



## Three in the Middle: The Experience of Making Change at Micro Switch

*As a change agent, some days you're going to be a star, and some days you're going to be a turkey, but if you 'm true to what you think is right, you'll end up OK. And, hell, if they fire you for doing the right thing, then you didn't want to work for that company anyway.*

—Rick Rowe  
Director, Materiel

*People are struggling so much because they're trying to understand what this desired state is. I have been told I'm supposed to do this, this, this, and this—well, which one do I tackle first, and with what kind of focus, and what's the time frame?*

—Deb Massof  
Director, Aerospace, Ordnance,  
and Marine Marketing

*Now is the time for determination and just grunting it out. And that's where we're going to start seeing some folks say, "Ah, baloney, I'm not cut out for this amount of frustration. I'm tired of trying to balance all this." It's not for the fainthearted right now.*

—Ellis Stewart  
Director, Fabricating Operations

### Prologue

It was mid-summer 1990, and Micro Switch was changing. In fact, the manufacturer of switches and sensors, a division of Honeywell, Inc., was embroiled in change. For the last three years, the Freeport-based company, in the rural northwest corner of Illinois, had been striving to transform itself from a mature, provincial business into a more dynamic, customer-driven, global operation capable of surviving into the 21st century. Indeed, most of the division's managers believed that without profound changes, Micro Switch's days would be numbered.

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*Research Associate Susan Rosegrant prepared this case under the supervision of Professor Todd D. Jick as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.*

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Recently, the responsibility for shepherding this change effort had begun to fall more and more on the shoulders of the company's directors—a group of 19 middle managers who reported directly to the vice presidents under the division's general manager (see **Exhibit 1**). In order to form a more cohesive and skilled “change agent team,” both the vice presidents and the directors had begun attending a series of formal off-site team-building and training sessions beginning in November 1989. Rick Rowe, Deb Massof, and Ellis Stewart all had been active participants in these “Eagle Ridge” sessions, named for the meeting site.

After the second of the Eagle Ridge sessions in March 1990, Rowe, Massof, and Stewart each had tried to describe in their own words how it felt to be a change agent in the middle of the process—detailing both the pleasures and pains of making change. Four months later, each of the three directors had sat down and revisited many of the same subjects again. The second time, however, their comments were colored by changing circumstances. It was becoming clearer by the day that most of the “easy” changes had already been accomplished, they claimed. Moreover, a stubborn business slump facing both Honeywell and Micro Switch, as well as many other U.S. manufacturers, threatened to sap both the energy and the resources necessary to keep the change effort moving.

Rowe, Massof, and Stewart all had declared their dedication to change, no matter how rocky that road might prove to be. Yet after they each finished talking, a final unspoken question seemed to be on all of their minds: Had something gone wrong, or was this the way a successful change process was supposed to feel?

## **Change at Micro Switch: 1987–1990**

Founded in 1937 and acquired by Honeywell in 1950, Micro Switch in its early years had established a solid reputation as an industry leader in switches, sensors and manual controls, making thousands of products ranging from simple lawnmower switches to sophisticated controls for NASA's first manned orbit around the earth in 1962. The company had also established itself as a reliable source of profits for Honeywell. But as aggressive and international competitors attacked Micro Switch's traditional markets with less expensive products in the late 1970s and early 1980s, and as switching technology began shifting from electro-mechanical to electronic and solid-state, the division's performance began to suffer. Honeywell, the Minneapolis-based company offering products and services in information processing, automation, and controls, did not release figures for its divisions. But Micro Switch's operating profits began a downward tumble in 1985 which put its corporate overseers on red alert (see **Exhibit 2**).

To make certain Micro Switch regained its competitive spirit, Honeywell recruited Ramon Alvarez, a 49-year-old company veteran who had already helped turn around two other divisions. Arriving in September 1987, with the corporate charge to do what was necessary to revitalize Micro Switch, Alvarez set in motion a wide-ranging mix of change actions (see **Exhibit 3**). First, Alvarez and his staff crafted a three-year plan for the company, put together a mission statement, and created a new vision for Micro Switch—“Growth through quality solutions to customer needs.” Next, Alvarez initiated a rigorous annual strategic planning process, to make the company more competitive, responsive, and financially savvy. And, finally, Alvarez instituted a broad communication, recognition, and quality program known as APEX—an acronym for Achieve Performance Excellence.

In its first year, APEX was designed to convince Micro Switch's more than 4,000-member work force that change was necessary, and to give each employee specific ways to help strive for excellence. The program included an employee suggestion system and awards for meeting performance objectives.

By its third year, APEX had become more sophisticated. At the heart of the 1990 program was a network of committees and councils, dubbed Building Block Councils, to encourage division-wide

involvement in six key strategic areas: a customer satisfaction council, to set standards for products and customer relationships, and create practices to meet those standards; a quality council, to establish and help achieve overall quality standards for satisfying customers; a goals council, to find appropriate ways to measure progress in reaching division goals; an awareness council, to promote awareness of quality issues throughout the division; a training council, to ensure employees get the training they need to improve quality and customer satisfaction; and a recognition council, to develop and oversee an effective recognition policy. Rowe, Massof, and Stewart each chaired one of the councils.

In addition, Alvarez had put a number of key “platforms”—or change-building steps—in place, ranging from such efficiency-boosting improvements as installing a network of personal computers, to such process-oriented programs as Barrier Removals, in which each group within the division identified specific barriers to quality which they could attack and remove (see *Exhibit 4*). As these platforms began to yield improvements, they reinforced the value of the more difficult organizational and attitudinal changes which still lay ahead.

With these efforts in place, Alvarez had activated a final critical component in his plan to revitalize Micro Switch—the systematic training of a change agent team. Beginning with the first Eagle Ridge session in November 1989 (see *Exhibit 5*), Alvarez had begun to focus more and more on Rowe, Massof, Stewart, and the rest of the division’s directors. “We have spent the past two years putting this team into position, conditioning it, and preparing it for the 1990s,” Alvarez had declared in his opening speech at the first Eagle Ridge session. “While we all have a fear of the unknown, I think we have with us tonight a team that has made enormous changes over the past two years, and welcomes the opportunity to anticipate the future and manage it.” With the conclusion of the second Eagle Ridge, the time had come for the team of young change agents to assume a larger role.

## Rick Rowe

It was late March 1990. Rick Rowe had returned to the office from the second Eagle Ridge session a few days earlier, and just like after the first session, Rowe was charged up and ready to go. He had already run a one-day “mini Eagle Ridge” for about 30 of his extended staff. Now the 40-year-old Rowe was still pondering many of the issues raised at Eagle Ridge—such as empowering the work force and changing established behaviors—and wondering how to bring them alive for the lower ranks of the organization. “We’ve gotten where we got to on the backs of the people,” he declared, “and now what we have to do is transform them. How do we take the people of Micro Switch to a different place.”

A few months before, Alvarez had named Rowe to chair the Building Block Council on Recognition. Rowe’s initial charter was to ferret out the best ways to recognize, motivate, and reward employees in an effort to reinforce the beliefs and behaviors—emphasizing quality and customer satisfaction—that Micro Switch now sought from its work force. In addition, the council was to see that these forms of recognition—whether an award or a simple “thank you”—became consistently practiced throughout the division.

Rowe seemed a natural choice for the job. Except for a two-year hiatus, he had been at Micro Switch since 1977, first as an engineer, now as the director of materiel, responsible for procurement under the vice president of operations. As a self-proclaimed “local boy” with “real, simple values,” Rowe seemed to have a strong affinity for Micro Switch’s employees, as well as a desire for them to share his own enthusiasm. In particular, he wanted to prove to the work force that the division—under Alvarez—was now responsive to input from all levels of the company. “We’re trying to institutionalize that we care, we show it, we go out and talk to people,” he explained. “I’m really convinced that all of our employees should feel like I do: greatly empowered, very focused, basically happy, challenged, recognized in some form, and enjoying the work they have.” He added: “People go out and self-actualize on bowling. Why can’t we self-actualize more at work?”

According to Rowe, when Honeywell first announced that Alvarez would be taking over, many at Micro Switch—from factory workers to senior managers—were uneasy. “Everyone perceived that the guy who rose to the top was the guy who carried the biggest two-by-four, and the one who could really belt people around psychologically,” Rowe recalled.

Instead, Rowe said, Alvarez moved cautiously, especially at first, in order to gain workers’ trust and cooperation. “He took the opposite tack, which is to say we’re good, we need to build on that, we need to create something, we need to regenerate, we need to rejuvenate the business,” he recalled. “We need to put capital back into the facilities. The cow’s been milked until she’s about dead.”

Many of these ideas weren’t new to Rowe. He had always been intrigued by questions of organizational change, and had tried to run his own piece of the organization in a more “enlightened” fashion than many other managers at Micro Switch, listening to worker concerns and delegating responsibility whenever possible. But instead of garnering praise for his efforts, Rowe had gained the reputation of being a renegade, not a team player. “Challenging anything we did was bad,” he explained. “I was the ‘bad cowboy.’”

Rowe claimed that his behavior didn’t shift substantially after Alvarez’ arrival. But now, the same actions that had been frowned on before were being held up as an example of the right way to operate. “Now I am a ‘good cowboy’ because I’m a change agent,” he marveled. “I now have a desirable title as opposed to being someone who would rock the boat. Ray’s tried to reach out and find the change makers who were still alive and well.”

As newly appointed head of the recognition council, Rowe had been interviewing 300 randomly selected Micro Switch employees to elicit their ideas about rewards and recognition. The consensus on how to make people feel more appreciated turned out to be more simple than he expected: most important was to just say thank you. But Rowe uncovered other issues in the course of talking with co-workers which he found more troubling and less easily solved. Among these was the issue of empowerment itself. “I think people absolutely have bought hook, line, and sinker that we have to change to survive,” he mused. “Where we’re getting hung up in the process right now is our people then have said, ‘OK, we buy it. Boy, we’re in trouble. You guys in management, you tell us what to do now.’ And our response back has been, ‘Wait a minute, we want to empower you. And we want you to tell us what we should do.’” He added: “You essentially are empowered to do anything you want to do, but what hangs people up is you have to have the courage to use this power.”

Not only were employees confused about how to suddenly take power into their own hands, Rowe said, the multiple changes taking place at Micro Switch had left many people at all levels of the company grasping for something to hang onto—something familiar or some point of safety. “When you’re confronted with change and the unknown, for most people, it’s very scary and they need an anchor,” Rowe explained. “So I’m asking my people, ‘What’s the anchor for our factory? What’s the anchor for our salaried people?’ We would like to believe that management is the anchor for our employees.”

Rowe was also concerned about how to keep Alvarez, the rest of the change agents, and himself from getting worn down by the process. Even the apparently indefatigable Alvarez, he said, occasionally claimed he was tired. And with a possible five to eight additional years necessary to institute a major change at Micro Switch, there could be plenty of opportunity to become fatigued and frustrated. “There’s a danger for change agents that you get so far ahead in understanding where the company needs to go, and then you look back and say, ‘Where the hell is everybody?’” Rowe noted. “That’s scary. On a personal basis you’re at risk because you’re out there sticking your neck way out and you look back and no one’s there. You get tired when you’re too far out in front.”

In this sense, change agents needed anchors just as much as anyone else involved in the process, Rowe insisted. But figuring out who or what should be the anchor for the change leaders was

not so obvious, especially for Alvarez. "I was talking with one of my superintendents about anchors, and he said, 'What's your anchor?'" Rowe recalled. "I said that I didn't know. For some people it probably is their peers or their superiors. And I suppose in one way, Ray may be more of an anchor than I think. I like to think I'm very independent. I'm still doing the same thing I've always done, only this time someone says, 'Gee, it's OK.'"

Although Rowe might have been operating the same way he always did, the positive reinforcement he was feeling, and the excitement of working with others in the organization toward a common goal was clearly a new and motivating sensation. "I wasn't ostracized before, but I felt I wasn't progressing at the rate I should," he remarked. "The real difference is it wasn't as much fun. This is like a playground! Right now, for someone like me, this environment we've created is like I've died and gone to heaven. I don't ever want this to end."

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Four months later, it had become more apparent than ever that the business slump was not going away, and that Micro Switch's management team had to face the fact that Honeywell probably wouldn't provide funding for any of the more ambitious revitalization programs waiting in the wings. In fact, even some of the basic programs already in place were undergoing careful scrutiny. "I can see how far we've come in three years," Rowe insisted. "But the downside is that very few companies which have attempted to change succeed in the long run, principally because the owners can't endure the 7 to 10-year total transition period. In a lot of companies, the business doesn't quite measure up to standards, and someone who is holding the checkbook gets impatient."

The slump's timing was particularly hard for Micro Switch, Rowe contended, coinciding as it did with a natural slowdown in the change process itself. The easy changes had already been made. Now the company had to tackle deeply ingrained behaviors and processes which were holding the division back from reaching its goals. And while the first Eagle Ridge session had left most of the participants almost euphoric, the second session had felt more like plain work, and that sense had lingered. "We're at this lull where a lot of the excitement has worn off, and now we're into hard work," Rowe acknowledged. "Change takes so goddamn long. You get real frustrated by it and run the risk of losing people's attention."

Looking back over the change process of the past almost three years, Rowe's frustration seemed to grow. Eagle Ridge had been the first real opportunity for the directors to share training in change management, and it had been "an excellent solidifier," he said. "One of the big things Eagle Ridge did for us as a group was to create some degree of camaraderie, and also more of an element of trust," he reflected. "The degree of cooperation between functions here at the director level is the best that I've seen in years."

But in retrospect, Rowe also felt that he could have benefitted from such training much earlier. "When I came into this job, I was given the task of transforming my part of the organization from its present state as an archetypical procurement organization into some undefined world-class operation," he explained, "but I wasn't given any real training. At Eagle Ridge, for the first time I felt like there was some laid-out method to the madness." He added: "As one of the so-called disciples, I've felt a little bit alone. I haven't felt as warm and comfortable and that I was doing the right thing as I should."

Rowe confronted Alvarez with these thoughts during a break at the second Eagle Ridge, but the general manager had defended his choice to hold off on the training. "Ray said, 'Some of you guys may be ready to go, but the rest of the organization is not. I can't let you get ahead of everybody else,'" Rowe recounted. "So we could feel a little bit of the hand of control saying some of us may need to slow down." Despite Alvarez' cautioning, however, Rowe remained convinced that he and the other directors would have profited from earlier guidance and instruction. "I think there were a fair number of people who were confused," he explained. "Some people probably thought this is

some kind of dictatorial commandment, and Ray's doing all this stuff, and they don't necessarily buy in. I think we could have got the buy-in a little bit sooner."

One of the key messages that stuck with Rowe after Eagle Ridge was that behaviors reflect beliefs: If you want to change someone's behavior, you must first change their underlying beliefs. But in addition to changing people's beliefs and rewarding the behaviors it wanted, something Micro Switch had done fairly successfully, Rowe maintained that it was also time for the division to get tougher about discouraging the behaviors it didn't want. "We haven't stressed enough of the attitude we're looking for in people," Rowe declared. "For a long time, we've said that as long as people do an adequate job, that's OK. But if you think about anything else we do in life, we don't let people who have bad attitudes play on our teams, we get rid of them—we tell them that they can't play, or we trade them, or we let them go. Who says we have to employ people who don't want to be a part of our team?"

Reassigning or firing a large number of workers wouldn't be an easy move to make, Rowe admitted, particularly in Freeport, where Micro Switch was the main game in town. "It's real hard to look at people and to say, 'We didn't make you a manager for life,'" he confessed. But according to Rowe, the time might have come for Micro Switch to make these hard choices in the interest of survival. "We're running out of time," he asserted. "My big concern is that in every case I've seen, it takes 7 to 10 years to make the change. I don't know that we've got 7 to 10 years."

## Deb Massof

A few days had passed since the second Eagle Ridge session and, like Rowe, Deb Massof was still struggling to digest all of the change-related topics presented there. "What's intriguing about Micro Switch right now is that there are so many changes going on at one time," she declared. "I think people do want to change. They do want to do good. But they're real frustrated at not knowing what to change."

When Deb Massof joined Alvarez' management team early in 1988, she was immediately pegged as an outsider. For starters, at 32 years old, she was considerably younger than most of the managers. After recommending that Micro Switch focus more on its aerospace, ordnance, and marine (AOM) business by making it a separate unit, Massof was named the new unit's director of marketing, heading a staff whose members were typically between 40 and 60 years old, with 20 to 40 years of seniority. She was also a senior manager in a company unaccustomed to seeing women in professional positions. This, after all, was a division where—until Alvarez intervened—the only woman staff member had never been invited to a general manager's meeting, and did not receive the same parking privileges the men enjoyed.

Finally, Massof—who had already amassed 12 years' experience at Honeywell—carried the stigma of coming from "Corporate." Since Honeywell bought Micro Switch in 1950, the relationship between the two organizations had evolved into an uneasy alliance. By 1987, senior management at Honeywell had become concerned by Micro Switch's apparent drive to stay independent. Micro Switch managers, for their part, believed Honeywell was milking Micro Switch dry without giving anything in return. Massof was well aware of these tensions. "It felt like those of us from Honeywell were suspect," she recalled. "For years and years they would ship the profits up the river. . . to us!"

Massof had her own misgivings about coming to Micro Switch. It wasn't just the move from Minneapolis, a thriving cosmopolitan center, to Freeport, a town of about 27,000 surrounded by farmland. It was also leaving behind the fast-paced environment of Honeywell for a division which appeared resistant to change. "I used to think this place was stuck in a time warp," confessed Massof, who first visited Micro Switch a decade earlier. "Not many things have changed since 1980. That was probably the scariest thing for me. It's such a deep culture."

As Massof dug into her new job, some of her forebodings proved right on target. Her forthright and nonhierarchical style—which was among the traits which had appealed to Alvarez—came as a shock to managers accustomed to adhering to a rigid reporting structure. It took months, for example, before she could approach a product administrator two levels down in the organization without a product manager rushing to intervene, and without their assuming she had come to complain.

Moreover, Massof found herself responsible for marketing product lines which had basically lain dormant for more than a decade. For example, although she was told that Micro Switch was still a leader in military lighted push buttons—a product the company invented in the mid-1950s Massof discovered that “lead” actually had dwindled away to an insignificant share. “In my particular business unit, the highest priority is making up for 15 years of no investment and no new products,” she declared. “We’re talking major, major change.”

Massof’s goals during her first 18 months with the AOM unit in many ways paralleled what Alvarez was trying to accomplish with the division overall: to make people aware of the need for change; to compensate for years of neglect; and to start drawing people into both the revitalization process and daily operations in ways they had never been involved before.

According to Massof, this was easier said than done. In her area, there was no time at first to think about “fine tuning” the change process. Instead, she was faced with getting much greater involvement in using management tools like market research and strategic planning in order to get the business moving again. “We were working very hard on just understanding this market we were in,” she explained. “We thought we understood our customers, but I was shocked at how much we didn’t know about the people we got all this money from.”

Even in the process of implementing these steps, Massof was introducing her staff and employees to what for them was a radical new way of doing things. After just a few months on the job, for example, Massof called a general meeting to begin brainstorming for the unit’s strategic plan, which Massof was determined to turn into a vital “living document”—a plan with daily significance for the entire unit. Because strategic planning at Micro Switch formerly had been the sole province of top management, employees at lower levels had never had a say in such issues before. She recalled the strategic planning kickoff meeting: “I got so many blank stares, as though to say, ‘What on earth are you asking us to do?’ All I heard was griping for weeks, and I thought, ‘This is the biggest mistake I’ve ever made.’”

Massof didn’t back down, however. She pressed her subordinates to continue meeting a couple of times a week, and as the division-wide strategic review process neared, the meetings increased to almost daily. The hardest part, Massof recounted, was to encourage independent thinking from employees who had never been expected to contribute before. Now, looking back on the process from a year’s distance, Massof deemed it one of her group’s greatest successes. When the time came for AOM to present its plan to the division, it was not Massof or her boss who introduced the strategy, but the cross-functional business teams which had invested so much time, energy—and complaints—in crafting it. “To get them together in a room to do strategic management was real weird for them,” she laughed. “But I think they’re feeling better about it now, and better about themselves.”

Although the strategic plan was a success, it didn’t mean the AOM unit was looking forward to it the second time around. Massof had already heard complaints about the planning for 1991, which was set to begin. Partly because of the strain of trying to motivate her co-workers and subordinates, Massof was particularly eager to draw inspiration from the Eagle Ridge sessions, even though these signalled a more intense focus on change at Micro Switch. “I feel like I need to be smarter,” she admitted. “Then I figure out that it’s not related to my inexperience at all, it’s just the situation. There are a lot of people who have a lot more experience than I do who are feeling the same way.” She added, “The biggest thing that’s hit me is that I can’t do a lot of things at once. We have to

show little successes. Then when you look back over 12 months you say, 'Well, we've come a long way.'"

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Four months later, Massof seemed more at ease with the unsettling sensation of being in the midst of change. Moreover, now in the middle of July 1990, she finally could point to a few examples of successful organizational change. Her group had recently completed its second strategic planning process, and this year—despite her initial forebodings—the participants had taken up the plan without complaining, and had brought a new level of skill and detail to the task. "We spent very little time bemoaning the time it would take—we actually had buy-in!" she exclaimed. "We established a benchmark on change by doing something right in 12 months." She added: "These people two years ago would not have had the confidence to get up in front of the general manager, and talk about their business, and tell the general manager what he should do."

Massof also felt that the seeds of team work planted at Eagle Ridge were beginning to take root. Just the day before, for example, she had met Rick Rowe for lunch to discuss a number of issues, ranging from getting Rowe's procurement perspective on a major contract for her unit that Massof was renewing, to discussing how their Building Block Councils should complement each other. "This helps the team-building process overall because we're setting an example," Massof explained. "When people see us, they're going to realize that being from different areas of the organization doesn't make us enemies, and that we can work on problems together."

Massof was still confronting many of the same obstacles which had discouraged her in March—in particular, the sheer number of changes waiting to be implemented. "My major frustration is that there are too many things that you know *need* to be changed," she stated. But at the same time, Massof appeared less troubled by the sense of always having too much to do. "We're all trying to be Super People—we're all trying to do everything at the same time, so we're spread a little thin," she mused. "It's a natural part of the process, but as part of that process, you can also step back and say we need to focus."

Specifically, Massof intended to focus more on her position as head of the Building Block Council on Customer Satisfaction, a role which had taken a back seat to the strenuous strategic planning process of the previous few months, and which would probably continue to take a back seat to the overriding concern of keeping the business on track under very difficult market conditions. "We're all doing this on the side of our desks," she sighed. "The councils consist mostly of directors and managers, and just getting the three directors of marketing in one room at one time is an incredible job."

As chair of the customer satisfaction council, Massof was charged with recommending and helping to implement the policies and systems Micro Switch needed in order to satisfy its mission of becoming a truly customer-driven organization. Among the priority items Massof wanted the council to consider were setting up a toll-free telephone number for customer inquiries, and creating a standard complaint system to replace the company's somewhat haphazard case-by-case approach.

According to Massof, Alvarez was "very, very clear about his expectations" for the division, yet she felt she had a great deal of autonomy. "It's not dictatorial," she asserted. "It's not like Ray's standing up there saying, 'Thou shalt do this.' He's depending on a lot of different people to come up with the right solutions. And getting people together is not an easy thing to do when you're trying to run your business, too." She added: "I don't feel like he's controlling us. In fact, I feel I have so much leeway that I always feel guilty that we're not doing enough."



## Ellis Stewart

The second Eagle Ridge session had ended just a few days before, but Ellis Stewart was already sifting through the materials he had brought back with him, trying to figure out how to incorporate the best of the new concepts into one of the many internal business manuals he had designed. Alvarez had named the 44-year-old Stewart to head the Building Block Council on Training just a few months before, but for Stewart, absorbing and repackaging change management techniques was a labor of love—one he had been doing on his own for years. “I do it because it’s fun to do and it helps the cause,” he claimed, and then gestured at a shelf piled high with management books. “There’s no excuse for a business manager today not to know what is going on and not to have some ideas.”

Stewart had logged almost 20 years at Micro Switch when Alvarez took over, and had risen to the position of director of fabricating operations, responsible for producing precision engineered parts for Micro Switch and other Honeywell divisions. Stewart’s roots went deep and revealed a loyalty which the last decade of management practices had not shaken. “When I came here, the place literally could do no wrong,” he asserted. “In many markets we were the only game in town, so we named our price and got it. From the standpoint of a middle manager, this place has been a fantastic place to work.”

Stewart grudgingly admitted that Micro Switch’s dedication to delivering profits to Honeywell had gone too far—causing the company to skimp on internal investment, and to resort to frequent layoffs. But he also insisted that many managers at the company had never lost sight of the quest for excellence. “Ray has said many times that the vision kind of got middle-aged,” he said. “Some of us, especially people of my vintage, kind of resent that because we don’t think we were ever caught up in that. Guys like Rick Rowe and me were off on our own, having a chance to change things and influence things.”

In fact, Stewart and Rowe recently had been the first employees to receive plaques—dubbed Eagle Visionary Commendations—honoring them for their contributions to the change process (see **Exhibit 6**). “If I got that award for any reason at all, I got it because of my guts—my willingness to experiment with my part of the organization and take some risks,” Stewart declared. “But this stuff wasn’t always appreciated. Some folks have labelled Rick a maverick, and when I was doing creative stuff back in 1982, I actually had my career threatened because people resented it.”

Despite having won the award, Stewart still felt he had plenty of new things to learn, he hastened to add. The Eagle Ridge sessions, on top of the intensive strategic planning process which Alvarez had instituted, had begun to drive home a concept of cooperation and teamwork that was foreign to many of Micro Switch’s managers. “We’ve got big egos, and teamwork becomes the biggest challenge,” Stewart conceded. “We have some folks who think that if they don’t control everything that they need, then they can’t succeed. The ego thing tends to cloud objectivity—mine and everybody else’s.” He added: “It hasn’t been until the last 18 months that we have tended to look around to see who’s got something that’s really good that we can copy. Up until then, it was, ‘Well, Rick did something, but now I’ll go do my own thing.’”

In addition to teamwork, Stewart also saw a number of other issues needing attention. “What is it going to take to get the rest of our management team to articulate the visions for their own areas as well as Ray can do it for the division, and as well as I and a number of other folks can do it for our parts of the division?” he asked. “That’s a tall order. We have to learn a lot of things, we have to change the way we act a little, and we have to be a little less stuffy—get excited from time to time.”

Stewart seemed deeply committed to the changes taking place in the last two-and-a-half years. “We have a general manager who has boundless energy and who sets the example,” he declared. “Not that he doesn’t sometimes make us feel bad if he blows up at us, because that can happen. He’s a very intense person. But his creative energy has changed the work environment.” He

added: "We tried to remind our folks, we're optional. We've got to be the best there is in this kind of business, or eventually we won't be around—that's the law of nature."

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Four months later, Stewart's nervous energy seemed somewhat tempered. Like Rowe and Massof, Stewart worried that the business slump had hit at a particularly inopportune time—knocking the wind out of the change effort just when it needed a boost. "We have lots of projects underway, lots of new product development work, tons of energy being expended, long workdays, people working on weekends and taking their work home, but there's just no growth," he lamented. "What we need is some growth to take advantage of all the work we've done."

Even Alvarez, whose energy and optimism had often sustained Micro Switch in the past, was showing signs of strain, Stewart said. "Ray and a number of us are concerned that the organization is doing a lot of things, but doesn't appear to be changing rapidly enough to take advantage of the investments that we've made," he explained. "We are not on this upward rocket that we'd expected to be on by now, and that is weighing extremely heavily."

This increased level of stress might have contributed to the occasional friction some of the directors were experiencing, particularly as they wrestled with issues of autonomy and empowerment. In the past few months, for example, after a preliminary presentation to Alvarez and his executive staff, Stewart—in his role as head of the Building Block Council on Training—had overseen the planning, organization, and pilot run of a new employee training program known as APEX College. But instead of winning kudos for his fast work, Stewart and his associates had gotten their wrists slapped for acting without authorization. "It was totally bewildering," he recalled. "We said, 'Listen, damn it, we accepted the assignment, we went and did it, we're doing it on the corner of our desks, it's not anywhere *close* to the normal routine for a job like ours, so what the hell are you telling us now?'" He added: "There's an aura here that if you don't move quickly, that's a problem, but in this case we got caught moving too quickly."

Nevertheless, although Stewart was angry at the time, he said that in retrospect, he saw the wisdom of the reprimand. "Ray is tussling with the business of control versus empowerment," he explained. "He's got to control the business, he's got his neck on the line for the success of this thing, he likes to have his mark on things, he wants to have his staff involved setting the tone and providing the leadership, and we went off and said, 'We don't need you guys.' We moved so quickly, we lost them."

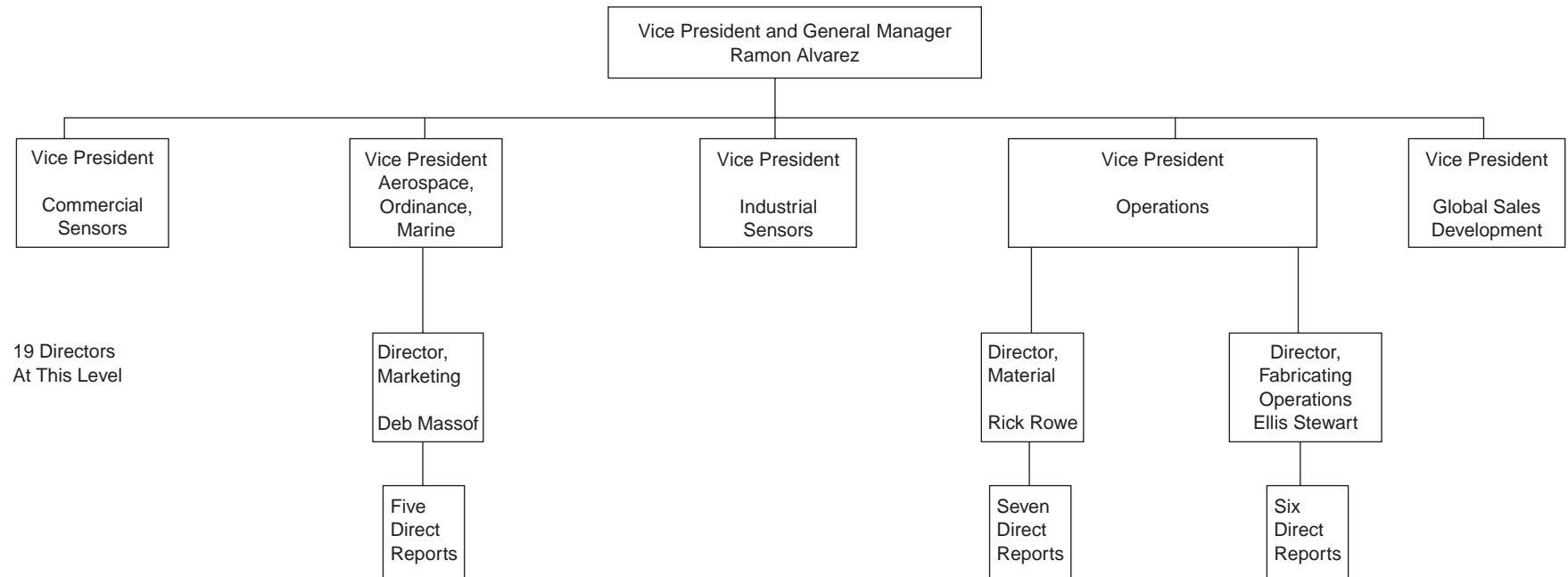
The issue of control versus empowerment was not the only dichotomy Micro Switch was struggling with, Stewart said. The company also had a schism between those who were committed to change, and those who were not. On one hand were the change leaders like Rowe, Massof, and Stewart, himself, who were in danger of taking on more change than they could handle. And on the other hand was a group straddling all levels of the organization which still appeared unconvinced of the need for change.

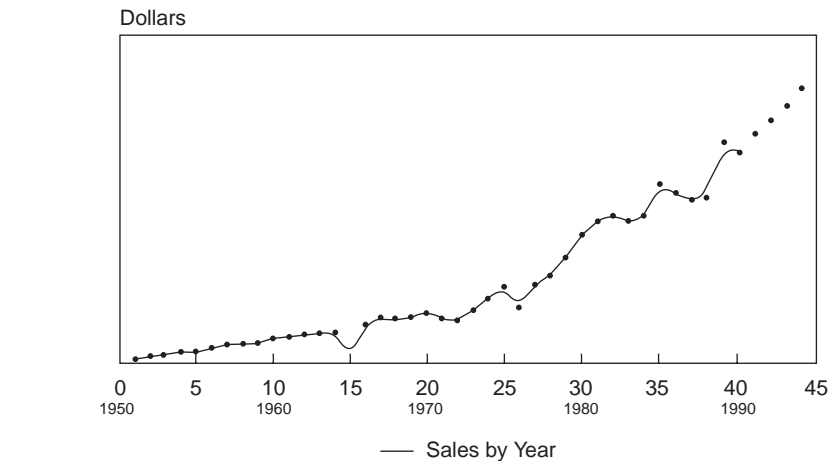
Both of these groups needed attention, Stewart maintained. Those who had thrown themselves wholeheartedly behind change were in danger of burning out, or becoming paralyzed by the sheer magnitude of the tasks they had taken on, he warned. "A friend of mine used to talk about the stool of life," Stewart mused. "There are four legs on that stool—your work, your hobbies, your family, and your religion—and as long as you keep those four legs the same length, it's a stable situation. But if you get one a lot shorter or longer than the others, it's unstable and the stool will fall over." He added: "I keep cautioning people in our career development workshops about that. At some point in time you have to live with a lopsided stool, but you can't live with it for long."

But even more threatening for the organization were the people who still weren't behind the change, Stewart warned. And like Rowe, he had begun to believe that the time for patience was past. "You have to provide the vision and the mission, but you also have to recognize that some folks won't see things that way and will hope to maintain the status quo," he stated. "If we choose to have a culture that's participative, and we have folks for whom that just isn't in their guts, then we have to reassign, reposition, or fire them. Our heritage here has been to be very patient, very tolerant—to coach, counsel, and hope for the best. We have to be more tough-minded now without being cruel and ruthless."

Providing more and better training was the first step in resolving many of these issues, Stewart insisted. "The key to this thing is a much more rapid introduction of empowerment techniques and training so we can get the entire work force to have an entrepreneurial spirit," he declared.

But in almost the same breath, Stewart admitted that there were times when he grew discouraged, and brooded about some questions that simply couldn't be answered. "I think this is the right process, but I'm not so sure whether the timing was right," he reflected. "Is this the year—is this the decade—that we should have done this with Micro Switch? Could the business have continued to thrive and grow under the old way of working, and perhaps even done better during this same period of time? I don't know. I'm always going to wonder about that."

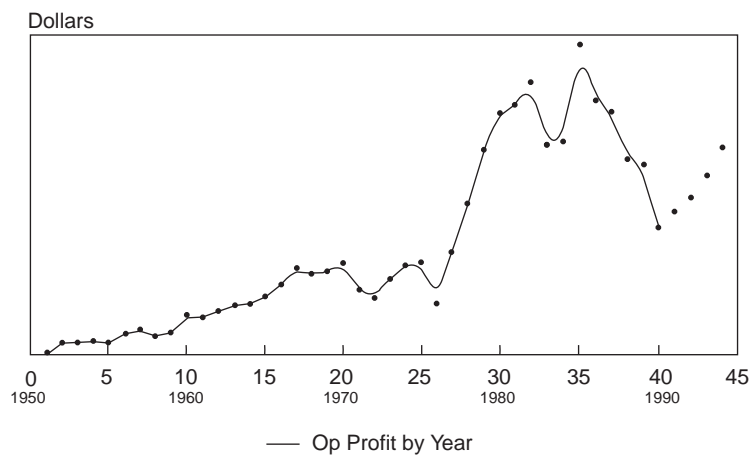
**Exhibit 1** Micro Switch Organizational Chart

**Exhibit 2** Honeywell Micro Switch Division—SalesHoneywell MICRO SWITCH Division  
Sales

Quality + Customer Satisfaction = Growth

APEX 1990  
January/February 1990  
RAA - 9

## Honeywell Micro Switch Division—Operating Profit

Honeywell MICRO SWITCH Division  
Operating Profit

Quality + Customer Satisfaction = Growth

APEX 1990  
January/February 1990  
RAA - 10

**Exhibit 3** Summary of Change Efforts: 1987–1990

9/87:	Alvarez joins Micro Switch.
10/87:	Immediate target set: improved on-time product delivery. Weekly meetings instituted for one year attended by production, controls, and materials managers; within three months, on-time delivery boosted from 75% to above 90%.
Fall-Winter 1987:	Management team restructured; mission statement and vision crafted; vice presidents and directors required to attend Honeywell management training courses.
1/88:	APEX Kick-off: Overall goals: 10% revenue growth; 10% improvement in quality, productivity, and delivery, communicate need to revitalize; teach importance of recognition; earn revitalization funds.  Program features: employee suggestion boxes; award stamps to win prizes; monthly APEX management meetings for managers and supervisors.
Spring 1988:	First strategic planning process: Individual business units wrote mission statements; did detailed market analysis, including assessment of customers, markets, competitors, and strategic issues; proposed key strategies and actions; and presented results.
Mid-1988:	Midyear APEX reassessment.
1/89:	APEX 1989: 1988 overview: exceeded 10% delivery improvement; achieved 10% revenue growth; fell short on productivity and quality goals; overall improvement in communication, recognition, and customer responsiveness.  Overall goals: 25% organizational productivity improvement by January 1991; 10% revenue growth; time-to-market improvement; focus on becoming world-class company, making incremental improvements.  Programs: employee suggestions; award stamps; monthly meetings; quarterly video updates by Alvarez summarizing APEX achievements and challenges.
Spring 1989:	Second annual strategic planning process.
Mid-1989:	Economic downturn felt as several major U.S. markets soften.
11/89:	First Eagle Ridge off-site management training session (see <b>Exhibit 5</b> ).
12/89:	Barrier Removals (under the APEX program): Focus on identifying and removing obstacles blocking employees from achieving performance excellence.
1/90:	APEX 1990: 1989 overview: coped with difficult economy; disappointing financial performance; operating profits reached only 69% of 1989 level; nevertheless, strong improvements in responsiveness, global orientation, and strategic focus.

Overall goals: qualifying for Malcolm Baldrige National Quality Award by 1992; using Barrier Removals program and Building Block Councils to help achieve world-class status; moving from three-year APEX program to a way of life.

Programs: employee suggestions; monthly APEX meetings; video updates; Building Block Council meetings; Barrier Removals departmental meetings.

3/90: Second Eagle Ridge off-site management training session (see **Exhibit 5**).

Spring 1990: Third annual strategic planning process.

Mid-1990: Overall goals modified due to investment limitations: have Total Quality Management System that meets Malcolm Baldrige criteria by mid-1992; reach sustained performance of Total Quality Management System by mid-1995; achieve highest level of perceived quality in all markets by mid-1995.

**Exhibit 4** Micro Switch Approach

Implementing “platforms” while carefully creating “healthy dissatisfaction with the current state.”

APEX	Metal Forming Reconfiguration
Barrier Removals	Laser & CNC Machining Centers
Process Mapping	“V” Switch Focused Factory
Time-to-market	Mars Hill Focused Factory
DOE	CAD/CAM/DNC—Plant 1
Concurrent Engineering	Supervisory Performance Standards
Procurement Quality Assurance	Mfg. Engr. Performance Standards
CAD/CAM/CIE	SPC/PPM
CAD Mold Design System	Process Simulation
FMEA	SCM/CFM/JIT
Finite Element Analysis	CEDAC
Personal Computers	Operator Training & Certification
CAT/CAI	APEX College
Engineering data/change Mgmt. System	Preventive Maintenance System
Health, Safety and Environment	Apprenticeship Program



**Exhibit 5** The Eagle Ridge Session Agendas

**VISIONING FOR THE '90s  
MANAGEMENT OFF-SITE MEETING (NOVEMBER 1–3, 1989)**

**OBJECTIVES**

1. Understand the Micro Switch vision.
  - “Growth through quality solutions to customer needs”
  - Where we need to be (i.e., 1992)
  - Define quality
2. Gain an understanding of where we currently are.
  - Malcolm Baldrige National Quality Award report card
  - Celebrate successes
  - Identify improvement opportunities
3. Direct and enhance the existing strategic planning process so as to ensure the development and implementation of a quality roadmap for reaching the vision.
  - Integration of quality into ongoing strategic management and planning process
  - Define “World Class” more clearly using Malcolm Baldrige categories as a guide; identify where we need to be in general terms
  - Identify requirements for the 1990 strategic planning process
  - Generate ownership for Malcolm Baldrige categories, world class definitions
  - Leave with a roll-down plan for getting broader understanding and buy in at the next level down
4. Begin to mold directors and vice presidents into a team of change agents who understand and drive change through ownership and commitment to the vision and strategic plans.

## **LEADING THE '90s: HOW DO WE DO IT?**

### **MANAGEMENT OFF-SITE MEETING (MARCH 14–16, 1990)**

#### **OBJECTIVES**

1. Develop a clear understanding of many of the changes needed within Micro Switch (what we are moving from and what we are moving to).
2. Gain insight into how we make the change happen. Develop and enhance change management skills. Leave with answers around the issues—"how do we do it, how do we move the organization, how do we create paradigm shifts?"
3. Learn how to identify, map, and manage processes. Develop an understanding of why it's important to manage processes instead of tasks (identify the "what's in it for me").
4. Reinforce the linkage between strategic planning, Malcolm Baldrige, APEX, Barrier Removals, and business issues (e.g., time-to-market, union avoidance, resource allocation).

## Exhibit 6

# The Eagle Visionary Commendation



Presented To



A visionary possesses a characteristic rare in today's fast-paced business environment: the ability to see beyond the urgency of today's demands to what *can* be reality tomorrow. This is not the ability to simply imagine what tomorrow might be like -- it is the ability to see that tomorrow so tangibly that it can be touched, understood and believed.

Some visionaries are traditionalists and some are mavericks. But all can articulate a vision in such a way that others may catch its essence. And all visionaries are leaders in that they help us create the blueprint to build those visions into towering realities. And then they challenge us all to make it happen.

And while they may be dreamers, visionaries are also doers: they see not only the future, but the path -- and its milestones -- that can take us there.

We salute and encourage this quality in the Honeywell MICRO SWITCH management team. It is a quality that will help us maintain a leadership position in our global marketplace and give us an unmatched competitive edge.

This commendation recognizes the visionary contributions \_\_\_\_\_ has made in ensuring our company's world-class citizenship in the business community of the 1990's.

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Ramon A. Alvarez, Vice President and General Manager

**MICRO SWITCH**  
a Honeywell Division