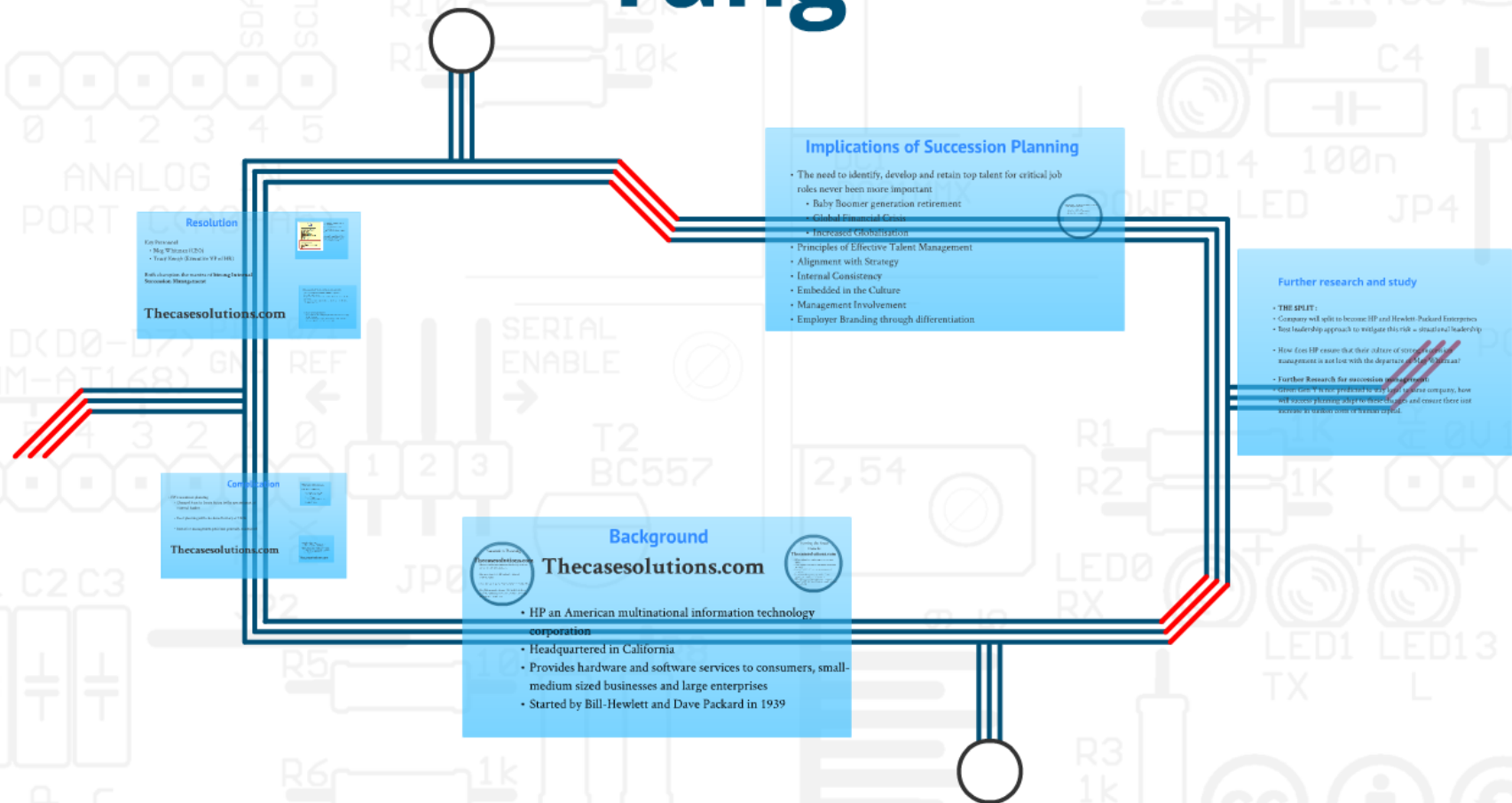
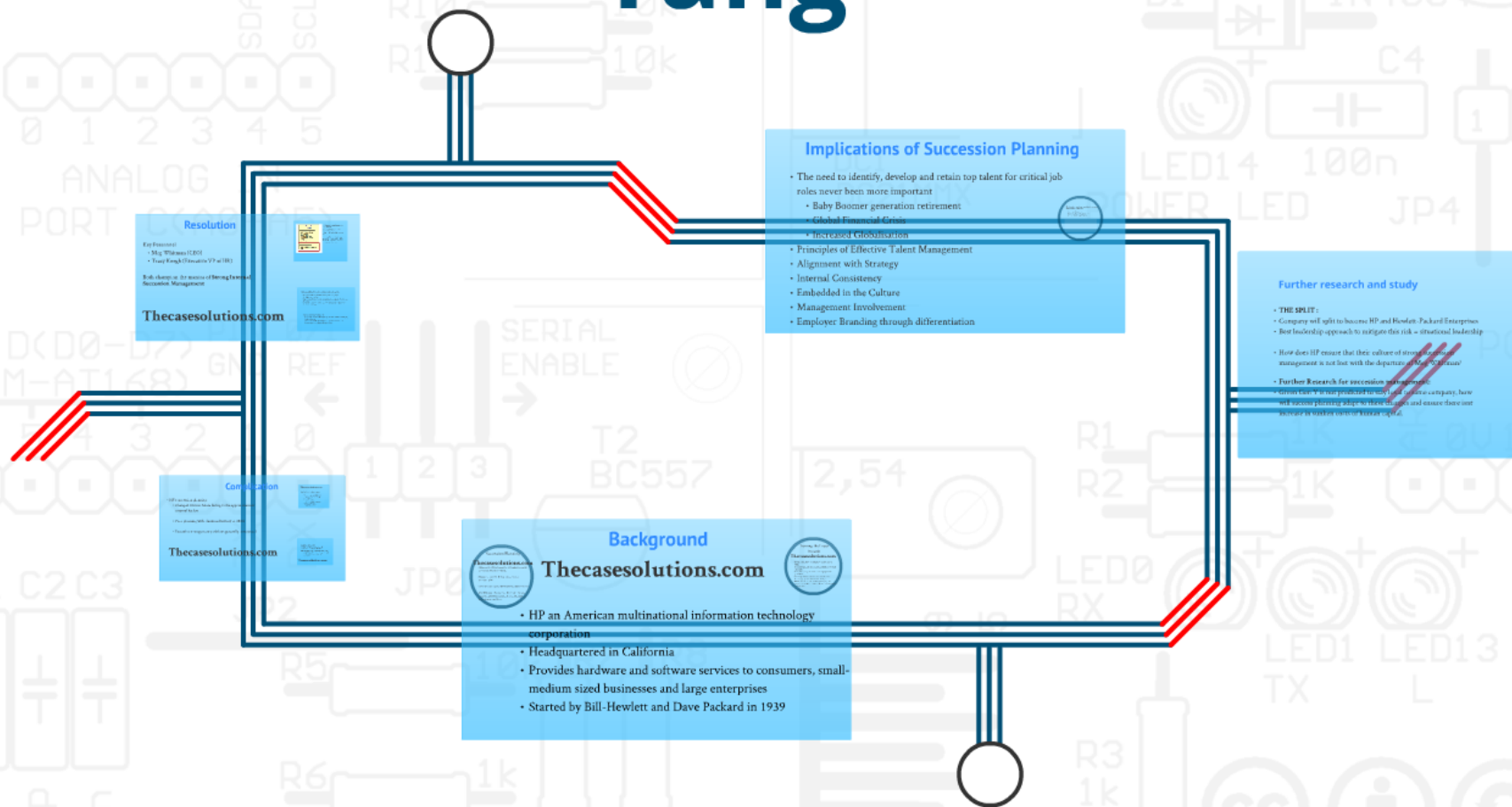


# Managing Creativity at Shanghai Tang



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# Background

## Succession Planning

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- Historically, HP was famous for developing each new generation of leaders in-house.
- However since 1999, HP has had no internal succession plan
- Over the past 15 years, there has been 7 different CEOs
- Meg Whitman, who became CEO in 2011, believes succession planning is absolutely essential, requiring focus of an internal focus

## Turning the Focus Inwards

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- HP has lost its ability - or willingness - to promote from within
- A few years ago, their talent strategy consisted of two words "go outside"
- Now, HP CEO Meg Whitman, is encouraging internal promotions
- Internal promotions now account for 45% of senior leadership, as opposed to 55% a few years ago
- HP has also now got internal development programs in comparison with Harvard and Stanford, as a new focus on development

- HP an American multinational information technology corporation
- Headquartered in California
- Provides hardware and software services to consumers, small-medium sized businesses and large enterprises
- Started by Bill-Hewlett and Dave Packard in 1939

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# Turning the Focus Inwards

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- HP has lost its ability - or willingness - to promote from within
- A few years ago, their talent strategy consisted of two words "go outside"
- Now, HP CEO Meg Whitman, is encouraging internal promotions
- Internal promotions now account for 65% of senior leadership, as opposed to 35% a few years ago
- HP has also now got internal development programs in conjunction with Harvard and Stanford, as a new found focus on development

# Complication

- HP's succession planning
  - Changed from in-house hiring to the appointment of external leaders
  - Poor planning with checkered history of CEOs
  - Executive management positions generally outsourced

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### Results of poor succession planning:

- Failure to preserve corporate history
- Lessen value of knowledge capital
- Public distrust
- Loss of productivity
- Social costs rounding \$14 billion per year
- Failure to fuel ambition
- Creating stagnated roles

### Comparison with competitor

- IBM follow a more best-in-class succession plan
- In-house CEO, 33 year tenure with company

### Where it all went wrong – Carly Fiorina's Management

- Company experienced significant losses in numerous highly unprofitable mergers/acquisitions (\$53.8 billion)
- Loss of corporate culture

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# Resolution

## Key Personnel

- Meg Whitman (CEO)
- Tracy Keogh (Executive VP of HR)

Both champion the mantra of **Strong Internal Succession Management**

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Strategic Leader
<b>Skill Development (examples)</b> <ul style="list-style-type: none"><li>• Manage vision &amp; purpose</li><li>• Devise and adapt strategy</li><li>• Size up people</li><li>• Develop branding</li><li>• Manage multiple P&amp;Ls</li><li>• Manage multiple countries &amp; business</li><li>• Maintain composure</li><li>• Interface with media</li></ul>
<b>Experience (examples)</b> <ul style="list-style-type: none"><li>• Mentor protégés</li><li>• Leadership assignment of global reach</li></ul>

- 30% increase in internal promotions to senior leadership

Example: HP's hunt for new head of the troubled enterprise services unit  
A long time insider, Mike Nefkens, won the job

Advantages: When internal candidates win promotions into senior management circles – bigger morale booster within HP work force and increased work productivity

Talent and Leadership development underpins succession management

- *HP now has a 'maniacal focus on talent development'* - Tracy Keogh
- Identifying people's potential
- Employees contribution - evaluate their professional development objectives with management
- Opportunities for further training - advanced eLearning tools - including HP's own 'virtual classrooms',

### Focus on Leadership Development

- Every employee's annual development plan includes an element of developing leadership competencies
- Creation of a specialised learning and development team and specialised learning portal - Leadership Development Central