

AlliedSignal*

A case (with teaching note) on the role of senior business leaders in driving work/life cultural change.

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The Wharton Work/Life Roundtable

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AlliedSignal

Executive Summary

The AlliedSignal case revolves around a leader's ability to integrate an unyielding demand for bottom-line results with a focus on the whole person. How does Sandra Beach Lin "walk the talk"? How do others reflect her style? What has she been able to achieve using this approach?

Since 1993, AlliedSignal has developed a wide range of work/life programs and policies to support employees. Allied Signal recently received an award from the National Council of Women for Family Friendly programs recognizing its contributions to the advancement of women in corporate America. From 1995 to 1997, employee satisfaction with benefits increased from 50 percent to 63 percent, corporatewide.

AlliedSignal's CEO, Larry Bossidy, joined the company in 1991. He earned a reputation as a hard-driving leader who places a "stretch" on top of the goals that people set for themselves. Headlines about Bossidy in the popular press read "Larry Bossidy won't stop pushing" and "Tough guy." AlliedSignal had 29 quarters of greater than 13 percent net income growth, which validates Bossidy's approach.

The case site is the Specialty Wax & Additives group, one of four Strategic Business Enterprises (SBE) within the Specialty Chemicals Strategic Business Unit (SBU) at AlliedSignal. Sandy Lin is vice president and general manager of the Specialty Wax & Additives group, with 800 employees.

Despite her short tenure of 18 months at AlliedSignal, Sandy Lin has come to be known as a leader who inspires her direct reports to accomplish stretch goals without compromising important aspects of life outside of work. Says one of her direct reports, "Sandy sees everyone in the business as more than just a business person. While demands for performance are very high, she is comfortable with each of us formulating a personal process for meeting the various demands. ... When she talks to you, she is interested in what's happening in your life, beyond your contributions to AlliedSignal. Other leaders say that this is their approach, and yet when it comes down to it, there is very little sensitivity about meeting home responsibility in addition to office responsibility."

The case presents elements from conversations with Sandy's senior manager, her direct line and staff reports, and a focus group of employees. These conversations provide insights into how others see Sandy's unique style and how it has affected their performance and morale. Individuals describe changes in the culture of Specialty Wax, although they acknowledge that there is still much room for improvement.

Sandy's style, at this point, is not a catalyst for change outside of Specialty Wax. If she successfully meets her challenging performance goals, others within the broader company may become curious about how she was able to do so.

AlliedSignal¹

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AlliedSignal's Specialty Wax and Additives group is one of four Strategic Business Enterprises within the company's Specialty Chemicals Strategic Business Unit. Sandra Beach Lin is the Vice President and General Manager of the Specialty Wax and Additives group, working under Gary Cappeline, the President of Specialty Chemicals. (**Exhibit 1** includes an organization chart).

Specialty Wax's headquarters are in Morristown, New Jersey, but the group is spread across eleven sites, including overseas locations in Belgium, Britain, and Asia. The group has about 800 employees, of which 500 are hourly (including 200 union members), 100 are non-exempt salaried, and 200 are exempt salaried. Sandra Beach Lin began her career at AlliedSignal five years earlier, and was based in Singapore for the first two years. She has been in her current position for a little over a year. Gary Cappeline also joined Specialty Wax about a year ago.

Waxes are derived from oil and ethylene and are custom tailored for customer formulations. The Specialty Wax group produces wax for candles, firelogs, adhesives, cable, plastics, textiles, packaging, rubber, and ink.

Petroleum — and hence wax — is a volatile market, and generating new products is very important. The right raw materials must be at the right place at the right time to make products that customers want at the price they demand. With several oil refiners in the United States de-emphasizing or eliminating their wax business, the supply/demand chain is shifting. The wax business is affected by oil prices and supplier availability.

The Specialty Wax and Additives group functions in this highly competitive environment. And on top of it, the executives have a tough man for a boss: Larry Bossidy, AlliedSignal's chief executive officer.² He is a man who constantly pushes the company — every division in this highly diversified enterprise — to reach ever-higher financial objectives.

We try to set different goals every year. For example, one year it might be growth, productivity and return on capital. And by the way, if you don't make

¹ AlliedSignal merged with Honeywell in June, 1999 after the interviews for this case were completed. The new organization is called Honeywell.

² Larry Bossidy retired on April 1, 2000. When the CEO of Honeywell, Michael Bonsignore, resigned in July 2001, Larry Bossidy returned to run the company.

12 percent return on capital, we'd just as soon have you share your expertise with somebody else. I have trouble with nonfinancial objectives. Often they are as obscure and vacuous as they sound.

— Larry Bossidy, CEO, AlliedSignal

Larry Bossidy, who joined AlliedSignal in 1991, has earned a reputation as a hard-driving leader. Headlines about him in the popular press speak of how he “won’t stop pushing” and describe him as a “tough guy.” Once his people set their business goals, he places a “stretch” on top. AlliedSignal’s financial performance seems to validate Bossidy’s approach.

When you set your operating goals, it’s a challenge. But then Larry puts on a stretch. It loses its stretch and it becomes your promise. This creates tremendous pressure and anxiety. This is how you get 29 quarters of greater than 13-percent net income growth. Not everyone can deal with it. ...

— Lloyd Wilky, human resources director,
Specialty Wax and Additives

And what happens if goals — that is, the “stretched” goals — are not met?

People get reprimanded. I haven’t seen people fired because they don’t meet target, but they will be duly impressed with their vulnerability.

— Specialty Wax employee

Larry Bossidy is a man known for valuing people who work hard, and for rewarding them with promotional opportunities.

Some people want tools to relieve them of responsibility. Others wrestle with the challenges. They acknowledge it’s not an easy place to work in, but they’ve figured out the balance between payoff and costs is in their advantage and that the organization is rich with resources to help you own whatever you’re willing to take responsibility for. Larry holds you responsible. He’s never going to let you off the hook from the results that he expects, but he’ll respect you for the issues that you face.

— One of Sandra Beach Lin’s direct reports

When Larry Bossidy took over as CEO, AlliedSignal was showing productivity improvements and net income improvement. He demanded more. For 1999, Bossidy's strategic goals were growth, continuous employee learning, and a focus on quality with Six Sigma tools.

The AlliedSignal culture

The backdrop for the challenges facing the Specialty Wax & Additives group is a corporate culture at AlliedSignal that puts great demands on employees. What is it like to work at the company? One employee, to roaring laughter, said: "It's pretty laid back." Then he added: "Not!"

Churn and burn is a reputation that AlliedSignal has on the street. It's a difficult environment to work in, and to sustain that level of energy.

— Susan Hofman, director of diversity and human resources services³

People are here seven days a week. Some people expect a Sunday morning meeting. It may be a customer emergency, but quite often we do it to ourselves.

— AlliedSignal employee

Meetings start at 7 a.m. and run until 6 p.m. It's hard to get stuff done around other times. After weeks of meetings, you have a pile of stuff on your desk and people think you've been on vacation.

— Allied Signal employee

One particular aspect of the AlliedSignal culture — which starts at the CEO level and permeates the company — is particularly "painful," to use one employee's word.

I have never seen a presentation culture like this one. We attempt to create more information per piece of paper, and more pieces of paper per unit time, than any company I've ever worked for.

³ In the new Honeywell organization, Susan Hofman was Vice President, Global Diversity, prior to her retirement in 2001.

It's tough to change. This is the culture.

— Gary Cappeline, president, Specialty Chemicals

If you're not comfortable in setting your boundaries, AlliedSignal will suck everything out of you. It takes a certain amount of courage to say I can't come to this meeting, or I can do this but under these conditions, as opposed to going along with what everyone is going to do. The best companies should not require you to use that courage in that way.

— One of Sandra Beach Lin's direct reports

There are people who are not only attracted to this kind of culture but who thrive in it.

You can either accept it and figure out how to take advantage of it, or you can walk out the door. I have to accept the fact that it doesn't always feel good, but I do my best work when I'm in that situation.

— Lloyd Wilky, human resources director,
Specialty Wax and Additives

These numbers are within our grasp, because the people that we hired, they're professionals. They know that if we don't make our numbers, they're the ones in trouble. I don't need to pound on them. These are people who pound on themselves for the most part.

I'm always going to give 100%. And I have a team that can do that. And I trust them to do that.

— Sandra Beach Lin

Corporate Work/Life Programs and Policies

Alongside the push for performance, there have been a variety of steps taken at the corporate level to help promote work/life balance. When Susan Hofman became AlliedSignal's director of diversity and human resource services in 1993, she already had been with the company for a long time. But beginning with her tenure, AlliedSignal began to develop a more formal approach to work/life issues.

The company has a written work/life philosophy.

The balance of work and life is a business challenge to AS and a personal challenge to our employees. We are committed to: providing work environments that are reinforced by policies and practices that are flexible and supportive of achieving this balance; and retaining and attracting the best talent.

— AlliedSignal Work/Life Initiatives Policy Statement

Under Susan Hofman's guidance, the company has instituted several formal policies and programs at the corporate level. Some are available only in headquarters; others are more widespread. (**Exhibit 2** shows the Hewitt People Practices Inventory)

On the larger scale, there are written guidelines governing *flexible work arrangements*, which include designing and implementing telecommuting, flextime, compressed workweeks reduced worktime options, part-time work, job sharing, and phased or partial retirement. The company offers supports — “Help When Life Happens Program” a companywide Life Events Line, resources and referrals for childcare and eldercare, and at its Morristown headquarters maintains an on-site Child Development Center serving 126 children. There are medical screenings, a health and fitness center, and a workplace planning center where employees have electronic access to information on flexible work arrangements, dependent care programs, and wellness.

Employees can take advantage of a “Concierge Service” offering an on-site company store, credit union, dry cleaners, foods-to-go, shoe repair, prescription service, and personal mail and package service. Relocation services are provided, and there are flex dress codes.

Even in this churn and burn environment, a lot is going right. In 1999, AlliedSignal received an award from the National Council of Women for Family Friendly programs, recognizing its contributions to the advancement of women in corporate America. And in surveys conducted between 1995 and 1997, employee satisfaction with benefits increased from 50 percent to 63 percent corporatewide.

Defining a culture through leadership

Sandra Beach Lin joined Specialty Wax with hardly room to breathe. AlliedSignal had purchased a wax competitor, Astor, just nine months earlier. Her task was to integrate Astor's operations while firmly rooting the culture of profitability and growth demanded by Bossidy. And to do so, she brought together one of AlliedSignal's most diverse management teams — a team that includes Pam Roach.

When Pam Roach arrived at AlliedSignal's Specialty Wax and Additives group as the director of marketing, it was clear to her that she was in a different environment. She

had first joined AlliedSignal some fifteen years earlier, and was told then that since she was a salaried employee she worked for the company twenty-four hours a day. Pam Roach was expected to pick up voice mail every weekend, be on call around the clock to speak with her boss, and handle customer service any time, day or night.

Travel was part of Pam's job 70 percent of the time. Spending Sundays on an airplane was a regular part of her work routine. During the week, she'd often set out for another location after putting in a full day at her office, arriving at the new location at midnight.

Pam internalized these expectations. When someone came to her and asked why they had to entertain a customer until 11 p.m. on a weekday, and made the case for time after 5 p.m. being personal time — not AlliedSignal's time — she would think they were speaking “another language.”

Today, in the Specialty Wax group, Pam speaks that other language. For Pam, spending time with her people, trying to understand their personal issues around achieving higher levels of success and productivity, is time well spent. She attributes this change in her approach directly to Sandy's influence.

Sandra Beach Lin set out to define a culture for Specialty Wax. She began with AlliedSignal's own seven “core values” for the corporation: customers, integrity, people, teamwork, speed, innovation, and performance. The Specialty Wax “high-performance culture” has four components: customer-driven; we value relationships; commitments matter; teamwork gets results. These are integrated by an overarching emphasis on growth as a measure of effectiveness. Sandy's hiring practices, communication norms, and emphasis on trust-building reinforce these values.

To start with, it's hiring the right people. That starts at the top level all the way down to supervisor, making sure they have respect for the individual, working to develop the people who work for you. We have a commitment to forty hours of training for everyone, including operators.

The second thing is communication. We can never overcommunicate, so we keep trying different methods to deliver information.

The third thing is trust. And that goes all through the organization, whether it's the person packing bags in Belgium, or a shift supervisor in Orange, Texas, or a sales rep in Asia. We trust them to make their own decisions and to do the right thing and also to help find their own balance.

— Sandra Beach Lin

Sandra Beach Lin’s “Whole Person” Philosophy

More than any specific policy or program, Sandra Beach Lin’s focus on the “whole person” is the cornerstone of the culture she is building. Sandy communicates to her people that work/life balance matters to the business, and that the “whole” person matters, not just the “work” person. This philosophy is firmly grounded in business objectives. For example, one of the issues for AlliedSignal is that other companies are picking off their talent. For Sandy, a focus on the whole person is not an end in itself, but is a vital means of protecting the company’s investment in its people. (**Exhibit 3** includes excerpts from Sandra Lin’s presentation)

We want to make Specialty Wax such a great place to work that we have fewer retention problems. A big part of that is work/life balance — making sure that people who work here know that they are welcome to be who they need to be.

— Sandra Beach Lin

People like Pam resonate with this message.

When you think about how much time you spend at work, it’s probably more self-fulfilling and productive to have the attitude about work that you have about life. You need to be working with people at something where you can be your whole self. Sandy’s leadership of this business makes it easy to be yourself. She doesn’t force you to deny yourself.

— Pam Roach, Director of Marketing, Specialty Wax & Additives

But Sandy’s focus on the whole person also comes naturally to her. She enjoys getting to know her people on a personal level: what’s going on in people’s lives outside of work, and the names of their spouses and kids.

I hope we know a little bit of what’s going on in people’s lives outside of work. I always ask people: How’s your wife? How’s your husband? How are your kids?

Denise — both her sons broke their legs last year playing football. I told her to do whatever she needed to do. If she needed to work out of home, that would be okay.

It’s important, first of all, that we know about these things, and the only way you can know is if you try to make some contact. I try to maintain contact and take a real interest — I hope people see it as a real interest.

I also think it’s fun to talk to people about what they’re all about. So that’s the way I do it.

— Sandra Beach Lin, VP/general manager,
Specialty Wax & Additives

Whenever she can, she takes the opportunity to acknowledge that her people have lives outside of work — as in her weekly voicemail messages to her direct reports.

Before I get started on a few of the items that came out of the Specialty Chemicals Team Leadership meeting this week, I just wanted to remind all of you that one of the most important things about being a leader is balancing everything we've got coming at us. And I'll tell you, if you think it's busy now, it's going to get even busier.

Our number one priority is not just making the numbers but exceeding the numbers. We've got [she lists a number of business changes and priorities] ... and, on top of all this, everybody's got to live their lives. I just want everybody to think about how you're spending your day and also how you're utilizing your team to the best of their capabilities so you're not doing it all. And, as you know, I'm fully supportive of you. I'm behind all of you 100 percent.

— Sandra Beach Lin

Open communication is another element of Sandra Beach Lin's management style. She has an open-door policy, and everyone is free to speak with her. Her managers exhibit no defensiveness about employees talking with Sandy, because they view her as fair.

There is still room for improvement, but we've come a long way. Sandy is very high energy. She grasps onto things really quickly. She realizes the value of how changes will benefit us. She walks around the floor, talks to people, really tries to get to know them.

— Lynn O'Rourke, exec. administrative assistant to
Sandra Beach Lin

Sandy even keeps a "scorecard" of how much time she spends each week with each of her direct reports, many of whom are located around the globe. As she explains, this helps ensure that each person feels "connected." (**Exhibit 4** depicts Sandra Beach Lin's Scorecard)

Another key to her management style is flexibility regarding how work gets done. Sandy doesn't tell employees how to do things, only what the end result should be. She

gives employees the flexibility to deal with issues beyond work. For example, at a meeting that started at 4 p.m. on a Friday, everyone present said at the beginning they had to leave at a reasonable time. So, Sandy cut the meeting short, promptly at 6 p.m.

Sandy was very supportive when I had to go leave for three weeks to go overseas, at a moment's notice, to adopt a child.

— Specialty Wax employee

Sandy sees everyone in the business as more than just a businessperson. While demands for performance are very high, she is comfortable with each of us formulating a personal process for meeting the various demands. There is no set time that everyone must be in the office, come hell or high water. A scheduled meeting needs to be based on people's personal needs, say to drop children off to school. She is flexible about people working from home. When she talks to you, she is interested in what's happening in your life, beyond your contributions to AlliedSignal.

— Pam Roach

I trust in people and let them do the job.

— Sandra Beach Lin

This trust is accompanied by a resolute attitude regarding problem behaviors among employees.

I don't want to pound on people, but I won't tolerate high-handed tactics, yelling, belittling, or other non-professional behavior. We call people on these problems.

One plant manager was very autocratic. He was not welcoming suggestions from employees. So, we changed him.

— Sandra Beach Lin

There are broader skills involved in Sandra Beach Lin's management style. Beyond the business acumen that got her into the leadership position of the Specialty Wax group, she possesses a certain "emotional intelligence" that fuels the interpersonal trust and respect she values and role models.

Still, AlliedSignal is a large company, and Sandra Beach Lin's approach to issues of work/life balance is not considered the norm.

Other leaders say that this is their approach, and yet when it comes down to it, there is very little sensitivity about meeting home responsibility in addition to office responsibility.

— Pam Roach

Role modeling

Susan Hofman characterizes Sandy's leadership style as having integrity. Sandy is a role model for high performance *and* work/life balance. She "practices what she preaches." Employees say that Sandy will not travel on Sunday night. She'll bring home a ton of work, but won't come in over the weekend. She is vocal about when she has to leave early to tend to a personal, non-work priority — and in doing so has reinforced that leaving meetings for personal reasons is okay in the culture. She doesn't hesitate to bring her children to work. And she shares with her direct reports things about her own personal situation, constantly reinforcing her acknowledgement of their work/life issues.

Regularly you hear Sandy making comments about her work/life balance. It might be an offhand comment. Or we've had an all-day meeting and she says she has to leave because it's her daughter's birthday and she has a bicycle to give her. And she's real conscious about communicating that at the beginning: 'I have this boundary today and I want to keep to it.' Then I want to do my part to help her meet that goal. She is really conscious of the impact of the things she does on her children. And she talks about them.

— Anne Tiefenthaler, one of Sandra Beach Lin's direct reports

When you're in her office at 7:30 and her daughter calls asking whether she's going to be home for dinner tonight, you know that she's in the ditch with you. She's wrestling with the same stuff you are. She's not perfect, but she somehow balances all this stuff.

— Lloyd Wilky

Role modeling work/life balance is easier when your own boss is supportive.

One time I went to read to my daughter at school. I told Gary [Cappelle]. Usually, I wouldn't have to mention it to him, but we had an

important meeting that day that I would have to cut out of. He said, “By all means, go. But there are times that I may have to tell you that you can’t do that.”
We’ve always been honest with each other.

— Sandra Beach Lin

Indeed, Gary also underlines the importance of a “whole person” philosophy of management.

Being a leader requires a number of leader behaviors, one of which is to manage the entire person that works for you. You’re not just offering management to the person who’s here ten or twelve hours. You’re offering support to a person who has to live a whole life. It’s foolish to believe that a person who is unfulfilled in their personal life will be able to turn it off like a toggle switch when they walk in the doors at AlliedSignal. So, to the degree that you can add fulfillment to the whole life, you’re helping them add value to their employer.

— Gary Cappeline

And like Sandy, Gary also supports a flexible attitude about how work gets done.

Within the confines of reasonableness, all I see is output. *When* that output occurs is quite immaterial to me. If someone feels that they need to attend a school function for a child, or a spousal function, or something that they need to do for themselves, I’m quite relaxed about that. That doesn’t mean I’m going to be relaxed with less profit at the end of the quarter. But I’m certainly relaxed giving as much leeway as I can for people being out of the office during the normal course of a working day.

— Gary Cappeline

But there is a key distinction in their behaviors. Unlike Sandy, Gary is not a role model for work/life balance, although he is supportive of the idea and its practice.

I’ve been honest with you all the way through, so I think I’ll be honest now. I don’t practice what I preach. I talk about it for my employees differently from how I operate for myself, which is not a good thing, not for the obvious reason that I may be losing balance, but because I send signals to people like Sandy, “Don’t listen to me. Watch me.” That’s the danger. When I joined in December, I warned them about this. I said you’re going to hear me say all these wonderful things about work/life balance, but

you're going to observe that I don't live it. I'm a maniac. I understand that I am. But don't you be.

— Gary Cappeline

Although Gary support the choices that Sandy and others make, he recalls a particular conflict he faced and how he opted to behave.

I missed the championship basketball game for my sons. And it still bothers me to this day. It was three years ago. Both boys were playing in championship games, one on Saturday and one on Sunday, and I was away that weekend. It wasn't imposed on me; I imposed it on myself.

But the fact is, you want to be part of that life at school. To the degree we can be flexible, it doesn't matter whether it's at 3 in the afternoon or 7 at night. You can depend on employees coming through for you if you show flexibility with the work schedule for them.

It all sounds wonderful looking down from the top. But the reality is I did miss that championship game and there are going to be instances where one has to miss them. The question is: Do you always have to miss them? I think that if you know your employer really, really, really doesn't want you to miss it, and is as keen as you are that you don't miss it — there's a subtlety here — you *may* end up electing to miss it, as I did, but you've got no one to put it off on.

— Gary Cappeline

Gary describes these difficult choices in terms of the responsibilities executives have to important stakeholders – shareholders, employees, and family.

[Today, if I had the choice between my sons' championship games and work], I'd go on the business trip. Sandy has 700 people that depend on her. They depend on what she does for their livelihood. That has to be weighed. And she has two beautiful children that depend on her for her motherhood. And that has to be weighed. These are tough decisions. And in my case, it was clear to me that what I had to do that weekend for the company was more important. Now would you make the same decision? I don't know. But the beauty of it is that my boss didn't make the decision. I did.

To be honest, at the end of the day, we're here to serve the shareholders as well as our children. And if the person is consistently showing imbalance towards the home front, we have to react. Quite frankly, I've never had to do that...I've been supervising people since 1976. Never have I ever said to somebody, gee you're really imbalanced away from the company and towards your home front. You need to give us more time. [But I've had the other situation] consistently.

— Gary Cappeline

Driving performance with goal deployment

Goal deployment is central to Larry Bossidy's management approach for all of AlliedSignal. Sandra Beach Lin has made it a central part of her efforts in the Specialty Wax group.

Since becoming CEO in 1991, Bossidy has opened each new year with strategic goals that serve as the foundation for the goal deployment process. For 1999, these goals are: drive growth by providing products and services of enhanced value to our customers; increase employee skills and opportunities by a commitment to learning; and apply Six Sigma tools to drive productivity and generate cash flow. These corporate strategic goals serve as the basis for a "goal tree." (**Exhibit 5 and Exhibit 6** shows the 1998 and 1999 Goal linkage chart for Specialty Wax and Additives)

Each strategic business unit defines how these goals will drive their activities. Ultimately, each AlliedSignal employee should have an idea of how his or her activities contribute to the overall corporate objectives.

Sandy uses a tried and true important business process, goal deployment, and really makes it come alive to address how you get the best from people. You get the best from people by thinking about them as a whole person and being sensitive to how you're going to help them win in all aspects.

— Lloyd Wilky

What's nice about goal deployment is it helps make clear what is expected, what people are committing to, not just me saying this is what we've got to do this year. If there's trouble along the way, and problems, and life intervenes, then we work these things out, but if I don't know the people, if I didn't speak with them enough, then I wouldn't know what was going on.

— Sandra Beach Lin

Goal deployment is enacted at the individual level, in part, through AlliedSignal's Integrated Performance Management and Development (IPMD) review process. In the IPMD process, managers and their direct reports create Development Action Plans to help employees strengthen attributes defined as core competencies for success at AlliedSignal: business acumen, customer focus, vision and purpose, values and ethics, bias for action, commitment, teamwork, innovation, developing people, performance, and

technical skills. Sandy integrates the corporate IPMD process, goal deployment, and the emphasis on continuous learning to help focus on the “whole person.”

In the IPMD process, people talk about what they want to do next. That’s where we can get into a discussion about work/life balance and work/life priorities.

— Sandra Beach Lin

Sandy’s keen interest in people—a key part of her natural management style—helps people meet performance and personal goals. But her style has not brought about formal changes in the existing corporate process of goal deployment. Although individuals have discretion in means they use to achieve difficult performance goals, individuals do not document work/life goals on their goal trees. Still, there are signs that this is within the realm of possibility.

Goals outside of work are not coming directly into goal deployment. But, when I was building my own goals, even though I didn’t build anything from outside of work into those goals I was very conscious of how many things I could put into my goals so that I could still have a life outside of work.

— Anne Tiefenthaler

Lloyd Wilky is one person who is building personal goals into formal processes. When he realized that he was using his talents only at work, and wanted to do something for the community, he included partnering with the Morris County Chamber of Commerce as one of his personal learning plan goals for 1998.

Sandra Beach Lin acknowledges the potential for further — and more formal — integration of performance and work/life goals.

We’re really in our infancy in documenting work/life goals. It’s something we can talk about. In the IPMD process, people talk about strengths and development needs, but at this point they’re still tailored around work. Documenting these goals would legitimize them further.

— Sandra Beach Lin

Executives who discuss the “undiscussables”

Discussion of work/life balance is not always welcome in the American corporate setting. In the Specialty Wax group, it’s a regular part of informal conversations.

At my old job, people would talk about the ballgame from the night before, but not about their kids. It’s wholesome and positive here to hear people talking about soccer games and children — because that’s who they are.

— Pam Roach

Talking about work/life balance is also sanctioned in more formal arenas.

We have a “New Manager Assimilation” process. When a new leader comes in, all of us sit down together — with the new manager out of the room — and say what we know about the new leader and what we want to know. Then he or she comes back in.

In my session, Gary really talked about work/life balance. He said: I’m not going to make this easy on you. You have to help find it yourself.

— Sandra Beach Lin

Just as Sandy brings work/life into the formal IPMD process with her direct reports, Gary has raised the issue with her.

At the end of my performance review, Gary asked me: how do you do it? We went into a twenty-minute discussion.

What I do is try to protect the time with my family. That’s why I don’t come in on the weekend.

— Sandra Beach Lin

Even at meetings of the most senior executives, work/life is on the agenda for discussion.

We agonize a lot. But there’s a beauty about it, because people that are agonizing care. I’ve been to three corporate executive council meetings, and work/life balance has come up two times out of three. Did we come out with well thought-out plans to address this issue? No. Do we communicate a desire to

address this issue? Yes. And we leave it up to people like me to create a better culture, one more embracing of the balance.

— Gary Cappeline

Furthermore, there is a willingness to confront employees in an effort to resolve problems of work/life balance.

When I do find people that are imbalanced, the first thing I try to do is ascertain why they are imbalanced. Is it self-imposed, or is it a perception that the company is demanding it?

What I have found is that in nine out of ten cases — and I mean that literally — it is self-imposed. Then the issue becomes: maybe they don't like the home, maybe they're happier outside. If that's the case, that's the employee's business. I don't legislate morality. But if it's that one out of ten cases where they perceive that the company requires it, then I straighten them out — because I am the company.

— Gary Cappeline

Pam recounts how Sandy has come to talk to her a few times about how she really doesn't have to spend so many hours at work and it would be a good idea if she went home. Pam says, "I really appreciate it because I know she means it." Still, Pam says she voluntarily opts for the long hours because, after only four months, she is learning a lot and trying to make a contribution at the same time.

Particular challenges

There are, of course, things about AlliedSignal that pose particular challenges to the accomplishment of Sandra Beach Lin's goal of instilling a culture that supports work/life balance and a whole person philosophy. One of the biggest barriers may be the short-term, bottom-line orientation of corporate management.

I'd like to see a longer-term focus, not on the month and the quarter, but on years and decades.

— Specialty Wax employee

Another challenge is that employees often feel they owe the company more when the company affords them flexibility.

I was given the option to telecommute so I could stay home beyond twelve weeks after the birth of my daughter. I was putting in more time than if I was physically here. They're doing this much for me. I need to do extra.

— Specialty Wax employee

If we take a Friday off, we know we'll be working on Saturday and Sunday to make it up. There's always a cost — and don't forget it.

— AlliedSignal employee

Handling everything on the plate is another challenge, one only compounded by being a public company. Each day, AlliedSignal's senior leaders have to be ready to answer to the shareholders for their actions and decisions. The main focus at AlliedSignal is on numbers and making people "stretch" beyond the goals they think are reachable, not work/life balance.

I think it takes a lot of management commitment to make these two things come together successfully. I think that we're a lot closer than we have been in the past, under previous management where we had a lot of guys whose wives worked at home and who had a different perspective on work/life balance. Now we have a lot of people whose spouses work outside of the home, and I think we get a lot more sensitivity.

— Anne Tiefenthaler

With a plate full of stretch goals, employees may find it difficult to decide what they can or cannot accomplish, while keeping consistent with their personal aspirations and choice around work/life balance.

I think there's no clear-cut answer. One scenario is that the employee and the supervisor come to the conclusion that there is just too much content to allow for a vital personal life. These two things just cannot simultaneously exist. Then the question becomes whether the employee will accept an assignment, a change in content, that would allow him or her to have a full personal life. That could mean a lateral, or even lower-level, assignment, where the content isn't quite as stringent. Or it could mean that we get two people, each working three days a week, instead of one person working six days a week.

You have to keep in mind in many instances...that the company is going to show more flexibility than the employee. The employee wants it all. They

want to keep their current job. They love their current job. And they want to continue to do it all. Sometimes a major life event like the birth of a child will trigger a re-evaluation, but most times it's more insidious than that. The work just creeps and creeps and creeps and suddenly it's choking them.

— Gary Cappeline

Despite all these challenges, Sandra Beach Lin is attempting to drive change. She is open about her desire to build a culture that reinforces accountability for results and that supports employees as “whole persons” with unique work/life choices. She aims to make it a part of the culture that people will responsibly figure out how to meet their goals, taking into consideration whatever is necessary.

The culture change in the Specialty Wax group is underway, but is certainly not completed.

I've worked for three major corporations. In terms of work/life balance, recognition, and caring, AlliedSignal is already way out there. What we need to do is get our managers to talk to our people. We've moved from an autocracy to at least the middle, where we do trust our people to manage their own time and their decisions, but we haven't gone as far as we could. And I suspect that with each passing year, we will make more progress. Because that's the way of the world. Because the kind of technique to manage people from when we entered the workforce is very different for people coming out of business school. They expect to be treated with more flexibility, and if you can't give it you'll lose them. So, in many respects, the employee is forcing us to be flexible. And the nice thing about AlliedSignal is that we're not *giving in* to the trend; we believe the trend is *right*.

— Gary Cappeline

The top priority: making the numbers

Meeting goals still rules the day, though, at AlliedSignal.

We're getting a tremendous amount of pressure to make sure we make our numbers. If we don't make our numbers, we're the ones in trouble.

— Sandra Beach Lin

The push to surpass the goals is relentless; with oil prices at high points, the pressure is even greater. Wall Street looks at quarterly results more than at the satisfaction of employees.

Can Sandra Beach Lin become a catalyst for change outside of Specialty Wax? If she successfully meets her challenging performance goals, others may become curious about how she was able to do so. If she doesn't meet her numbers, will she survive? Should she?

Exhibit 2: Hewitt People Practices Inventory. Survey completed by Susan Hofman in preparation for Fortune's most admired companies process.

Hewitt People Practices Inventory™

About This Inventory

The Hewitt People Practices Inventory™ gathers information about philosophies, policies, programs, and practices affecting people in organizations. Please provide information on each practice that has been in existence since *at least* January 1998 *to the present*. Unless otherwise specified, please answer for full-time employees in the United States only. It is important to understand not only the prevalence and utilization of key programs and policies, but also the philosophies and qualitative data that differentiate organizations as places to work. We urge you to take advantage of the space provided for commentary so we better understand your organization as a place to work. Please feel free to attach additional pages as necessary.

The following are some definitions of terms used throughout the People Practices Inventory.

- ⇒ ⇒ Managerial/Professional (M/P) Employees: Exempt workers, including technical or supervisory employees who are not paid hourly.
- ⇒ ⇒ Hourly/Administrative (H/A) Employees: Nonexempt workers, including clerical, production, or service employees who are paid on an hourly basis.

Part III – Work Environment

Question 24 – Part 2

Please briefly describe other practices in the area of Work Environment that make your organization a great place to work.

AlliedSignal’s leadership creates an environment where people and our customers are valued, goals are clear, two-way communication is a priority and continuous improvement is expected. Opportunities to learn and grow are numerous and employees/ associates are encouraged to work hard, concentrate on things that add value, and then celebrate success and reward excellence.

“Visual Workplace” is a great example of how we communicate goals and accomplishments. From the manufacturing sites to corporate offices, teams calculate metrics, and proudly design and display their accomplishments for all to see.

Part VI: Time/Work/Life

Dependent Care Assistance

49. Which of the following dependent care assistance programs are offered to your employees? *(Please check all that apply.)*

	Available:		
	To Most or All Employees	To Some Employees	On a Case-by- Case Basis
• Parenting seminars		■	
• Child care resource and referral services	■		
• Adoption resource and referral services	■		
• Elder care resource and referral services	■		
• On-site child care		■	
• Reimbursement of overnight/weekend dependent care when business requires parent to be away			■
• On-site before and after school child care			
• Off-site before and after school child care			
• On-site mother's room/lactation program		■	
• Sick/emergency child care programs		■	
• Child care center discounts		■	
• Reserved spaces in child care centers		■	
• Summer camps/programs		■	
• School holiday child care program		■	
• Employee may use own sick day to care for sick family member		■	
• Paid maternity leave beyond that specified in Disability plans (additional weeks)			
• Dependent care spending account	■		
• Paid paternity leave (weeks)			
• Adoption assistance (dollar maximum per child: \$2000)	■		
• Paid leave for adoption (4 weeks)	■		
• Other (please specify) "Help When Life Happens"	■		

50. If you offer child care subsidies, how do you determine the subsidy?

Sliding scale rates at on-site centers

Direct payments to employees, based on family income

Match of employee contributions to pre-tax savings accounts (specify match: % match)

Coverage of operating costs at on-site center (specify coverage: **\$664,000 per year**)

Convenience/Personal Services

51. Which of the following convenience/personal services are offered to your employees? (Please check all that apply.)

	Available:		
	To Most or All Employees	To Some Employees	On a Case-by- Case Basis
• Free meals (e.g., breakfast, lunch)		█	
• Partially subsidized meals or cafeteria	█		
• Take-home meals		█	
• Casual dress:			
— — Every day	█		
— — Fridays only			
— — Summers only			
• Personal concierge services (e.g., personal gift or food shopping, car repair, etc.) Please see Tab VI for details	█		
• Convenience services (e.g., dry cleaning service, postal service, film processing, etc.)		█	
• On-site convenience store			█
• College planning assistance	█		
• Personal travel services	█		
• Home purchasing assistance (e.g., referrals, resources, brokerage assistance) See Tab VI for details	█		
• Employee credit union		█	
• On-site ATM or banking services	█		
• Relocation services	█		
• Voter registration			█
• Van pooling		█	
• Discounts on entertainment (e.g., movie tickets, amusement parks, theatres, etc.)		█	
• Discount merchandise/service program (e.g., for automobiles, clothes, computers, personal services)	█		
• Other (please specify)			

52. Which of the following alternative work arrangements are made available for employees? For those arrangements that are made available, please estimate what percentage of employees use each arrangement.

Available to Most or All Employees	Not Available Widely, but on a Case-by-Case Basis	% of Employees Using this Arrangement
------------------------------------	---	---------------------------------------

- Flextime (flexible or nonstandard arrival and departure time)
- Reduced hour employment (less than 40 hours per week)
- Job sharing (multiple people share one job for reduced hours)
- Compressed work week (e.g., four days, 10-hour days)
- Telecommuting (working from home during part or all of the work week)
- Summer hours (e.g., reduced hours for summer months)

1%

2%

40%*

5-10%

*** Heavy utilization in manufacturing facilities**

53. What is the number of days provided for time off **with pay** for M/P and H/A employees at one year of service, and what are the maximum number of days provided? Please also specify how many years of service are required to receive maximum time off. [Note: If you provide “unlimited” time off, please insert “365” in the appropriate space(s).]

If your organization has a paid time off bank (sick days, vacation days, and sometimes holidays and/or personal days are combined into a single pool of days), check this box and skip to question 54.

	M/P Employees			H/A Employees		
	# of Days at 1 Year	Max # of Days	# of Years for Max	# of Days at 1 Year	# of Days Max	# of Years for Max
• Vacation days	10	30	30	10*	30*	30*
• Standard holidays	13	13		13*	13*	
• Floating holidays	Varies by location			Varies by location		
• Personal days						
• Sick days	6 months	6 months	6 months	Non-exempt only –See note**		

*Time off is the same for all salaried employees. Hourly benefits vary by location (unionized vs non-unionized)

**1 month at full pay for every year with 60% of pay for remaining months on a graduated scale up to 5 years. After 5 years, 6 months full pay.

54. Do you provide time off through a paid time off (PTO) bank? Yes No

If yes:

- How many days are provided after 1 year of service? days
- What is the maximum number of days provided? days
- How many years of service are required to attain maximum? years of service

55. Can employees purchase or sell back vacation days? Yes No

If yes:

Employees can purchase additional vacation days up to a maximum of days
 Employees can sell back vacation days up to a maximum of days

56. Do you provide additional vacation days to employees who reach certain service levels (e.g., extra two weeks of vacation at 5-year intervals starting at 15 years of service)?

Yes
(See
explanation
below)

No

If yes:

- How many additional days are provided?
- How frequently are these days available?
- How many years of service are required before an employee is eligible?

days
every years
years of service

AlliedSignal Vacation Schedule

5 years of service	3 weeks vacation
10 years of service	4 weeks vacation
20 years of service	5 weeks vacation
30 years of service	6 weeks vacation

57. Please briefly describe other practices in the area of Time/Work/Life that make your organization a great place to work.

(See Tab VI Time/Work/Life)

Part IX: Completing the Story

88. Below are statements we would like you to complete. These will be valuable in helping us understand what makes your environment great and what events shaped that environment. Attach additional pages if necessary.

- Employees stay with this organization because...
 1. With employees' help, our CEO has built AlliedSignal into a financially solid, global company with a secure future. His leadership and our track record of consistent earnings and sales growth makes us a company for which people are proud to work.
 2. The work is demanding, but challenging and interesting. Employees who desire the excitement of a fast-paced work style thrive in the AlliedSignal environment.
 3. Employees are offered unique learning opportunities and experiences in the classroom and on-the job. Managers support them in spending at least 40 hours a year in formal training, making them more marketable now, and for the future.
 4. AlliedSignal offers tremendous development and advancement opportunities throughout its global organization for employees who perform well – 70% of our openings are filled internally.
 5. Employees develop powerful and meaningful relations with...
 - ✓ Their boss, based on mutual trust and respect. Managers learn how to deal openly and honestly with their employees and are expected to promote learning, coach performance, and recognize excellence.
 - ✓ Their peers, based on mutual support and teamwork. Most employees work in self-directed work teams and the culture is one of collegiality and mutual support. You work side by side with great people and they inspire you to do your best work.
 - ✓ Their customers, based on a win-win partnership. Employees get the organizational support that allows them to delight their customers.
 - ✓ The company, which spends its money in ways that help employees achieve all their life goals, not just their work objectives.
 6. Employees receive very competitive pay and benefits, such as a dollar-for-dollar match in the 401K up to 8% of their pay.
 7. To offset the demands of the job, employees receive support for meeting work and life challenges via alternative and flexible work programs and state-of-the art work-life programs, many of which are accessed through our "Help When Life Happens" 800 number.
 8. Employees are recognized and rewarded for their work. There are recognition programs for everyone. People at all levels have internal mechanisms by which they can recognize each other for help and support and reward their colleagues. People do great things at AlliedSignal every day and we match the recognition with the achievement. We strive to recognize the right people for the right performance with the right reward.
 9. Change is not simply something we talk about. Our drive to become a Six Sigma company has provided employees with the tools and authority to analyze problems and fix them. Employees are empowered to

enact improvements in the way we do business on a day-to-day basis.

10. Employees feel that they are respected as individuals and their contributions are truly valued.

- Our organization is a great place to work because...

AlliedSignal is a great place to work for many of the same reasons that people choose to stay with this organization. In addition...

1. Through constant communication from all levels of management, employees are "kept in the loop" on all aspects of business strategy and performance: they know how they are doing as individuals and teams, and they know how we are doing as a company. We focus on eliminating jargon from our vocabulary and telling employees what's happening in the business as soon as possible so all of us can better participate in decision making.
2. We consistently strive to provide a more trusting work environment in which everyone is open and honest in his or her communication. A two-hour learning session called "Straight Talk," which many of our leaders have completed, is helping us move toward our goal. Much of what is covered in the session may seem like common sense -- good listening, directness and clarity -- but participants tell us it really helped them to be motivated to deal more directly with their employees.
3. We make tough decisions necessary for continued growth with caring and concern for the employees affected to ensure that they are well taken care of and that their transition is well provided for. For example, if a business is relocated, additional kiosks are often imported for internal job posting so that affected employees may have added resources and assistance with locating positions at other nearby facilities.

- Our organization is successful because...

1. Our leaders feel that every employee ought to act like they own part of the company and they are encouraged to do this by being owners. In fact, employees own more than 11% of the company, and through the AlliedSignal Savings Plan, are the largest group of shareholders. More than 41,000 employees -- from the shop floor to the corporate office -- earned shares worth \$94 million in 1996 simply by contributing to their own future through the AlliedSignal savings program.
2. Our goal of being premier in everything we do includes how employees are treated and how they feel about working here. We recognize that there's no way we can continuously meet the challenges of global competition, customer satisfaction, and continuous improvement unless our people are engaged and 100 percent committed to the company's success. So, being a "Six Sigma" company, we will continue to seek employee feedback, implement their ideas, and strive to be a company that truly "walks the talk" of its commitment to people as its greatest resource.

- The one or two people and/or events in our company's history that had the biggest impact on how our organization culture treats people are...

Exhibit 4: Sandra Beach Lin – Leadership Team Contact Checklist

Leadership Team Contact Checklist

Leadership Team Members	11/01	11/08	11/15	11/22	11/29	12/06	12/13	12/20	1/03	1/10	1/17
Nelson	✓				✓✓	✓			✓	✓	✓
Dirk	✓				✓✓	✓			✓		
Nancy					✓	✓				✓	
Bill		✓		✓	✓	✓				✓	
Vicki				✓	✓✓	✓			✓	✓	✓
Bentley	✓				✓✓	✓			✓	✓	
Fred			✓		✓✓	✓			✓		✓
Michael				✓	✓	✓				✓	
Steve	✓				✓	✓			✓	✓	
Pam	✓	✓			✓	✓				✓	
Mike	✓	✓		✓	✓✓	✓			✓	✓	✓
John				✓	✓	✓			✓	✓	✓
Jeremy	✓	✓		✓	✓	✓			✓		
Ann					✓	✓			✓		
Lynn					✓	✓			✓		

AlliedSignal Teaching Notes

Sharon Lobel

Synopsis and Overview

The “AlliedSignal” case revolves around a senior leader’s effort to integrate an unyielding corporate demand for bottom-line results with her desire to create an environment wherein employees can make choices that lead to work/life balance. The context is a relatively small group within a large, multinational corporation driven by a well-known, high-pressure chief executive officer.

Specifically, the case describes the Specialty Wax & Additives group, one of four Strategic Business Enterprises (SBEs) within AlliedSignal’s Specialty Chemicals Strategic Business Unit (SBU). Sandra Beach Lin is the vice president and general manager of the Specialty Wax & Additives group, with 800 employees.

The AlliedSignal CEO, Larry Bossidy, joined the company in 1991. He has earned a reputation as a hard-driving leader who places a “stretch” on top of the goals people set for themselves. Headlines in the popular press describe Bossidy as a “tough guy” who “won’t stop pushing.” AlliedSignal has had twenty-nine quarters of net income growth greater than 13 percent, which validates Bossidy’s approach.

Specialty Wax & Additives is under tremendous pressure to meet tough goals. Its products are a byproduct of oil processing, and the petroleum market — and hence the market for wax — is volatile. Generating new products is very important; you need the right raw materials at the right place at the right time to make products that customers want and at the price they demand. With several oil refiners in the United States shutting down their business or moving to recycled products, the supply/demand chain is shifting. The wax business is affected by oil prices and supplier availability. Specialty Wax and Additives makes wax for candles, firelogs, adhesives, cable, plastics, textiles, packaging, rubber, and ink.

Despite a short tenure at AlliedSignal — less than two years — Sandy Beach Lin has come to be known as a leader who inspires her direct reports to accomplish stretch goals, without compromising important aspects of life outside of work. One direct report describes her as someone who sees more than just a “business person” in those who work for her. She is known for showing genuine interest in the personal lives of her employees, and focuses on the employee as a “whole person”

From Sandy's senior manager, her direct line and staff reports, and a focus group of employees, we learn how others view her unique style and how it has affected their performance and morale. Individuals describe changes in the culture of Specialty Wax, although they acknowledged that there is still much room for improvement.

We also learn that Sandy's style is not a catalyst for change outside of the Specialty Wax & Additives group — at least not so far. There is some sense that if she successfully meets her challenging performance goals, others may become curious about how she was able to do so.

The case can be used to demonstrate several basic lessons:

1. Senior leaders play a critical role in effecting positive work/life-related change.
2. When a business organization sets concrete, difficult goals, there can be value in giving discretion in how those goals are met.
3. Cultural change in a large, traditional organization may require numerous pockets of change, operating fairly independently.
4. Hiring the “right” people can make a big difference.

Suggested Study Questions

- What extent of change is possible in an established business organization?
- What difference is made by bringing in new leadership and new role models?

Sandy Beach Lin emphasizes the importance of hiring the right people. Change in Specialty Wax & Additives involves a group of people who share similar values and vision. The creation of a new culture, as Sandy is attempting, is a daunting task, but one made easier by the fact that she is not working with a group of individuals wedded to “traditional” views about work, life, and the interaction between the two.

More than half of the senior leadership group at AlliedSignal corporatewide has a tenure of less than five years. Sandy Beach Lin has assembled a group of talented individuals who reinforce and reflect her style. Moreover, her senior manager, a confessed workaholic, validates open dialogue about work/life.

- Where should lines be drawn between the organization making work/life-related decisions for employees and the employee's choice in those decisions?

- Is transfer of choice to the employee a key feature of an ideal flexible work environment? How does the organization affect, directly or otherwise, the choices that employees make?
- Do executives face unique dilemmas in choosing an appropriate work/life balance for themselves? What guidelines can they use to make their choices?

The organization sets concrete, difficult goals and expects individuals to meet them; people have discretion in their methods of achievement. Goal deployment is a tool, and Sandy Beach Lin uses that tool. Her keen interest in people is her style, which helps people meet performance and personal goals, but the tool remains unchanged.

The organization is still in its infancy when it comes to documenting work/life goals in its goal deployment process. Still, AlliedSignal's corporate culture blends accountability, responsibility for decisions, and choice. Gary Cappeline describes the "beauty" of this blend when he says that missing his child's basketball game was his decision, not that of his boss.

- What is the role of a senior leader in effecting positive work/life change?
- Does the senior leader need to be a role model for work/life balance, especially when we want to acknowledge and support individual differences in choices people make? Or is some other paradigm possible?

In such a large organization, Sandy's style has the most effect on her direct reports. Eventually, those further down in the hierarchy may feel the effects through the behavior of their supervisors, but this trickle-down process may take a great deal of time.

- What is the likelihood of a senior leader who serves as a role model to her reports having lateral influence? Upward influence?

Sandy Beach Lin's influence laterally — that is, outside the Specialty Wax & Additives group — seem unlikely. Her ability to influence upward seems limited. She may earn her superiors' respect, but it seems unlikely she will contribute to a change in their management style. Culture change in a large, traditional organization may require numerous pockets of change, operating fairly independently. The ability to learn from one another across business groups may be limited.

- Consider three principles for affecting positive work/life change: clarifying what's important; recognizing and supporting the "whole person"; continually experimenting

with the way work is done. What is being done in the Specialty Wax & Additives group to embrace these three principles?

Goal deployment certainly suggests adherence to the first principle. Sandy Beach Lin's own actions demonstrate a strong commitment to the second principle. Is there evidence of work redesign on a global or individual basis?

- What does Bossidy's strategy of organizational growth, six sigma, and stretch goals suggest about the overall culture?

Such a strategy may create a culture where people are invited to "love it or leave it." Those who cannot keep up with the intensity may not survive.ⁱ

- What do Sandy Beach Lin's efforts to create a different culture within the larger AlliedSignal culture portend for her future?
- If she doesn't meet her numbers, will she survive? Should she?

ⁱ At the time of publication of this case, Sandra Beach Lin and Gary Cappeline were no longer Honeywell employees.