



**Hamilton Sundstrand**

A United Technologies Company

# HAMILTON SUNDSTRAND'S INDUSTRIAL DIVISION AND THE 7 HABITS

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## SNAPSHOT

### COMPANY NAME

Hamilton Sundstrand is an aerospace and industrial-products company headquartered in Connecticut, U.S.A. Study focus is three companies in the Industrial Division.

Employees: 18,000

Annual sales: US \$6 billion (2007)

Date of study: 2002–2007

### INDUSTRY

Aerospace, industrial products

### KEY CHALLENGES

To improve employee-satisfaction scores on the Employee Satisfaction Survey

### SOLUTION STRATEGY

Have employees and management complete FranklinCovey's *7 Habits of Highly Effective People Signature Program* training

### KEY RESULTS

Sullair Corporation:

First survey after *7 Habits* training: overall satisfaction rose 10 pts.

Second survey after *7 Habits* training: overall satisfaction rose 2 pts.

Milton Roy Company:

Pre-*7 Habits*: overall satisfaction rose 2 pts. in a 3-yr. period

Post-*7 Habits*: overall satisfaction rose 7 pts. in a 2-yr. period

Sundyne Corporation:

Pre-*7 Habits* era: overall satisfaction rose 0 pts in a 3-yr. period

Post-*7 Habits* era: overall satisfaction rose 10 pts. in a 2-yr. period

### RECOGNITIONS

Industrial Division recognized as more improved than any other unit

### KEY WORDS

Aerospace; industrial products; employee satisfaction; *7 Habits*

## Background

Hamilton Sundstrand, headquartered in Windsor Locks, Connecticut, U.S.A., is a leader of aerospace and industrial systems. With annual sales of US \$6 billion (2007) and over 18,000 employees worldwide, Hamilton Sundstrand is a key member of United Technologies Corporation (UTC), its parent organization.

Hamilton Sundstrand (HS) provides aircraft systems from tip to tail for both commercial and military aircraft, and integrates them to operate seamlessly. Hamilton Sundstrand is the prime contractor for NASA's space suit/life-support system and produces environmental control, life support, mechanical systems, and thermal-control systems for international space programs. Hamilton Sundstrand Industrial is a global supplier of products ranging from metering pumps and specialty pumps to pneumatic tools, compressors, and blowers. The industrial businesses include Sundyne Corporation, Sullair Corporation, and the Milton Roy Company. Sundyne was formed in 1970 and is headquartered in Colorado, U.S.A.; Sullair, headquartered in Indiana, U.S.A. was added to the portfolio of business units in 1984; and Milton Roy, a pump producer headquartered in France, was acquired in 1991.

## The Employee Satisfaction Survey

Approximately every other year, Hamilton Sundstrand asks employees corporationwide to take an "Employee Satisfaction Survey." The survey is administered by an outside firm, and the results are announced to all employees. The 79-question survey is taken online or answered on paper, and it attempts to gauge employee opinion in 12 categories of corporate climate from job satisfaction to ethical behavior to customer relations. In this paper, we report some of the results of the Employee Satisfaction Survey for the three business units in the HS Industrial Division, and we relate the findings to FranklinCovey's training in *The 7 Habits of Highly Effective People*®.

In April 2002, Stephen Oswald, a rising star, received an M.B.A. from the University of Chicago and was named president of Sullair. Having been exposed to FranklinCovey training before taking up this position, he set a course to "Coveyize" the culture of Sullair by having all employees undergo training in the *7 Habits*. For about three days, all U.S. Sullair employees attended *7 Habits Signature Program* training. Later, some spouses and family members of Sullair employees also took the training. So deep into the organization did the training go that FranklinCovey principles came to be thought of as "drinking water" at Sullair.

In 2006, after four years as head of Sullair, Oswald was named president of the entire Industrial Division, bringing all three industrial companies under his purview. As with Sullair, he encouraged employees at Milton Roy and Sundyne to undergo *7 Habits* training. Periodically, when there are enough new hires to warrant a *7 Habits* workshop, Oswald brings FranklinCovey consultants back to conduct new training. Thus, at any given time, about 80 percent of the Industrial Division employees can be said to have completed FranklinCovey training. At Sullair in particular, it is said that "everyone speaks Covey language," and everyone is attempting to "live the values."



*Stephen Oswald*

Although we have not conducted on-site interviews with management and employees at the three industrial units, we have been allowed access to the Employee Satisfaction Surveys before *7 Habits* training and after *7 Habits* training for each company in the Industrial Division. Thus, we have an opportunity to test the relationship of FranklinCovey training on corporate climate, at least at the employee self-report level. Will the results of the Employee Satisfaction Survey support the claim that FranklinCovey methods help companies improve? Will we find that Sullair, under the unique and progressive guidance of Stephen Oswald, will be the only company that produced improvement after *7 Habits* training? Or will the two companies that were led by others and received the training in 2006 generate the same satisfaction results as Sullair did after 2003? Does the effect of FranklinCovey training remain robust over time? How will the three Industrial Division companies compare with other units that have not had *7 Habits* training?

## Analysis: Sullair Results

Figure 1 shows the percentage change in responses to the Employee Satisfaction Survey between the years 2002 and 2005 for Sullair. The *7 Habits* training at Sullair, the first of the three companies to undergo the training, started in mid-2004. The first survey was given in 2002 before Oswald's tenure, and the second in 2005 to essentially the same employees. Thus, we have an opportunity to observe the change in employee satisfaction from before *7 Habits* training to after *7 Habits* training.

We found a 10 percentage point positive change in overall satisfaction responses between the two surveys. For the change to have been statistically significant, only a 2 percent change would have been necessary. In short, these positive-change percentages, some of them rising as high as 24 and 21 percent on certain questions, constitute substantial evidence that employees were increasingly positive about the work climate at Sullair after the introduction of *7 Habits* training.

To explain further, under "Job Satisfaction," employees were asked in 2005 such questions as:

Question 1: "Considering everything, how satisfied are you with your job?" The survey showed that the satisfaction level of employees in 2005 had increased by 5 percent from the time of the 2002 survey.

Question 6: "I would recommend Hamilton Sundstrand as a good place to work." The survey showed an increase of 9 percent from the time of the 2002 survey.

The "Job Satisfaction" category was comprised of seven questions. Combining all the answers, we see that, overall, the satisfaction level of employees increased by 12 percent when compared with the 2002 survey. For reasons of privacy, Hamilton Sundstrand does not report the absolute data for this survey, but one can easily deduce from the change data that the overall trend was one of increasing employee satisfaction with the corporate climate.

Consider another category, "Management Communications." This category, too, was measured by seven questions. Some of the statements to which employees were asked to respond were:

Question 7: "Effort is made to get the opinions and thoughts of the people who work here." There was a 17 percent increase in affirmative answers in the period 2002 to 2005.

Question 8: "Management gives a clear picture of the direction in which Hamilton Sundstrand is headed." There was a 12 percent increase in affirmative responses to this statement in the period 2002 to 2005.

So it was for all categories, with "Management Communications" receiving the highest positive percentage change (13-point change) and "Management Practices" and "Job Satisfaction" receiving the next highest positive percentage change (12 percent each).

**Figure 1**

### Sullair Employee Satisfaction Survey Results

CATEGORY	% CHANGE 2002–2005
Job Satisfaction	12
Management Communications	13
Quality	10
Ethics	7
ACE (Achieving Competitive Excellence)	5
Training and Development	8
Environmental, Health, & Safety	8
Teamwork	7
Pay and Benefits	8
Management Practices	12
Customer	6
U.S. Diversity/Worklife	9
<b>OVERALL</b>	<b>+10</b>

Can other factors also account for the improvement in employee satisfaction? Very likely. We have not attempted to control for other possible influences on the results, nor do we ignore the fact that the new Sullair president, Stephen Oswald, may have influenced a variety of management practices that were pleasing to the employees but had little to do with *7 Habits* training. But as we will see below, under other leaders, both Milton Roy and Sundyne also found their employee satisfaction scores rising after *7 Habits* training. Thus we can deduce that it is not just who is at the helm that makes the difference, but the leadership values he or she utilizes to create a “winning” corporate culture. Let us look next at Milton Roy’s results.

### Analysis: Milton Roy Results

In 2006, *7 Habits* training was launched for employees at Milton Roy. Figure 2 shows the results of the surveys for 2005 and 2007, or rather, the percentage change in scores between those two years. The 2005 survey was administered before *7 Habits* training was started, while the 2007 survey was given about one year after *7 Habits* training. In Milton Roy’s case, we also have data from an entirely pre-*7 Habits* survey period 2002–2005. Displaying those data will allow a more solid analysis of the impact of *7 Habits* training. The *7 Habits* program took place in 2006, so the effect of *7 Habits* training should appear in the 2005–2007 period. Notice that by 2007, employee-satisfaction scores had risen an overall 7 percent.

Let us examine a few specific responses from the Milton Roy survey statements.



**Figure 2**

### Milton Roy Employee Satisfaction Survey Results

CATEGORY	% CHANGE 2002–2005 “PRE-7 HABITS”	% CHANGE 2005–2007 “7 HABITS PERIOD”
Job Satisfaction	0	8
Management Communications	10	12
Quality	-1	7
Ethics	11	5
ACE (Achieving Competitive Excellence)	0	0
Training and Development	0	7
Environmental, Health, & Safety	1	7
Teamwork	-1	8
Pay and Benefits	5	-4
Management Practices	3	5
Customer	1	7
U.S. Diversity/Worklife	8	4
<b>OVERALL</b>	<b>+2</b>	<b>+7</b>

Question 14 (“Quality” category): “I feel encouraged to come up with new and better ways of doing things.” In the first (non-*7 Habits*) period 2002–2005, the percentage in this case actually declined by 6 percent. By contrast, in the 2005–2007 (*7 Habits*) period, there was a positive increase of 8 percent.

Question 26 (“Training and Development” category): “My job makes good use of my skills and abilities.” The non-*7 Habits* period 2002–2005 showed a decline of 5 percentage points in response to that statement. By contrast, in 2005–2007, the *7 Habits* period, there was a 10 percent positive increase in agreement with the statement.

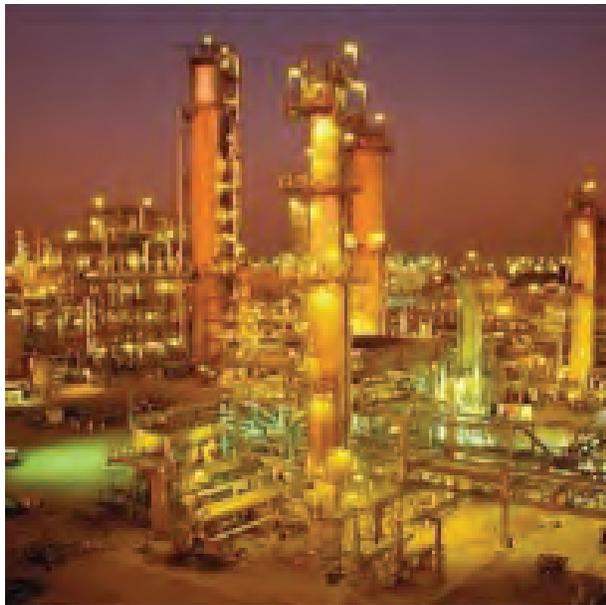
Question 41 (Teamwork): “UTC shares good ideas and best practices among units.” For the non-*7 Habits* 2002–2005 period, there was a 2 percent increase in positive responses to that statement.

But in the *7 Habits* period of 2005–2007, affirmative responses to this statement increased by 16 percent.

To be sure, some categories for the 2005–2007 period showed no change; and one, Pay and Benefits, showed a decline of 4 percent. However, the Milton Roy satisfaction level for this category was still well above the worldwide company norm. Compared to Sullair and Sundyne, Milton Roy also had a larger number of employees who had not had *7 Habits* training. But out of 12 categories, 8 showed positive improvements in employee satisfaction in 2005–2007 as compared with the 2002–2005 period, producing an overall positive percentage increase of 7 percent in the *7 Habits* period.

### Analysis: Sundyne Results

In the first two companies, we have documented the positive impact of *7 Habits* training on employee satisfaction. Do these results hold up also for the third industrial unit, Sundyne? Sundyne employees undertook *7 Habits* training at the same time as Milton Roy in 2006. Once again, we have data (Figure 3) for two separate periods: 2002–2005 or the “pre-*7 Habits* period,” and 2005–2007, the “*7 Habits* period.”



**Figure 3**

### Sundyne Employee Satisfaction Survey Results

CATEGORY	% CHANGE 2002–2005 “PRE-7 HABITS”	% CHANGE 2005–2007 “7 HABITS PERIOD”
Job Satisfaction	0	13
Management Communications	-3	21
Quality	-3	6
Ethics	-1	6
ACE (Achieving Competitive Excellence)	-2	1
Training and Development	3	8
Environmental, Health, & Safety	-2	5
Teamwork	-4	8
Pay and Benefits	9	11
Management Practices	4	8
Customer	-3	10
U.S. Diversity/Worklife	-2	8
<b>OVERALL</b>	<b>0</b>	<b>+10</b>

Notice that there was no overall percentage change in employee satisfaction in the pre-*7 Habits* period of 2002–2005 and that 8 out of the 12 categories showed a change in the negative direction; “Teamwork” showed the largest negative result of -4, but many categories declined by 2 or 3 points. By contrast, the 2005–2007 or “*7 Habits* period” showed no negative results in any category and produced an overall positive-change percentage of 10. Once again, it would only take a positive increase of 2 percent to make the findings statistically significant. Notice the dramatic increase (+21 percent) in employee satisfaction with “Management Communications.” Notice also that the “Job Satisfaction” category rose by 13 percent.

Let us examine a few specific questions from this survey:

Question 48 (“Management Practices” category): “I feel valued as an employee of Hamilton Sundstrand.”

**Figure 4**

**Management Communications Questions, Sundryne**

Questions	Pre-7 Habits 2002–2005	Post-7 Habits 2005–2007
7 Effort is made to get the opinions and thoughts of the people who work here.	-8	24
8 Management gives a clear picture of the direction in which Hamilton Sundstrand is headed.	-16	31
9 I believe action will be taken based on this survey’s results.	-8	23
10 I understand the strategy by which my business unit will reduce costs and expand market share.	-2	7
11 I understand Hamilton Sundstrand’s business growth strategy of integrating systems to provide lower cost and more efficiency for customers.	31	7
12 Management gives its employees a clear picture of Hamilton Sundstrand’s values.	-19	28
13 How satisfied are you with the information you receive from management?	9	28

In the “pre-7 Habits period,” the percentage change to this statement was down by –3 percent. By contrast, in the “7 Habits period,” this question garnered a 16 percentage point increase.

Question 62 (“Diversity/Worklife” category): “Hamilton Sundstrand is actively working to have a diverse workforce.” In the “pre-7 Habits period” of 2002–2005, this statement elicited a 3 percent decline. By contrast, in the “7 Habits period” of 2005–2007, this question yielded a 25 percent increase.

Question 72 (“Diversity/Worklife” category): “Hamilton Sundstrand supports employees in balancing work with personal needs.” In the pre-7 Habits period of 2002–2005, there was a 12 percentage point decline in response to this statement. By contrast, in the “7 Habits period” of 2005–2007, there was a 21 percent increase on this question.

Perhaps the most impressive results from any of the three industrial units came from Sundryne employees’ answers to questions about management communications. Figure 4 shows each of the seven questions in the “Management Communications” category with the corresponding percentages for both the 2002–2005 and 2005–2007 periods.

The responses in the 7 Habits period of 2005–2007 show improvements that range from very significant to absolutely dramatic. Whereas in the pre-7 Habits period (2002–2005) there was a decline in six out of the seven “Management Communications” responses, in the 7 Habits period of 2005–2007, all categories increased substantially. Clearly, by 2007, the management team at Sundryne had made some significant improvements in their style of communicating with employees. That can partly explain why, in 2007, there was such a strong turnaround in response to the question: “Would you

recommend Hamilton Sundstrand as a good place to work?" The 2007 survey yielded an 18 percent increase in response to that statement versus a 2 percent decline in the previous survey.

### Analysis: Does the 7 Habits Effect Last?

We have seen compelling evidence that companies which launch *7 Habits* training to their employees garner some significant improvement in overall employee satisfaction within a year of the training. Does the impact last over time? For the answer to this question, we return to Sullair. As we saw, in 2003, Sullair was the first to train its employees in the thinking of the *7 Habits*; and as with Milton Roy and Sundyne later, they experienced a surge of improvement in satisfaction scores in each measured category.

Four years later in 2007, Sullair once again surveyed its employees. Figure 5 shows the Sullair data for the first survey (the period in which *7 Habits* was first taught), and in 2005–2007, when no new training in *7 Habits* was given, except to new employees. Notice the surge of positive responses in 2002–2005 and the sustained results in 2005–2007. In the second period, there was an overall positive rise of 2 percent in satisfaction, even though 4 out of the 12 categories remained constant or showed slight negatives. Recall that Sullair first trained its employees in the *7 Habits* in 2003. What is significant is that four years later, with no additional training, the positive results continued. Moreover, even though the gains were less dramatic after four years, the overall satisfaction score, as confirmed by company officials, remained substantially higher than the worldwide company norm. In 2008, a spot survey using part of the Employee Satisfaction Survey questions on about one-third of the employees confirmed the growth of employee satisfaction five years after the initial training. Continued increases in satisfaction scores may require the need for companywide refresher courses, and Hamilton Sundstrand is currently contemplating training in *The Speed of Trust*.

**Figure 5**

### Sullair Employee Satisfaction Survey Results for Two *7 Habits* Periods

CATEGORY	% CHANGE 2002–2005 7 HABITS TAUGHT FIRST TIME	% CHANGE 2005–2007 7 HABITS CONTINUES IN COMPANY
Job Satisfaction	12	0
Management Communications	13	3
Quality	10	-3
Ethics	7	8
ACE (Achieving Competitive Excellence)	5	1
Training and Development	8	0
Environmental, Health, & Safety	8	5
Teamwork	7	2
Pay and Benefits	8	1
Management Practices	12	2
Customer	6	-2
U.S. Diversity/Worklife	9	1
<b>OVERALL</b>	<b>+10</b>	<b>+2</b>

### Other Explanations for the Improvements

The results from these three companies provide strong evidence of the positive relationship of *7 Habits* training on the self-reported satisfaction of employees. Once again, we need to ask if other practices may have influenced these results. During this period of time, Hamilton Sundstrand had implemented company-wide initiatives to improve the Management Communications, Management Practices and ACE/Quality categories. Hamilton Sundstrand's overall scores improved during this period, but the Industrial Division scores improved the most, with 2007 scores ranking higher than any other business unit within Hamilton Sundstrand. According to Susan Lery, director, Human Resources, Industrial, and Support Groups; "The significant variable was the Covey training. We believe it provided the positive impact on our high

employee-satisfaction scores.” For instance, during the period under investigation, Sundyne had no change in leadership personnel, yet their scores were dramatically improved, especially in the area over which management had direct control (i.e., their own communication style).

Furthermore, although we do not have the data for any of the other units in Hamilton Sundstrand, company officials report that the Industrial Division has the highest scores of any major business unit and was the most improved in 2007, the first year of surveying after all three companies had undergone *7 Habits* training.

Is it possible that the scores are high for the Industrial Division because only satisfied employees bother to take the survey? Hamilton Sundstrand works hard to inform all employees of forthcoming surveys: setting up schedules, emailing employees, and even sealing the survey box in front of employees to quash any question that the results might be tampered with. Furthermore, Hamilton Sundstrand treats the results of the surveys seriously. They make formal presentations of the results to all employees and to specific teams, they organize focus groups to address problem areas, and they develop action plans to improve employee satisfaction. Thus, employees know that taking the survey is not just an exercise in futility. As a result, Hamilton Sundstrand (all divisions) achieved the phenomenal response rate of 91 percent in 2007. In other words, almost every employee answered the survey, and thus the problems associated with sampling error are virtually eliminated from this study. The Industrial Division participation rate was even higher at 97 percent, thereby representing the opinions of virtually all employees.

It is also instructive to note that many of the most dramatic improvements in employee satisfaction overlap the very principles taught in the *7 Habits* training. For instance, at Sundyne, scores related to work/life balance improved by 8 percent after *7 Habits* training. Work/life balance is one of the key principles taught in the *7 Habits* training (Habit

7: Sharpen the Saw). Likewise, scores related to teamwork also rose after *7 Habits* training in the value of synergy (Habit 6). Indeed, each of the *7 Habits* can be linked to improvement in the employee-satisfaction scores in the Industrial Division.

## Conclusion

In this study, three global industrial-products companies found that their employees were more satisfied with their managers, with their own jobs, and with several other aspects of corporate life after the companies had implemented the principles of *The 7 Habits of Highly Effective People*. “Before” and “after” survey results were statistically significant. Changes in personnel did not impact the improvements, but changes in management style apparently did. Even after four years, the positive effects of the *7 Habits* training remained.

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