

Participant Materials

The 2003 Linkage Excellence in Management & Leadership Series

Organizational Transformation

Featuring Louis V. Gerstner, Jr.



Dear Participant:

Welcome to Linkage's 2003 Excellence in Management and Leadership Series. Today's program, *Organizational Transformation*, features Louis Gerstner, former chairman and Chief Executive Officer of IBM from April 1993 until March 2002, when he retired.

Specifically, the program will focus on:

- Why leadership is personal and what it takes to build a great team.
- Why a strategy can only take you so far.
- The importance of an organization's culture and leading by your principles.

These participant materials have been designed to complement your conversation with Louis Gerstner. Use them to record your notes, ideas, questions, and insights. At the end of the program, you will be asked to submit questions directly to Mr. Gerstner via fax, telephone, and/or email.

Mr. Gerstner will speak for the first thirty minutes and then respond to questions for the next hour. Your submission of questions is critical to the success of the program.

Learning is an activity that requires more than passively watching a speaker. Simply watching today's program will neither instill leadership knowledge or skills, nor result in an immediate change in your organization's culture and strategic positioning.

Learning requires the active engagement of your mind and spirit — the motivation and drive to reflect, apply, practice, and experiment.

About Linkage

Linkage, Inc. is a leading provider of leadership and management development training programs, services, and products. More than 100,000 executives and management professionals have attended a Linkage institute, conference, workshop, or corporate education program. Linkage also provides assessment, consulting, and research services to Fortune 500 companies and other leading organizations. Founded in 1988, Linkage is headquartered in Burlington, Massachusetts, with regional offices located in Atlanta, Brussels, London, Minneapolis, and San Francisco. In both 1997 and 1998, Linkage was honored as one of the “Inc. 500 Fastest Growing Private Companies in the United States.”

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SECTION 1

Satellite Program Materials

Introduction and Basic Premises

Lou Gerstner takes his audiences inside the early-'90s meltdown – and subsequent turnaround – of what arguably had been the world's most successful business enterprise. When Gerstner arrived at IBM in the spring of 1993, he discovered a company sliding rapidly into financial ruin, a hidebound culture, and a demoralized workforce. Gerstner will discuss the issues, decisions, big bets, and the fortunate breaks that re-established IBM's market, financial and technical leadership. He also provides a unique perspective on the critical interrelationships among strategy, execution, and culture, and focuses on a handful of overarching business and leadership lessons that transcend industries, technologies, or economic cycles.

Question-and-Answer Session

- If you are participating only in the live presentation of this program, complete the fax form, send an e-mail, or call in your questions to Louis Gerstner using the question sheet on page 19 of your participant guide.
- If you are participating in a post-broadcast program, share your questions with your seminar coordinator and your colleagues during that time.

When the Session Has Concluded

- Your feedback is valuable in ensuring the integrity of future programs. We take pride in providing relevant, thought-provoking and enlightening programs – and we rely on you to help make this happen. Complete your participant evaluation form at: http://www.linkageinc.com/training/satellites/satellite_evals.shtml
- To further reinforce your understanding of today's information, as well as hone other aspects of your leadership skills, complete the recommended Post-Broadcast Activities that begin on page 14 of your participant guide.

Pre-Broadcast Activities

Become familiar with Louis Gerstner's extraordinary accomplishments by reading his biographical outline that follows.

Biography: Louis Gerstner

As chairman and CEO of IBM, Lou Gerstner navigated one of the most dramatic turnarounds in corporate history. With unparalleled business acumen, he revived IBM – a company whose very existence was in question in 1993, and made it into one of the most dynamic, customer-focused, and value-driven companies in the world. Gerstner's presentations are straightforward and no-nonsense, stressing the importance of making smart choices and getting ahead by working harder than those around you. Gerstner's recent best seller, *Who Says Elephants Can't Dance?*,

profiles his IBM experiences and the lessons he learned over the course of more than 30 years in business. One of the most admired men in the business community, Gerstner became chairman of The Carlyle Group in 2003. A lifetime advocate of the importance of quality education, he recently created a Commission on Teaching to help solve America's growing education crisis.

Louis V. Gerstner, Jr. was chairman of the board of IBM Corporation from April 1993 until his retirement in December 2002. He served as Chief Executive Officer of IBM from 1993 until March 2002. In January 2003, he assumed the position of chairman of The Carlyle Group, a global private equity firm located in Washington, DC.

Prior to joining IBM, Mr. Gerstner served for four years as Chairman and Chief Executive Officer of RJR Nabisco, Inc. This was preceded by an 11-year career at American Express Company, where he was president of the parent company and Chairman and CEO of its largest subsidiary, American Express Travel Related Services Company. Prior to that, Mr. Gerstner was a director of the management-consulting firm of McKinsey & Company, Incorporated, which he joined in 1965.

A native of Mineola, New York, Mr. Gerstner received a bachelor's degree in engineering from Dartmouth College in 1963, and an MBA from Harvard Business School in 1965. He is a member of the National Academy of Engineering, a fellow of the American Academy of Arts and Sciences and has been awarded honorary doctorates from a number of United States universities.

Mr. Gerstner is a director of Bristol-Myers Squibb Company and a member of the advisory boards of DaimlerChrysler and Sony Corporation. He is vice chairman of the board of Memorial Sloan-Kettering Cancer Center, a member of the board of the Council on Foreign Relations, a member of The Business Council, and a fellow of the America-China Forum. In past years, he served on the boards of The New York Times Company; American Express Company; AT&T; Caterpillar, Incorporated; Jewel Companies; Melville Corporation; and RJR Nabisco Holdings Company.

A lifetime advocate of the importance of quality education, Mr. Gerstner recently created The Teaching Commission (TTC) to develop specific policy recommendations to deal with the teaching crisis America is facing. From 1996 to 2002, he co-chaired Achieve, an organization created by United States Governors and business leaders to drive high academic standards for public schools in the United States. At IBM he established *Reinventing Education* as a strategic partnership with 21 states and school districts, which utilize IBM technology and technical assistance to eliminate key barriers to school reform and improve student performance. He is co-author of the book *Reinventing Education: Entrepreneurship in America's Public Schools*. He has received numerous awards for his work in education, among them The Cleveland E. Dodge Medal for Distinguished Service to Education – Teachers College, Columbia University, and the Distinguished Service to Science and Education award from the American Museum of Natural History.

In recognition of his efforts on behalf of public education, as well as his business accomplishments, Queen Elizabeth II awarded Mr. Gerstner the designation of honorary Knight of the British Empire in June 2001.

Pre-Broadcast Activity/Discussion

1. Identify a significant change that your organization is currently going through. What is driving the change? Is the reason for the change being well articulated?

2. What concerns do you have about the change or about the way that it is being carried out? Give examples of issues.

3. What is currently being done to manage the “human side” of the change? How is it working?

4. Would you describe your organizational leaders as being “passionate” about the business? If so, how do they show it?

5. How critical is it to be perceived as a fair and even-handed leader? What do those words mean to you? What is “fair” behavior? What is “unfair” behavior? Would others describe you as being fair-minded or even-handed?

6. Consider the following IBM Leadership Competencies. Indicate the degree to which you feel each is essential for the success of leaders at your own organization.

C *Critical* – this competency is *critical* for our leaders to meet goals

M *Important* – this competency is *important* for our leaders to meet goals

Focus To Win

- Customer Insight
 Breakthrough Thinking
 Drive to Achieve

Mobilize to Execute

- Team Leadership
 Straight Talk
 Teamwork
 Decisiveness

Strategic Momentum

- Building Organizational Capability
 Coaching
 Personal Dedication

The Core

- Passion for the Business

Place an asterisk next to the 2-3 competencies you personally feel are developmental opportunities for you. Discuss with a partner or in small groups.

During The Program

- Participate!
- Submit questions to be addressed by Louis Gerstner during the question-and-answer session. Mr. Gerstner will speak for the first thirty minutes and then respond to questions for the next hour, so again, your submission of questions is critical to the success of the program. To submit questions, complete the fax form found on page 19, submit an e-mail, or call in when prompted during the program.
- Use the following Participant Materials as an additional resource to Mr. Gerstner's presentation. Make notes on the presentation in the space provided.

Activity 2: Communicating Change

In his book, *Who Says Elephants Can't Dance*, Louis Gerstner discusses the importance of opening up a clear and continuous line of communication with your employees. According to Mr. Gerstner, the "sine qua non of any successful corporate transformation is public acknowledgment of the existence of a crisis." He goes on to assert that if employees do not believe a crisis exists, they will not make the sacrifices that are necessary to change.

- Think of a time when you were faced with communicating a difficult decision, or crisis situation. Describe the situation to a partner or discuss in small groups.

- Think of a crisis situation in which you needed to define and communicate the crisis:
 - How did you communicate its magnitude?

 - Severity?

 - Impact?

- Discuss how you communicated how to end the crisis:
 - How did you communicate the new strategy?

 - The new company model?

 - The new culture?

Activity 3: Leading by Principles

According to Louis Gerstner, all high-performance companies are led and managed by principles, not by process. In September 1993, he wrote the following eight principles that he thought ought to be the underpinnings of IBM's new culture and sent them to all IBM employees worldwide:

1. The marketplace is the driving force behind everything we do.
2. At our core, we are a technology company with an overriding commitment to quality.
3. Our primary measures of success are customer satisfaction and shareholder value.
4. We operate as an entrepreneurial organization with a minimum of bureaucracy and a never-ending focus on productivity.
5. We never lose sight of our strategic vision.
6. We think and act with a sense of urgency.
7. Outstanding, dedicated people make it all happen, particularly when they work together as a team.
8. We are sensitive to the needs of all employees and to the communities in which we operate.

In small groups, consider the guiding principles at your organization.

- ◆ Are they formalized?
- ◆ Are they simple enough to be easily understood?
- ◆ Are they measurable?
- ◆ Do they reflect the priorities?
- ◆ Are they ingrained in the culture?
- ◆ Are they "lived" by employees?
- ◆ Do employee orientation programs and leadership development efforts reflect the principles?

SECTION 2

Forms

Question Sheet

Use this form to write your question for Mr. Gerstner for discussion among your colleagues. Please write legibly.

Name (optional):

Organization:

Location:

Your question (25 words or fewer):

Fax 1-877-892-0170 (from within U.S.)
Fax 646-349-3661 (from outside U.S.)

Email: **leadership2003@linkage-inc.com**

Tel 1-800-489-8814 (from within U.S.)
Tel 801-303-7412 (from outside U.S.)

LINKAGE MANAGEMENT & LEADERSHIP EVALUATION FORM

PLEASE RETURN THIS FORM TO YOUR SITE COORDINATOR OR FAX TO 781-993-1402.

NAME _____ TITLE _____

ORGANIZATION _____

Please indicate functional area (only circle one):

Finance Human Resources/Organizational Development Manufacturing/Operations Marketing R&D Sales
Other (specify) _____

How many people do you have reporting to you (include all levels)? Number: _____

Please indicate your job level (only circle one):

President or Officer Vice President Director Manager/Supervisor Individual Contributor

1) Please indicate a rating for each of the statements below by checking the appropriate box.

	Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
The length of the presentation was ideal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
As a result of participating in this program, I will be more effective in my role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The participant materials were useful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The Q&A session was valuable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2) Please give a general overall comment about the program.

3) Any suggestions on what we can do to improve?

4) Can we use any of these comments for promotional purposes (including name and organization)? YES NO

5) On a scale of 1-10 (10 = Outstanding), how would you rate this session?

Rating: _____

6) Which speakers are you most interested in seeing at the next Linkage Satellite (Distance Learning) Learning Series? (Please rate your top five, "1" being most interested)

- | | | |
|--------------------|------------------------|-----------------------|
| ___ James Champy | ___ Michael Dell | ___ Warren Bennis |
| ___ Deborah Tannen | ___ Maya Angelou | ___ Margaret Wheatley |
| ___ Steve Jobs | ___ Stephen Covey | ___ Michael Porter |
| ___ Tom Peters | ___ Francis Hesselbein | ___ Michael Hammer |
| ___ Phillip Knight | ___ John Scully | ___ Gary Hamel |
| ___ Noel Tichy | ___ Louis Gerstner | ___ Other _____ |

PLEASE RETURN THIS FORM TO YOUR SITE COORDINATOR OR FAX TO 781-372-1678.