

Analysis of experience on organizational changes in hewlett- packard essay sample

[Countries](#), [Philippines](#)



Introduction

The author previously held a management role with Hewlett-Packard Philippines where he led the Global Real Estate organization. He oversaw the facilities operations and workplace services of Hewlett-Packard's business entities in the Philippines. As head of the Global Real Estate group in the Philippines, he was responsible for the successful delivery of all real estate projects, programs and initiatives and also in-charge of stakeholder liaison with local business leaders, partners and vendors. During the author's tenure, the company had a number of organizational changes, expansion projects and operating cost reduction initiatives. These events and activities happened in quick succession and even some overlap. According to Lewin's force field analysis model, effective change occurs by unfreezing the current situation, moving to a desired condition, and then refreezing the system so that it remains in this desired state (McShane, 2007). However, in the case of Hewlett-Packard where regular swift and sometimes overlapping changes happened, 'making further change' would be more appropriate rather than refreeze. The frequent changes affected the growth momentum for the Philippine operations; employee turnover was continuously rising because of the confusion and disarray.

Positive Indicators Prior to Organizational Changes

Hewlett-Packard has grown tremendously in the Philippines beginning 1994, primarily because the country has been identified as a global technology services hub. As a services hub, work assigned in the Philippines includes the out-sourcing and off-shoring of the company's internal business processes,

supply chain support and technology support for enterprise clients. Riding with the outstanding growth of the outsourcing services industry in the Philippines, from less than 100 employees dealing with the sales and marketing of printers and computers, the workforce grew to 6,000 full-time employees by the end of 2010. A grand plan was also revealed that continued growth was in the pipe-line and employee count will reach 15,000 by year 2014. In September 2010 during the visit of Philippine President Aquino to Hewlett-Packard's headquarters in the United States, the company committed to increase its long term investments in the Philippines to support its continued growth (The Philippine Star, 2010). The positive indicators poised excellent growth opportunities and the company started to plan to support the developments: attracting the best talent, shoring-up organizational support and planning of real estate requirements.

Leadership Changes

In just a span of 14 months (from August 2010 to September 2011), the company had three CEO changes and had announced 20 major organizational change announcements. Buchanan & Huczynski (2010) discussed leadership changes as an organizational intervention with 'penetrating depth'. In every leadership change, the new CEO or senior leader is expected to bring his own bundle of strategic initiatives to the company. The last 3 CEOs made decisions that affected the consumer confidence, investor sentiments and affected the bottom line of the company. The first CEO lead Hewlett-Packard to excellent achievements: the company was recognized as the largest technology company in the world in terms of

revenue; and the first technology company to reach the US\$100-billion annual revenue mark. He supported growing the technology services business which had direct growth impact to the Philippines. He was regrettably dismissed by the company because of an unproven ethics case with a contractor.

The second CEO, who served for less than 11 months, focused on strategy in growing the software business. He also announced plans to sell the company's profitable personal computer business (Hewlett-Packard is the world's largest PC maker). His announcement enraged shareholders and the company share value went down by almost 44%. The company also suffered its worst single-day stock price fall since October 1987 (Pulse2. com, 2011). He was abruptly fired by the company. The latest CEO reversed her predecessor's announcement and committed to retain the personal computer business. She recently announced radical reforms and planned to lay-off 8% of the total workforce or 27, 000 employees in the next two-years. Until now, the direction of the company is being questioned and the new CEO has a huge task of turning things around.

All these abrupt changes greatly affected employee motivation, the growth projects for the Philippines operations was put-on-hold and number of managers had left the company. These events depict a ' high velocity' environment for Hewlett-Packard in which turbulent external conditions translate in to complex stream of initiatives affecting work and organization design, resource allocation and systems and procedures in a continuous attempt to improve performance (Buchanan & Huczynski, 2010).

Leadership Change Nature

CEO change is described as a 'penetrating organizational intervention' change type by Buchanan & Huczynski. However, the frequent leadership changes should link towards a 'deep organizational intervention', because this entails new goals, objective, targets (Buchanan & Huczynski, 2010). In Abrahamson's book 'change-related chaos' referred to continuous state of upheaval that results when so many waves of initiative have been washed through the organization that hardly anyone knows which change they're implementing or why (Abrahamson, 2004).

In Grundy's three 'varieties of change', periodic reorganization characterised by periods of relative tranquillity punctuated by acceleration in the pace of change is termed 'bumpy incremental change'. Tushman, et al (1986) mentioned leadership changes as 'frame-breaking' because of the revolutionary changes in strategy, structure, people and process. The two authors somewhat has contradictory definitions for leadership changes with words of tranquillity and revolutionary. In a research study by Miriam Tsang of University of Newcastle discusses some clarity on this contradiction in her four types of hybrid changes. She defines Grundy's definition as an 'episodic slow change' and Tushman's as 'episodic rapid change' (Tsang, 2011). Both change types have similar episodic nature but differs on the pace impact on the organization.

The research study likewise suggested intervention approaches on episodic changes, where organizations may need subject matter experts or

consultants that may involve drastic intervention from large groups which are likely to cause resistance (Tsang, 2011). Moreover, similar to Tushman, et al, 'frame-breaking' is also mentioned in the book by Buchanan & Huczynski as part of the transformational paradigm shift organizational intervention. The author believes changes in leadership in a company with the size of Hewlett-Packard, transformational organizational intervention has more relevance. Paradoxical Nature of Leadership Change

The Bradford MBA course study book discusses paradoxical nature of change events. The case of frequent leadership changes, communication across the organization is swiftly done while obviously the cost, resources and time put forward had significant challenges (Bradford University School of Management, 2012). Another paradox is a leadership change often needed at when organizations can least afford to invest in change (Palmer & Hardy, 2000). This is paradox is definitely true in the case of Hewlett-Packard. During the times where share value of the company fell because of the controversial decisions, another leadership change happened where may lead the company to further decline.

Another change: Acquisitions of Electronic Data Systems

Hewlett-Packard had acquired a number of companies in the past 5 years but most notable is the acquisition of Electronic Data Systems Corporation (EDS) on May 13, 2008. EDS is a technology services firm with scope similar to the largest business unit of Hewlett-Packard in the Philippines. It has operated with substantial market presence in the Philippines before its acquisition. The

plan put forward was to absorb about 1, 000 employees, close EDS' existing office, consolidate and move to Hewlett-Packard's premises.

Mergers, acquisitions, consolidation is categorized as strategic change in seeing the organization as functional parts (Harvard Business School Press and Society for Human Resources, 2005). On the individual perspective, the change was managed on a variety of factors among of them are: potential redundancy, transfer to management systems of the acquiring company, consolidation and move to the Hewlett-Packard's office location. Change agents

The author was in-charge of the implementation of the consolidation and move activities, where effectiveness of being a change agent is required. Rosabeth, Moss & Kanter identified seven essential change agency skills (Buchanan & Huczynski, 2010). The top on the list is the 'ability to work independently'. It can be argued that this skill, without management power, sanction and support, is not absolutely true since the acquisition project requires sign-off and monitoring higher management and pertinent stakeholders.

To manage resistance to change, the following approaches was used (McShane, 2007). • Communication: A time consuming activity that happened around 6-months prior to office move. Weekly meetings were set with key stakeholders. Regular communication to employees was sent to update EDS and Hewlett-Packard employees on the progress of the merger. Hewlett-Packard management also conducted frequent visits to EDS' offices

and employee locations to express impression of commitment to accept them within the company and look for their welfare. • Learning: Incoming employees was given lengthy sessions to understand the culture and organization of Hewlett-Packard. The standard on-boarding training given to new employees was expanded to include presentation of the EDS' organisation; merger end-state position of departments and employees; strategic importance in growing the business, roles and groups of ex-EDS employees in Hewlett-Packard; and locations of the consolidated space footprint. • Employee involvement: Managers were given participative role in the planning of the location of future offices. Rank and file was given opportunity to visit Hewlett-Packard offices months before consolidation.

Coping with the Merger

In the Kubler-Ross coping cycle, the merger brought an initial stage of denial from the EDS employees because of the fear of losing their jobs during transition. After communication that they are assured continuity of their jobs, the bargaining stage happened where they negotiated for better work environment. Then finally after the successful transition, employees accepted the results. Through-out the communication and learning processes, managers where involved in the direct supervision of employees where an adequate source of support and to ensure that employees are kept accurately informed about the change process. Also, management ensured that all forms of official communication to employees are well planned in-order to avoid reliance to informal channels of communication (Terry & Jimmieson, 2003).

Workplace Projects

Workplace project was implanted primarily to drive down operational cost by optimization of real estate assets and providing the most favourable service delivery model for the organization.

Global Integrated Facility Management Project: The project was aimed to get cost savings by leveraging to the capability of a single global supplier who has multiple services and geographic reach. The appointed supplier is tasked to implement standardized services across all locations.

Global Workplace Initiative Project: The project aimed to get real estate cost savings by optimization of the company's real estate assets. The project focused on high utilization of real estate space by desk size standardization, sharing of desk spaces, provide more collaboration spaces and allow employees on mobility. Aggressive Workplace Build-out Project to Support Growth and succeeding office restacking and moves: While the projects of Integrated Facility Management and Workplace Initiative was being implemented, the Philippines was in the aggressive mode of building expansion locations and build approximately 1000 seats annually over 6 years. Nature of Change

These projects focused primarily on efficiency and growth. Buchanan & Huczynski defines these changes as surface organizational intervention to shallow organizational intervention. Tushman's model defines these changes as incremental, aimed at doing better what is already done well. Another author, Dunphy and Stance who defines change in terms of scale, also

identifies these changes as fine tuning with scale type 1. These types of changes are planned and emergent and inevitably occur in all modern organizations.