

Hewlett Packard “case”

Introduction

The history of Hewlett Packard (HP) provides a substantive “case” of the Tactical and Strategic Management Process (TSMP). Although the TSMP was intended to be, developed for and presented as a process to be studied and used on an annual “rolling forward” basis, the TSMP also provides an useful framework for examining, elaborating and understanding the tactical and strategic stages and activities of a successful company during its history. The history of Hewlett Packard illustrates, in some depth, the five Stages and the 27 Activities of this comprehensive and integrated process of tactical and strategic management. Each stage of this “case” is presented at the end of each stage of the text.

Like most companies, HP began as a tactically-oriented small business. It started in 1939 by developing and selling audio oscillators to the Walt Disney Studios. Initially, the company had a very practical entrepreneurial **orientation**. Its leaders and co-founders David (Dave) Packard and Bill Hewlett were primarily interested in applying their technological expertise to products that would sell. But, they had altruistic values also. From their second year of operation onward, they oriented their company and its activities to the betterment of their “community” which became ever-expanding in scope.

Based on their technological, social and business orientation, HP moved into its **development** stage. It became a leading technology company. From its beginning, its research and development orientation resulted in a remarkable flow of breakthrough and innovative products. Those products enabled the company to expand and diversify dramatically, not only in its technology-based products but also in services, systems and “solutions”. Its growth was dramatic. From a few hundred dollars of sales in 1939 its’ revenues surged to nearly \$1 million in 1943, to more than \$1 billion in 1976 and \$86.7 billion in 2005

For a variety of reasons, the company stagnated from the late 1990s until 2002. Like most companies experience, it was a time for **review** and re-evaluation. Changes were needed and were made. As with most successful companies, those changes were difficult to make. Much of the focus was on the corporation’s leadership. The company’s lack of marketing orientation, its failure to identify the internet and digital photography as emerging markets and its slow, bureaucratic ways, dwindling flow of new products and other serious business shortcomings came under critical review and analysis.

From that review stage of Hewlett-Packard’s history came a renewal of the company. It was facilitated by selecting Carleton (Carly) Fiorina as the first woman President and Chief Executive Officer of Hewlett-Packard, of a major technology company and of the largest 100 corporations in the United States. Carly was the change agent. She introduced a stronger marketing orientation to the company and took a leading role in HP’s largest acquisition – the Compaq Computer Corporation. New and

innovative products, services and solutions “rolled out” of the company at record rates. Major changes in HP were being **implemented** in dramatic and rewarding ways.

Implementing changes requires **adaptation**. Since mid-2002, adaptability has been a major focus for the Hewlett Packard. The cultures of HP and Compaq Computer had to be adapted to each other. Early in the following year, HP unveiled its Adaptive Enterprises strategy to help businesses manage and increase their return from their information technology (IT) investment. The focus on adaptation has pervaded the corporation. HP has adapted many of its products for new markets, notably in small and medium sized businesses, for personal use and entertainment. HP has adopted an adaptive management approach to its own global corporation as well as to its products, services, systems and approaches to customers.

The HP history is segmented into five parts. One part will follow each Stage of the Tactical and Strategic Management Process and is intended to illustrate the nature of each Stage and its inherent, often implicit, Activities. To make such Activities more explicit and relevant to the reader, explanatory notes are provided at the end of each Stage or segment of the case history.

I hope that the Hewlett Packard history and the management material that it is intended to illustrate will make this text more insightful and meaningful to the reader.