

Johnson, Stephanie

From: Sara Hobson <shobson@summitag.com>
Sent: Tuesday, July 28, 2015 9:33 AM
To: Andringa, Mary
Cc: Johnson, Stephanie
Subject: Thursday

Mary,

Could you meet Bruce at the Ames office at 2 pm this Thursday, July 30th. Please confirm your availability.

Directions
Office Address is:
1615 Golden Aspen Dr. #108
Ames, IA 50010

Directions to Ames Office
I-35 N
Exit 111B Hwy 30 W
Exit 148 S Duff Ave/US-69 North (Turn right onto Duff Ave)
1st left onto S 16th St

Golden Aspen Office Park is on the left, just after Dublin Bay
1615 is on the right side
Suite #108

Code for the door is [REDACTED]

I will be sending some additional information shortly. Please let me know if you need anything else.

Sara Hobson
shobson@summitag.com
O 515.854.9844 | M [REDACTED] | F 515.854.9845
10640 County Highway D20, Alden, IA 50006



A Principled Approach.

Johnson, Stephanie

From: Andringa, Mary
Sent: Monday, July 27, 2015 4:19 PM
To: Bruce Rastetter - Summit Group
Subject: RE: Ames on Thursday for the meeting

Ok, I will plan on 2pm and wait for the address but will plan on Ames. Mary

Mary Andringa
CEO and Chair of the Board
Vermeer Corporation
Pella, Iowa USA 50219
O: 641.621.7366 | F: 641.621.8400
www.vermeer.com

From: Bruce Rastetter - Summit Group [<mailto:brastetter@summitag.com>]
Sent: Monday, July 27, 2015 4:16 PM
To: Andringa, Mary <mandringa@vermeer.com>
Subject: RE: Ames on Thursday for the meeting

Yes and summit has a small office in the aspen business park just to the west of Dublin bay. Sara will get you the address

From: Andringa, Mary [<mailto:mandringa@vermeer.com>]
Sent: Monday, July 27, 2015 4:12 PM
To: Bruce Rastetter - Summit Group <brastetter@summitag.com>
Subject: RE: Ames on Thursday for the meeting

2pm would be great. Will it be Ames? Mary

Mary Andringa
CEO and Chair of the Board
Vermeer Corporation
Pella, Iowa USA 50219
O: 641.621.7366 | F: 641.621.8400
www.vermeer.com

From: Bruce Rastetter - Summit Group [<mailto:brastetter@summitag.com>]
Sent: Monday, July 27, 2015 3:33 PM
To: Andringa, Mary <mandringa@vermeer.com>
Subject: Ames on Thursday for the meeting

Mary, Would 2 or 4 work better for you?

Johnson, Stephanie

From: Johnson, Stephanie
Sent: Tuesday, July 28, 2015 10:14 AM
To: 'Sara Hobson'; Andringa, Mary
Subject: RE: Thursday

Sara –

Mary is planning on 2 p.m. meeting at the Ames office.

Thank you for the information & directions.

Best regards,
Stephanie



Stephanie Johnson

Senior Executive Administrator
1210 Vermeer Road East | Pella, Iowa USA 50219
O: 641.621.7705 | M: [REDACTED] | F: 641.621.8400
vermeer.com

From: Sara Hobson [mailto:shobson@summitag.com]
Sent: Tuesday, July 28, 2015 9:33 AM
To: Andringa, Mary <mandringa@vermeer.com>
Cc: Johnson, Stephanie <sjohnson@vermeer.com>
Subject: Thursday

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Sent: Monday, July 27, 2015 3:33 PM
To: Andringa, Mary
Subject: Ames on Thursday for the meeting

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Johnson, Stephanie

From: Johnson, Stephanie
Sent: Tuesday, July 28, 2015 10:28 AM
To: 'Sara Hobson'
Subject: MapQuest
Attachments: 20150728102343.pdf

Sara –

For some reason MapQuest is not cooperating with me today and refused to send the attached via e-mail.

The attached directions are assuming the weather is clear and she flies into the Ames Municipal Airport, using the Hap's Air Service FBO located at 2508 Airport Drive, Ames, IA)

Please let me know if this is fairly accurate.

Thank you!
Stephanie



Stephanie Johnson

Senior Executive Administrator
1210 Vermeer Road East | Pella, Iowa USA 50219
O: 641.621.7705 | M: [REDACTED] | F: 641.621.8400
vermeer.com



Notes

Trip to:

2508 Airport Dr

Ames, IA 50010-8260

6.55 miles / 13 minutes



2508 Airport Dr, Ames, IA 50010-8260

Download
Free App



1. Start out going **northeast** on **Airport Dr.** [Map](#)

0.05 Mi

0.05 Mi Total



2. Turn **left** to stay on **Airport Dr.** [Map](#)

0.07 Mi

0.1 Mi Total



3. Turn **left** onto **Airport Rd.** [Map](#)

1.0 Mi

1.1 Mi Total



4. Turn **right** onto **University Blvd.** [Map](#)

1.1 Mi

If you are on Oakwood Rd and reach Wessex Dr you've gone about 0.1 miles too far

2.2 Mi Total



5. Turn **right** onto **S 16th St.** [Map](#)

1.0 Mi

S 16th St is 0.3 miles past Mortensen Pkwy

If you reach S 4th St you've gone about 0.3 miles too far

3.2 Mi Total



6. Turn **right** onto **Golden Aspen Dr.** [Map](#)

0.07 Mi

Golden Aspen Dr is 0.1 miles past S Grand Ave

If you reach S Kellogg Ave you've gone about 0.1 miles too far

3.3 Mi Total



7. **1615 GOLDEN ASPEN DR, #108** is on the **right.** [Map](#)

Your destination is just past Golden Aspen Cir

If you reach S 17th St you've gone a little too far

A to B Travel Estimate: 3.27 mi - about 6 minutes



1615 Golden Aspen Dr, #108, Ames, IA 50010-8005



1. Start out going **north** on **Golden Aspen Dr** toward **Golden Aspen Cir.** [Map](#)

0.07 Mi

3.3 Mi Total



2. Take the 2nd **left** onto **S 16th St.** [Map](#)

1.0 Mi

S 16th St is just past Golden Aspen Cir

If you are on Golden Aspen and reach Aspen Ridge Rd you've gone a little too far

4.3 Mi Total



3. Turn **left** onto **University Blvd.** [Map](#)

1.1 Mi

If you reach Christensen Dr you've gone about 0.1 miles too far

5.5 Mi Total



4. Turn **left** onto **Airport Rd.** [Map](#)

1.0 Mi

Airport Rd is 0.2 miles past Green Hills Dr

6.4 Mi Total

If you are on 530th Ave and reach Briarhaven Rd you've gone about 0.1 miles too far



5. Turn **right** onto **Airport Dr.** [Map](#)

0.06 Mi

Airport Dr is 0.3 miles past S Riverside Dr

6.5 Mi Total

If you reach S Duff Ave you've gone about 0.6 miles too far



6. Turn **right** to stay on **Airport Dr.** [Map](#)

0.05 Mi

6.6 Mi Total



7. **2508 AIRPORT DR** is on the **right.** [Map](#)

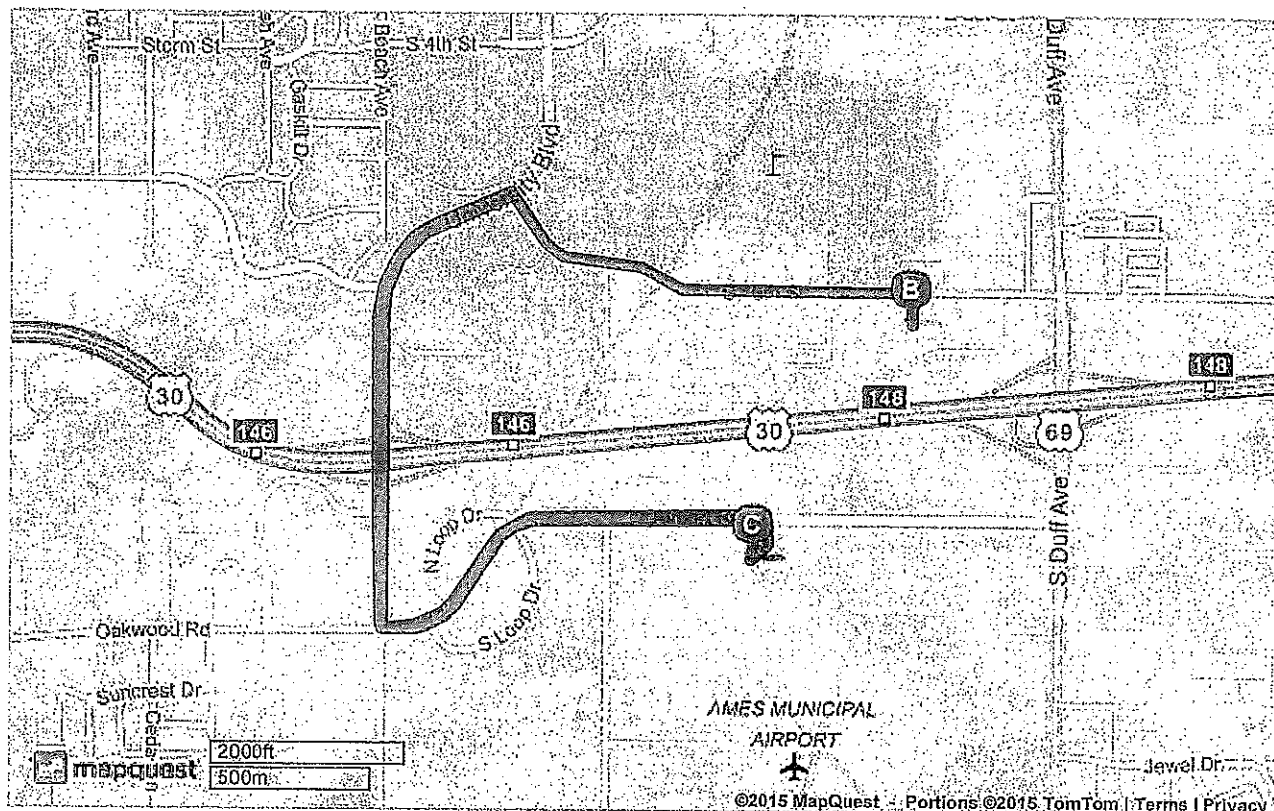
If you reach the end of Airport Dr you've gone about 0.2 miles too far

B to C Travel Estimate: 3.28 mi - about 6 minutes



2508 Airport Dr, Ames, IA 50010-8260

Total Travel Estimate: 6.55 miles - about 13 minutes



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Johnson, Stephanie

From: Sara Hobson <shobson@summitag.com>
Sent: Tuesday, July 28, 2015 11:31 AM
To: Johnson, Stephanie
Subject: RE: MapQuest

This looks great. She could also go east and take Duff Ave. over to 16th Street, but this map will get her there just fine.

Let me know if you need anything else.

Thanks,

Sara Hobson

shobson@summitag.com

O 515.854.9844 | M [REDACTED] | F 515.854.9845

10640 County Highway D20, Alden, IA 50006



A Principled Approach.

From: Johnson, Stephanie [mailto:sjohnson@vermeer.com]
Sent: Tuesday, July 28, 2015 10:28 AM
To: Sara Hobson <shobson@summitag.com>
Subject: MapQuest

Sara --

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The attached directions are assuming the weather is clear and she flies into the Ames Municipal Airport, using the Hap's Air Service FBO located at 2508 Airport Drive, Ames, IA)

Please let me know if this is fairly accurate.

Thank you!
Stephanie



Stephanie Johnson

Senior Executive Administrator

1210 Vermeer Road East | Pella, Iowa USA 50219

O: 641.621.7705 | M: [REDACTED] | F: 641.621.8400

vermeer.com

Johnson, Stephanie

From: Johnson, Stephanie
Sent: Tuesday, July 28, 2015 11:49 AM
To: 'Sara Hobson'
Subject: RE: MapQuest

Great — thank you so much!

Have a great day!
Stephanie

From: Sara Hobson [mailto:shobson@summitag.com]
Sent: Tuesday, July 28, 2015 11:31 AM
To: Johnson, Stephanie <sjohnson@vermeer.com>
Subject: RE: MapQuest

This looks great. She could also go east and take Duff Ave. over to 16th Street, but this map will get her there just fine.

Let me know if you need anything else.

Thanks,

Sara Hobson
shobson@summitag.com
O 515.854.9844 | M [REDACTED] | F 515.854.9845
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Please let me know if this is fairly accurate.

Thank you!
Stephanie

Vermeer



**EQUIPPED TO
DO MORE.**

Stephanie Johnson

Senior Executive Administrator

1210 Vermeer Road East | Pella, Iowa USA 50219

O: 641.621.7705 | M: [REDACTED] F: 641.621.8400

vermeer.com

[REDACTED]

Johnson, Stephanie

From: Bruce Rastetter - Summit Group <brastetter@summitag.com>
Sent: Wednesday, July 29, 2015 8:52 AM
To: Andringa, Mary
Subject: FW: Resume
Attachments: JBH Resume.pdf

From: [REDACTED] mailto:[REDACTED]
Sent: Wednesday, July 29, 2015 8:28 AM
To: Bruce Rastetter - Summit Group <brastetter@summitag.com>
Subject: Resume

Bruce,

Please feel free to forward the attached resume to those with whom I will be meeting tomorrow.

Best,

Bruce

Bruce Harreld
EXECUTING STRATEGY LLC
[REDACTED]

J. BRUCE HARRELD

Experienced leader and educator in strategic transformations, turnarounds, building new businesses, cultural change, and translating strategic ideas into organizational action.

PROFESSIONAL EXPERIENCE

Executing Strategy, LLC Avon, Colorado

2014 - present

Managing Principal

Confidentially advise several public, private, and military organizations on leadership, organic growth and strategic renewal.

Harvard Business School, Cambridge, Massachusetts

2008 - 2014

Dual Faculty Appointments to the Entrepreneurial and Strategy Units

Taught Strategy to first year MBA students. Taught several second year MBA courses focused on turnarounds and executing strategy. Taught in numerous executive programs in Cambridge, Qatar, Mumbai, and Shanghai. Faculty Chair of "Building New Businesses in Established Organizations. Member of Faculty I/T Advisory Committee.

IBM, Armonk, NY

1995 - 2008

Senior Vice President

Worked with the CEO and senior management team to chart the organization's transformation from near bankruptcy. Led the Business Transformation team that streamlined operations and re-integrated the global organization. Led BM's strategy unit that was responsible for the formulation and execution of the company's overall strategy. Created and led the firm's Emerging Business Organization that produced more than \$15 billion in new, profitable revenue across 20 new businesses. Led IBM's Global Marketing organization that was responsible for demand generation, coordination of go-to-market activities, and strengthening IBM's brand, which is one of the most valued brands in the world.

Boston Market Company, Golden, Colorado

1993 - 1995

President and Member of the Board

With five other partners led the organization from 20 stores in the Boston area to over 1100 stores nationally. Personally led the store operations, store design, product development, marketing, procurement, and information technology functions. Participated in the initial public offering "road show".

Northwestern University, Evanston, Illinois

1993 - 1994

Adjunct Professor

Developed and taught first ever MBA course on Strategic Use of Information Technology at Kellogg Graduate School of Management. Voted one of the most popular courses by second year MBA students.

Kraft General Foods, Northfield, Illinois

1983 - 1993

Senior Vice President and Division President

Led the strategic unit that formulated strategy and executed acquisitions for this multi-billion dollar consumer food company. Promoted to Chief Information Officer responsible for the integration of business processes across Kraft Foods, General Foods, and Oscar Mayer. Led the \$2 billion revenue Frozen Foods Unit which included Tombstone Pizza, Digiorno, Budget Gourmet, and Lenders Bagels

Boston Consulting Group, Boston, Massachusetts; Munich, Germany; and Chicago, Illinois

1975 - 1983

Consultant, Manager, Vice President and Member of the Board

Participated on and lead consulting teams advising global Fortune 500 companies on strategy and execution. Worked for clients in numerous industries including construction equipment, consumer toys, consumer hair care, [REDACTED] and syndication, semiconductors, accounting services, and healthcare. Led recruitment and scaling Munich and Chicago offices.

EDUCATION

Masters of Business Administration, Harvard Business School
Second Year Honors

1975

Bachelors of Engineering, Purdue University

1972

Industrial Engineering and Operations Research Major

President's Academic List, Tau Beta Pi, and Alpha Pi Mu Academic Honorary Societies, Skull & Crescent Leadership Society, President Sigma Chi Fraternity

ARTICLES AND BOOK CHAPTERS

"Leading Proactive Punctuated Change", book chapter in *Leading Sustainable Change: An Organizational Perspective*, Oxford University Press, 2015

"Executing Strategy", book chapter in *Core Curriculum Strategy Reading*, Harvard Business School Press, 2014

"Six Ways to Sink a Growth Initiative", *Harvard Business Review*, June 2013

"Jamba Juice", case series, Harvard Business Press, 2013

"Goorin Brothers Hats", case series, Harvard Business Press, 2012

"Felipe Calderon: Leading with Light and Power", case series, Harvard Business Press, 2011

"Chrysler Fiat 2009", case series, Harvard Business Press, 2010

"Dynamic Capabilities at IBM: Driving Strategy into Action", *California Management Review*, August 2009

"Executing Strategy: A Background Note", Harvard Business Press, 2009

"Financial Myopia in a Systems Business", case, Harvard Business Press, 2009

"Organizational Ambidexterity: IBM and Emerging Business Opportunities", *California Management Review*, August 2007, winner of Accenture Award for best business article of the year

"New Mindset for Growth During Crisis", *Financial Executive*, 2009

AWARDS

Accenture Award

Distinguished Industrial Engineer, Purdue University

Distinguished Engineering Award, Purdue University

Province Balfour Award, Sigma Chi Fraternity

Significant Sig, Sigma Chi Fraternity

PERSONAL

Married to Mary Gillilan Harreld for 42 years; BS Purdue University, Juris Doctorate Boston College

Four adult children who all have advanced degrees

Six grandchildren

Ordained Elder, Presbyterian Church

Reared in Midwest USA

Outside interests include traveling, reading, jogging, hiking

Johnson, Stephanie

From: [REDACTED]
Sent: Friday, July 31, 2015 1:26 PM
To: Andringa, Mary
Subject: Thanks!
Attachments: LPC Chapter.pdf; ATT00001.htm; LPC Exhibits.pdf; ATT00002.htm; LPC Table.pdf; ATT00003.htm

Mary,

I thoroughly enjoyed meeting you yesterday.

I especially appreciated your candor and perspectives on the challenges and opportunities at UI. As we discussed, institutions only go up or down. It is clear that many critical elements are in place to enable UI's next leader to take the institution to the next level. I am sure you will attract an excellent academically oriented leader as you finalize the search.

As promised, attached is an article (plus exhibits) several of us recently published on "punctuated change". I hope you enjoy it and please let me know if I can ever assist in any way.

All the best,

Bruce

Johnson, Stephanie

Subject:

FW: Thank you!

From: Andringa, Mary

Sent: Friday, July 31, 2015 7:17 PM

To: [REDACTED]

Subject: Thank you!

Bruce, it was a pleasure for me to meet you yesterday! Thank you for the article. I haven't had the time to "study" it, but in skimming it, I totally agree with the premise, the process and the opportunity for Proactive Punctuated Change! I look forward to spending some more time with the materials you so graciously shared.

I urge you to continue to give us in Iowa a chance to tap into your great skill set, experience and passion for excellence through strategic change by being open to the Presidency of the U of I. Higher education, as you articulated in our meeting, is heading toward crisis. Crisis necessitates change—it may be the big challenge that can energize you in the next 5 years!

Please feel free to reach out to me if there are any other questions I can answer or input that you may be looking for in the process of evaluating this challenge!

Sincerely, Mary Andringa



Mary Andringa

CEO and Chair of the Board

1210 Vermeer Road East | Pella, IA USA 50219

O: 641-621-7366 | F: 641-621-8400

vermeer.com

Leading Proactive Punctuated Change

Michael Tushman
Charles O'Reilly
Bruce Harreld

Updated May 9, 2014

In Henderson, R., R. Gulati, M. Tushman (eds). Leading Sustainable Change. Oxford University Press, in press

This paper focuses on leading proactive punctuated change. Based on the institutional and organizational change literatures and our extended involvement with IBM between 1999 and 2008, we suggest that proactive punctuated change can be effectively managed through an engineered social process designed and led by the senior leadership team. Where reactive punctuated change is driven by crisis conditions, the motivation and energy required to lead proactive punctuated change is rooted in an overarching aspiration coupled with a contradictory strategic challenge. The challenge to simultaneously explore and exploit provides the logic, tension, and requirement for experimentation that helps an extended management community collectively learn how to execute strategic organizational renewal. This change process involves disciplined conversations, actions, and associated learning by the senior team, diffusing these learning capabilities to the extended senior leadership team, and over time to the larger leadership community. We connect principles for leading proactive punctuated change to organizational change dilemmas associated with sustainability.

Leading punctuated change is one of the most important and least understood challenges to the modern firm and its leaders (Greenwood and Hinings, 1996; Agarwal and Helfat, 2009)¹. As environments shift, punctuated change is an inherent aspect of organizational evolution. Yet after decades of research, the mechanisms and dynamics of systemic punctuated change are still not well understood. (Tushman and Romanelli, 1985; Romanelli and Tushman, 1994; Pettigrew, 1985; Adner, 2012; Tripsas, 2009; Eggers and Kaplan, 2009). Thus while building sustainable firms may be associated with considerable organizational benefits (eg. Cheng, Ioannou, and Serafeim, 2014; Eccles, Ioannou, and Serafeim, in press), the process by which such system-wide change might be implemented are opaque.

Leading punctuated change is particularly problematic as those capabilities associated with exploiting a particular strategy are also associated with organizational inertia. Any strategic change must deal with the power and politics, organizational processes, capabilities, and embedded agency dilemmas associated with inertia both within the firm and its institutional context (e.g., Greenwood and Suddaby, 2006; Miller, 1994; Benner, 2007; Pfeffer, 1992; Nadler and Tushman, 1997; Collins and Hansen, 2011). These inertial dynamics are likely to be accentuated for change efforts, like sustainability, that link doing well with doing good (see Beer, 2009; Beer et al, 2011; Margolis and Walsh, 2001; Smith and Lewis, 2011; Eccles, Perkins, and Serafeim, 2012)

While we know much about the content of strategic change (e.g., Weick and Quinn, 1999; Hambrick et al, 1998; Barnett and Carroll, 1995), we know much less about the process by which punctuated change is executed (Spillane, Halverson, and Diamond, 2004; Greenwood and Hinings, 2006). Although management scholars

¹ By punctuated change we mean integrated shifts in a firm's architecture; its structure, critical tasks and interdependencies, competencies, and culture (see O'Reilly and Tushman, 2008). Where punctuated changes may or may not involve strategic shifts, proactive punctuated changes are rooted in strategic change.

have labeled types of change (e.g., strategic, rhythmic, punctuated, transformational, divergent, or discontinuous) and offered check lists for leading change (e.g., form a guiding coalition, shared commitments, create a burning platform, maintain control during the change process) (Brown and Eisenhardt, 1997; Eccles, et al, 2012; Kotter, 1995; Beer, 2009; Nadler and Tushman, 1997; Tushman and O'Reilly, 1997; Collins and Hansen, 2011), we know very little about the actual process and mechanisms by which incumbents execute either reactive or proactive punctuated change (see Joseph and Ocasio, 2012; Battilana and Casciaro, 2013, and Ramarajan, McGinn, and Kolb, 2103 for exceptions).

Empirically, most punctuated changes are reactive; they are initiated under crisis conditions. Based on our work at IBM between 1999 and 2008, we suggest that proactive punctuated change (what we label as “strategic renewal”) can be effectively managed through an engineered social process designed, owned, and led by the leader and his/her senior team. This change process involves disciplined conversations and associated learning by the senior team, building and shaping an extended senior team, and then diffusing the ownership and energy of change to a larger community of leaders. The motivation and energy required to lead proactive punctuated change is grounded in a compelling overarching aspiration coupled with a paradoxical strategic challenge (at IBM, to both explore into new domains as well as exploit existing capabilities). The challenge to simultaneously explore and exploit provide the logic and tension for experimentation that helped an engaged managerial community collectively learn how to execute proactive punctuated change.

We use IBM between 1999 and 2008 (the latter portion of Lou Gerstner’s tenure and the early phase of the Sam Palmisano’s tenure) as a case in point of proactive punctuated change driven by the mandate of growth through innovation and executed through a top down/bottom up engineered social movement². While

² This paper is based on the on-going relationship between IBM (and Bruce Harreld who was the senior vice president of strategy) and HBS Executive Education (Michael Tushman collaborated with Charles O’Reilly on this extended engagement). While this client relationship is obviously associated with issues of Tushman’s and

incremental change can be managed from the bottom up, the learning associated with punctuated change must be designed, owned, and energized by the senior team. While the impetus for system-wide change is initiated by the senior team's aspiration and paradoxical strategic challenge, the change is executed through an extended social movement.

At IBM, this social movement was instantiated through a series of workshops where senior leadership teams and their shared executives, informed by a common problem solving methodology, collectively initiated, discussed, and learned about innovation and change in their local domains. We suggest that the methods by which IBM's extended senior leadership team learned how to execute proactive punctuated change is a more general change process that can be applied to the challenges of leading proactive sustainability transformations (see also Barley and Tolbert, 1997; Ramarajan et. al., 2013; Scott and Davis, 2007; Spillane et al 2004; Eggers and Kaplan, 2009; Sull and Spinoso, 2007; Battilana and Casciaro, 2012).

We suggest that strategic renewal is not an event, a set of steps, or a program, but an engineered social process anchored by an overarching aspiration and a paradoxical strategic intent that unfolds over time. This process is rooted in a series of concrete strategic challenges to the status quo (either performance gaps or strategic opportunities) at the unit and/or corporate level. These challenges uncover idiosyncratic root causes at the unit level as well as more systemic root causes at the firm level. Guided by the CEO's paradoxical strategic challenges, a common language and problem-solving tools, and disciplined follow-up, the extended management team collectively learn how to lead proactive change. This learning is grounded in collective cross-level and cross-firm experiences and conversations in solving real strategic challenges (see also Beer, 2009; Kellogg, 2011a,b; Gawer and Phillips, 2013; Collins and Hansen, 2011; Joseph and Ocasio, 2012).

O'Reilly's objectivity, these concerns must be balanced with the substantial benefits of sustained access on issues related to innovation and change (see also Van de Ven, 2007; and Anteby, 2013).

Strategic Renewal at IBM (1999-2008)

The Evolution of Strategy Formulation at IBM.

In 1993, Lou Gerstner took over as the CEO of IBM. He was externally recruited to re-invent IBM. What once was the most admired firm in the world was reeling from both financial and competitive failure. An integrated series of strategic, leadership, organizational, and cultural actions initiated by Gerstner helped turn IBM around. By 1998, the firm had returned to financial stability and was growing its services and software businesses. Much has been written about this transformation (see Gerstner, 2002). We focus here on the subsequent strategic renewal of IBM initiated in 1999, late in Gerstner's tenure, and continued through 2008, the first half of Sam Palmisano's tenure.

The renewal initiated in 1999 was motivated by Gerstner's observation that IBM's growth had stalled. While IBM had been turned around financially in the initial phase of Gerstner's tenure, he felt it now had a growth crisis based on the firm's inability to take advantage of a series of breakthroughs developed in its laboratories. IBM's strategy group documented 29 distinct business opportunities based on technologies developed within the firm, that it failed to commercialize. For example, IBM had been the first mover in routers, web infrastructure, voice recognition, RFID, and pervasive computing only to lose to competitors like Cisco, Akamai, Nuance, among others. By 1999, the consequences of such missed opportunities were that IBM's growth had leveled off (see Harreld et al., 2007). The fact that IBM had led the world in patents had not been translated into sustainable growth.

Gerstner challenged Bruce Harreld, his senior vice-president of strategy, to get at the roots of this growth issue. Harreld and four of his colleagues did an analysis of this corporate-wide innovation gap. Six root causes emerged: existing management systems focused energy on the short term, the firm was preoccupied with current customers and existing offerings, the IBM business model emphasized profit and sustained EPS improvement rather than higher price/earnings, the firm's market insight analytics were inadequate for embryonic markets, the firm lacked

processes for hosting new businesses, and even after new businesses were funded, most failed in execution. IBM's intense efforts to re-invent itself between 1993 and 1999 had a dark side. It had become a "disciplined machine" for short-term performance (i.e., exploitation), but had reduced its ability to innovate and grow through exploratory activities.

With these data, Gerstner asked Harreld to rethink IBM's strategic formulation process such that it was fact-based, strategically informed, growth oriented, and had a disciplined approach to execution. As importantly, Gerstner insisted that the strategy process be owned by general managers (as opposed to their staffs) (see Harreld et al., 2007). Harreld and his team, collaborating with Tushman and O'Reilly, developed the IBM Business Leadership Model (see Figure 10.1). The Business Leadership Model required general managers to focus on either strategic performance gaps (e.g., underperformance against plan or customer expectations) or strategic opportunities (e.g., proactive shifts in business models).

Insert Figure 10.1 about here

Rather than the typical formalistic yearly review, the new strategic planning process engaged general managers in disciplined conversations with their strategy colleagues on the nature of their performance and/or opportunity gaps. These conversations focused on strategic insight, based on fact-based analyses of market conditions, innovation streams and associated alternative business models, along with a careful analysis of execution options (the implications of various business models on the units' critical tasks, structure, culture, processes, competencies, and leadership behaviors). Under this revised strategic planning process, the role of Harreld's strategy team shifted from yearly evaluation to on-going conversations, based on jointly developed data, about innovation streams, new business models, and associated leadership capabilities and organizational architectures (this process of corporate/business unit interaction is similar to that described by Joseph and Ocasio (2012) at GE).

Strategic Leadership Forums and Emerging Business Opportunities.

To execute this new strategic planning process with its emphasis on maintaining the firm's ability to exploit existing strategies and to simultaneously explore opportunities to leverage IBM's technological capabilities, Harreld initiated two related but distinct interventions: Strategic Leadership Forums (SLF's) and Emerging Business Opportunities (EBO's). SLFs were intensive workshops to engage both strategic and operational issues within and across IBM's business units. In these workshops, intact teams learned to employ the business leadership model and to explore the relations between streams of innovation (exploration and exploitation), senior team behaviors, ambidextrous designs, and change management. These SLF's were followed up with 30, 60, and 90 days reviews initiated through Harreld's office. EBO's were a series of efforts to strategically explore new business opportunities at the corporate level. EBO's were initially built to explicitly take advantage of cross-line-of-business opportunities, for example creating the life science and pervasive computing businesses (O'Reilly, Harreld and Tushman, 2009).

SLF's and EBO's involved every area of IBM (i.e., functions, geographies, and business units) and its most senior leaders in a series of experiments designed to both enhance the on-going cadence of IBM's "disciplined machine" and to "trick the disciplined organization" to explore new strategic spaces (see Harreld et al., 2007). The SLF's and the EBO's were corporate interventions employed between 2000 and 2008. As these experiments began to have an impact on innovation outcomes, the SLF's and EBO's developed a reputation for impact and senior team involvement and, in turn, generated their own momentum.

Initial SLF's and EBO's (2000-2002). The nature of the SLF's and EBO's shifted over time as IBM learned how to employ these interventions. Between 2000 and 2002, Harreld sponsored seven SLF's involving 34 intact teams. The initial SLF's were composed of sponsors and senior teams that Harreld knew would be a supportive community to help launch and co-create the SLF's. These sponsors also had performance or opportunity gaps that if progress were made, the interventions

would be visible and impactful to IBM. For example, Paul Horn, then head of IBM's research community, worked on technology transfer issues for IBM Research, while Janet Perna and John Swainson brought their teams to work on major strategic issues in database management and in the Websphere business units respectively. In this initial phase, one SLF was entirely dedicated to EBO's. Five early EBO initiatives (e.g., Life Sciences and Network Processor) were brought together to work on their unique EBO challenges as well as to share learning across EBOs.

With the active involvement of Harreld's strategy team, the initial 34 business owners, and the two external faculty, early SLF's evolved into the following structure and process. Structurally, each SLF had corporate strategy and a group senior vice-president as sponsors. Such dual senior sponsorship ensured that strategic performance or opportunity gaps were selected and that intact teams and appropriate other individuals joined the workshop. SLF's were funded both by Harreld's organization as well as by the sponsoring line executive's organization. Teams were selected by Harreld and a co-sponsoring senior vice president based on the firm's strategic issues. Resistant leaders were actively encouraged to take advantage of these workshops. These initially resistant leaders either became more enthusiastic or were sanctioned by Harreld and his colleagues.

The SLF process evolved during these first two years (see Figure 10.2). By the end of 2002, Harreld and this early SLF community converged on a replicable methodology. Each SLF had between three and seven intact teams (roughly 90 individuals in total), each with a unique performance or opportunity gap. These teams were supplemented with other individuals who had relevant expertise for their gap. The teams met before the workshop to gather their own data on the unit's strategic situation and craft a clear gap statement. These pre-SLF meetings were facilitated by a strategy person as well as by an organizational effectiveness professional from the HR community. Teams came to SLF's primed on the nature of the issues to be discussed and armed with data on the strategic importance of their performance/opportunity gaps.

Insert Figure 10.2 about here

The SLF's were 3.5 days in duration and held in non-IBM settings. In these initial workshops, external faculty presented content on the challenges of dynamic capabilities, the IBM Business Model, strategic innovation and change, structural ambidexterity, culture, and leading change. The content sessions used non-IBM cases. The faculty modeled the process of disciplined problem solving through the cases and set up the challenges of building organizations that could simultaneously exploit existing capabilities and explore into new domains.

Over each 3.5 day workshop, each team spent 17 hours working their unique gap. In the non-academic sessions, each team did their own diagnostic work that led, in turn, to their own set of action plans and commitments. While each team did their own work, each day the teams reported back to the full community. These report backs, moderated by the executive sponsors, helped raise the level of work as each group got immediate feedback from the corporate sponsors as well as from their peers in other teams. As participants heard multiple presentations, the SLF communities were able to uncover system-wide root causes and as well as possible system-wide remedial actions. There was substantial social pressure to do quality strategic and diagnostic work. Each evening, the sponsors, faculty, and business owners met to debrief and make course corrections so material and processes remained customized to each group. Finally, the process of articulating next steps and follow up were built into the SLF methodology. Business owners were responsible for implementing their proposed actions. Their SLF facilitators assisted their implementation. Finally, business owners held structured follow up sessions with Harreld's strategy colleagues as well as their respective sponsors.

These SLF processes created a context for multiple types of learning. Learning at the unit level was initiated by top down strategic challenges along with intensive cross-firm and cross-level dialog on the roots of these challenges. As each SLF had multiple teams, the report back sessions encouraged communication across these extended communities. These community discussions surfaced a range of system-wide root causes of IBM's innovation performance gap. Thus, if several teams independently arrived at similar root causes, that convergence indicated a

system-level root cause. Each SLF then generated insight for action at both the local as well as corporate levels of analysis. The SLF process triggered learning about innovation and change co-created and co-owned by multiple areas and levels in the firm.

SLF and EBO Assessment (2002). After this initial set of seven SLF's, O'Reilly and Tushman (assisted by a Graduate School of Education School student) did an SLF review. This review indicated that participants valued the business leadership framework and the common language employed to both develop provocative strategies and to build organizations capable of executing those strategies. Participants were struck at the complex interdependencies within and outside IBM. They were also struck with the leverage of bringing the right actors together, sponsored and pushed by corporate executives, to intensely grapple together with strategic issues. One of the most consistent observations was the importance of senior teams jointly owning their unit's strategy and having a hand in crafting their gaps, diagnoses, and action plans. They also noted the power of dedicated time and the ability to work together on strategic issues as intact teams with their relevant corporate executives (see Tushman et al., 2007; Kellogg, 2011a,b).

This SLF review also generated a set of system-wide observations that were used to shape subsequent SLF's. Participants observed that while most of the firm's strategic opportunities involved cross-IBM interdependencies, the firm was organized and measured from a line-of-business, country, or functional point of view. Participants noted that the firm was optimized to exploit existing business but under-organized and managed for exploratory opportunities. Participants observed that "light-weight teams were given heavy-weight strategic opportunities". Participants also focused on the role of culture in stunting exploratory innovation at IBM. They observed that a culture of risk aversion and incremental change, the power of finance, a process mentality, low tolerance for mistakes, and little cross line of business trust all colluded to diminish innovations that crossed firm boundaries. In contrast, the culture of collaboration, teamwork, and high

expectations they experienced in the SLF was the kind of culture they felt could enhance innovation across the firm.

Finally this interim review suggested a range of issues associated with the action-planning phase of the SLF's. Participants and faculty observed that across these initial SLF's, even though the root cause analysis often called for punctuated change, the proposed interventions were typically incremental in nature. Further, where actions on structure, roles, incentives, and processes were well specified, they were weak in dealing with cultural barriers and weaker still in focusing on the role of the senior team as root cause of the performance gaps.

An interim review was also done for the EBO's. Harreld, his strategy colleagues, and the initial EBO leaders developed a set of best practices for EBO's going forward. This EBO design team learned that those EBO's with joint line and staff senior support and funding, that had seasoned EBO leaders, dedicated measures and milestones, disciplined reviews focusing more on strategy and emerging customer requirements than on financial measures, and had strict graduation criteria were more impactful than those EBO's without these factors. These initial EBO experiments also required the CEO's support in signaling the importance of EBO's to prospective EBO leaders and to skeptical line/functional managers (see O'Reilly et al., 2009).

SLF's and EBO's, 2002-2008. These evaluation data suggested an emerging set of best practices in executing SLF's and EBO's. They also indicated that the SLF's and the EBO's were gaining traction in terms of organizational outcomes and credibility with influential senior executives across the firm. These data also indicated the power of SLF's to create the space and conditions for disciplined conversations about strategy and execution, the role of senior teams in driving change, and on the power of jointly developed and publically communicated diagnoses and action plans. These data also indicated there were a range of systemic factors hindering exploratory innovation and the associated execution of punctuated change within and across units.

These lessons on innovation and punctuated change overlapped with the promotion of Sam Palmisano to CEO in 2002. Palmisano articulated a growth agenda for IBM and his intention to have IBM'ers reinvigorate their heritage of "restless self-renewal". Palmisano also called on IBM'ers to "re-invent itself again...even as it retained its distinct identity". Building on the firm's shared values of "client success, innovation that matters, and trust and personal responsibility", Palmisano suggested, "if there is one thing that IBM'ers agree on, it's that ours can be the greatest firm in the world"³.

This energy by the new CEO for growth, innovation, cultural change, and renewal reinforced the importance of the SLF and EBO workshops. The SLF's and EBO's were tools to execute Palmisano's aspiration based on the firm's rearticulated values. Armed with data from two years of experience with SLF's and EBO's and the CEO's call for growth and renewal, the next set of SLF's were more themed in nature. Between 2002 and 2005, 21 more SLF's were hosted involving 150 teams and 2500 executives. The themes included EBO's, technology, growth, industry standards, and cross-line-of-business integration. During this period, for example, three separate EBO-dedicated SLF's were hosted involving 14 EBO's. These dedicated SLF's helped Harreld, his team, and an extended set of IBM leaders, learn how to execute EBO's across the corporation. By 2005, 80% of the top 50 IBM executives either attended or hosted an SLF (including Palmisano). During this period, more than 60% of the top 300 executives attended at least one SLF. As positions changed and challenges shifted during this period, many senior executives volunteered to attend multiple SLF's.

By 2005, the SLF's and EBO's were no longer experimental workshops. The language and methods of the business leadership model with its emphasis on gaps, disciplined problem solving, senior team responsibilities to re-invent their units through exploitation as well as exploration, and the power of conversations leading to disciplined action were diffused through the senior team. Influential leaders volunteered for both EBO's as well as SLF's. Those skeptical senior leaders either

³ These values emerged from a "values jam" that involved 50,000 IBM'ers.

changed their point of view after having employed an SLF or were actively coached by Harreld and Palmisano on the career limiting consequences of not engaging in these workshops. By 2005, SLF's were seen as an important tool to lead innovation and change. Further, EBO's were seen as a legitimate career step. Indeed, high potential leaders had to demonstrate their ability to exploit through IBM's disciplined processes and cadences as well as effectively explore into new strategic spaces.

Given the momentum of the SLF's and EBO's, these workshops shifted from Harreld's direct sponsorship and were decentralized to the functions, geographies, and business units. Similarly, once the methodology was developed and tested at the corporate level, the logic of EBO's was decentralized into the functions, regions, and business units (O'Reilly et al., 2009). Over this period, more than 180 EBO's were in place across IBM's functions, regions, and business units. By 2005, EBO's alone had contributed more than \$15 billion dollars in incremental IBM growth and were a more effective growth instrument than acquisitions (Harreld, et al., 2007; O'Reilly et al., 2009).

By 2008, 40 SLF sessions were run in this decentralized fashion involving more than 5000 IBM executives. The SLF's were institutionalized throughout the firm and led by middle level managers who were able to leverage their more senior leaders to support and model leading punctuated change. This process of decentralizing SLF and EBO's throughout the firm broadened the reach of senior leaders, developed leadership throughout the firm, and extended the language and orientation of the business leadership model more extensively (see Figure 10.3). For example, in IBM China, Henry Chow used the SLF methodology to engage his colleagues on accelerating growth in inland China. The EBO's and SLF's were associated with IBM's enhanced performance during this period (see Table 10.1).

Insert Figure 10.3 and Table 10.1 about here

Between 1999 and 2008, IBM renewed itself from a disciplined machine that excelled in incremental innovation to a firm that sustained its short-term targets even as it explored fundamentally different domains. This ability to lead proactive punctuated change was institutionalized throughout the firm; within functions (e.g., R&D), geographies (e.g., China or India), business units (e.g., Tivoli or Lotus), and across business units (e.g., Life Sciences or Pervasive Computing). This strategic renewal was executed through a series of punctuated changes within each area of the firm.

During this nine-year period, the 180 EBO experiments and the 40 SLF workshops involving more than 150 intact teams created the material where more than 5000 senior leaders learned about leading change in their own domains, helped others in their domains, and raised a set of system-wide issues that hindered IBM's ability to explore and exploit. Corporate executives used these data to take action at the system level to support more local (eg. functional, geographic, business unit, and cross-business unit) punctuated changes. During this period, IBM's executive leaders and its extended leadership team collectively learned and co-created a set of tools to more effectively lead punctuated change. These set of interrelated interventions led, over time, to the strategic renewal of IBM.

It may be that punctuated change at the corporate level can be executed through collective learning that is induced by senior leaders executing punctuated change within the firm's component units. Such learning about punctuated change is supported by a process, context, language, and a set of tools where leaders and their teams both execute change and simultaneously learn from other teams about what helps and hinders punctuated change. Such experience-based conversations help an extended leadership community learn about leading punctuated change both at the unit level as well as at the corporate level. The impact of this senior team learning about leading punctuated change is institutionalized as these leaders, in turn, taught and coached their extended teams (see Figure 10.3).

This firm-wide strategic renewal was energized and legitimized by the new CEO who articulated an emotionally engaging vision for the firm (one that was built

on IBM's roots) and a new set of values even as he articulated a growth opportunity gap. This proactive transformation was enacted through a set of experiments (i.e., SLF's and EBO's) that were constructed by Harreld and his colleagues, that led, in turn, to an ever increasing set of senior leaders who learned to lead punctuated change by their own work in their teams and by sharing best (and worst) practices with their peers and corporate executives in highly engineered social settings. Similar to Kellogg's (2011a, 2011b) work on change in medical centers, the workshops associated with SLF's and EBO's were spaces where teams and their leaders collectively learned about leading punctuated change both in their units and across the firm.

This renewal was executed in a highly top down fashion even as the learning was actually done in a decentralized fashion. In effect, the IBM senior executive team proactively created a "burning platform" for change that captivated the hearts and minds of the extended organization. Further, as the SLF and EBO's involved substantial time for conversation and collective learning, the extended team was able to give feedback on those systemic corporate issues that needed to be changed if the firm-wide renewal was to be executed. Thus, IBM's executive team and its extended senior team collectively co-created IBM's renewal through a combination of top down and well as bottom up leadership actions. The extended leadership team set the architecture, pace, and sequencing of these interventions over this extended period (see also Joseph and Ocasio, 2012; Greenwood and Hinings, 1996; Nonaka, 2008).

Institutionalizing Innovation and Punctuated Change at IBM. The impetus for the post-2002 renewal at IBM was Palmisano's aspiration "that IBM can be a great company" and the new set of IBM values developed through the values jam. The new CEO observed that IBM had grown by "restless self renewal" and could grow again based on innovation ("We create innovative technologies, and we help our customers apply them to transform what they do and how they do it"). Palmisano anchored this post-Gerstner renewal on the core identity of IBM as an innovator and IBM'ers as restless innovators (see Figure 10.3).

Palmisano empowered such innovation and renewal by further extending and supporting the strategy process Gerstner and Harreld had created. By 2002, Harreld and his strategy colleagues had already gathered data on those factors that helped versus hindered the SLF's and the EBO's. Over the last phase of Gerstner's tenure, the SLF's and EBO's had evolved into a learning and change process that had generated results and had helped create a culture among senior line and staff executives of collaboration, joint accountability, and teamwork, and a language around disciplined problem solving and leading innovation and change. These SLF and EBO's were each experimental trials where participants and teams learned from their successes and failures and importantly, Harreld and his corporate colleagues learned from these experiments. Anchored by Palmisano's aspiration for IBM, his growth and innovation mandate, and revised values for the firm, the SLF's and EBO's were accelerated and focused post 2002.

These workshops had an impact in every domain of the corporation and, as senior executives learned together about proactive punctuated change, this critical mass of senior executives then provided the energy to decentralize the EBO's and SLF's from the corporate level to countries, functions, business units. By 2005, most of the top 300 senior executives had been to one (or more) SLF or EBO. By 2008, these methods, language and co-creation had involved more than 5000 executives. These actions to decentralize the locus and ownership of change were driven even deeper into the firm through the use of idea jams (see Soske and Conger, 2010). This decentralized phase of learning to lead punctuated change was supported by senior leaders but driven by middle-level executives who led change by teaching what they had learned from their executives. This cadre of middle managers enacting change in their local domains was crucial in institutionalizing change at IBM.

This proactive punctuated change at IBM was not a top down, integrated change effort. Rather, it was top down in energy and aspiration, in the articulation of an innovation-rooted performance gap, and an inspiring sense of what IBM and IBM'ers could be. Palmisano's aspirations were implemented through highly structured workshops where intact teams learned specific tools, languages, and skills for their specific strategic change effort. These workshops were not voluntary;

they were driven from the top of the firm. Yet this change effort was also driven from the bottom up. The SLF and EBO's, intact teams with two corporate sponsors (and associated facilitators) worked on their own root cause analysis and action planning. Moreover, since every SLF and EBO had multiple teams working simultaneously, these teams were able to experiment and learn from each other, hold each other accountable, and generate system-wide root causes that the sponsors took as action items (see Figure 10.4). In line with Kellogg's (2011a, 2011b) work on change in medical centers, the SLF's and EBO's provided the relational spaces as well as cultural and political tool kits where a diverse leadership community came together to safely learn from each other as they worked on IBM's most pressing strategic issues⁴.

Insert Figure 10.4 about here

Leading Proactive Punctuated Change

Leading punctuated change through innovation, experimentation and disciplined learning is not unique to IBM (see also Gulati and Puranam, 2009; Groysberg and Slind, 2012; Amis et al, 2004; Battilana and Casciaro, 2012; Ramarajan et al, 2013; Sull and Spinosa, 2007; Beer et al, 2011; Eggers and Kaplan, 2009; Gawer and Phillips, 2013). Extant literature and our experience at IBM suggest that there are multiple interrelated determinants of leading proactive punctuated change (see O'Reilly and Tushman, 2011; Tushman et al., 2010; Smith, Binns, and Tushman, 2010). These concepts can, in turn, be employed in leading change associated with sustainability.

Senior management ownership and support is crucial. Without the most senior leaders on board, punctuated change gets bogged down by powerful forces

⁴ After 2006, this process of leading system-wide change was reinforced by the Integration and Values Team. The top 300 executives from across the firm worked on a set of IBM-wide issues defined by the CEO (see Soske and Conger, 2010 for more detail).

associated with the status quo. Punctuated change requires the active, unequivocal, and sustained involvement of the firm's senior leadership team. At IBM, this change only gained traction after most senior levels of the firm focused their attention on institutionalizing change throughout the organization. Those senior leaders who did not support these changes (and the associated processes) either were let go or did not get promoted. Similarly, Ramarajan et al (2013) research on gender and change in a professional service firm highlights the importance of sustained senior leadership support.

Senior Management Aspiration and Identity. Punctuated changes require an emotionally engaging vision or aspiration. This appeal to aspirations, emotion, and organizational identity is particularly important in executing paradoxical strategic challenges (see also Glynn, 2000 and Smith and Lewis, 2011). Palmisano's aspiration to make IBM again "a great firm" through both disciplined execution as well as experimentation helped unleash energy throughout the firm to lead innovation streams and, in turn, proactive punctuated change. Similarly, at Havas, David Jones has linked his firm's aspirations on youth empowerment (One Young World) to his clients' interests as well as the role of the firm in society (Jones, 2012).

Extending Senior Teams and Institutionalizing Change. Senior leaders cannot lead change by themselves. Line management must eventually own and be engaged in the change effort. Punctuated change requires a social movement. Such a movement starts at the top, engages the top management team, and then involves an extended senior leadership team, and in turn, institutionalizes change throughout the firm. Senior leaders must be rewarded (or punished) and measured on their ability to manage punctuated change and to coach their subordinates in leading punctuated change (see also Amis et al, 2004; Battilana and Casciaro, 2012, 2013).

A Context for Experimentation, Learning, and Co-creation. Leading punctuated change is rooted in an extended team learning how to lead and co-create change. This community learning is facilitated by a context, structured process, set of tools, and a common problem solving language. These workshops are most effective when held in a neutral location where participants are not interrupted and

focus their full attention to the issues. Such workshops must have both content on innovation, organizations, and change as well as a disciplined process by which participants learn from each other, from external resources, from their work group colleagues who are also working on their own issues, and from their more senior sponsors. These workshops provide the space, legitimacy, cultural and political tools, and language for heterogeneous group of leaders to experiment with ways to explore and exploit and to collectively learn how to execute punctuated change (see also Kellogg, 2011a,b; Beer et al, 2011).

Senior Team Sponsored Workshops and Follow-Up. These workshops must be owned and led by a senior leader. Without such senior governance in problem selection, team staffing, and finding co-sponsors, workshops are less effective. The senior sponsors must create a context where teams talk candidly about the real issues. Importantly, process must be built to follow-up and monitor progress against commitments made at these workshops. Further, as so much systemic learning about change is generated at each workshop, the senior leader and his/her team have to integrate this learning and initiate appropriate change at the corporate level (see also Sull and Spinosa, 2007; Beer, 2009).

Exploratory Innovation is a Catalyst for Strategic Renewal. Where proactive punctuated change can be managed with the same underlying processes as reactive change, its motivation is fundamentally different. In the absence of a crisis, the press of growth through exploratory as well as exploitative innovation is a powerful and concrete way to initiate strategic renewal. Since exploratory innovation is associated with a shift in strategy, it is also associated with system-wide organizational change. If ambidextrous organizational designs are able to host both exploitative as well as exploratory innovation, these designs are a powerful tool to create the context for proactive punctuated change. Further, the press of growth through exploration and exploitation push leaders to attend to contradictory strategies simultaneously; the need to explore and exploit as well as to manage incremental as well as punctuated change. At IBM, the ability to be an ambidextrous leader, to manage incremental innovation as well lead exploratory innovation and

associated punctuated change, became a criteria for senior leadership promotions (see also similar ideas at GE, Prokesch, 2009).

Our experience at IBM is that leading innovation and punctuated change is less about steps and phases, and more about dialog, participation, contexts, conversations, and commitments that leaders and their teams make to each other in service of executing their own local change efforts. These punctuated change efforts are energized by an emotionally engaging aspiration and a paradoxical strategic challenge—at IBM to both exploit as well as explore. This learning by doing, sharing this learning within the larger community, and senior team oversight helps create the social movement so central to punctuated change. While punctuated change is initiated from the top, it is executed through an extended social movement managed and designed by senior leaders and carried through the firm by an extended set of leaders who collectively initiate, reflect, and learn about leading change in their local domains.

This induced model or strategic renewal at IBM is consistent with the literature on strategic renewal of organizations in not-for-profit settings. This model of strategic renewal is consistent with Kellogg's (2011a,b) work in medical centers, Battilana and Casciaro's (2012) work in medical centers, Glynn's (2000) work in the Atlanta Orchestra, Battilana and Dorado's (2010) work in community banking, and Eccles et al's (2012) work on sustainability. It may well be that this top down, bottom up change process, anchored in a paradoxical strategic challenge, and executed via orchestrated learning and a social movement across the firm is a general approach to leading proactive punctuated change.

As evidenced in several other chapters, sustainability needs to be embedded in all organizations' and institutions' agendas. Given the magnitude of potential negative impacts on our planet's livability and continued economic progress, waiting for a crisis to motivate change will only lead to disaster. It is likely that the principles of proactive punctuated induced at IBM, and the larger body of literature on organizational and institutional change can be applied to the pressing challenges of creating sustainable organizations.

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Figure 10.1
IBM Business Leadership Model

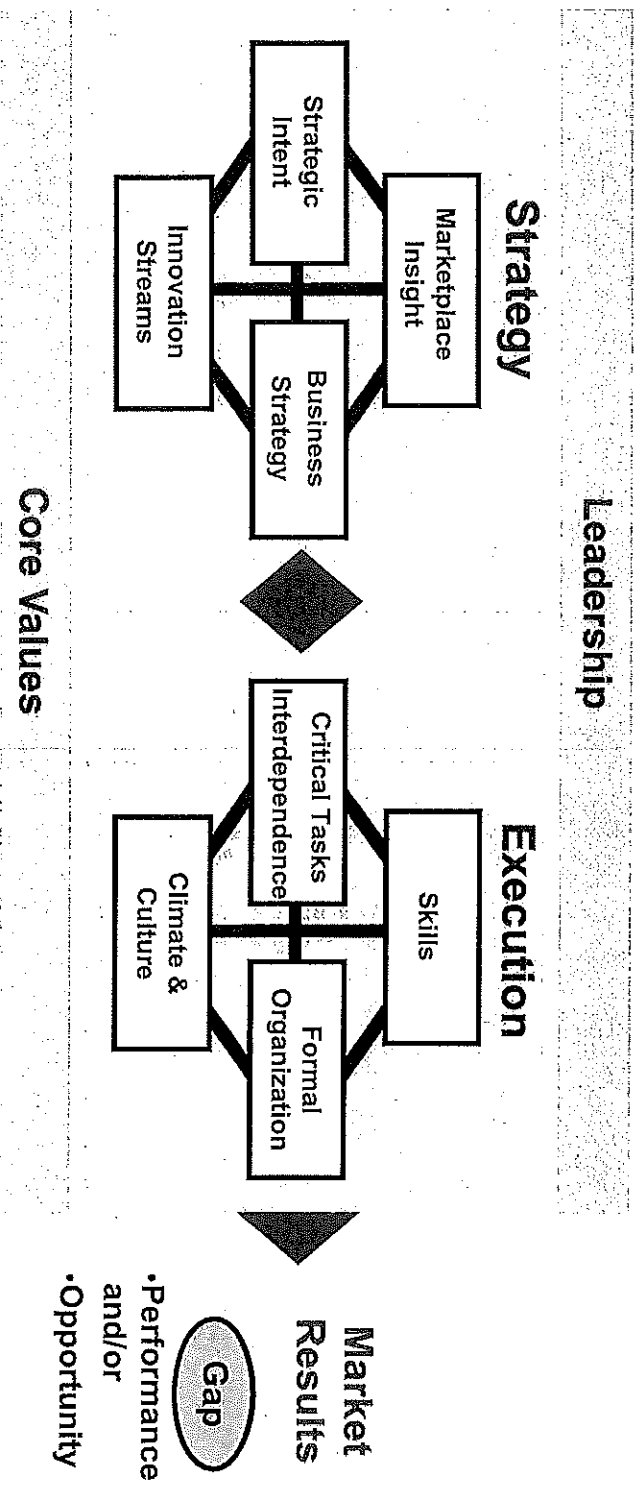


Figure 10.2
SLF and EBO Process: Top Down and Bottom Up Dialog and Learning

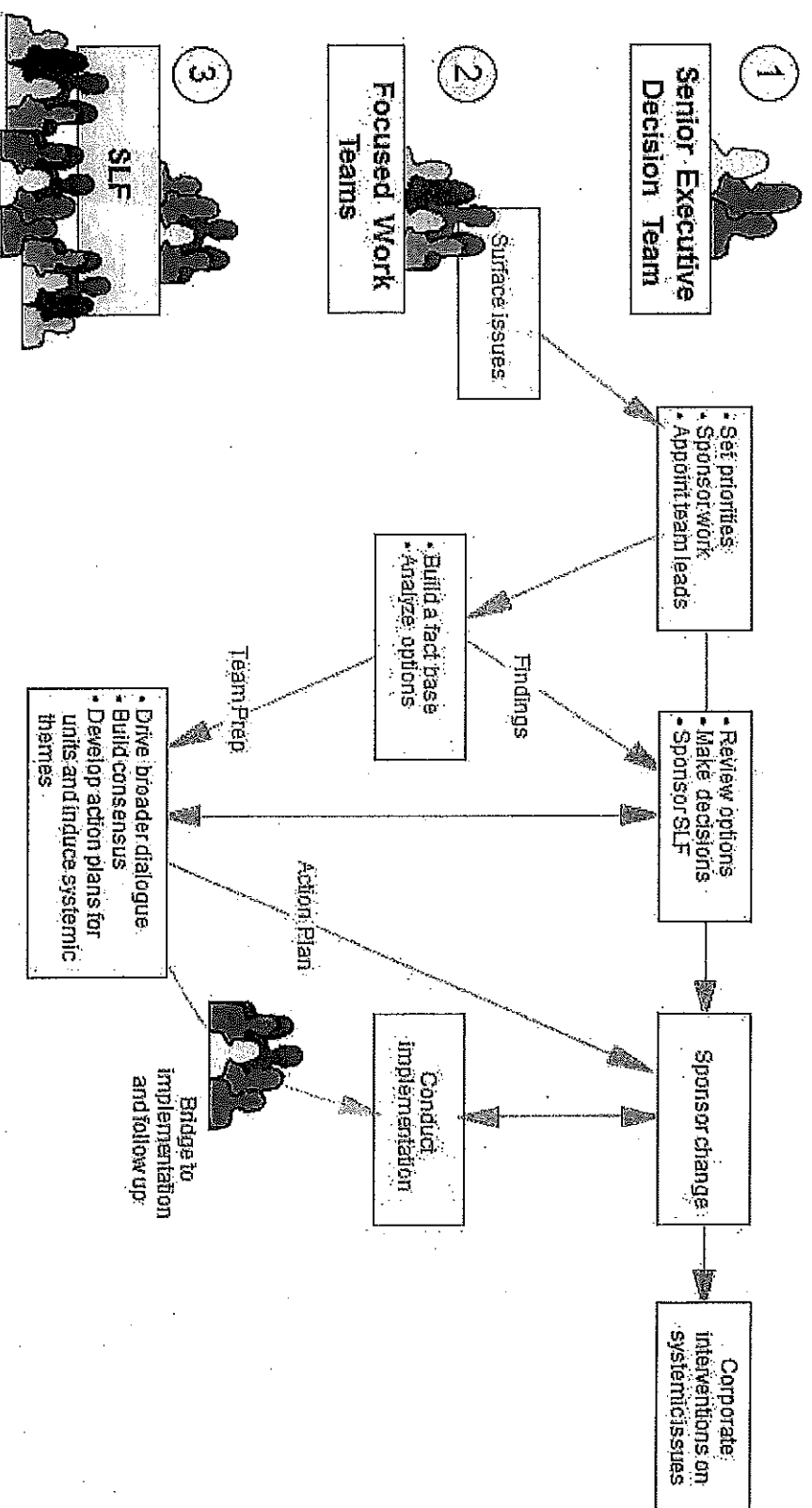


Figure 10.3
Institutionalizing Punctuated Change at IBM

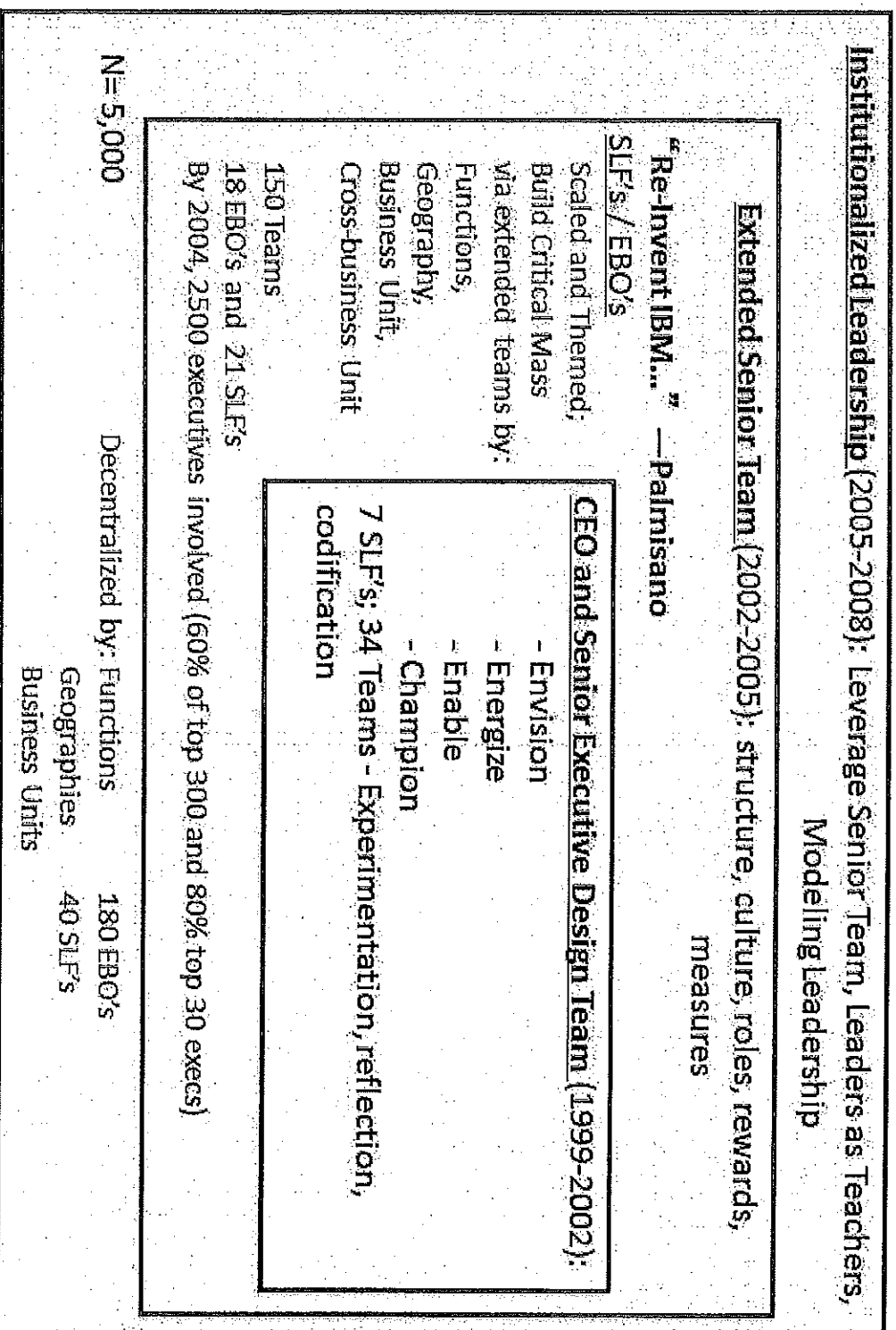


Figure 10.4
Strategic Renewal at IBM (1999-2008)

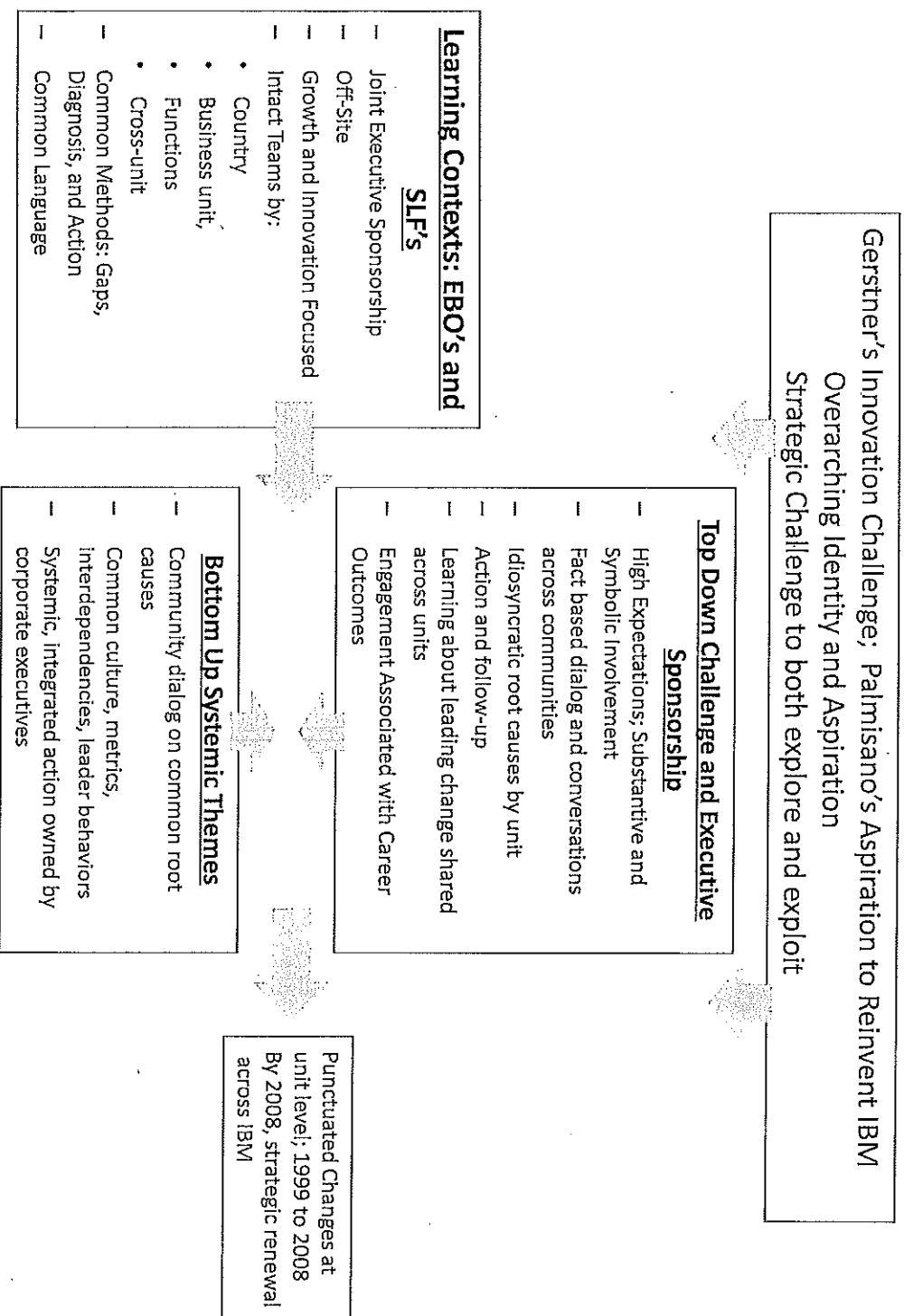



Table 10.1
SLF's, EBO's, and IBM Performance

	<u>2002</u>	<u>2005</u>	<u>2010</u>
Cum. No. of SLF's	7	23	40
No. of Executive Participants	350	1800	5000
No. of EBO's	7	23	180
EBO Revenues (as % of IBM Total)	6	19	24
<hr/>			
IBM Revenues (\$Billion)	81.2	91.1	99.9
Gross Margin (%)	36.6	40.1	46.1
Earnings per Share (\$, diluted)	2.43	4.91	11.52

Johnson, Stephanie

From: Donley, Robert [BOARD] <bdonley@iastate.edu>
Sent: Thursday, September 03, 2015 5:29 PM
To: Andringa, Mary
Subject: Re: Email address


Sent from my Verizon Wireless 4G LTE DROID

"Andringa, Mary" <mandringa@vermeer.com> wrote:

Would you have Bruce Herrald's email address? Mary



Mary Andringa

CEO and Chair of the Board
1210 Vermeer Road East | Pella, IA USA 50219
O: 641-621-7366 | F: 641-621-8400
vermeer.com

Johnson, Stephanie

From: [REDACTED]
Sent: Friday, September 04, 2015 6:47 AM
To: Andringa, Mary
Subject: Re: Congrats and Welcome!

Mary,

One of the great pleasures in transitions, is making new friends. Many thanks for your confidence and support. Now the real work begins. Please call at anytime with ideas, questions, and advice.

Safe travels,

Bruce

> On Sep 3, 2015, at 11:22 PM, Andringa, Mary <mandringa@vermeer.com> wrote:

>

> Bruce, welcome to the UofI presidency! I am so sorry I wasn't able to be at the interview in person or at the announcement. But I am very happy to have you as our new President! I look forward to working with you and supporting you in your new role! Please let me know how I can assist you in this transition.

>

> Sincerely, Mary Andringa

>

> Sent from my iPad