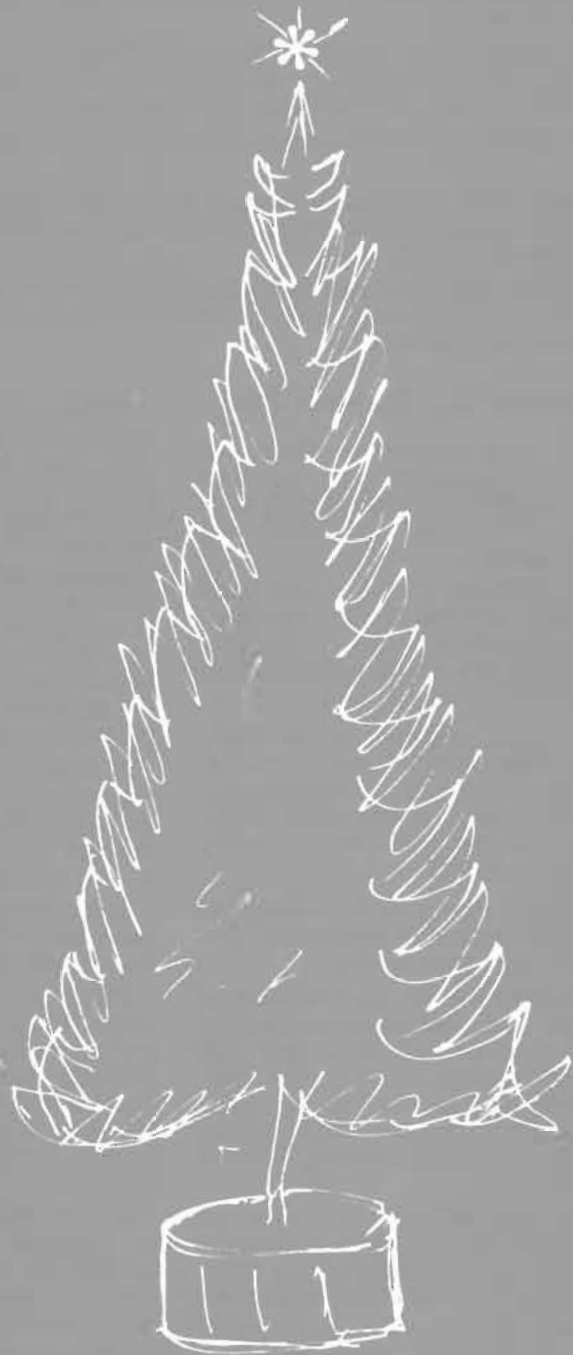


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FOR AUSTRALIAN AND NEW ZEALAND
STAFF AND FAMILIES OF HEWLETT PACKARD
No 26 December 1986



First a good team member, then a leader.
The Business Planning Process:
pp 2-4



May everyone in our HP family
enjoy a happy and peaceful
Christmas

Well positioned to enter FY87

Open Line, the independent Hobby Survey and other measuring tools told Hewlett Packard Australia that during 1986 it led the opposition in some areas.

In others, it was in the middle of the pack and in some it trailed behind.

In addition to internal challenges, we faced the problems of an industry troubled worldwide.

But Managing Director **Malcolm Kerr** told all-state meetings which kicked off FY87 in November that HPA was well positioned to capitalise on its advantages.

His optimism was shared by the Senior Management Team which accompanied him on a grinding two-weeks' tour that took in Sydney, Brisbane, Canberra, Perth and Adelaide and ended back in Melbourne.

The SMT's recurring message was that we had never had a better Business Plan.

It had come about partly through input from Open Line, partly from new insights given by MTS and partly from the immense amount of work done by managers at all levels.

Malcolm was confident that substantial improvement would be seen in planning, management and communication. In turn, this would lift effectiveness and profitability.

Anatomy of a Business Plan

Open Line revealed a desire for senior management to be more communicative about the HPA Business Plan and the SMT has responded.

The Business Plan has two parts — one 'hard' that can be quantified with figures and the other 'soft', which is not easily expressed in numbers.

The 'hard' segment is the **Operating Plan** which is a set of financial plans covering major departments for 12 months. It expresses goals, like sales and profit, which can be stated in figures.

The 'soft' part is the **Environmental Plan** and deals with qualitative rather than quantitative matters.

Numbers can be used to measure things like management, training and development, skills and customer relations but they may oversimplify and be artificial. So some subjective judgement has to be part of the measuring process in these areas.

The two segments not only set goals but say what strategy is necessary to achieve them; and how progress should be effectively monitored.

In an industry as fluid as electronics, mechanisms which show that goals are constantly coming closer — or receding — are as important as the steps taken to reach them.

Malcolm and his senior managers recognise that in the past HPA has been short on ability to follow up plans to ensure they were effective; to know early enough what changes were needed to get back on course.

Malcolm says: "There has been an inability at all levels of management to recognise that resources are finite. To be able to apply resources in one area may require the sensible judgement that they have to be cut back in another.

"At times we have tried to do too many things. We have added and added without making the cuts needed to redeploy resources that stretch only so far.

"Consequently, at times we've overloaded staff and lost optimum effectiveness and job performance.

"That is why we have adopted the motto, *Focus for Success in '87*. We are focusing on Communications, Defence, Manufacturing, Hospitals and Laboratories. We have put together focus teams for each area; we look to them to help us keep on track."

Malcolm told the meetings that HP in Australia, New Zealand and around the world had undergone great change and had handled it better than competitors.

One company had sent 3000 managers back into the field and was planning to cut its staff by 60,000 in the next two years; and another had

dispensed with 28 middle managers; but HP worldwide had consolidated.

- HPA was in balance with headcount;
- A lot of people had been promoted;
- There had been frank and productive dialogue through Open Line;
- Eighty managers had already been introduced to **Making Teams Successful**;
- There was a formalised ranking process to help measure performance;
- Financial parameters were balanced;
- ASO had been adopted by a "parent" in Bobbingden, fulfilling an objective set two years ago and to be achieved by the end of FY86;
- We had encouraged people to go overseas "and take off the blinkers"; and
- Four or five people from HPA were in jobs overseas, which was recognition of our capacities.

Referring to MTS, Malcolm said it was almost like re-inventing the wheel. MTS had remarkably little to say that was newer than the HP Way.

"It dumbfounds me that two guys 47 years ago came up with a culture that is still at the leading edge of management science," Malcolm said.

"MTS doesn't supersede MBWA, MBA or any of the tried and trusted things in our HP culture. It reinforces all the good things we have been doing.

"Neither is it a passing thing. In three years we hope it will be institutionalised because it sharpens our ability to detect the things we should be doing better, to identify tools for improvement and to measure progress towards our goals.

"It has helped us see that our role models are not quite in conformity with what HP Company would have them.

"Now is the time to capitalise on all the things we have going for us."

**NEXT COPY DEADLINE
FOR DEPTH IS 30
JANUARY**

Teamwork

First requirement of a leader is to be a good team player.

Malcolm Kerr has been emphasising this at staff meetings around Australia and New Zealand.

"An effective leader is not judged on spectacular personal effort but on how a team is developed to be co-operative, cohesive, enthusiastic and productive," he has been saying.

"Real leadership doesn't seek to demonstrate personal power and abilities but harnesses the power of every one in a team."

Malcolm prefers to see himself as a member of **Alan Bickell's** team rather than the paramount chief of HPA.

And he points out that Alan is a co-operative member of the **Dick Alberding** team and Dick works to combine with **John Young** in his.

He points out the front cover chart isn't completely correct because it has John Young, as HP's chief executive, astride the edifice when he's also in a team which works with the Chairman and the board.

"We have to take stock when we see managers rolling up their sleeves to help their people solve problems and shift the work load.

"This is commendable in an emergency but it isn't coaching — developing your people so that they can stand on their own feet," Malcolm says. ■

Satisfying a customer

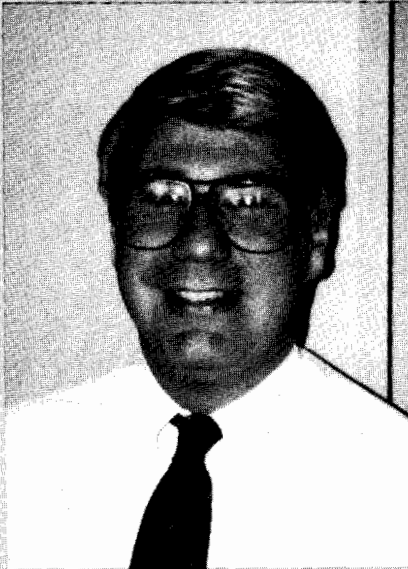
New Region Sales Manager **John Toppel** was booked on an early flight to Perth with MD **Malcolm Kerr**.

To get a smooth start, he parked his drive-yourself car in the street outside his hotel overnight. Next morning he found someone had "permanently borrowed the radio."

What delay would it mean at Tullamarine, explaining the circumstances, filling in forms, making declarations? Would they miss the plane?

"Don't worry, sir," said the bright and pleasant receptionist at Budget. "I just need one signature. I'll look after the details. Have a good flight."

In two minutes flat, John and Malcolm were on their way.



• **John Toppel ... a most satisfied customer.**

"I don't think Bob Ansett trained her. Probably her mother did. Bob was smart enough to pick her. That's giving real customer satisfaction," John told a meeting of Melbourne SRs.

John joined HP 15 years ago from the US Internal Revenue Service in Washington, DC. That's where he learned about computers. He started with an HP group putting together HEART, "which gave generous insights into the structure of the company."

Then on to ICON and to Australia in 1976 to instal HEART. In the mid-70s, commercial business was growing rapidly and he started selling HP3000 Series 11s.

He was one of three when he started the sales operation in Hong Kong in 1979. In three years they grew to 50.

He's spent the last four years in Palo Alto, concerned with major accounts and installed base programs.

His wife Margaret and son John have accompanied him to Australia.

"HPA has the opportunity to become the best sales force in Australia," John says.

"But there are things we must do ... like creating interest, excitement and a winning spirit among members of the HPA team.

"All of the America's Cup boats are very similar. The thing that distinguishes them is teamwork. We have to bring everyone in our organisation into a winning team.

"I don't believe there is room for cynics. People need to recognise their own efforts and the efforts of others. We must utilise *all* the resources we have.

"We need to approach selling as being fun; like musicians who enjoy what they are doing and are delighted they get paid for it."

John wants sales people to work closely with AEO, CEO, Marketing and the Admin organisation.

"The customer's perception is all that counts," he says. "Customers have a snapshot approach; they form impressions on a single experience.

"We need a thorough knowledge of our customers. Not just at the level of talking to one person in an organisation; but acquiring a wide understanding that gives us entry and lets us be advisers and partners at multiple levels."

John sees commitment to excellence as including a well-conceived account control plan that brings HP and the customer closer together; and superior communications (with the customer and within HP).

"Communicating doesn't mean only Desk messages with 14 copies," he observes wryly. "We need to make sure we are effectively communicating our plans.

"Customers want us to lead them. They may not always agree with our advice but they expect us to make recommendations about what we perceive to be their needs.

"We have the best quality products and services. We know that. We want the *customer* to see it also." ■



• **Ron Christie (left) and David Austin at the Melbourne FY87 kick-off sales meeting.**

The Business Planning Process

There are four main parts of Hewlett Packard Australia's planning process.

The first is the **planning framework**.

This consists of the Corporate Objectives and the *HP Way*, the latter defining the type of organisation which can achieve the Corporate Objectives.

The second is the **IRP (Intermediate Range Plan)**, a five-year operating plan for the Company.

Clearly, in our industry, five years is close to the horizon. Yet some decisions taken today are based on information about how the Company will be in five years' time.

This applies to buying land for buildings, purchasing equipment and some other traditional business decisions.

But many other important decisions are based on people's perception of what type of company we will be in five years' time.

We make our decisions about our careers based on these perceptions. Outsiders join HP and customers make major purchasing decisions based on their perceptions, not only of our success but also of the organisation we have today and what they think we will be in the future.

This is why the *HP Way* is so important to us. It provides standards against which we can judge our performance today.

But if we affirm our desire to reach those standards in the future, we are shaping the Company for the long term.

The MTS organisation describes this combination of the long-term business view and the organisational character as the "**Team Vision**".

They find that most companies have only a hazy view or no view at all of what character their company should have in five years' time.

By contrast, HP employees — starting with two called Bill and Dave — have over the years developed the *HP Way*. This means that a vision of the future character of the Company is widely shared by employees.

The third level is the **annual plan**.

This comprises the so-called "targets", "quotas" and departmental business plans.

The aim of these plans is to help us reach a desired result by the end of the year.

A good plan —

- specifies the desired results in clear specific terms;
- specifies the main resources needed to achieve those results;
- defines the major action steps and review points;
- describes the key assumptions, dependencies and risks;
- is realistic and achievable; and
- has the commitment of those who must carry it out.

At the departmental level, this means that the plans would include desired results, such as orders to be achieved, numbers of customers to be supported, etc.

The plan also includes key resources such as staff requirements and money needed.

To formulate such a plan, the department needs guidelines about the objectives of other departments.

For example, there is no point in the Customer Engineering department developing a plan to support a new product if the Marketing department decides it will not be sold in Australia.

We have a process to minimise this lack of coordination. It is probably impossible to eliminate it entirely in a company operating in markets changing as fast as ours but we are sure we are improving in this area.

The process works as follows:

In July of each year, the Senior Management Team of HP Australia spends several days working together to decide on the key objectives for the next year, which starts in November.

This senior team plan will provide direction for a consistent set of departmental plans to be developed to complete HPA's set of annual plans.

In August these plans are reconciled with the manufacturing groups' plans.

This is the process of quota negotiations and, while rough agreement is reached then, continual adjustment usually occurs as the implications of these decisions become clearer.

In most years, small adjustments continue to be made into October.

After the July meeting of HPA's senior managers, each of the major departments, such as Sales, Marketing, Administration and Support, is able to develop its own top level plans with its own team of managers.

They, in turn, work with their teams to provide more detailed plans at each level.

While these plans are being developed, a number of planning support activities are taking place. The first is the targetting process, which records and consolidates the cost of the departmental plans. This allows the Company's financial plan to be developed.

Often feedback is needed to change the expense guidelines for the departments to allow us to remain within the constraints of the revenue and profit objectives set at the start of the planning process.

Most companies' plans are expressed in performance-oriented terms (eg, sales quota, return on investment, productivity improvements, headcount, etc.).

We see them as operating plans. They do not address some of the environmental issues, such as —

- the way we structure our organisation to run our business;
- the nature and scope of our hiring activity;
- the type of training and development we provide and the emphasis we place on it; and
- our response to feedback from tools such as Open Line surveys.

We therefore have another set of plans which address these issues, where we identify a number of focus items that will be important to us in the next 12 months.

One significant planning support function identified for 1987 is introduction of a **Human Resources Plan** and this is the first year we have set this goal.

It might seem that these plans are disconnected and in the past this has been a problem to some extent.

A major step towards integrating these annual plans took place in

1984 with the worldwide reorganisation of HP's field sales operations.

The best integration occurs when the top management of the Company truly works as a team, jointly establishing and then working towards common goals.

The current structure supports this because we get a single set of consistent guidelines from Intercon headquarters rather than sometimes conflicting guidelines from many different product groups.

In addition, we have used the MTS program to develop our teamwork skills and to get a disciplined approach to integrating our various department plans.

The fourth level is defining the individual's **personal plan**.

In the same way that the department's plans need to fit into the

overall plan for the Company, so does the individual's plan need to fit the plan for the department.

This total planning process will require further elaboration throughout the company. It will be achieved after more teams complete their MTS training and as we institutionalise all the key steps of the planning process.

We believe that we have always devoted more time and attention to planning than many organisations but the changes we have introduced will eliminate some of the fuzziness we have seen in the past.

The issues of responsibility and accountability will be more clearly defined for all employees to see a clear link between their individual contributions and the overall achievement of key company goals. ■



Wall sign in the Auckland office.

Upwardly mobile

Messages for the Abominable Snowman should have reached Sydney Facilities Supervisor **Pam Tamplin** by 18 December.

She was booked to fly out next day for a month's holiday mountain-climbing in India and Nepal.

Pam knew well what to pack. Or not to pack, seeing she will do a lot of her own carrying. As well as a briefing by the travel company, she had tips from Executive Secretary **Sheila Lowe**.

Sheila went searching for the Yeti (unsuccessfully) earlier this year. "I'd love to be going back," she says.

Pam expects to climb to 4270 metres (14,000ft). The stairs at Talavera Road weren't good enough training so since June she's been doing gym work three nights a week.

Her family is in Wales. She's had three visits back home but this year will send postcards from near the roof of the world.

Pam started with HP as a secretary. Her current responsibilities are for all functions activities at North Ryde and Rosebery.

They include building maintenance, hygiene and cleanliness, cafeteria, fleet, mail room, switchboard, reception and purchasing (from furniture and soap to typewriters and stationery).

Her assistant is Facilities Clerk **Mark Martin** who joined HPA as a part-time employee four years ago and has been full-time since 1984. He's just been awarded the Building Certificate by Sydney Technical College. ■



• Wayne Willoughby, Susan Byrddy and John Lipson . . . musical pretenders at the Melbourne 'beer bust.'



• Mark . . . watching the shop while Pam is up in the clouds.



● Bob O'Connor ... from ACT to Melbourne.

Horses for courses

Clydesdales are good. So are racehorses. But Clydesdales don't get entered in the Melbourne Cup and racehorses aren't keen on pulling ploughs.

Likewise, sales representatives are for selling and the more time they do that the more successful they are.

This, according to new Field Marketing Manager **Bob O'Connor**, about sums up thinking behind the plan to equip all SRs with HP Portable Pluses.

Bob hopes it will lead to SRs spending 25% more face-to-face time with customers and a 10% lift in sales.

They will carry a lot of information in the computer and, with a modem, they can access big data banks back at base.

"It will considerably reduce travel to and from the office just to deliver or collect information," Bob says.

"It's like an airplane, which is designed to carry people and things through the air. If it's serviceable and on the ground, you may as well use a bus."

Bob's job involves looking at anything else that impedes the sales force, like lack of a substantial library which can be easily accessed.

SRs have a continuing need for information on competitive products, third party offerings and even internal publications.

Satisfied security

Everyone leaving the high security zone of the Argyle diamond mine chances a random body search.

Recently Perth CEDM **Chris Cantor** was shunted into the search section but Region CE Manager **Bob Congdon** and Melbourne-based AEDM **Steve Hitching** were waved through.

The unkind consensus was that Chris looked the type to snatch a sparkler; half a glance and you knew the others could be trusted.

Chris was apprehensive. He'd heard how thorough a body search could get.

Back with the group, he explained the only security officer on duty was a woman so the search was called off.

"But why's he smiling?" the doubting Congdon wanted to know.

The HP visitors were on a regular showing-the-flag visit to remote sites, listening to problems, discussing future needs and putting faces to friendly voices they hear on the telephone.

Back in Melbourne, Bob had his annual meeting of CE managers and on 10 December hosted a dinner at Joseph Street.

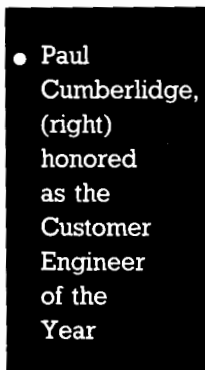
Adelaide's **Paul Cumberlidge** was warmly congratulated on being named *Customer Engineer of the Year*. ■



● Bob Congdon ... suspicious.



● Chris Cantor ... the suspect.



● Paul Cumberlidge, (right) honored as the Customer Engineer of the Year



"We also want to raise our professionalism and account management skills, particularly with lower-volume or cyclic customers," he adds.

"Some customers buy on a fairly regular six-year cycle and they get to appreciate our service during the sales and bedding in period.

"We shouldn't be out of sight and out of mind in the four years or so to their next purchase."

Field marketing provides the sales force with general field support, particularly by generating leads through such activities as running

events, seminars, trade shows and direct marketing campaigns initiated by our focus groups.

Bob was born in Adelaide but has spent most of his life in Canberra. He studied urban geography and town planning at the Canberra CAE and was with the National Capital Development Corporation for three years. He has been with HP since 1983.

His wife Helen, born in Canberra, is a medical technologist. They are enjoying their new life style at Vermont with Caroline, 4, Emma, 3, and Stephen, 1. ■



• (Seated) Melvin Mende; (left) Alfred Aquino, Dennis Trevarthen and Paul O'Brien.

Joseph Street readily agreed when **Dennis Trevarthen**, Acting Manager of the Eastern Metropolitan Regional TAFE Board, asked whether two technical educators from Manila, sponsored by the Overseas Development Corporation Program, could visit.

CEO Training Manager **Paul O'Brien** arranged for them to assess the training needs of a company in the information business and to review solutions adopted by HPA.

After a tour of the training facilities on Level 1, the visitors were able to participate in operating the newly installed CAI/3000 computer-based technical training system.

They were impressed by the ease of student use, high level of material retention and facilities of the system. They said their long-term goal was to move to this mode of delivery. ■

During November, members of the Senior Management Team held meetings in all offices to launch FY87.

• Pictured at a Sales Force gathering in Melbourne are (below left) Market Development Manager **John Schmidt** and NSW Sales Manager **Bob Robertson**. John will soon leave for Hong Kong as Marketing Development Manager, Far East.

• Below right: Sales Coordinator **Susan Fielding** and Staff SR **Melissa Ross**.



Births

- If there was a chance of anyone going without, **Emikoh Andrews** was determined to beat **Grace Teresa Proust** to a bassinet at Sydney's Adventist Hospital on 21 October.

She decided to face the big wide world prematurely at 6pm and weighed 1332gr (2lb 15oz).

Grace took the leisurely approach, arriving 33 minutes later and weighing 3434gr (7lb 9oz). They did have a crib for her, too.

Emikoh is the daughter of Medical Secretary **Elizabeth Andrews** and Ken. Both ladies are doing fine.

Grace is the daughter of Supervisor **Tim Proust** and Maree.

- **Samantha Jane**, daughter of Order Co-ordinator **Jann Strong** and Mike, was born at 5.23pm on 7 October at St Margaret's Hospital, Sydney (3374gr/7lb 7oz).
- **Rebecca Elise**, daughter of Production Support Representative **Lisa Marcakis**, was born at Melbourne's Mercy Hospital at 10am on 6 November (3203gr/7lb 1oz). ■

Wedding

- Canberra Sales Coordinator **Gillian Frost** will marry **Tony Croker** at Yass on 14 March. ■

open line



HEWLETT
PACKARD

AUSTRALIA

December 1986

It's been a long haul and we might seem to be nearing the end — except that there can never be an end to some of the issues raised by Open Line.

A year ago we participated in a worldwide survey of employee attitudes to the Company.

It took five months for the consultants in London to assess responses — including more than 10,000 Australia and New Zealand answers to more than 100 questions.

Then HPA analysis groups — a representative 15% sample of all employees — worked through approximately 60 core issues.

They made recommendations and the Senior Management Team responded in a series of Open Line reports to all employees.

Senior managers communicated their responses to all managers so that they could in turn discuss them with their teams.

This month managers started formal discussion with their teams on issues that affected them, with a member of the SMT being present as observer.

These meetings will continue until the end of February when everyone will have had an opportunity to have issues clarified and to understand them.

It is true that some issues were time-framed and appear to have been disposed of — such as a request to create a new position, acceptance of the recommendation and the appointment of someone to the post.

Much achieved, much is still to be done

However, keeping an organisation in shape is something like weeding a garden. An honest weekend with hoe and trowel gives a glow of satisfaction, at the end there's not a weed in sight, a wearisome job is over and done with.

But is it? Relax and in no time the job calls to be done again — and again.

So continual vigilance is a necessary component of Open Line. From time to time senior management will be returning many of the issues back to employees.

As new recommendations and responses are made, they will be communicated, throughout the company when they are of general concern and specifically to departments when only they are affected.

Transfer of the information that everyone needs to do a job effectively will be done formally through publications like Depth, notice boards, HF Desk and meetings (of all staff and by department).

And informally through gatherings around the cafe bar, at coffee sessions, sausage sizzles, 'beer busis' and other valuable social activities.

Specific issues have been treated in four special reports but what is our overall impression after a year's acquaintance of Open Line?

The importance of internal communication was inherent in every issue. We have grown big and need to regain touch with what folk on the other side of the partition are doing.

Managers have the prime responsibility in getting things right.

I've said elsewhere in this issue of **Depth** that managers should lead and do this by coaching and developing their people. This is vital in making HPA a really effective and profitable company.

But the contribution of every single member of their teams is also vital.

Adopting the attitude of, "What can I do to make things better," will elevate us above our competitors.

It would be wonderful if each of us worked at identifying what part of HPA we personally own. Not which brick or door knob but what function and what responsibility and what accountability.

And then work at identifying what all this should return to us in terms of job and career satisfaction.

I offer my sincere thanks to everyone who, through Open Line, has responded so cooperatively.

Malcolm Kerr