoff of 6,000 jobs, from which people felt betrayed and the culture of trust was replaced by one of fear. Anders (2003) supports Carly's decision, blaming "tradition-minded"⁵⁵ employees for not reading the memo properly, which warned that layoffs might follow, regardless of the pay cut. Cha and Edmondson (2006) add that employees can accuse leaders of hypocrisy when they do not fully understand the situation and will often compare them unfavourably to their "perfect" predecessors. Yet to use this cultural symbol of sacrifice, made powerful by its link to an HP myth, was effectively manipulating people into its re-enactment and a dangerously emotional affair. Then to change the ending – firing people, rather than saving them – must have felt like treachery. Employees again did not see Carly share their suffering, as Bill and Dave had in the 1970s, and may have been worsened by Bill Hewlett's death on January 12, 2001,⁵⁶ after which employees may have mourned the final loss of the HP Way.

The loss of trust resulting from the elimination of profit-sharing and the layoffs perhaps explains why commitment was weakened in the Fiorina period, as shown in Chart 5.

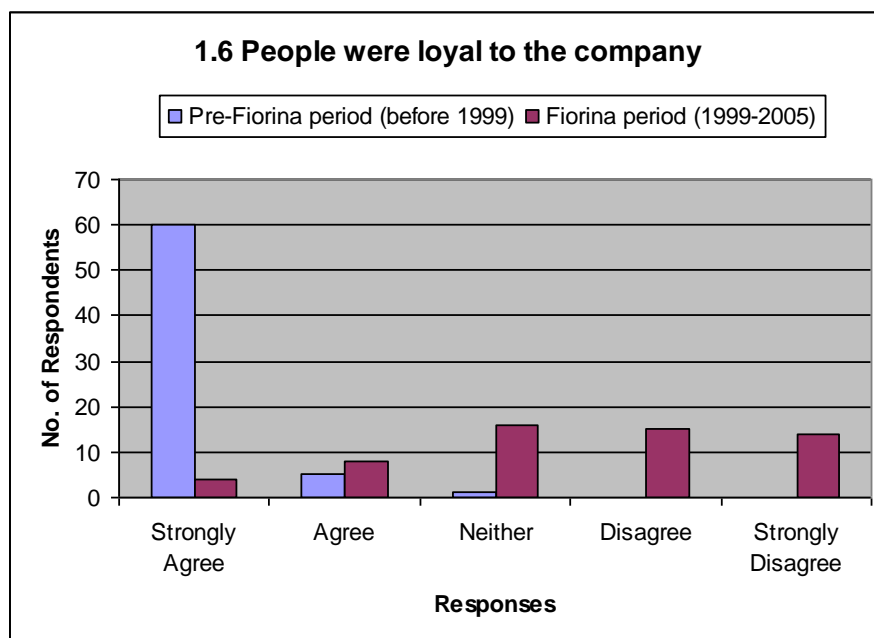


Chart 5

Bar chart showing the substantial drop in loyalty to the firm during the Fiorina period

⁵⁴ Anders (2003), Pp121-2; Burrows (2003), Pg173

⁵⁵ Anders, G. (2003), Pg76

⁵⁶ Anders (2003), Pg102; Burrows (2003), Pg158

Free Sample

The difference in perceived loyalty is vast and is supported by Anders (2003), who states that turnover doubled during Carly's tenure, from five to ten percent, which strengthens the view that her actions reduced commitment levels.

Like Campbell's (1993) hero who faces many obstacles in his path to win the true treasure, Carly persevered to transform HP through the Compaq merger, arguing for synergies in products and services.⁵⁷ She even believed a successful meld of the two companies' very different cultures would occur. Each had elements the other did not, so combined they would create a great new culture.

This view was shared by all board members, save Bill Hewlett's son, Walter. He opposed the merger believing the end company would make little impact in the PC business and that the cultures could not be integrated. Former HP marketing manager, Theresa Wilcox, supports this, finding that Compaq people were more aggressive and boastful than the humble and honest engineers of HP. Compaq was more autocratic and much less collaborative, with an "us and them" attitude, which would perhaps terminally damage the HP Way.

While Carly had been hired to renew the culture, its risk-aversion and past-orientation resulting from the leadership style of previous CEOs again meant she faced resistance from employees. This supports de Vries' (1988) argument that leaders can unwittingly disrupt the company for the successor and explains why employees may have idolised Walter, as he represented the past and was perceived as trying to preserve the current culture. In addition, the models in Fig.6 suggest that the level of national collectivism during this time may have seeped into the corporate culture (as employees are also national citizens), perhaps causing them to band together against their "common enemy", Carly, whose individualist values may have seemed increasingly alien to them.

The air of mistrust intensified during the long public proxy battle which ensued between Walter Hewlett and HP. Carly marketed herself as HP's cultural hero by saturating the media with images and statements by the founders, as if they were giving her their full support. Packard's son, David Woodley was appalled by her apparent misappropriation of his father's words, and the myths of "Queen Carly",⁵⁸ who was apparently above the egalitarian rules of the HP Way, suggests that employees were also unimpressed. Goffee and Jones (2005) add that people do not like a leader who imitates another, which further explains how Carly's actions may have been perceived as insincere and using HP myths and their affective associations to manipulate.

⁵⁷ Anders (2003), Pg126

⁵⁸ Burrows (2003), Pg152

Free Sample

In contrast, Burrows (2003) reports that Hewlett refused to use dirty tactics, not using the fact that he was a founder's son to market his cause. Sticking to his principles of integrity, arguably the "real" HP Way, won him the title of cultural champion within HP, but perhaps lost him the proxy fight. Even though both founding families publicly opposed the merger, Carly won, albeit by a tiny margin, and the merger proceeded in 2002.

Whilst winning her the proxy fight, Fiorina's behaviour may have adversely affected the success of the merger, and her other plans, in rejuvenating the HP Way. For example, many questioned Carly's true motives for the merger, including Ian Ryder, who considered it an "I'm going to make a statement"⁵⁹ move, and Monica (2005), who describes it as an ego trip. Both point to Carly's individualism and narcissistic need for control, which can be observed in the proxy fight and in her centralising the company. Maccoby (2003, 2004) observes that narcissists also isolate themselves, particularly when attacked. Chris Reichhelm, a former Heidrick & Struggles employee, describes her as an "ivory tower" leader, a management style opposed to the MBWA advocated by Hewlett and Packard. Carly isolated herself more when employees became hostile during the proxy fight, which in turn caused her to lose even more support, creating a vicious circle of decaying respect. This deepening distrust added greater imbalance to an already fear-orientated culture, which may have hindered the cultural integration with Compaq.

Fiorina's behaviours also align with Hare (2005), Greene (2002) and Hassan's (1993) evaluation of psychopathic leaders, including charm, manipulation, grandiosity, no empathy and pathological lying. This last attribute can be observed in the discrepancies between her expressed and actual intentions and her telling investors untruths about the merger, such as the number of redundancies that would result.⁶⁰ Such personal characteristics may well have contributed to the failure of all her plans for cultural change.

An alternative explanation for Carly's behaviour and the result of her decisions is Bakan's (2004) argument that leaders are corrupted by the organisation, and Ian Ryder comments that Carly being at HP "corrupted the image that was"⁶¹. It has been observed that Young listened more to Wall Street, suggesting that he may have pre-conditioned the organisation to bend to external pressures. These institutional constraints, as theorised by North (1990), were established prior to Carly's arrival at HP, implying she may have been

⁵⁹ See Appendix G

⁶⁰ The court case which followed the shareholder vote was partly based on the accusation of Carly lying to investors. Although she won the law suit, many people, including Burrows (2003) and Ian Ryder still believes that the circumstances around the shareholder vote win were very suspicious

⁶¹ See Appendix G

Free Sample

pressurised into telling stakeholders what they wanted to hear. By the same token, employees, conditioned by HP's culture as developed and evolved by the founders, Young, and Platt, could only react in the way they did to Carly's changes.⁶² This was combined with the fact that the company which eventually merged with Compaq had previously lost much of its original culture when it lost the instruments business, prior to Carly's arrival, suggesting that the heavily diluted HP Way could not have survived, let alone been rejuvenated by the Compaq merger, irrespective of Carly's actions.

Numerous survey participants described how Compaq managers who did not understand the HP Way ridiculed the old HP culture. Theresa Wilcox concludes that the melding of the cultures was unsuccessful, as although there were equal numbers of Compaq and HP people in teams, what was left of the egalitarian HP Way was consumed by the Compaq individualism. This can be seen in question 5.7 in the survey results, which shows a significant change in the emotional relationship between employees and the firm (Chart 6).

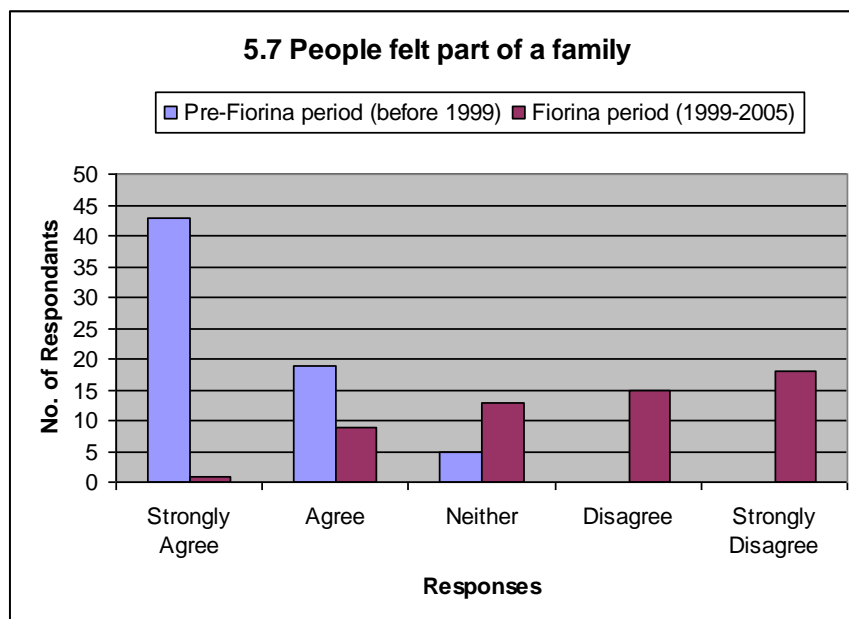


Chart 6
Bar chart showing how the family feeling within the firm was significantly reduced in the Fiorina period

The chart shows strong family feeling in the Pre-Fiorina period, which was a core aspect of the culture suggested above. This greatly weakened in the Fiorina period and while it may have been caused by any number of the discussed alternatives, it can be argued that the Compaq merger was a major contributory factor.

⁶² This makes both employees and Carly typical Milgram (1963) patients.

Free Sample

These observations go beyond the Yin Yang Triad and Bullwhip Effect in explaining the unsuccessful corporate cultural change during Carly's tenure, and add another dimension of understanding to the models, which highlight the complete misalignment of Carly's leadership and the corporate culture to national culture and economic trends. In the end, Carly may have had great visions but she did not understand the culture and, combined with unpredictable economic oscillations, cultural shifts and her personality, she may have succeeded in changing the culture, but failed in her expressed goals to save the HP Way.

Limitations

This study measured people's changing perceptions of leadership and culture over a period of time, but it was not a longitudinal study, meaning information could not be gathered within each time period in question – only after – so views may have become biased over time. It also did not consider potential discrepancies caused by former versus current employees or American versus non-American employees' perception of events.

Future research

This paper raises important questions about the development of culture and its interrelationship with economic trends and leadership. Future research may include:

- The uniqueness of the HP case and whether the triad pattern of causality between economic oscillations, culture and leadership can be found elsewhere, including in international companies and different cultural contexts.
- The relationship between leaders and their followers, including reversal effects and temporal dynamics.
- The dynamics of organizational coping mechanisms.

In addition, rich data was gathered in the survey from which information pertinent to this dissertation was drawn. Further analysis of the data might yield further discoveries.

Conclusion

This dissertation has examined the dynamic relationship between economic trends and theories on culture and leadership within the specific case of Hewlett Packard.

It has used unique models for analysis, understanding the oscillations and interrelating elements of the economy, national and corporate cultures and leadership. In addition, observations of personalities and personal histories have been used to further explain patterns

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in the models, implying that no matter the apparent anomaly, the models still accurately represent general trends of the economy, cultures and leadership.

Using the models with the primary and secondary information, it has argued that the HP Way and the founders' leadership styles emerged from American history and culture. As the economy shifted, HP responded, its adaptability and Level 5 leadership elevating it to great success. However, in the 1990s the culture became dysfunctionally soft, so a new glamorous leader was brought for renewal. While Carly Fiorina's leadership style, like that of the founders, reflected the times when she was hired, her changes to the HP Way were neither well implemented nor well received. This resulted from a combination of the crashing economy, her narcissistic personality and the pre-conditioning of the firm by her predecessors to fail, which implies that she may only have accelerated the inevitable demise of the HP Way.

Whilst answering the research question, this study has raised further questions. For example, Carly has recently claimed credit for HP's current success. If her claims are substantiated, does this mean she was ultimately successful in her intentions? The board claimed to want a cultural shake up, which is what Carly did, so would she still have been considered a failure if the economy had remained stable and the company economically successful during her tenure, even though the HP Way was arguably lost? The HP Way is not out-dated, as people wanting to feel valued is surely a timeless need, but in today's fast-paced computer industry, is it an ideal too difficult to maintain?

Thus it is sad, but perhaps inevitable to end on a quote from a survey participant, that it seems "the HP Way died with Bill and Dave and what is left is just a ghost of the past."⁶³

⁶³ See Appendix D

Appendices

Appendix A

Survey Design - I

Eckvall's nine cultural dimensions

1. Challenge (How challenged, how emotionally involved, and how committed am I to the work?)
2. Freedom (How free am I to decide how to do my job?)
3. Idea Time (Do we have time to think things through before having to act?)
4. Idea Support (Do we have a few resources to give new ideas a try?)
5. Trust & Openness (Do people feel safe in speaking their minds and openly offering different points of view?)
6. Playfulness and Humor (How relaxed is our workplace - is it OK to have fun?)
7. Conflicts (To what degree do people engage in interpersonal conflict or "warfare?")
8. Debates (To what degree do people engage in lively debates about the issues)
9. Risk-Taking (Is it OK to fail when trying new things?)

Dave Packard's 11 Rules

1. Think of the other person first
2. Build up the other person's sense of importance
3. Respect the other person's personality rights
4. Give sincere appreciation
5. Eliminate the negative
6. Avoid openly trying to reform people
7. Try to understand the other person
8. Check first impressions
9. Take care with the little details
10. Develop a genuine interest in people
11. Keep it up

Carly's 11 Rules of the Garage

1. Believe you can change the world
2. Work quickly, keep the tools unlocked, work whenever

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3. Know when to work alone or together
4. Share tools, ideas. Trust your colleagues
5. No politics, no bureaucracy
6. The customer defines a job well done
7. Radical ideas are not bad ideas
8. Invent different ways of working
9. Make a contribution every day
10. Believe that together we can do anything
11. Invent

Appendix B

Survey Design - II

	High PD	Low PD	Collectivist	Individuals	Masculine	Feminine	LowUA	Confucian	Diffuse	Particulars	Universalis	External	Internal	High C	Low C	Monochron	Polychron
	Hofstede----->						Trompenaars----->				Hall----->						
Packard's 11 Rules																	
Think of the other person first	1	3	9	3	1	9	3	9	3	9	1	9	1	9	1	1	9
Build up the other person's sense of importance	3	9	9	3	1	9	3	9	9	9	1	9	1	9	1	1	9
Respect the other's personality rights	1	9	9	3	1	9	3	9	9	9	1	9	1	9	1	1	9
Give sincere appreciation	1	9	9	3	1	9	3	9	9	9	1	9	1	9	1	1	9
Eliminate the negative	1	3	9	1	1	9	3	9	9	3	1	9	1	3	3	1	9
Avoid openly trying to reform people	3	3	9	3	1	9	3	9	9	9	3	3	3	9	1	3	3
Try to understand other person	1	9	9	3	1	9	3	9	3	9	1	9	3	9	1	1	9
Check first impressions	1	3	3	3	1	9	3	3	3	9	1	3	1	9	1	1	9
Take care with the little details	3	3	3	1	1	3	3	9	1	3	3	3	3	3	3	3	9
Develop genuine interest in people	1	9	9	3	1	9	3	9	3	9	1	9	1	9	1	1	9
Keep it up	1	3	9	1	1	9	3	9	3	3	3	9	3	3	3	3	9
Total	17	63	87	27	11	93	33	93	61	81	17	81	19	81	17	17	93
Pre-Fiorina HP Values																	
Trust and respect for individuals	3	9	3	3	1	9	3	9	9	9	1	9	3	9	1	3	3
Focus on high level of achievement and contribution	3	3	3	3	3	3	9	9	3	3	3	9	3	3	1	9	9
Conduct business with uncompromising integrity	3	3	9	3	1	9	3	9	9	9	1	9	3	3	3	3	3
Achieve common objectives through teamwork	1	9	9	1	1	9	3	9	9	9	1	9	1	3	3	3	3
Encourage flexibility and innovation	1	9	3	3	3	3	9	9	3	9	1	9	1	9	1	1	9
Total	11	33	27	13	9	33	27	45	33	39	7	39	17	27	11	11	27
Total																	
Total	28	96	114	40	20	126	60	138	94	120	24	120	36	108	28	28	120
Fiorina's 11 Rules																	
Believe you can change the world	3	3	1	9	9	3	9	1	3	3	3	3	1	3	3	3	3
Work quickly,keep tools unlocked,work whenever	1	9	3	3	1	9	3	3	9	9	1	9	1	9	1	9	1
Know when to work alone or together	3	3	3	3	1	3	3	3	3	9	1	9	1	9	1	3	3
Share tools, ideas. Trust your colleagues	3	3	9	1	1	9	9	9	9	9	1	9	1	9	1	3	3
No politics, no bureaucracy	3	1	9	1	1	3	3	9	3	9	1	1	1	9	1	3	3
The customer defines a job well done	1	3	9	3	3	9	3	9	3	3	3	9	1	3	3	9	3
Radical ideas are not bad ideas	3	9	1	9	3	3	9	1	3	9	1	3	1	9	3	3	3
Invent different ways of working	3	9	3	3	3	3	9	1	3	9	1	3	1	3	3	3	3
Make a contribution every day	1	9	3	9	3	3	9	3	1	3	3	3	1	1	9	9	1
Believe that together we can do anything	1	3	3	3	3	3	9	1	3	3	3	9	1	3	3	3	3
Invent	1	9	3	3	3	3	9	3	3	3	3	3	1	3	3	3	3
Total	23	61	47	47	31	51	75	43	43	69	21	61	11	61	31	51	29
HP's new Values, Post-Fiorina (Mark Hurd)																	
We are passionate about customers	3	3	3	3	1	9	3	9	3	9	3	9	3	9	3	3	3
Trust and respect for individuals	3	9	3	3	1	9	3	9	9	9	1	9	3	9	1	3	9
Perform high level of achievement and contribution	3	3	3	3	3	3	9	9	3	3	3	9	3	3	3	9	3
Achieve results through teamwork	1	9	9	1	3	9	3	9	9	9	1	9	1	9	3	3	3
Act with speed and agility	3	3	3	3	9	1	3	3	3	3	1	3	3	3	3	9	1
Deliver meaningful innovation	3	3	3	3	3	1	9	3	3	3	1	9	3	3	3	3	3
Conduct business with uncompromising integrity	3	3	9	3	1	9	3	9	9	9	1	9	3	9	3	3	3
Total	19	33	33	19	21	41	33	51	39	45	11	51	25	45	19	33	25

Free Sample

Ekvall's 9 dimensions

1. Challenge																		
You were optimally challenged at work and committed	3	3	3	3	3	3	9	3	3	3	1	9	1	3	1	3	3	3
The job was more people-orientated than task-based	3	3	9	3	1	9	3	9	3	9	1	9	1	9	3	9	1	3
You often did many tasks simultaneously, rather than doing one at a time	3	3	3	3	3	9	3	3	3	3	3	3	1	3	3	3	3	9
Doing a job well was more important than doing it quickly	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	9
You felt your work made a difference	1	3	3	9	3	3	3	3	3	9	3	3	3	9	1	3	3	3
2. Freedom																		
You had freedom to make your own choices			9				9											3
People were encouraged to take responsibility for their actions				3				9	3									3
3. Idea time																		
You were allowed to spend time planning your decisions					3						3	3						3
4. Idea support																		
Managers left you alone to do your job, rather than closely monitoring and controlling your work																		
Managers provided resources for you to be innovative at work		3	3			9	3	9		9		9		3			9	
You were encouraged to be innovative in your work				3				9	3		3							3
Employees were rewarded more for coming up with new ideas more than just doing their job						3	9	3		3		3						3
Non-financial incentives were given more often than financial ones			3			3	3	9	9	9								9
5. Trust and openness																		
People respected and trusted one another		3	9			9		9		9		9		9		9		
Everyone contributed to a project, not just specialists																		
Good relationships and atmosphere was more important than competitiveness			9			9		9	9	9		3		9		9		
It was more important to feel you had helped people/made a difference than be promoted		3	9			9		9				3		9				
Managers treated subordinates with respect and care	3	3	3					9	3	3		9		3			3	
People were encouraged to pro-actively help colleagues			9			9		9		9		9		9		9		
People were encouraged to pro-actively help subordinates		9	9			9		9		3		3		3		3		
People were encouraged to pro-actively help their managers		9	9			9		9		3		3		3		3		
People were encouraged to help each other outside the boundaries of the job role			9			9	9	9	3	9		3		3		9		
Please briefly describe an event when you helped a colleague, subordinate or manager, and how this person treated you afterwards		9	3			9		9		3		9		3		3		
Senior management interacted with employees		9	3			3		9				9		3				
Meetings often included employees from numerous levels	3	3	9			9		9						3				
You felt part of a family		3	9			9		9				9		9				
Team work occurred																		
6. Playfulness and humour																		
It was ok to have fun at work		3				9					3		3		9		3	
You were encouraged to be sociable during work, rather than keeping to yourself			3			9		9		3		3		9		3		
Employees socialised with managers outside work		9	3			3		9						9				
You socialised with colleagues outside work			9			9		9		3		3		9		3		
7. Conflicts																		
There was little personal "war fare" work, little office politics			3			9		9	9						9			
It was more important not to criticise directly, but to try and solve the problem another way			3			3		9										
Complaints were dealt with by managers directly								9				3		3				
Managers dealt with conflicts openly and fairly						3		3				9		3				
8. Debates																		
People were encouraged to debate issues		3	3	3			9	3	3	9	3	9	3	3				
People were encouraged to challenge each other			3	3			9	3	3	9	3	9	3	3				
People were encouraged to challenge managers		9					9			3	9	3	3					
9. Risk-taking																		
It was acceptable to, on occasions, bend or break rules to get the job done							9			9		3					9	
You were encouraged to take risks at work (such as taking the time to create an innovation, which might not work)							9			9		3					9	
You were encouraged to share your ideas with colleagues			3			3	9	9		3		9		9		3		
You were encouraged to share your ideas with managers		9	3				3	9		3		9					3	
Your manager took your ideas seriously and made efforts to implement them		9	3					9		9		9					9	
Please briefly describe an even when you had an idea you conveyed to your manager. State if they took action or not and what was the outcome																		
There was little bureaucracy			3					3	3	9		9						9
	19	120	156	39	13	183	129	249	54	168	11	207	9	165	11			
Pre-Fiorina	16				10	180		243				10	195	162	10			
Fiorina						159	114				165	0		0				
Post-Fiorina/Mark Hurd								243		150	0							0

Appendix C

Survey Results – I

The survey was administered via the internet in June and July 2006, being sent to HP and ex-HP employees.

Respondent counts:

Total	Pre-Carly	Carly	Hurd	Pre-Carly + Carly	Carly + Hurd	USA only	Pre-1990
69	64	66	40	62	40	29	45

The tables below show the number of respondents in each response option in each question.

1. Commitment

Note: SA = Strongly Agree, A = Agree, N = Neither agree nor disagree, D = Disagree, SD = Strongly Disagree

1.1 People were optimally challenged at work													Pre-During		During-Post								
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Fiorina period (1999-2005)	S	A	N	D	SD	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std		
	A	N	D	D	A		N	D	D	A	N		D	D									
	22	38	5	2	0		2	25	23	15	1		7	18	11	7	1	2.5	1	-1.01	-0.17	0.34	-0.15

1.2 People often did many tasks simultaneously, rather than doing one at a time													Pre-During		During-Post								
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Fiorina period (1999-2005)	S	A	N	D	SD	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std		
	A	N	D	D	A		N	D	D	A	N		D	D									
	27	30	5	5	0		23	18	10	4	1		18	10	9	4	1	2	1	-0.14	-0.16	-0.08	-0.1

1.3 Doing a job well was more important than doing it quickly													Pre-During		During-Post								
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Fiorina period (1999-2005)	S	A	N	D	SD	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std		
	A	N	D	D	A		N	D	D	A	N		D	D									
	35	24	5	3	0		0	10	15	23	9		0	11	14	15	3	3.2	0.9	-1.9	-0.15	0.31	0.04

1.4 People felt that their work made a difference													Pre-During		During-Post								
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Fiorina period (1999-2005)	S	A	N	D	SD	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std		
	A	N	D	D	A		N	D	D	A	N		D	D									
	43	22	1	1	0		6	14	11	14	12		6	12	12	11	2	2.8	1.1	-1.81	-0.71	0.42	0.19

1.5 People were committed to their work													Pre-During		During-Post								
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Fiorina period (1999-2005)	S	A	N	D	SD	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std		
	A	N	D	D	A		N	D	D	A	N		D	D									
	45	20	1	0	0		7	21	17	9	1		7	14	11	9	2	2.7	1.1	-1.23	-0.47	-0.09	-0.15

1.6 People were loyal to the company													Pre-During		During-Post								
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Fiorina period (1999-2005)	S	A	N	D	SD	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std		
	A	N	D	D	A		N	D	D	A	N		D	D									
	60	5	1	0	0		4	8	16	15	14		1	10	14	11	8	3.3	1.1	-2.37	-0.86	0.13	0.11

2. Collaboration

Note: SA = Strongly Agree, A = Agree, N = Neither agree nor disagree, D = Disagree, SD = Strongly Disagree

2.1 The company was strongly people-orientated													Pre-During		During-Post								
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Fiorina period (1999-2005)	S	A	N	D	SD	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std		
	A	N	D	D	A		N	D	D	A	N		D	D									
	55	11	2	0	0		0	7	13	26	11		2	5	13	14	9	3.5	1.1	-2.5	-0.44	0.18	-0.18

2.2 People respected and trusted one another													Pre-During		During-Post								
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Fiorina period (1999-2005)	S	A	N	D	SD	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std		
	A	N	D	D	A		N	D	D	A	N		D	D									
	46	19	3	0	0		2	21	9	21	4		1	18	12	10	2	2.9	1.1	-1.7	-0.51	0.21	0.12

2.3 Good relationships and atmosphere was more important than competitiveness													Pre-During		During-Post								
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Fiorina period (1999-2005)	S	A	N	D	SD	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std		
	A	N	D	D	A		N	D	D	A	N		D	D									
	27	19	9	12	1		0	6	9	27	14		0	4	13	14	12	3.8	1.1	-1.74	0.25	0.08	-0.05

2.4 It was particularly important to feel you had helped people or made a difference													Pre-During		During-Post								
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Fiorina period (1999-2005)	S	A	N	D	SD	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std		
	A	N	D	D	A		N	D	D	A	N		D	D									
	36	26	6	0	0		1	14	20	16	6		0	12	14	15	2	3.2	0.9	-1.65	-0.34	0.05	0.1

2.5 People would freely help one another													Pre-During		During-Post								
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Fiorina period (1999-2005)	S	A	N	D	SD	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std		
	A	N	D	D	A		N	D	D	A	N		D	D									
	37	26	4	0	0		1	26	12	13	4		1	15	10	15	2	3	1.1	-1.37	-0.42	-0.17	0.03

2.6 People worked effectively in teams													Pre-During		During-Post								
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Fiorina period (1999-2005)	S	A	N	D	SD	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std		
	A	N	D	D	A		N	D	D	A	N		D	D									
	22	41	3	1	0		4	26	14	10	3		1	19	11	10	1	2.8	0.9	-0.94	-0.41	-0.1	0.1

2.7 People were encouraged to proactively help one another													Pre-During		During-Post								
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Fiorina period (1999-2005)	S	A	N	D	SD	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std		
	A	N	D	D	A		N	D	D	A	N		D	D									
	37	21	9	0	0		1	19	18	13	4		2	11	17	8	2	2.9	0.9	-1.42	-0.26	0.08	0.04

Free Sample

3. Innovation

Note: SA = Strongly Agree, A = Agree, N = Neither agree nor disagree, D = Disagree, SD = Strongly Disagree

3.1 People were allowed to spend time in thinking and experimentation													Pre-During		During-Post												
Pre-Fiorina period (before 1999)	S	A	N	D	S	Avg	Std	Fiorina period (1999-2005)	S	A	N	D	S	Avg	Std	Post-Fiorina period (2005 on)	S	A	N	D	S	Avg	Std	Pre-During	During-Post		
	A	A	N	D	D				A	A	N	D	D				A	A	N	D	D					Avg	Std
	31	31	5	1	0	1.6	0.7		2	12	19	17	7	3.3	1		0	7	14	15	6	3.5	0.9	-1.62	-0.36	-0.21	0.1
3.2 Managers provided resources for their people to be innovative at work													Pre-During		During-Post												
	20	31	14	2	0	2	0.8		0	8	26	14	9	3.4	0.9		0	4	17	12	9	3.6	0.9	-1.45	-0.13	-0.2	-0.01
3.3 People were encouraged to be innovative in their work													Pre-During		During-Post												
	28	35	3	0	1	1.7	0.7		3	27	16	10	0	2.6	0.8		4	13	9	13	3	3	1.1	-0.92	-0.14	-0.36	-0.3
3.4 Employees were rewarded for coming up with new ideas													Pre-During		During-Post												
	23	33	8	3	0	1.9	0.8		3	17	23	10	4	2.9	1		1	12	14	12	3	3.1	1	-1.05	-0.19	-0.18	0
3.5 People were encouraged to share ideas with colleagues													Pre-During		During-Post												
	38	25	4	0	0	1.5	0.6		4	27	17	8	1	2.6	0.9		4	17	11	7	3	2.7	1.1	-1.07	-0.27	-0.15	-0.2
3.6 People felt able to share ideas with managers													Pre-During		During-Post												
	35	31	1	0	0	1.5	0.5		4	30	12	7	4	2.6	1		2	21	8	8	3	2.7	1.1	-1.1	-0.5	-0.14	-0.03
3.7 Managers took ideas seriously and made efforts to implement them													Pre-During		During-Post												
	20	40	7	0	0	1.8	0.6		2	19	19	11	6	3	1.1		0	10	17	8	7	3.3	1	-1.19	-0.44	-0.29	0.03

4. Openness

Note: SA = Strongly Agree, A = Agree, N = Neither agree nor disagree, D = Disagree, SD = Strongly Disagree

4.1 Managers left people alone to do their job, rather than closely monitoring and controlling their work													Pre-During		During-Post												
Pre-Fiorina period (before 1999)	S	A	N	D	S	Avg	Std	Fiorina period (1999-2005)	S	A	N	D	S	Avg	Std	Post-Fiorina period (2005 on)	S	A	N	D	S	Avg	Std	Pre-During	During-Post		
	A	A	N	D	D				A	A	N	D	D				A	A	N	D	D					Avg	Std
	27	37	3	0	0	1.6	0.6		3	23	16	8	5	2.8	1.1		5	11	10	9	7	3	1.3	-1.16	-0.49	-0.25	-0.23
4.2 People contributed to work outside their normal area													Pre-During		During-Post												
	19	41	7	0	0	1.8	0.6		0	16	25	13	2	3	0.8		0	4	17	15	5	3.5	0.8	-1.2	-0.22	-0.49	-0.02
4.3 People had freedom to make their own choices													Pre-During		During-Post												
	21	33	12	0	0	1.9	0.7		0	16	16	21	2	3.2	0.9		0	7	20	8	6	3.3	0.9	-1.3	-0.2	-0.15	-0.04
4.4 Senior management interacted with employees													Pre-During		During-Post												
	22	29	10	4	0	1.9	0.9		0	17	11	16	12	3.4	1.1		2	14	11	4	10	3.1	1.3	-1.47	-0.28	0.26	-0.14
4.5 Meetings often included employees from numerous levels													Pre-During		During-Post												
	22	29	10	4	0	1.9	0.9		2	17	20	12	4	3	1		2	10	14	7	7	3.2	1.2	-1.04	-0.13	-0.19	-0.16
4.6 Non-financial incentives, rewards and recognition were common													Pre-During		During-Post												
	28	30	7	2	0	1.7	0.8		2	18	17	14	5	3	1		0	10	15	12	4	3.2	0.9	-1.29	-0.28	-0.21	0.1

Free Sample

5. Sociability

Note: SA = Strongly Agree, A = Agree, N = Neither agree nor disagree, D = Disagree, SD = Strongly Disagree

5.1 It was ok to have fun at work													Pre-During		During-Post												
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Avg	Std	Fiorina period (1999-2005)	S	A	N	D	SD	Avg	Std	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Pre-During	During-Post		
	A	A	N	D	D				A	A	N	D	D				A	A	N	D	D					Avg	Std
	39	26	2	0	0	1.4	0.6		5	19	21	9	2	2.7	1		4	10	16	10	1	2.9	1	-1.27	-0.41	-0.14	-0.02
5.2 People were encouraged to be sociable during work													Pre-During		During-Post												
	25	33	8	1	0	1.8	0.7		3	18	21	12	2	2.9	0.9		1	9	21	8	2	3	0.9	-1.08	-0.23	-0.17	0.09
5.3 Employees socialised with managers outside work													Pre-During		During-Post												
	8	34	20	5	0	2.3	0.8		0	10	31	12	3	3.1	0.8		0	5	21	12	3	3.3	0.8	-0.81	0.01	-0.17	-0.02
5.4 People socialised with colleagues outside work													Pre-During		During-Post												
	25	34	8	0	0	1.7	0.7		2	33	15	4	2	2.5	0.8		0	20	13	6	2	2.8	0.9	-0.74	-0.17	-0.27	-0.06
5.5 Managers treated subordinates with respect and care													Pre-During		During-Post												
	29	37	1	0	0	1.6	0.5		4	27	14	9	2	2.6	1		4	15	10	9	3	2.8	1.1	-1.03	-0.44	-0.2	-0.16
5.6 People were often cheerful													Pre-During		During-Post												
	28	34	4	0	0	1.6	0.6		2	13	13	18	10	3.4	1.1		3	6	11	14	7	3.4	1.2	-1.74	-0.54	-0.02	-0.02
5.7 People felt part of a family													Pre-During		During-Post												
	43	19	5	0	0	1.4	0.6		1	9	13	15	18	3.7	1.1		1	2	13	13	11	3.8	1	-2.28	-0.51	-0.06	0.14

6. Conflict

Note: SA = Strongly Agree, A = Agree, N = Neither agree nor disagree, D = Disagree, SD = Strongly Disagree

6.1 There was little interpersonal conflict at work													Pre-During		During-Post												
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Avg	Std	Fiorina period (1999-2005)	S	A	N	D	SD	Avg	Std	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Pre-During	During-Post		
	A	A	N	D	D				A	A	N	D	D				A	A	N	D	D					Avg	Std
	2	25	23	15	1	2.8	0.9		1	10	23	14	7	3.3	1		1	7	17	12	3	3.2	0.9	-0.47	-0.1	0.07	0.06
6.2 There was little office politics													Pre-During		During-Post												
	2	17	18	23	5	3.2	1		0	3	9	21	21	4.1	0.9		0	3	14	9	14	3.9	1	-0.93	0.13	0.26	-0.12
6.3 It was important not to criticize people directly													Pre-During		During-Post												
	13	31	16	6	0	2.2	0.9		4	17	22	10	2	2.8	1		5	12	15	7	1	2.7	1	-0.57	-0.08	0.13	-0.05
6.4 It was important to seek resolution to conflicts													Pre-During		During-Post												
	16	38	5	6	0	2	0.8		2	30	13		2	2.6	0.9		0	20	11	7	2	2.8	0.9	-0.58	-0.08	-0.18	-0
6.5 Complaints were dealt with directly by managers													Pre-During		During-Post												
	17	26	21	2	0	2.1	0.8		3	16	22	10	3	2.9	1		1	15	15	5	4	2.9	1	-0.77	-0.13	-0.01	-0.04
6.6 Managers dealt with conflicts openly and fairly													Pre-During		During-Post												
	8	35	17	5	0	2.3	0.8		2	13	24	9	7	3.1	1		0	12	19	5	4	3	0.9	-0.82	-0.25	0.08	0.11

Free Sample

7. Debate

Note: SA = Strongly Agree, A = Agree, N = Neither agree nor disagree, D = Disagree, SD = Strongly Disagree

7.1 There was frequent challenge and debate													Pre-During		During-Post														
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Avg	Std	Fiorina period (1999-2005)	S	A	N	D	SD	Avg	Std	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std	Avg	Std		
	A	A	N	D	D				A	A	N	D	D				A	A	N	D	D								
	13	33	14	6	0	2.2	0.9		2	19	20	11	3	2.9	1		1	15	15	5	5	3	1						
7.2 People were encouraged to debate issues													Pre-During		During-Post														
	11	37	13	4	1	2.2	0.8		1	11	23	15	5	3.2	0.9		0	12	15	9	5	3.2	1						
7.3 People were encouraged to challenge each other													Pre-During		During-Post														
	11	30	16	7	2	2.4	1		2	15	21	14	3	3	1		1	14	14	7	5	3	1						
7.4 People were able to challenge managers													Pre-During		During-Post														
	11	35	13	6	0	2.2	0.8		2	13	13	20	7	3.3	1.1		1	11	11	9	9	3.3	1.2						
7.5 Challenge was done in a positive and effective way													Pre-During		During-Post														
	10	34	20	1	1	2.2	0.8		2	7	31	8	7	3.2	1		2	9	19	5	6	3.1	1						

8. Risk-taking

Note: SA = Strongly Agree, A = Agree, N = Neither agree nor disagree, D = Disagree, SD = Strongly Disagree

8.1 It was acceptable, on occasion, to bend or break rules to get the job done													Pre-During		During-Post														
Pre-Fiorina period (before 1999)	S	A	N	D	SD	Avg	Std	Fiorina period (1999-2005)	S	A	N	D	SD	Avg	Std	Post-Fiorina period (2005 on)	S	A	N	D	SD	Avg	Std	Avg	Std	Avg	Std		
	A	A	N	D	D				A	A	N	D	D				A	A	N	D	D								
	19	33	6	6	1	2	1		6	21	11	14	1	2.7	1.1		2	11	9	13	4	3.2	1.1						
8.2 People were encouraged to take risks at work													Pre-During		During-Post														
	14	38	6	7	0	2.1	0.9		4	16	18	12	4	2.9	1.1		2	8	11	13	6	3.3	1.1						
8.3 Reward for achievement was greater than punishment for failure													Pre-During		During-Post														
	21	32	8	4	0	1.9	0.8		0	9	15	20	10	3.6	1		0	5	17	7	10	3.6	1						
8.4 There was little burdensome bureaucracy													Pre-During		During-Post														
	7	25	15	14	4	2.7	1.1		0	3	13	23	15	3.9	0.9		0	4	7	15	14	4	1						

Appendix D

Survey Results – II

Comments used in the Dissertation⁶⁴

The Founders

Line 43

Commitment

HP created a work environment where you felt you were special and that you were part of something special. This engendered incredible loyalty.

Line 29

Sociability

I believe some of these questions are related to an individual's specific sociability level and experience. (For example, I rarely socialized with colleagues or managers by my personal preference.) The question that struck me as the most important is #5.7 above, about feeling part of a family. In the pre-Fiorina period, when I traveled for work, I always felt comfortable in the HP office and with my HP colleagues. **I felt they were family and I was home.** Everyone was helpful. We would openly observe cultural differences and still respect them. During Carly's reign, and most especially after the Compaq merger, that was no longer the case. HP sites often felt strange; colleagues less welcoming. Cultural differences became a way to distinguish pre-merger HP from pre-merger Compaq, for example (us and them). We noticed that the business aspects of HP were getting more attention than they used to, while the people aspects were getting less attention.

The Next Generation

Line 44

Commitment

The disengagement of many HP people started already prior to Carly's chapter. After the two founders retired and after they didn't have an impact on daily activities the corporate culture eroded over time. This process accelerated when Carly joined HP. I see the main reason for this erosion of our values in the fact that we selected managers mostly based on their financial performance and didn't consider as much their social and emotional competence as

⁶⁴ Writing in bold refers either to a direct quote or a general argument used in the case study analysis and discussion

Free Sample

we did in the past. E.g. we all claimed trust as an important asset but many managers felt they could manage by fear and pressure which is contradictory to trust. Further more and more technocrats came into power (see hier Prof. Patricia Pitcher, The Leadership Drama). With the merger with Compaq many of these technocrats came into power and they play still from my perspective a two big role.

Line 53

Conflict

People were conflict adverse, by and large, which meant that some issues and performance problems were avoided rather than dealt with. We were also **afflicted by terminal niceness**.

Line 25

Conflict

The last period before Fiorina was of such level of confusion and conflict that many activities simply got stalled. Conflict became the leiv-motiv of HP life

Line 45

General

While Bill and Dave were still alive and influencing the company we were able to hold fast to the HP WAY. **This philosphy deteriorates with each consecutive change at the top...**

Carly Fiorina

Line 24

Sociability

Carly seemed to beat the life out of the company by her celebrity leadership, versus a strong engineering ethos previously, and her closely held leadership style, versus the widely debated and often bottom up culture of leadership previously in place. Hewlett and Packard, whom I both met in the 90's, set the principles of the company out and trusted individuals, by and large, to make the right decisions. Their style was to coach and trust the team to do the right thing - hence profiting by unexpected imagination and commitment. Its not that we were all friends, but we were certainly on the same team.

Free Sample

Line 17

Collaboration

Pre-Fiorina, while everyone was very busy, there tended to be a bit of spare time in many divisions to look at new possibilities, collaboration between divisions was very hard as even where it was seen to be a good idea, getting components out at the same time means someone had to take a financial hit by delay , so it was hard. The company worked best in its traditional mode of budding new divisions and charters from successful divisions, and recycling unsuccessful but well managed or intentioned ones into new charters. With a centralised model divisions were no longer decision making entities And P&L got confused with a front end backend model. In general its always been easier to buy inputs from outside the company as the relationship is contractual, and to share process knowledge and technology within the company. **Fiorina's model made the back end the sole source (and sourcing) of technology and components such that the technology creators lost contact with the customers and thus could not see their potential needs.**

Compaq managers and Carly disrespecting the HP culture

Line 29

Conflict

After the Compaq merger, it actually became important to one's career to criticize others. Before that, criticism was frowned on and individuals were expected to work through their own issues. After the merger, **many HP people were viewed as weak because they were nice**" (respectful and nurturing of each other). I felt that **Carly rewarded employees who took a rougher approach**, sometimes irrespective of whether the result was better ... for example, laying off 10% of an organization across the board to get costs in line rather than cutting specific segments of the organization's business (the hard business decisions)."

Line 34

Openness

The HP management approach known as "management by objective" has been killed in many parts of HP, in part by new hire managers who don't understand it and can't tolerate the loss of control. The economic environment and fear cause managers to tighten control. Involving multiple levels of employees in decisions is regarded as going back to "**management by**

Free Sample

consensus" which was widely ridiculed during the merger by Compaq and Carly-clones. Helping others is considered optional and a waste of time by some people now."

Sociability

With the massive influx of managers who are not steeped in HP culture (both from the Compaq merger and through massive hiring of managers from outside HP) and the fact that **the old HP culture was discredited by Carly** has resulted in a reduction in commitment to respect, care, and having fun at work. Now if you are having fun at work people think you aren't working hard enough

In the Conclusion

Line 32

General

When HP and COMPAQ merged there was a blending of very different cultures...the HP Way never really survived this merger. Now everyone does a job, but knows that they are disposable. You have to be shown loyalty to return it in kind...that is what is missing. Everyone is doing their best now just to survive the outsourcing of jobs to third world countries.....**the HP Way died with Bill and Dave and what is left is just a ghost of the past.**

Appendix E

Interview Templates – I

Template of Hewlett Packard Interview

Self and HP

1. Please describe your role at HP and how your work fit into the company as a whole
2. Please tell me how you developed at HP– promotions, attitudes etc.
3. What was most/least rewarding about your role and why?
4. Please tell me about your most successful/rewarding achievement at HP
5. Please tell me what you learned about the company during your time there
 - a. Business, management, operations, structure (family, guided missile)
 - b. Culture, values, goals (official and actuality)
 - c. Relationship between players
 - d. Perception and treatment of clients
6. How did you feel about this?
7. What was it you liked best/least about the company with regards to the above

CEOs

Founders

8. Can you tell me about Bill Hewlett and Dave Packard and what they were like as leaders?
 - a. Treatment of employees
 - b. Attitude to customers
9. What was it like working for HP during that period?
 - a. Culture
 - b. Structure
 - c. Relationship with colleagues, subordinates, managers and other departments

The Next Generation

10. Could you describe the leadership styles of John Young and Lew Platt?
 - a. Similarities to the founders and each other
 - b. Differences to the founders and each other
11. Again, what was it like working for HP during these periods?
 - a. Culture
 - b. Structure

Free Sample

- c. Relationship with colleagues, subordinates, managers and other departments
- d. Which leader better to work for?

Fiorina

12. Can you tell me anything about HP's situation when they were looking for a replacement for Platt?
 - a. Market position
 - b. Strategic objectives of the company
 - c. Culture
 - d. Employee morale
13. What HP were looking for in a new CEO and why?
 - a. Similar or different to the previous CEOs
 - b. External climate changes
 - c. Internal climate changes
14. What do you think motivated HP to look externally (Cannell believes in the 80:20 rule)?
15. What made HP think that Fiorina was a suitable candidate?
 - a. What was her personal brand?
 - b. Experience
 - c. Approach to business
 - d. Personality
 - e. Culture (corporate and personal)
16. Did you personally think she was a suitable candidate at the time? Why? Who might have been better?
17. Could you describe and explain Fiorina's leadership style? (In relation to the previous CEOs)
18. What changes did Fiorina implement and how did they impact the company?
 - a. Structure
 - b. Culture
 - c. Treatment of employees
 - d. Treatment of customers
 - e. How the above affected employee morale
19. What can you tell me about the Compaq merger?
 - a. Decision-making processes
 - b. Tensions with the founders' families, particularly Walter Hewlett

Free Sample

- c. The results (changes in culture, structure, market position etc.)
20. Did you feel that the Compaq merger was a good strategic move? Why?

Hurd

21. Can you tell me anything HP's situation when they were looking for a replacement for Fiorina?
- a. Market position
 - b. Strategic objectives of the company
 - c. Culture
 - d. Employee morale
22. What HP were looking for in a new CEO and why?
- a. Replica of Fiorina (loud, celebrity, sales person, sweeping gestures, completely different to HP Way)
 - b. Total opposite of Fiorina (quiet, low profile, execution, engineer, follows HP Way)
 - c. Somewhere in the middle or something else entirely
23. Should HP have hired from the inside or the outside? What do you think motivated HP to look externally, after the disastrous experience with the previous "outsider" CEO?
24. What made HP think that Hurd was a suitable candidate?
- a. What was his personal brand?
 - b. Experience (NCR, technology, sales, operations, improvement of a firm)
 - c. Approach to business
 - d. Personality
 - e. Culture (corporate and personal)
25. Did you personally think he was a suitable candidate? Why? Who might have been better?

Culture, Leadership and Performance

26. The nineties saw the age of the celebrity CEO; however, Collins reports a negative correlation between celebrity leaders and company performance. Indeed, Fiorina was the typical superstar CEO and her presence in HP made the company's share price plummet. What is the "fashionable" CEO now? Is Hurd representative of this "type"?
- a. Character traits

Free Sample

- b. Experience (44% of CEOs in IT firms have a sales/marketing background)
 - c. US national/corporate culture
27. Is this new type of management a fad or is there evidence that it improves performance? Does it represent contemporary US culture?
28. Steve Mader of Christian and Timbers, the Search firm which had Fiorina recruited, stated in an interview that leadership rather than culture is important when looking for a CEO. What do you think about this? Can they be taken as separate concepts? Does Hurd's leadership style representative of HP's culture and will it continue to improve performance?
29. Finally, do you think that Hurd will succeed in HP (the share price has jumped 65% since his arrival, but has cut R&D spending and he's a sales person, not an engineer)? Why?

Appendix F

Interview Templates – II

Template of Heidrick & Struggles Interview

Self and H&S

30. Please describe your roles at H&S and how your work fit into the company as a whole
31. Please tell me how you developed at H&S – promotions, attitudes etc.
32. What was most/least rewarding about your role and why?
33. Please tell me what you learned about the company during your time there
 - a. Business, management, operations, structure (family, guided missile)
 - b. Culture, values, goals (official and actuality)
 - c. Relationship between players
 - d. Perception and treatment of clients
 - e. Perception and treatment of candidates
34. How did you feel about this?
35. What was it you liked best/least about the company with regards to the above
36. Tell me about yourself outside work
 - a. Background
 - b. Family
 - c. Hobbies/activities

HP

37. Can you tell me anything about H&S's perception of HP's situation when they were looking for a replacement for Fiorina?
 - a. Market position
 - b. Strategic objectives of the company
 - c. Culture
 - d. Employee morale
 - e. other
38. What was your perception, if it differed from that of H&S?
39. What were HP looking for in a new CEO and why?
 - a. Replica of Fiorina (loud, celebrity, sales person, sweeping gestures, completely different to HP Way)

Free Sample

- b. Total opposite of Fiorina (quiet, low profile, execution, engineer, follows HP Way)
 - c. Somewhere in the middle or something else entirely
40. Should HP have hired from the inside or the outside? What do you think motivated HP to look externally, after the disastrous experience with the previous “outsider” CEO? (Cannell believes in the 80:20 rule)
41. What made H&S think that Hurd was a suitable candidate?
- a. What was his personal brand?
 - b. Experience (NCR, technology, sales, operations, improvement of a firm)
 - c. Approach to business
 - d. Personality
 - e. Culture (corporate and personal)
 - f. other
42. What procedures did H&S take to identify Hurd as the suitable candidate for HP?
43. Did you personally think he was a suitable candidate? Why? Who might have been better?

Culture, Leadership and Performance

44. The nineties saw the age of the celebrity CEO; however, Collins reports a negative correlation between celebrity leaders and company performance. Indeed, Fiorina was the typical superstar CEO and her presence in HP made the company’s share price plummet. What is the “fashionable” CEO now? Is Hurd representative of this “type”?
- a. Character traits
 - b. Experience (44% of CEOs in IT firms have a sales/marketing background)
 - c. US national/corporate culture
 - d. Focus (eg. customer, task, employee, efficiency)
 - e. other
45. Is this new type of management a fad or is there evidence that it improves performance? Does it represent contemporary US culture?
46. Steve Mader of Christian and Timbers, the Search firm which had Fiorina recruited, stated in an interview that leadership rather than culture is important when looking for a CEO. What do you think about this? Can they be taken as separate concepts? Is Hurd’s leadership style aligned with HP’s culture and will it continue to improve performance?

Free Sample

47. Finally, do you think that Hurd will succeed in HP (the share price has jumped 65% since his arrival, but has cut R&D spending and he's a sales person, not an engineer)? Why?

Appendix G

Interview Results

Interview Material Used in the Dissertation

HP Employees (Former and current)

American Employees

Joe Podolsky

The Founders

The goal of the company was merely to provide good and interesting jobs for themselves and their friends and colleagues. They were not interested in changing the world

They only hired really smart people and expected them to be the best, although employees were allowed to get on with their work. The engineering culture was one of problem-solving, not a warm and cuddly people culture.

You were expected to deliver, both in terms of quality and speed.

The Next Generation

John Young was an engineer who also had an MBA. He was a business man and a general manager.

Charles “Chuck” House

The Founders

Dave was the tough business guy and Bill was the engineer guy. They were both very approachable – they were like talking to a “wise uncle” or a “father”. They genuinely cared about their workers. Although I was 25 years younger than Bill and Dave, I could talk to them as equals

The Next Generation

Lew was the most approachable CEO out of the four of them, with perhaps the exception of Bill. He had a great mind for a lot of things, but he was not a good judge of people and struggled with the choices he made. When he was wrong he second guessed himself, which made him indecisive.

Carly

Fiorina was fired because she got into a boardroom fight. She kept flying around the world and left no-one to steer the ship at HQ. The board wanted her to appoint someone to hold the fort, but she refused. Fiorina opted for the “lone ranger” stance and this greatly contributed to her downfall.

The Compaq merger has answered the Dell question and has integrated better. Work is still under way.

HP needed and needs both Carly and Mark to create the best CEO

British Employees**Dave Straker****The Next Generation**

In the late 1980s there was an attitude of “we’re going to pay more attention to Wall Street”. The share price was influenced by analysts, which “sets the scene for corruption”. This encourages short-termism, as analysts represent the day traders. It changed the decision-making in HP from owners and CEO to Wall St. Thus decisions became more short-term orientated and made them less likely to take big risks.

The computer business hired externally, as the industry was growing very fast, meaning there was no time to grow people internally. This resulted in people bringing in their own cultures and this diluted the HP culture. The question is whether this meant the *effectiveness* of the HP Way was weakened. It just became soft – there was no hard edge to it. It lost its way and focussed too much on the social bit and not on the hard-nosed business side. A corruption of the HP Way developed, through misunderstanding. It was no longer about challenging people.

HP stabilised the to-be Agilent and Agilent was the root culture carrier.

Carly

Free Sample

Carly saw elements in HP that weren't effective and in her eyes she saw a culture that was too concerned with the people and was not at all task-orientated

The profit-sharing announcement was made over the Tannoy. It was an element of informality, more so than a video, as it was live. The crackling added to the experience. It was culturally very powerful, particularly as it was the CEO always making the announcement.

Theresa Wilcox

The Next Generation

Lew Platt was very accessible, upholding the Open Door policy and always making an effort for employees and customers alike.

Carly

Compaq had an "us and them" attitude and were very competitive, not at all people-orientated. The company was very political and employees also boasted a lot, exaggerating their achievements. HP employees were modest people and were careful and nice customer-centric engineers. The engineers were seen as the heroes of the organisation. They were also very conflict averse.

HP felt it needed to be fair, post-merger and have even teams of Compaq and HP people. However, over time, it has become more of an Old Boy's network, due to the attitude of Compaq. Most of the sales directors are from Compaq.

Ian Ryder

Self and HP

The least rewarding part of the role was the difficulty of decision-making, caused by the matrix structure of the firm.

The Founders

When Dave died, the reaction inside the company around the world was akin to a family wake, which suggests that he was truly inspirational.

Carly

Free Sample

There was a very strong base culture, the “fabled” HP Way, which was superb and a great testament to the founders. However, in such a strong culture there is always the danger of the company hiring clones, although it is also important to make sure that there is understanding of the kind of, necessary, “non-HP types” that are hired so that the cultural strengths are not lost.

This was Carly’s **“I’m going to make a statement”** move.

Being at HP **“corrupted the image that was”**.

Heidrick & Struggles Employees (Former)

Chris Reichhelm

Carly

She was such an “ivory tower” leader.

Film Graduate

Nicholas Twyford

US culture has no mythology, so it needed to create its own, in the form of Westerns. The stories tend to reflect the US’s rise to power from its birth. This is like the “origins of mankind” stories, like Adam and Eve. Origins stories arise frequently in mythology, with the message that “things weren’t always this way”, when “giants walked the earth”.

Films reflect the group unconscious. Cultures both reflect and fuel myths (in the same way cultures both reflect and fuel leaders, and vice versa).

Appendix H

HP's Corporate objectives

1. **Profit** – this is needed to make contributions to society and keep the company strong, but not to be pursued for its own sake
2. **Customers** – continual improvements for customers
3. **Field of interest** – seeking opportunities and making a contribution
4. **Growth** – as a measure of strength and requirement for survival, but again not to be pursued for its own sake
5. **Employees** – provide opportunities, success and security for employees
6. **Organisation** – foster an environment of motivation, creativity and freedom
7. **Citizenship** – make contributions to society at large

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