

HON

HON DEVELOPMENT COMPANY

October 5, 1994

Edwin R. Rigsbee
Rigsbee Enterprises, Inc.
P.O. Box 6452-202
Westlake Village, CA 91359-6425

Dear Ed:

We have now had about a month to digest the seminar at Coto de Caza and there's nothing better than a great rationale like this to justify not having written a promised letter. But actually, we have now had two follow-up meetings with our accounting and finance staff with the second, most in depth meeting, yesterday and I am glad to have heard their comments before writing to you.

First and foremost, the seminar was a success. By those who are diligent goal-setters, it was viewed as an effective reminder; by those for whom it was an introduction, the seminar was viewed as a great framework for setting goals and directing their daily activities in a more purposeful way.

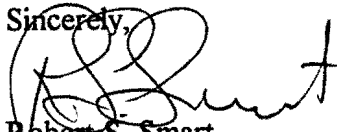
My purpose in having the meetings with my staff was to get their feedback on the format and content of the seminar and to figure out ways of "keeping it alive." The meetings were helpful on both fronts. Keeping It Alive has now become a proper name and will be a column in our company news letter. There we will start by having someone present and discuss two or three of their "keepers" each month. Then the column can evolve and later discuss methods of goal-setting and planning, small and big achievements, and other ideas to keep people motivated with some of the same enthusiasm they had when they left the seminar in August. For our part, my staff will be talking about how they're doing on the process once every month or so during our staff meetings. Our 1994 departmental goals list has been pulled out now as our guide for the remainder of the year.

The feedback on the seminar was very good. The rope exercise was extremely helpful for us in that it pointed out a number of things about how our company is managed (or owned), our culture, and our work habits. The exercise could be modified in one way: by perhaps having the group divide into two equal sized groups: one given the same instructions we were given (in other words, a free for all); the other group physically separated from the first, with the same instructions but then being given the task of delegating the project's management to whom they considered to be the most qualified. By those I have spoken with, the exercise was seen as beneficial enough to have deserved some reflective discussion afterward and some tie-in by the participants to the process of goal setting and achievement. Thus, saving the rope exercise to later in the afternoon was also a suggestion.

The only criticism of the seminar centered around the afternoon. Our people felt that the presentation wandered from the topics we had planned on discussing and from the outline. While the subject of prioritization of work was touched upon, people commented that concrete methods for setting priorities should have been discussed. In light of the lessons we learned from the rope exercise, my view is that understanding the respective roles of supervisors and employees in setting and managing priorities is a critical part of achieving goals. I know of some specific methods personally that we use but I am sure they lack the discipline that is resident in some of the better methods.

Overall, we are very appreciative of the quality of the seminar. Your knowledge of and enthusiasm for the subject sparked tremendous interest in all of us. What was really an experiment for us was unanimously viewed as a success and something we will repeat each year for our employees. Our thanks to you for a very good job, a highly productive day, and the start of a tradition that will help all of our employees for many years to come.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Smart', written over the word 'Sincerely,'.

Robert S. Smart
Vice President Finance
and Administration

RSS/bl