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Cases and Applications

Creating Change Ahead of the Curve

How AI Summits Transformed the Culture of Hewlett Packard's Imaging and Printing Group

ABSTRACT

The hardest time to lead change is when a business is at the top of its game. Yet I was asked to come back from retirement to help the leader of Hewlett Packard's Imaging and Printing Group lead a large-scale strategic change effort to ensure the ongoing success of the \$25 billion enterprise. A series of AI summits became the key to transforming the organization's culture, engaging our employees and leading to our ongoing success.

The best time to lead significant change

The best time to lead significant change is when you're at the top of your market – it just happens to also be the hardest time to lead change!

In early 2004, I had made the decision to retire from Hewlett Packard after 22 years. While I loved the company, my job, the people and my boss, as a senior vice-president in the company's Imaging and Printing Group (IPG), I had been traveling about 70% of the time for several years. I felt it was time for me to prioritize my life around other things (grandkids, husband and community and church service work), and I was looking forward to the next phase of life and all that it would bring.

That next phase, however, was quickly put on hold. Three months after I officially retired, my boss, Vyomesh Joshi (VJ), executive vice-president of IPG, called me and asked if I would come back to help him lead a major strategic effort that would help ensure the continued success of this \$25 billion global business for HP. After much consideration, I made the decision to come back for 18 months to help lead this 'transformation'. At the time, IPG was at the top of its game in every market they played in globally, but because VJ was such a visionary leader, he could see some potential changes on the horizon in our markets, including significantly increased competition in multiple categories, which could slow growth in our markets and lead to the commoditization of some technology. He knew that these dynamics could lead to issues if we did not make significant, proactive changes within the organization.

We both knew that trying to create change at this point in time would be an extremely difficult effort because most people felt confident that we were doing things exceptionally well. The question seemed to be, 'why would we spend precious time and effort distracting our focus from our current success in order to work on things that *might* impact us in the future?' Yet, we both knew the depth of changes that needed to happen and with a small team of about 12



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people, we worked hard to create the approach, processes and methodology we needed to apply in order to positively impact IPG's 19,000 employees.

We knew we needed to address issues around strategy, structure and processes, results and rewards, values and behaviors, and culture. The company and our people had been through a lot over the previous few years: our CEO had been fired in a very public way, an interim CEO put in place, a new CEO had been hired, and large-scale lay-offs had taken place, in addition to many other cultural changes. All had a significant negative impact on our people. Even with our business success, our people were struggling. We knew we had to find a way to re-engage their hearts to ensure the future success of the business.

Culture was the cornerstone; AI was the right methodology

Culture was a cornerstone of the transformation and Appreciative Inquiry (AI) was the right methodology for reengaging our employee's heads and hearts to help ensure IPG's future business success.

After researching different methodologies and talking to some trusted consultants, I admit that we had some initial concerns that AI might seem too 'fluffy' for our leadership team. We took VJ and his staff through an abbreviated session, not just explaining AI but actually using the process with them. After this hands-on session they quickly became supportive of the approach. We used both internal HR professionals as well as a few external experts (Sanchez Tennis & Associates¹ and Amanda Trosten-Bloom²) to help us put together a very extensive plan for how we were going to leverage the AI process to create the culture changes we needed. We had to take into consideration some interesting challenges as we designed our work:

- Engineers, by training, tend to focus on problems-to-solve, not how to leverage 'positive strengths'
- Teams within IPG were geographically dispersed across the globe
- Business issues were different across the 13 IPG organizations
- Organizational style, structure and cultures were vastly different across IPG

Our approach: six summits

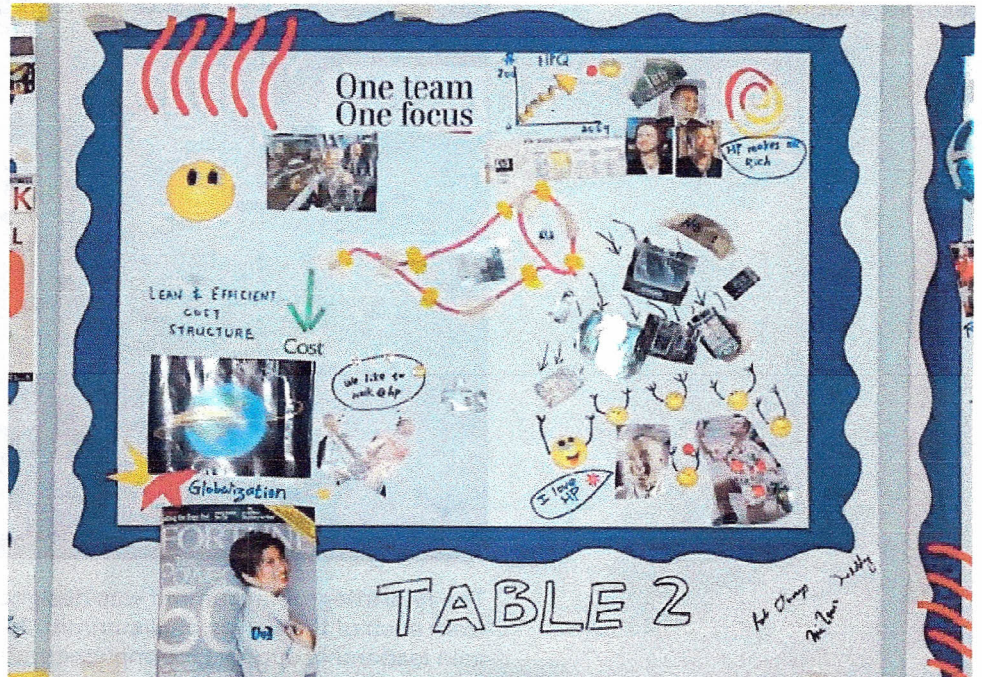
After extensive interviews with the leadership team and employees across the organization as well as employee survey results we identified five cultural imperatives for IPG, including:

1. Innovation for customer value creation
2. Decision-making speed and effectiveness
3. Collaboration for success
4. Employee engagement
5. Accountability and reward for success

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Singapore Dream



To address these areas, we planned a series of six cultural summits across the world: three in the Americas, two in Europe and one in Asia Pacific. There were approximately 60 people in each summit representing each business in each region. The individuals who attended were selected by business leaders or volunteered and were reflective of the different mindsets of people across the organizations (enthusiastic, positive, tired, cynical and ready to leave the company). After the six summits, we held one final integration summit of 100 employees along with most of VJ's staff. Each summit was three days long, which was a significant investment of time by several hundred people to focus on our cultural issues, illustrating that this change was a priority.

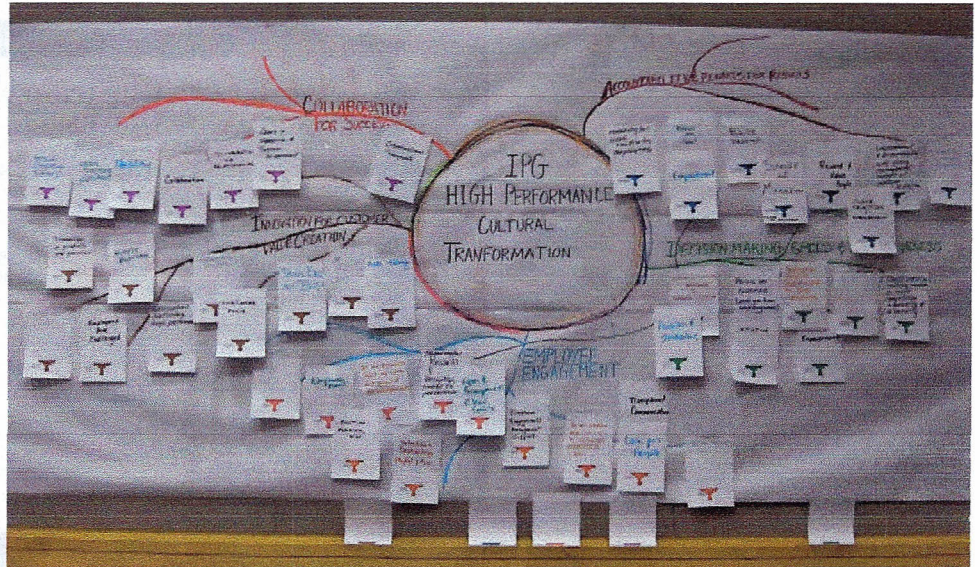
Using the 4-D model as a guiding framework, the approach was the same in each summit:

- Shift our conversation to build on our strengths
- Clarify and articulate what a successful future for IPG would look like
- Define the actions and behaviors present in that success
- Identify needed actions to achieve the goals that would lead to success

In each summit there were three levels of actions identified:

- Things an individual could impact immediately
- Those which required collaboration across teams, in a larger group or within a function or location
- Those that could or should be looked at across the organization

San Diego Positive Core



The final integration summit was designed to expand and bring forward the work from each of the six regional summits as well as develop more detailed plans and gain leadership support for implementation of those plans.

The results: specific actions impacting on the future

In all my years of leading people and business I have never seen the kind of lasting success we saw from these Cultural AI Summits. Almost without exception, the most skeptical people coming into the summit left feeling optimistic about the future and, just as importantly, left with very specific actions they were going to take to impact the future. I believe focusing attention on strengths of the organization and desired images of the future, as well as actually 'moving to action', is what is most powerful about AI.

For people to identify their positive core and strengths and then make specific, actionable plans that they have accountability for has a lasting impact. When asked to evaluate how they felt the summits impacted them personally and the future of IPG, employee responses speak for themselves, on a scale of 1 to 5, with 5 being the highest rating.

In addition to the summit success we also saw:

- Actions plans coming from the summits taken back into the businesses for implementation, with the support of the leadership team, and with measurable impact
- VJ was so impressed by the summits and their impact on the business and the people he asked that we implemented a plan to have every employee within IPG (approximately 19,000) participate in a four-hour design session either for their specific area of business or other applications of AI within their working teams

Quantitative Response

	IPG Relevant	Job Applicable	Likely to Use
Barcelona	4.77	4.31	4.53
Boeblingen	4.67	4.50	4.76
Boise	4.84	4.51	4.67
San Diego	4.78	4.50	4.83
Singapore	4.63	4.25	4.35
Vancouver	4.61	4.41	4.56
Total	4.72	4.42	4.62

Table 1: Employee evaluations of the cultural summits

- Approximately 1000 additional individuals in IPG were trained in the AI methodology to continue AI work in multiple settings across the organization
- We led an AI summit focused specifically on 'women in leadership' within IPG with similar success

The focus on shifting IPG's culture was one part of the overall transformation work. It was a critical piece because we firmly believe that the most important asset of our business is our people. Studies have shown repeatedly that if you lose the engagement of your people, their productivity, creativity and the ability to retain them suffers. From an overall business impact the following statements from industry analysts in 2005 further tell the story of the success and long-term impact of our AI work:

- 'Printing performance frankly staggering given the struggling competition' ~ Ben Reitzes, UBS
- 'IPG was the star performer in the quarter – revenue up 8% year-over-year with a 14.9% operating profit' ~ Shannon Cross, Cross Research
- 'We would note that HPQ's profit performance stands in stark contrast to that of almost everyone else in IPG industry' ~ Harry Blount, Lehman

Some of the most important lessons I learned in doing this work were:

- It is critical to have top management's endorsement and their active participation to do work as complex as what we did within IPG.
- Having a small and dedicated group of individuals (internal HR, a few consultants and a strong business leader) design and lead this effort was essential for its success. The people I worked with on this were not only dedicated but had deep passion for the success of IPG, were committed to the AI process and truly believed that we could impact such a large and complex organization using AI.
- Measuring the success (documented in Table , page 50) as well as follow-up with action plans and results) is important to hold people accountable and to be able to report results to management and the organization.
- Most importantly, it proved to me that no matter how discouraged or cynical an organization may be, if you can tap into their positive strengths, show them how they can make a difference at an individual level, and touch their spirit of the hope and enthusiasm, you can help them make a significant and lasting impact on their organization and business results.

At the end of those busy 18 months, I retired a second time from HP. I look back, as a retired senior executive, with great satisfaction and pride on the work we did using AI. Its impact was *lasting and is still used today throughout IPG.*

 [Back to Table of Contents](#)

