

FOREWORD

When I joined Hewlett-Packard (HP) in 1966 as a process engineer in the Medical Products Group, I had little idea that one day I would have the chance to take over the leadership of the company. But 26 years later, I was asked to become the chief executive officer (CEO), and I served in that post for the next seven years, from 1992 to 1999. As the CEO of HP, we set ambitious goals and hoped that we could go from strength to strength. We wanted to grow a great company built on its founder's legacy, "The HP Way." But, I could not be certain that we would grow as much as I had wanted. After all, there were certainly going to be factors beyond my control that could stymie us.

I'm proud of the fact that when my period of leadership came to an end in 1999, HP was ready to move to its next phase of maturity. And, our financial results were personally quite satisfying. HP's revenues grew 187 percent to \$47.1 billion during my tenure as CEO, while earnings grew 436 percent. Our share price went up to \$114 a share, an eight-fold increase. Most gratifying to me, HP had broad respect as a business; it was one of America's most admired companies.

But this did not mean that all went smoothly every year. The economy was bound to turn sour one day. It was all but inevitable that some of our products that we had high hopes for would not sell so well. I've learned all too painfully that a business

reversal can happen after a strong growth period; and it can happen with very little warning.

Figuring out how to make a quick, solid recovery from those bumps in the road became one of my greatest challenges. That is why I have been delighted to read *Ruthless Execution; What Business Leaders Do When Their Companies Hit the Wall* and to find that it offers a set of guidelines on how to bounce back from an unexpected business reversal. As the book notes, it is only when a company hits the wall that the business leader is truly tested. It's then that the leader has to decide whether to keep stoking the fires of growth or to pull back to fight another day.

It's then that the greatest pressure is on the CEO to take the company back to its days of glory.

I like the way *Ruthless Execution* talks about companies hitting the wall. There is a strand of optimism that runs through the book, conveying a sense of impermanence about business reversals. The book gives you new confidence that it is possible to recover from hitting that wall.

The focus of this book is on the common strategies that business leaders who have broken through these proverbial walls employ. If business leaders learn what those common strategies are and implement them in their businesses, they are probably going to enjoy a resurgence of success. That is what this book argues eloquently.

Just by way of example, one strategy that the book talks about is balancing between the short term and the long term. Business leaders who have dealt successfully with hitting a wall have learned how to handle that balancing act. Author Amir Hartman has a nice term for this strategy; he calls it **STRATEGIC RECALIBRATION**.

I've learned in my own business career that you have to grapple with that balancing act both in good times and in bad. Some

would argue that it's easier to deal with this kind of balancing in good times. I'm sure that's not the case. In good times it's very easy to put the pedal to the metal and get all the growth you can. Things are going well; it's easy to grow; it is very easy during those times to overlook the moves that one has to make to guarantee a better long-term future for the company. I would argue there are times when the right strategy is probably to back off on current growth in order to have the company better positioned for the future.

The true value of this book is in giving executives an understanding of what it means to engage in ruthless execution, which taken together is a set of strategies that business leaders have found useful in recovering from hitting the proverbial wall. The message of the book is simply this: Hitting a wall need not be the end of the road for your company. It will be painful. You might even find yourself attacked in the media. Wall Street may lose confidence in your company for some time. But, as this book so wisely points out, business setbacks do not need to spell disaster. There is a way out. But it will take some figuring out.

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