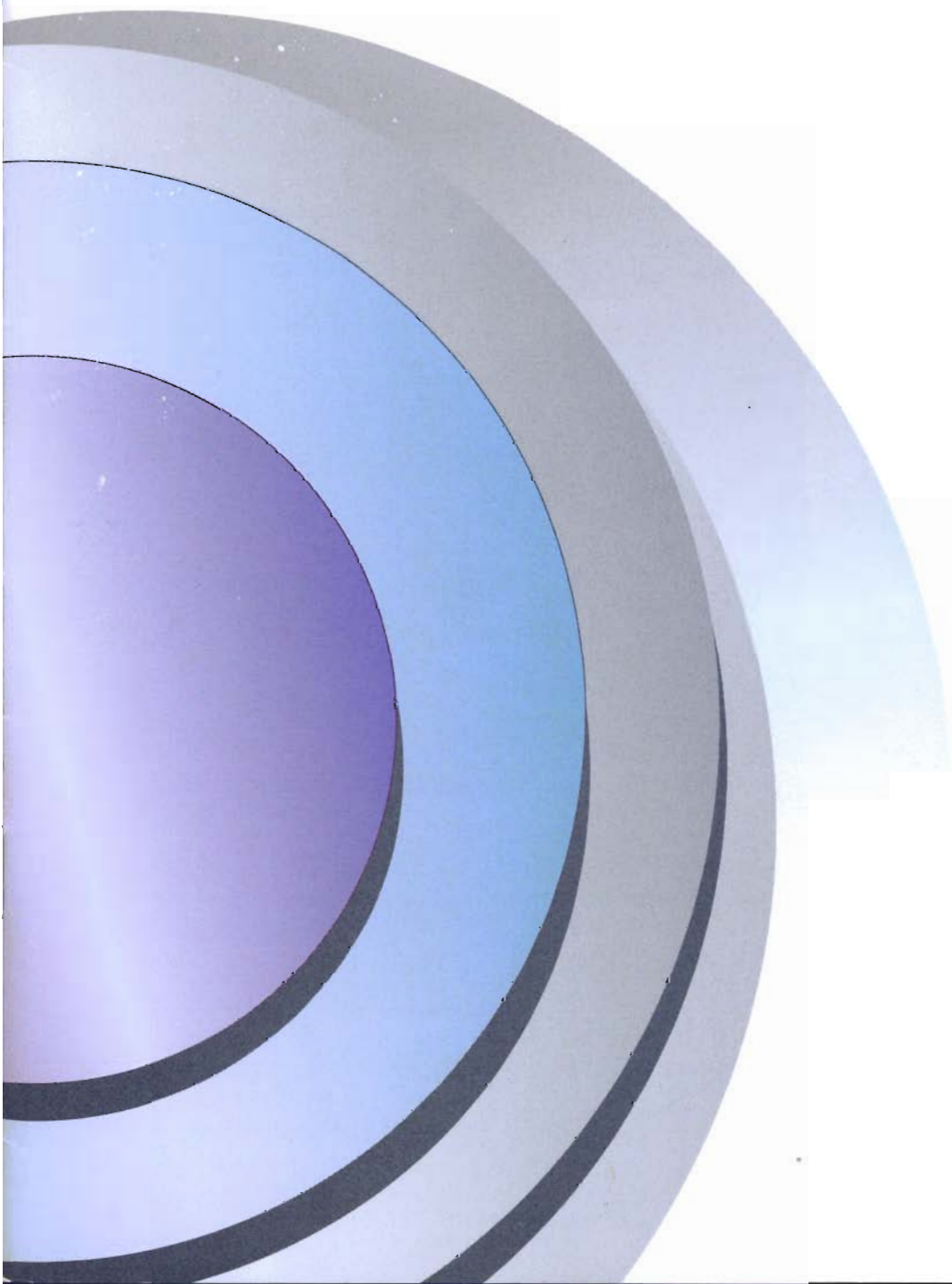


The HP Way



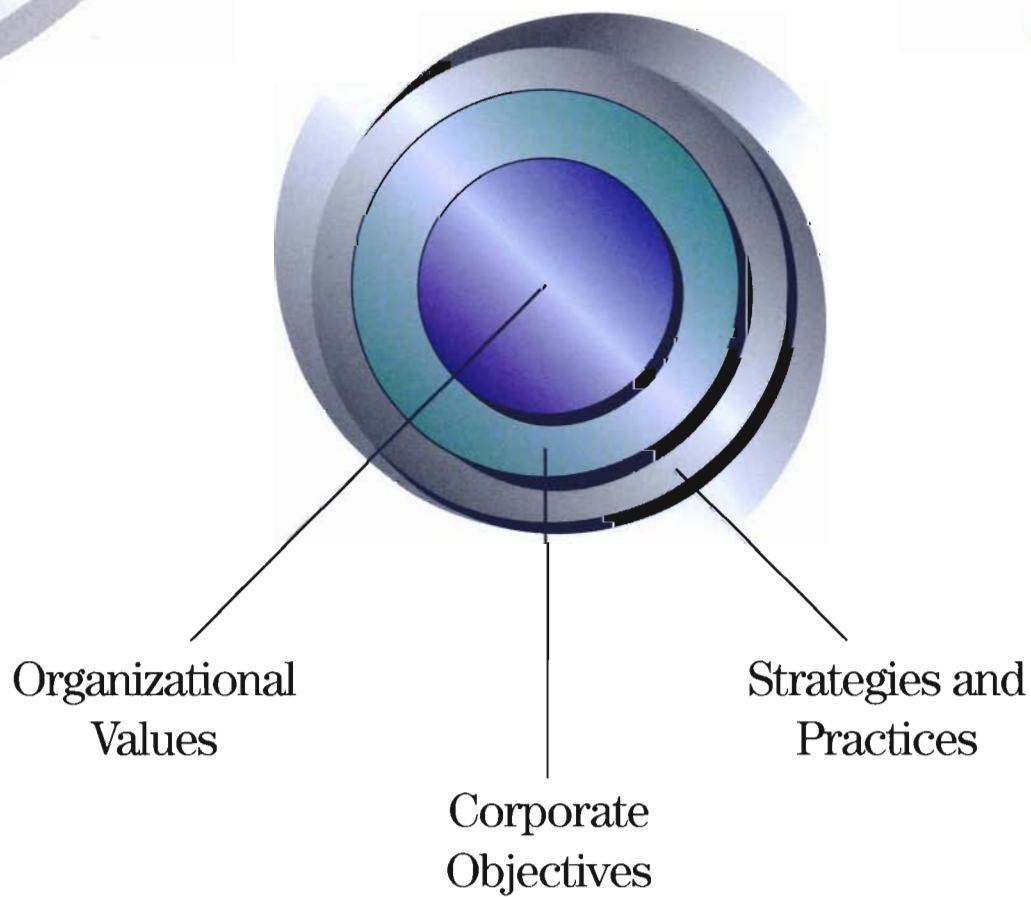
HP Computer Museum
www.hpmuseum.net

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The HP Way:

*"What is the HP Way?
I feel that in general terms
it is the policies and actions
that flow from the belief
that men and women want
to do a good job, a creative
job, and that if they are
provided the proper
environment they will
do so."*

Bill Hewlett, 1982



Enduring Values through Changing Times

The history of the HP Way began in the early years of HP. Bill Hewlett and Dave Packard, two Stanford engineers, combined their product ideas and unique management style, and formed a working partnership.

After many successful products and amidst a rapidly expanding organization, they met in 1957 with their key managers to formalize a set of Corporate Objectives. These objectives, along with underlying corporate values that shape how the objectives would be met, remain as the foundation for something special—the HP Way of doing business.

Enduring values—the core of HP culture

The HP values and Corporate Objectives have sustained dramatic company growth and extraordinary global change. Country to country, the values and Corporate Objectives have served as a unifying force. They are a compass that has helped guide HP to become one of the most admired and successful corporations in the world.

The diagram at the left depicts the relationship among the elements of the HP Way:

- Organizational values
- Corporate Objectives
- Strategies and practices

These three elements comprise the HP Way. At the core of the HP Way are the values that endure through good times and bad. The Corporate Objectives, established in 1957, change

infrequently, with the most recent update in 1997.

Changing strategies and practices

The strategies and practices change in response to external and internal business conditions, but they always remain consistent with the values and Corporate Objectives. Global competitive pressures, governmental regulations, societal changes, and varying customer expectations drive most of the changes to our strategies and practices. These external forces may vary among countries causing some geographic differences in HP's strategies and practices. Also, fluctuating internal conditions such as budgets, business cycles, and increasing employee diversity influence and shape many of our strategies and practices.

HP's value of making a high level of contribution illustrates how practices change yet remain consistent with the underlying value. In the 1960s, HP produced everything in-house—even the screws used to fasten together the instrument casings. HP still values a high level of contribution, but now we focus on a few core competencies and buy the additional technology and services we need.

Another example revolves around the value of teamwork. In the past, HP regarded teams as a group of people from one entity focusing on a single product. Now we take a much broader view, by including other HP entities, customers, suppliers, distributors, and channel partners. What has not changed is HP's value of encouraging people to work together in teams to achieve common objectives.





Organizational Values

HP's values are a set of deeply held beliefs that govern and guide our behavior in meeting our objectives and in dealing with each other, our customers, shareholders and others.

"HP's objectives and values have guided us very well for more than half a century. We believe they are what will give us firm footing in this rapidly changing environment."

Lew Platt, 1994

We have trust and respect for individuals. We approach each situation with the understanding that people want to do a good job and will do so, given the proper tools and support. We attract a diverse group of highly capable, innovative people and recognize their efforts and contributions to the company. We work with our people to create a safe, pleasant and stimulating environment in which they can thrive. HP people contribute enthusiastically and share in the success that they make possible.

We focus on a high level of achievement and contribution. Our customers expect HP products and services to be of the highest quality and to provide lasting value. To achieve this, all HP people, but especially managers, must be leaders who generate enthusiasm and commitment to meet or exceed customer expectations. Techniques and management practices which are effective today may be outdated in the future. For us to remain at the forefront in all our activities, people should always be looking for new and better ways to do their work.

We conduct our business with uncompromising integrity. We expect HP people to be open and honest in their dealings to earn the trust and loyalty of others. People at every level are expected to adhere to the highest standards of business ethics and must understand that anything less is totally unacceptable. As a practical matter, ethical conduct cannot be assured by written

HP policies and codes; it must be an integral part of the organization, a deeply ingrained tradition that is passed from one generation of employees to another.

We achieve our common objectives through teamwork. We recognize that it is only through effective cooperation within and among organizations that we can achieve our goals. Our commitment is to work as a worldwide team to fulfill the expectations of our customers, shareholders and others who depend upon us. This team must include the many suppliers, distributors, channel partners and others whose contributions also are essential to our success. The benefits and obligations of doing business are shared among all HP people.

We encourage flexibility and innovation. We create an inclusive work environment that supports the diversity of our people and stimulates their creativity. We strive for overall objectives that are clearly stated and agreed upon, and allow people flexibility in working toward goals in ways they help determine are best for the organization. HP people should personally accept responsibility for their growth and be encouraged to upgrade their skills and capabilities through continuous learning and development. This is especially important in a technical business where the rate of progress is rapid and where people are expected not only to adapt to change, but to help create it.



HP's Corporate Objectives are guiding principles for all decision-making by HP people.

"It is necessary that people work together in unison toward common objectives and avoid working at cross purposes at all levels if the ultimate in efficiency and achievement is to be obtained."

*Dave Packard
—Preamble to the 1961
Corporate Objectives*

Corporate Objectives

Profit

To achieve sufficient profit to finance our company growth and to provide the resources we need to achieve our other corporate objectives.

Customers

To provide products and services of the highest quality and the greatest possible value to our customers, thereby gaining and holding their respect and loyalty.

Fields of interest

To participate in those fields of interest that build upon our technologies, competencies, and customer interests, that offer opportunities for continuing growth, and that enable us to make a needed and profitable contribution.

Growth

To let our growth be limited only by our profits and our ability to develop and produce innovative products that satisfy real customer needs.

Our people

To help HP people share in the company's success which they make possible; to provide them employment security based on performance; to create with them an injury-free, pleasant and inclusive work environment that values their diversity and recognizes individual contributions; and to help them gain a sense of satisfaction and accomplishment from their work.

Management

To foster initiative and creativity by allowing the individual great freedom of action in attaining well-defined objectives.

Citizenship

To honor our obligations to society by being an economic, intellectual, and social asset to each nation and each community in which we operate.



HP's values and objectives guide us in forming our **strategies and practices** and in managing a dynamic business in a changing world.

"The HP Way, when you really come down to it, is respecting the integrity of the individual."

Bill Hewlett, 1987

Strategies and Practices

HP's strategies and practices consist of shared plans and actions for working, managing, and leading. Worldwide, differences may occur across functional areas, product lines, and various cultures. Our strategies and practices range from guiding how we communicate with each other to how we finance growth by reinvesting most of the profits. While HP's strategies and practices are always consistent with our values and Corporate Objectives, they must change over time in order for us to remain competitive.

This section highlights strategies and practices, shared worldwide, that guide our people:

- Open communication
- Management by objective
- Personal responsibility and initiative

Open communication

Open communication leads to effective teamwork, greater achievement and contribution, and strong relationships with our customers, colleagues, channel partners, and suppliers. Through open communication, HP employees are better able to respond to customer needs and build customer loyalty.

Key to open communication is our commitment to create an inclusive environment that values differences and honors diverse perspectives. HP encourages informality and fosters open communication through the use of first names, spontaneous conversations,

open offices, and casual employee gatherings.

Management by wandering around (MBWA)

Management by wandering around can be demonstrated by a manager reserving time to walk through the department and being available for informal chats. In today's environment with geographically dispersed teams throughout the world, many managers use electronic tools to facilitate communication with employees.

Open door policy

HP's open door policy is based on the value of trust and respect for the individual. It encourages employees to share ideas, discuss career options, and responsibly raise issues with management or Personnel without adverse consequences. Any employee may use this policy to share feelings and concerns in a constructive manner and to gain a clearer understanding of alternatives.

Management by objective (MBO)

Individuals and teams contribute to HP's goals by developing well-defined objectives that integrate with their business and other organizations within HP. MBO fosters innovation and encourages alternative approaches to meeting those objectives. Together, MBO and open communication create an accepting environment where people are willing to take risks,

share new ideas, and develop strong commitment.

For example, written plans, such as business fundamentals and hoshins (breakthrough objectives), guide and create accountability throughout HP. Shared plans and teamwork within and across organizational boundaries help leverage our strengths to meet customer needs.

Personal responsibility and initiative

For HP to remain competitive, people at all levels of the organization need to continue to look for new and better ways to work. With support from their managers, employees take responsibility to express diverse opinions, to understand the impact of their contribution on the broader business picture, and to continuously develop their skills to meet changing demands.

This employee-owned and manager-supported approach makes HP stronger overall. It accelerates the decision-making process and helps employees gain a greater sense of satisfaction and accomplishment from their work.

Career self-reliance

HP selects and manages businesses with a goal of providing long-term employment for HP people and opportunities for personal growth and development. In return, people are expected to take initiative by managing their careers

proactively, learning new skills, and applying them to meet critical business needs.

This includes meeting and exceeding certain standards of performance on the job while adjusting to changes in assignments, schedules, and the work environment.

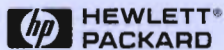
Work/life demands

HP encourages employees and managers to work together to manage the demands of work with other life activities while they achieve common objectives for business success.

Safety

Improving safety is consistent with HP's commitment to its people. At HP, safety is everyone's concern and we are committed to creating an environment worldwide where people work injury-free. To accomplish this, all employees need to take ownership for their personal safety as well as for the safety of their co-workers and work environment.





This brochure is intended for employees worldwide, as well as interested customers, channel partners, and industry colleagues. Its objective is to communicate about the key elements of our HP Way and provide a few examples of how the HP Way is demonstrated at Hewlett-Packard Company.

