

HBR Case Study

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When Steve Becomes Stephanie

What does a star player's gender change imply for a traditional company's culture?

THUNK! The Audi trunk slammed shut, and Eric and Henrietta Mercer carried their bags of groceries into the house. As Eric started putting away the food, Henrietta sorted through the mail. She was surprised to find a letter from Morgan, their 29-year-old daughter, a genome researcher in Boston.

"What's the special occasion?" Henrietta wondered aloud as she settled into a kitchen chair and kicked off her shoes. A moment later she exclaimed, "Jeez Louise."

Eric turned around. "What's up?"

"Morgan sent us a copy of her Massachusetts driver's license renewal form. Take a look at this: 'Complete only if something has changed – name, address, telephone number, *gender designation*.'"

Morgan's letter was eerily connected to the challenge foremost in her mother's mind. As the senior vice president for human resources at LaSalle Chemical, Henrietta knew that about 25% of the leading U.S. companies had policies in place to protect employees against discrimination based on gender identity. But she had never imagined she would actually en-



counter the issue, and certainly not at LaSalle, a *Fortune* 1000 company headquartered in Aurora, Illinois, that provided products and services to oil-drilling, refinery, and pollution-control businesses.

Yet that was precisely what had happened: Steve Ambler, a rising star at LaSalle, had informed senior management that he was going to become Stephanie through a process known as gender transition. Karl Diener, the CEO, had asked Henrietta for regular updates on the problems LaSalle might face as a result – and

matters had taken an unsettling turn that very morning. Henrietta had the weekend to collect her thoughts for a Monday meeting with Karl and the executive committee.

"Look, why don't you work on your presentation while I get supper ready?" Eric said, shooing her out of the kitchen. "And don't get too discouraged," he said, deadpan. "Steve's transition to Stephanie will improve your affirmative-action numbers."

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The Next Round of Change

Nine months earlier LaSalle had acquired CatalCon, a company in Detroit that sold fluid catalytic cracking technology to petrochemical businesses. Karl Diener had announced a major consolidation of the two sales teams: They would be integrated and streamlined so that both could sell CatalCon's and LaSalle's technology and services. CatalCon's salespeople would be relocated to Aurora. Karl had handpicked Steve to lead the change initiative and appointed him group sales director.

At 38, Steve was LaSalle's golden boy. He had overhauled the company's pollution-control sales strategy to make it customer driven rather than product based. Sales had more than doubled in that sector, and the new approach had been rolled out to the group's larger petrochemical customers. Steve was the natural candidate to lead the next round of change.

Then, just three weeks ago, Steve had made an appointment with Henrietta. When he showed up 20 minutes early, she suspected it was something urgent.

"Henrietta, I have something very personal to tell you," he said. "I know this is going to be surprising if not shocking." Steve sat stiffly on the brown leather couch in her office. Henrietta waited, wondering how she could talk him out of quitting.

"I've been seeing a psychologist for years to deal with how unhappy I am with my gender. I'm planning to live as a woman in the near future, and I want to make sure we can work through this together." Steve spoke slowly, giving Henrietta time to digest his news. She was stunned. Intellectually she knew that people sometimes had feelings of being trapped in a body of the opposite gender. But *Steve*? He was a guy's guy, a jock, a husband with two children.

When she tuned back in to the conversation, Steve had begun to tick off the steps in the transition process: electrolysis, voice lessons, hormone therapy, facial feminization surgery, genital sur-

gery. Now that the gender counseling was behind him, he was ready to embark on the first three. "This isn't something I would undertake because of some adolescent fascination with alternative lifestyles," he said, looking at Henrietta directly.

"When are people going to be able to tell that you're...a woman?" she responded, a little more bluntly than she'd intended.

"I won't have facial hair anymore and in about six months I'll have breasts," Steve said. "My voice will continue to change as I train it. But I won't be overtly female until I've had the facial surgery and start wearing women's clothing in public."

Henrietta paused. Questions clouded her brain. What were the legal implications of changing gender? Maternity

Simmering Resentment

Nearly three weeks after his conversation with Henrietta, Steve sat in a bar at the Houston airport, waiting for a delayed connection to Chicago. He and Alex Grant, CatalCon's top salesman, were returning from a four-day sales trip. A master at putting the right person in the right position, Steve was ebullient. The trip had confirmed his hunch that Alex was critical to his plan for the sales integration. Alex, however, was exhausted and annoyed by Steve's high spirits.

"These trips together are invaluable," Steve said, sipping his pomegranate martini.

"I'm glad you think it's working." Alex reached for his draft ale. He didn't exactly dislike Steve, but he didn't like him, either. He understood that they had to work together to make LaSalle's new

"A demotion in exchange for becoming a woman?" he joked. "Just another woman you can pay less!"

leave was considered disability. What about gender reassignment surgeries? And what would Steve's colleagues and customers think? LaSalle's clients were mostly conservative oilmen.

"Steve," she said, choosing her words carefully, "would it be easier for you to play an internal role while you're making this transition?"

He had anticipated her reaction and met it with a joke: "A demotion in exchange for becoming a woman? Just another woman you can pay less!"

A nervous silence followed as Henrietta avoided his eyes. She explained that she would have to do more research before the company could commit to anything.

"I'm not asking for more than that," Steve said. He got to his feet, relieved that the issue hadn't caused his job to blow up—at least not yet.

sales strategy a success, but it grated on him that Steve had been awarded the plum position of sales director.

True, the LaSalle folks had gotten most of the top positions after the acquisition, but Alex thought his 20 years' seniority and his sales record at CatalCon made him a better candidate than Steve, and part of him wondered if he'd been the victim of age discrimination. Alex was great at building relationships. When he advised customers to buy additional products and services from the company, they rarely questioned his recommendations; they trusted him implicitly. At the time of the acquisition he had been making almost as much money as CatalCon's CEO. The sales director position would have entailed a big salary cut, but Alex's wife, Mary, had recently been diagnosed with breast can-

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cer, and he wanted to spend less time traveling. Not getting the job had made the move to Aurora that much more distasteful to him.

"I don't know if I should be so important in this sales integration," Alex said as the loudspeaker announced a further delay in their flight. "I'm on the road a lot more than I expected."

"I need you as my collaborator," Steve replied. "No one else in this company knows CatalCon's technology like you do. Having you play a major role after the acquisition reassures your clients." As he got up to go to the men's room, Steve patted Alex on the back. "We can do this together. Trust me."

Fatigue from the trip and his worry about Mary's condition made Alex uncharacteristically mean-spirited. "We can do this – trust me," he muttered, mimicking the peculiar way that Steve's voice tended to rise in pitch at the end of a long day.

A Toxic Tip

Alex was still in a foul mood when he arrived at work the next morning. He was coming in for just an hour or so before taking a couple of weeks' family leave to help Mary through her first round of chemotherapy. He had finished reading and answering his e-mails when he noticed a blank manila envelope among the papers strewn across his desk.

Inside it was a plain white envelope marked "Alex – For Your Eyes Only!" As he unfolded the contents, the header "Confidential" caught his eye. It was a one-page memo from Henrietta to the members of LaSalle's executive committee. The subject line read "Timetable for Steve Ambler's Gender Transition."

"Steve Ambler's *what?*?" Alex gasped. He inspected both envelopes. Someone was tipping him off anonymously.

Alex's eyebrows shot up as he read about Steve's plan for the next six months, starting with hormone therapy. As Alex scanned the memo, he couldn't help imagining that he'd be named to replace Steve as sales director. Then an impossible idea dawned on him: They





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might let Steve keep the job! Having Steve shadow him on calls to some of his best clients was a nuisance, but if he had to take *Steph-a-nie* along –

“Alex?” Henrietta was at his door, asking if he could be interrupted. “How’s Mary doing?”

Alex glared at her and thrust out the memo. “Do you really want to risk our customer relationships just to accommodate somebody’s aberrations?” he barked.

“Alex, hold on a minute.” Henrietta closed his office door and lowered her voice. “How did you get hold of this?”

He ignored her question. “Just when were you going to tell us?”

“You have to understand that this is new for all of us, and I’m not at liberty to discuss it right now. We have to respect Steve’s privacy. Ultimately this is a medical issue.”

“Have you thought about what’s going to happen here in the office six months from now, when Steve shows up in a dress?” Alex was fuming. “Trust me, a lot of us are going to be wondering just how unstable a person must be to *choose* to have this kind of surgery. It’s indecent. It’s *wrong*. Don’t expect me to feel otherwise.”

“Alex, calm down,” Henrietta said. “I’m not asking you to change your values or your beliefs. There are solutions to the problems that might be worrying you. Other companies have been through this and have worked out how to adjust.”

“My God, Henrietta, listen to yourself. What’s become of you?” Alex started to pace. “Don’t you get it? It’s not a question of adjusting. This is a *moral* issue, not a medical one. Frankly, I’d rather leave than be part of an organization that has lost its moral compass.” He looked at his watch angrily. Mary was going to be late for her chemotherapy treatment.

“Isn’t there something toxic about a work environment that stirs you up so much you forget your own wife’s struggle with cancer?” he said, stalking out.

It was dreadful that Alex had heard about Steve this way, Henrietta thought

as she walked back to her office. But at least she now had some idea of how people in the organization might react. Luckily, Alex would be away for the next couple of weeks, unlikely to cause a commotion. She could use that time to finish crafting her strategy for dealing with the issues raised by Steve's transition.

"Very Complicated"

Saturday night Henrietta and Eric sat on the living room couch and discussed her upcoming meeting with Karl and the executive committee.

"Illinois law protects employees against gender identity discrimination," she said, rehearsing the facts. "We have no option but to come up with a company policy that complies with state law." She rose to put another log on the fire. "But it's more than that," she said, poking the embers. "We want our people to be able to bring their whole selves to work. Having employees who are fully engaged is core to our culture."

"That's all well and good," Eric said, "but how are you going to let Alex bring his whole self to work?"

"Probably not through gender sensitivity training," Henrietta reflected. "But I'd like to find a mediator who can get Steve and Alex talking to each other." She stood in front of the fire, rubbing her hands together, before turning back to Eric. "The problem is, I've been checking into resources, and many of the coaches and advisers in this business are transgender themselves. That could turn Alex off completely."

"And Steve probably won't go along with your bringing in someone who has no experience with transgender issues," Eric replied. "Isn't there someone in-house who can fill the role? How about you?"

Henrietta grimaced.

The fire crackled and lit up the room. Eric spoke first. "I know you're not going to like this, but you could read Steve the riot act. Frankly, your customers will never accept him when he starts transitioning to Stephanie. Insist that he take an internal position – at least until the transition is complete."

"I don't know," Henrietta said. "Maybe people will be more tolerant than you give them credit for." She was thinking of an employee who had come back from rehab and had reintegrated into the company seamlessly. "Besides," she reminded her husband, "we need Steve engaged to make the integration process work. If I'm going to play hardball, it makes more sense to play it with Alex. He might choose to leave – though that's unlikely, given Mary's health and his need for benefits."

"But having Alex stay for those reasons alone is no solution either!" she said, throwing up her hands in frustration. "I don't just need Alex on board, I need *him* engaged, too. For heaven's sake, he's our top salesman – the main connection to our CatalCon customer base. LaSalle needs both these guys –"

"One guy, one gal," Eric said with a rueful smile, as Henrietta's cell phone rang. It was their daughter, Morgan, calling from Boston.

"What did you think of that license renewal application?" she asked.

"All roads lead to Rome," Henrietta replied. She started to unburden herself but thought better of it. "Morgan, you're the scientist here – what does your work on the human genome tell us about all this transgender stuff?"

"Very complicated," Morgan replied.

Great, Henrietta thought. Just what Karl Diener doesn't want to hear.

How can Henrietta help Steve transition in a company where not everybody is on board? Three commentators offer expert advice.

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