

COMMENTARY

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Headquarters as hardware and software

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Abstract

The article proposes a framework for thinking about the role and elements of a corporate headquarters. The concept is that headquarters is both a physical place with implications for the culture and work processes of the firm and a set of processes and strategies that define how the work actually gets done and the employees and leadership groups interact. The main thesis of the piece is that to properly design and operate headquarters that these elements of both hardware and software of headquarters must be designed and operated together.

Keywords: Headquarters, Culture, Work processes, Design process, Campus design

The word headquarters conjures up many thoughts, but most often refers to a tangible place and a thing. The physical location and the building or complex of buildings are what people typically associate with headquarters, and they are not wrong. Stopping at this limited conceptualization may seem appropriate, since from the pyramid onward buildings, places and their associated environment have converged and defined so much of our environment that Churchill was credited with observing that we become our buildings. Fair enough, but this physical construct is too limited and misses the important and fundamental changes in the headquarters' ecosystem that many companies are laboring mightily to implement and benefit from. Let us call the buildings, their features and characteristics, the environment in which they exist, and the geographic location the hardware of HQ.

How the leaders are situated, how they interact with each other, what processes they employ to lead, the values and strategy they convey, and how they model and convey the expected roles and behaviors of leaders in the organization all constitute the software of HQ. It is in the design and operation of the software that so much hopefully fundamental and beneficial change is afoot. One could argue that while much of the effort directed towards HQ design is hardware based, the real payoff is the software. Let us use one California company as an example of that trend. This company has seen at least three distinct HQ hardware and software eras as it grew over nearly 40 years from a venture-backed startup to a large global company whose products are used by patients worldwide. A distinguishing feature is that HQ has remained in the same physical location and has grown in size as the company grew. That company is Amgen, where I worked and was privileged to occupy a senior leadership position, first as President and COO and then as Chairman and CEO, involved in all aspects of HQ hardware and software design from 1992 to 2012. The company entered a new software phase in recent years as current leadership seeks to counteract the tendency that all large organizations have to become slow, isolated, formal, intimidating, and risk averse. The

company is typical of many large organizations in its range of operations from basic research to distribution, geographic dispersion, complex processes, interaction with governments at the policy and regulatory level, diversity of the employee base, and opportunities and expectations that come with being a widely owned large public company.

We spent years, many dollars, and much effort on the hardware and think we got it about right. Getting the hardware right is necessary and important, but it is not sufficient. We created a campus where the buildings were friendly, welcoming, light filled and warm, highly functional, promoting team collaboration and spontaneous collisions of people, and full of employee-friendly amenities from spa-level gyms to wonderful cafeterias to at the time the largest and most well-staffed and equipped onsite child day care center in the state. We did not go so far as some with HQ's in rural surroundings like ours as to build our own onsite guest house, but we thought about it. The landscaping was a special focus. We sought to convey *a* modern, professional, welcoming, friendly, and functional campus. We specifically avoided monumentality, statement buildings, or signs of power and opulence. Our biggest extravagances were landscaping, the gym, and the day care center.

We focused on software too by having a clear social architecture of mission, values, strategy, and expected leadership behaviors. We did our best to model, teach, and enforce. Once every 2 years, all staff anonymous surveys as well as abundant anecdotal evidence said in the main reality on the ground matched our aspirations. Our executives worked in an executive area where each top executive had the same size office, and we were organized functionally. Governance was organized around periodic top team meetings and offsites, and included the smart use of all the interaction technologies widely available. We were convinced we had the software and hardware right, but we were mistaken. We had built a system that optimized the ideas of the past.

The new leadership in 2012 saw that both the hardware and software had serious flaws and did not prepare the company for the future. The prior system in today's faster paced, less hierarchical, more cost-conscious, and competitive world demanded new approaches. The new design objectives were centered around efficiency in cost, information sharing, and decision making; maximizing engagement between executives in a more spontaneous almost flow dynamic; optimal use of communication and decision support technology; and a less imperial and isolated executive team. This has been largely accomplished, and the executives and company are pleased with the results. The most radical moves were around changing the hardware to facilitate the new software. The executives moved to another building off the executive floor, dispensed with their offices, and moved into a highly interactive space with shared desks and conference rooms. Quiet, private spaces were abundant but again for shared use. Private materials were secured in dedicated, locked cabinets. The big idea is more sharing, more proximity, and more egalitarian. Meetings were more frequent, better organized, shorter and clearer in outlining expected next steps and accountability. The social architecture was reexamined and largely kept intact with continued emphasis on concentrating on and enforcing the role model behavior by *being meaningfully more visible to others on the executive team*. The ivory tower had been demolished. This transformation was done as part of a company-wide effort that had dramatically beneficial results in financial performance, decision-making, and agility. The team knows it is a journey and this system will someday need to be dramatically altered too. Headquarters is a place, buildings, a team, a set of ideas, and the key processes. They all need to work together and be mutually reinforcing. They also need periodic examination and renewal.

Conclusions

Headquarters as a concept and defining element of the feel and work processes of the company must be defined with both the hardware of the physical place and the software of how the processes and culture work designed and operated together and in a mutually reinforcing way for optimal results. This is relevant to the field because most often, architects design the hardware with little to no understanding or input into the actual work processes that happen in the physical spaces.

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