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HBR CASE STUDY AND COMMENTARY

How can Henrietta help Steve transition in a company where not everybody is on board?

Three commentators offer expert advice.

When Steve Becomes Stephanie

by Loren Gary and Brian Elliot

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What does a star player's gender change imply for a traditional company's culture?

HBR CASE STUDY

When Steve Becomes Stephanie

by Loren Gary and Brian Elliot

Thunk! The Audi trunk slammed shut, and Eric and Henrietta Mercer carried their bags of groceries into the house. As Eric started putting away the food, Henrietta sorted through the mail. She was surprised to find a letter from Morgan, their 29-year-old daughter, a genome researcher in Boston.

"What's the special occasion?" Henrietta wondered aloud as she settled into a kitchen chair and kicked off her shoes. A moment later she exclaimed, "Jeez Louise."

Eric turned around. "What's up?"

"Morgan sent us a copy of her Massachusetts driver's license renewal form. Take a look at this: 'Complete only if something has changed—name, address, telephone number, gender designation.'"

Morgan's letter was eerily connected to the challenge foremost in her mother's mind. As the senior vice president for human resources at LaSalle Chemical, Henrietta knew that

about 25% of the leading U.S. companies had policies in place to protect employees against discrimination based on gender identity. But she had never imagined she would actually encounter the issue, and certainly not at LaSalle, a *Fortune* 1000 company headquartered in Aurora, Illinois, that provided products and services to oil-drilling, refinery, and pollution-control businesses.

Yet that was precisely what had happened: Steve Ambler, a rising star at LaSalle, had informed senior management that he was going to become Stephanie through a process known as gender transition. Karl Diener, the CEO, had asked Henrietta for regular updates on the problems LaSalle might face as a result—and matters had taken an unsettling turn that very morning. Henrietta had the weekend to collect her thoughts for a Monday meeting with Karl and the executive committee.

HBR's cases, which are fictional, present common managerial dilemmas and offer concrete solutions from experts.

"Look, why don't you work on your presentation while I get supper ready?" Eric said, shooing her out of the kitchen. "And don't get too discouraged," he said, deadpan. "Steve's transition to Stephanie will improve your affirmative-action numbers."

The Next Round of Change

Nine months earlier LaSalle had acquired CatalCon, a company in Detroit that sold fluid catalytic cracking technology to petrochemical businesses. Karl Diener had announced a major consolidation of the two sales teams: They would be integrated and streamlined so that both could sell CatalCon's and LaSalle's technology and services. CatalCon's salespeople would be relocated to Aurora. Karl had handpicked Steve to lead the change initiative and appointed him group sales director.

At 38, Steve was LaSalle's golden boy. He had overhauled the company's pollution-control sales strategy to make it customer driven rather than product based. Sales had more than doubled in that sector, and the new approach had been rolled out to the group's larger petrochemical customers. Steve was the natural candidate to lead the next round of change.

Then, just three weeks ago, Steve had made an appointment with Henrietta. When he showed up 20 minutes early, she suspected it was something urgent.

"Henrietta, I have something very personal to tell you," he said. "I know this is going to be surprising if not shocking." Steve sat stiffly on the brown leather couch in her office. Henrietta waited, wondering how she could talk him out of quitting.

"I've been seeing a psychologist for years to deal with how unhappy I am with my gender. I'm planning to live as a woman in the near future, and I want to make sure we can work through this together." Steve spoke slowly, giving Henrietta time to digest his news. She was stunned. Intellectually she knew that people sometimes had feelings of being trapped in a body of the opposite gender. But *Steve*? He was a guy's guy, a jock, a husband with two children.

When she tuned back in to the conversation, Steve had begun to tick off the steps in the transition process: electrolysis, voice lessons, hormone therapy, facial feminization surgery, genital surgery. Now that the gender

counseling was behind him, he was ready to embark on the first three. "This isn't something I would undertake because of some adolescent fascination with alternative lifestyles," he said, looking at Henrietta directly.

"When are people going to be able to tell that you're...a woman?" she responded, a little more bluntly than she'd intended.

"I won't have facial hair anymore and in about six months I'll have breasts," Steve said. "My voice will continue to change as I train it. But I won't be overtly female until I've had the facial surgery and start wearing women's clothing in public."

Henrietta paused. Questions clouded her brain. What were the legal implications of changing gender? Maternity leave was considered disability. What about gender reassignment surgeries? And what would Steve's colleagues and customers think? LaSalle's clients were mostly conservative oilmen.

"Steve," she said, choosing her words carefully, "would it be easier for you to play an internal role while you're making this transition?"

He had anticipated her reaction and met it with a joke: "A demotion in exchange for becoming a woman? Just another woman you can pay less!"

A nervous silence followed as Henrietta avoided his eyes. She explained that she would have to do more research before the company could commit to anything.

"I'm not asking for more than that," Steve said. He got to his feet, relieved that the issue hadn't caused his job to blow up—at least not yet.

Simmering Resentment

Nearly three weeks after his conversation with Henrietta, Steve sat in a bar at the Houston airport, waiting for a delayed connection to Chicago. He and Alex Grant, CatalCon's top salesman, were returning from a four-day sales trip. A master at putting the right person in the right position, Steve was ebullient. The trip had confirmed his hunch that Alex was critical to his plan for the sales integration. Alex, however, was exhausted and annoyed by Steve's high spirits.

"These trips together are invaluable," Steve said, sipping his pomegranate martini.

"I'm glad you think it's working." Alex reached for his draft ale. He didn't exactly

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dislike Steve, but he didn't like him, either. He understood that they had to work together to make LaSalle's new sales strategy a success, but it grated on him that Steve had been awarded the plum position of sales director.

True, the LaSalle folks had gotten most of the top positions after the acquisition, but Alex thought his 20 years' seniority and his sales record at CatalCon made him a better candidate than Steve, and part of him wondered if he'd been the victim of age discrimination. Alex was great at building relationships. When he advised customers to buy additional products and services from the company, they rarely questioned his recommendations; they trusted him implicitly. At the time of the acquisition he had been making almost as much money as CatalCon's CEO. The sales director position would have entailed a big salary cut, but Alex's wife, Mary, had recently been diagnosed with breast cancer, and he wanted to spend less time traveling. Not getting the job had made the move to Aurora that much more distasteful to him.

"I don't know if I should be so important in this sales integration," Alex said as the loudspeaker announced a further delay in their flight. "I'm on the road a lot more than I expected."

"I need you as my collaborator," Steve replied. "No one else in this company knows CatalCon's technology like you do. Having you play a major role after the acquisition reassures your clients." As he got up to go to the men's room, Steve patted Alex on the back. "We can do this together. Trust me."

Fatigue from the trip and his worry about Mary's condition made Alex uncharacteristically mean-spirited. "We can do this—trust me," he muttered, mimicking the peculiar way that Steve's voice tended to rise in pitch at the end of a long day.

A Toxic Tip

Alex was still in a foul mood when he arrived at work the next morning. He was coming in for just an hour or so before taking a couple of weeks' family leave to help Mary through her first round of chemotherapy. He had finished reading and answering his e-mails when he noticed a blank manila envelope among the papers strewn across his desk.

Inside it was a plain white envelope marked "Alex—For Your Eyes Only!" As he unfolded the contents, the header "Confidential" caught his eye. It was a one-page memo from Henrietta to the members of LaSalle's executive committee. The subject line read "Timetable for Steve Ambler's Gender Transition."

"Steve Ambler's *what?*" Alex gasped. He inspected both envelopes. Someone was tipping him off anonymously.

Alex's eyebrows shot up as he read about Steve's plan for the next six months, starting with hormone therapy. As Alex scanned the memo, he couldn't help imagining that he'd be named to replace Steve as sales director. Then an impossible idea dawned on him: They might let Steve keep the job! Having Steve shadow him on calls to some of his best clients was a nuisance, but if he had to take *Steph-a-nie* along—

"Alex?" Henrietta was at his door, asking if he could be interrupted. "How's Mary doing?"

Alex glared at her and thrust out the memo. "Do you really want to risk our customer relationships just to accommodate somebody's aberrations?" he barked.

"Alex, hold on a minute." Henrietta closed his office door and lowered her voice. "How did you get hold of this?"

He ignored her question. "Just when were you going to tell us?"

"You have to understand that this is new for all of us, and I'm not at liberty to discuss it right now. We have to respect Steve's privacy. Ultimately this is a medical issue."

"Have you thought about what's going to happen here in the office six months from now, when Steve shows up in a dress?" Alex was fuming. "Trust me, a lot of us are going to be wondering just how unstable a person must be to *choose* to have this kind of surgery. It's indecent. It's *wrong*. Don't expect me to feel otherwise."

"Alex, calm down," Henrietta said. "I'm not asking you to change your values or your beliefs. There are solutions to the problems that might be worrying you. Other companies have been through this and have worked out how to adjust."

"My God, Henrietta, listen to yourself. What's become of you?" Alex started to pace. "Don't you get it? It's not a question of adjusting. This is a *moral* issue, not a medical one. Frankly, I'd rather leave than be part of an

organization that has lost its moral compass.” He looked at his watch angrily. Mary was going to be late for her chemotherapy treatment.

“Isn’t there something toxic about a work environment that stirs you up so much you forget your own wife’s struggle with cancer?” he said, stalking out.

It was dreadful that Alex had heard about Steve this way, Henrietta thought as she walked back to her office. But at least she now had some idea of how people in the organization might react. Luckily, Alex would be away for the next couple of weeks, unlikely to cause a commotion. She could use that time to finish crafting her strategy for dealing with the issues raised by Steve’s transition.

“Very Complicated”

Saturday night Henrietta and Eric sat on the living room couch and discussed her upcoming meeting with Karl and the executive committee.

“Illinois law protects employees against gender identity discrimination,” she said, rehearsing the facts. “We have no option but to come up with a company policy that complies with state law.” She rose to put another log on the fire. “But it’s more than that,” she said, poking the embers. “We want our people to be able to bring their whole selves to work. Having employees who are fully engaged is core to our culture.”

“That’s all well and good,” Eric said, “but how are you going to let Alex bring his whole self to work?”

“Probably not through gender sensitivity training,” Henrietta reflected. “But I’d like to find a mediator who can get Steve and Alex talking to each other.” She stood in front of the fire, rubbing her hands together, before turning back to Eric. “The problem is, I’ve been checking into resources, and many of the coaches and advisers in this business are transgender themselves. That could turn Alex off completely.”

“And Steve probably won’t go along with your bringing in someone who has no experience with transgender issues,” Eric replied.

“Isn’t there someone in-house who can fill the role? How about you?”

Henrietta grimaced.

The fire crackled and lit up the room. Eric spoke first. “I know you’re not going to like this, but you could read Steve the riot act. Frankly, your customers will never accept him when he starts transitioning to Stephanie. Insist that he take an internal position—at least until the transition is complete.”

“I don’t know,” Henrietta said. “Maybe people will be more tolerant than you give them credit for.” She was thinking of an employee who had come back from rehab and had reintegrated into the company seamlessly. “Besides,” she reminded her husband, “we need Steve engaged to make the integration process work. If I’m going to play hardball, it makes more sense to play it with Alex. He might choose to leave—though that’s unlikely, given Mary’s health and his need for benefits.”

“But having Alex stay for those reasons alone is no solution either!” she said, throwing up her hands in frustration. “I don’t just need Alex on board, I need *him* engaged, too. For heaven’s sake, he’s our top salesman—the main connection to our CatalCon customer base. LaSalle needs both these guys—”

“One guy, one gal,” Eric said with a rueful smile, as Henrietta’s cell phone rang. It was their daughter, Morgan, calling from Boston.

“What did you think of that license renewal application?” she asked.

“All roads lead to Rome,” Henrietta replied. She started to unburden herself but thought better of it. “Morgan, you’re the scientist here—what does your work on the human genome tell us about all this transgender stuff?”

“Very complicated,” Morgan replied.

Great, Henrietta thought. *Just what Karl Diener doesn’t want to hear.*

How can Henrietta help Steve transition in a company where not everybody is on board? • Three commentators offer expert advice.

See **Case Commentary**

Case Commentary

by Linda E. Taylor

How can Henrietta help Steve transition in a company where not everybody is on board?

Raytheon Missile Systems (one of six business units within Raytheon) has about 12,500 employees. In my seven years here I've overseen three gender transitions. I inherited four others. (My predecessor had worked closely with one person, and the other three had progressed to various stages of transition without assistance from the company.) Our approach to gender transition has been shaped largely by my experience in managing these people.

Prior to 2005 Raytheon did not include gender identity and expression in its antidiscrimination policies, so the company was not fully prepared to deal with this issue. In one case I inherited, the employee's superior was still referring to her as "him" with external customers and at all-hands meetings *two years* after she had transitioned.

The line had to be drawn. I said to that manager, "I understand this change was difficult, but you've had two years to adjust. You can go home without pay and think about whether you want to change your behavior, or you can do what you need to do." Today I get managers involved early; by and large, they provide positive leadership to their employees.

My advice to companies is don't wait until someone walks in the door and tells you he or she is transitioning. You need to have your policies in place or you'll be wrong-footed, as Henrietta has obviously been. She considers giving Steve an internal position that will surely feel like a demotion. You should never create the impression that a person is somehow getting shortchanged because he or she made a gender identity choice. It will blow up in your face.

Henrietta worries too much about clients. Of the three people who most recently transitioned at Raytheon, two (both engineers) have had a lot of contact with both internal and external clients. We are a technology company that specializes in defense, home-

land security, and other government markets. Not one military customer has behaved badly to our faces. I suspect this "business as usual" attitude has something to do with the fact that the military is less concerned about who makes the equipment that protects our men and women in uniform than about how the products work in the field. It's a safety issue.

For a variety of personal and religious reasons, some of our employees have opposed our policy of inclusion, so I give lots of gender identity training—another lesson I've learned over the years. When someone transitions, force the organization to do some training so that employees can work through their misperceptions, questions, and fears. If you don't provide that opportunity, it will come back to haunt you.

During our trainings I put the difficult questions on the table for us all to talk about—especially "Isn't Raytheon condoning some unhealthy or immoral lifestyle by allowing this change?" My answer is that Raytheon doesn't pass judgment on its employees' personal lives. At times we all have values that differ from the company's, and we don't need to change our values. But as a Raytheon employee, you are here eight hours a day, and during that time you agree to adhere to the company's policy of making our workplace as inclusive as it can possibly be.

We are not prepared to qualify that policy. It's the way of our company and the way of the future. We've built relationships with college LGBT (lesbian, gay, bisexual, and transgender) engineering groups, and they are a great source of talent. Many of the interns who've come from these groups have ended up staying with us. Our culture of inclusion absolutely gives us a recruiting edge.

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My advice to companies is don't wait until someone walks in the door and tells you he or she is transitioning.

Case Commentary

by Ronald K. Andrews

How can Henrietta help Steve transition in a company where not everybody is on board?

I've overseen only one transition in my career, back in 2003, and like Henrietta, I anticipated a great deal of organizational dysfunction. But instead I often heard people admiring the courage of the individual who transitioned, whom I'll call Debbie. How tormented she must have been all her life—and then to take such a grand, courageous step.

In situations like this it is crucial to work very closely with the person who's making the transition. The success of Debbie's transition owed a lot to Debbie herself. It certainly helped that she was a star employee who had been with the company for 14 years. And she has a great sense of humor that she has used to put people at ease.

Besides working closely with Debbie, we turned to other people with relevant experience. We talked to Debbie's therapist, to our internal medical director, to our employee assistance people, to lawyers, to an HR person in another company.

By law, in states that have gender identity protection, the person transitioning has to be the one to reveal the change to other people. We agreed that Debbie would send an e-mail to her colleagues, in the full expectation that it would be forwarded. Then, because Debbie was a senior executive and made presentations to the board, we agreed that the president of our investment area (in which Debbie worked) would share the information with the directors.

Debbie also had a lot of client contact, because she worked with account executives, and we thought carefully about how to handle that. We ended up making a list of all the key clients that she had significant interactions with. We gathered together their account executives and educated them about the situation. They were given very specific talking points to use with clients, which were vetted

by Debbie, our lawyers, and HR. The account executives all telephoned their respective clients. We thought it best that they discuss the news directly rather than sending a letter or an e-mail. We didn't lose a single client.

The greatest noticeable opposition to Debbie's transition occurred in that meeting of account executives. One person out of the 25 or so who were present was especially vocal. The idea of gender transition was outlandish to him, and he had ethical and religious concerns. More than anything, he worried that cooperation would be seen as an endorsement of Debbie's decision. But as we explained, you can hold to your beliefs while being civil to a colleague who has decided to transition. He accepted that argument grudgingly. He had to. Compliance is one of our employees' job requirements. That said, if strong opposition to Debbie's transition had continued, we were prepared to invest some time in sorting out the problem.

We also offered awareness training to Debbie's team on a voluntary basis—we thought it would give people an opportunity to ask the kinds of questions they might not be comfortable asking Debbie. You know what? They said they didn't need the training. They felt comfortable enough to go to Debbie directly with any questions.

Of course, the toilet situation is a delicate issue—even in a close group like Debbie's. We gave her a private bathroom at first, and only when we had all agreed that the time was right did she begin using the ladies' room. There was no fanfare; it just happened. Today Debbie's transition is a nonevent—which is exactly what we want it to be.

Ronald K. Andrews is vice president and head of human resources for Prudential's U.S. businesses and is based in Newark, New Jersey.

I anticipated organizational dysfunction. But instead I heard people admiring the courage of the individual who transitioned.

Case Commentary

by Stasha Goliaszewski

How can Henrietta help Steve transition in a company where not everybody is on board?

I started transitioning at Boeing in 2002, after four years with the company. First I came out to human resources, but we kept it quiet for a while. Then a woman working on her doctorate about transitioning interviewed me on the phone at work; someone overheard us and started a rumor that I was transsexual. Boeing has a policy to not let rumors circulate, so HR called my manager and me in for a meeting. Since the rumor was true, and I was planning to go public soon, we decided that it was time to make the announcement to the organization.

Our first step was to hold a meeting that included the head of HR, myself, the company therapist, my manager, and managers two levels up. The therapist went over the condition and explained the transition process. A week later we called a full staff meeting of about 100 people and presented them with all the facts. After that I began my hormone treatment and started to dress androgynously.

I like to think that I've contributed to Boeing's positive reputation today with the transgender community. When I first started transitioning, Boeing's policy could best be described as "plumbing to plumbing": You had to use the men's room until you'd had genital surgery. I quietly pointed out to HR that by federal law, employers aren't even allowed to ask when or if an employee has had any surgery. After some consultation with people inside and outside the company, Boeing included gender identity in its anti-discrimination policies.

On the whole, I didn't have many negative experiences. A few women objected to my using the ladies' room, but the head of HR called them in and basically told them to suck it up. I don't get any comments, because the company considers that to be harassment. Of course I do get looks, but part of that is

because I am overweight and have not opted for any facial surgery.

Henrietta worries that her company's clients will react badly to Steve's transitioning. But while I was transitioning, Boeing sent me all over the country to talk to the likes of IBM, Raytheon, and the military. I never had a problem. I do remember dealing with a lieutenant colonel whose blood was obviously boiling. But he swallowed hard and called me ma'am. Clients knew I was transsexual, but they couldn't put me down because I have expertise.

In the case, Alex thinks that people who transition have psychiatric problems. I suffered from depression because I was so unhappy with my gender. It was a terrible situation: I was presented with equipment that I tried for years to live with. Today my therapist tells me I am a well-managed person—and that's the feedback I get at work. Also I have three children and I've succeeded in holding my marriage together.

Statistically, a company Boeing's size should have one or two transsexuals coming out a year. Boeing is seeing many more than that because of its reputation. My advice to companies with more than 30,000 employees is to get ready: Somebody in your organization is going to transition. Better to get your ducks in a row now than to run around as Henrietta has to do.

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