

WHY PROCESSES AND ALIGNMENT?

The Bane of Shortsightedness



Once Upon a Time there was a successful technology company that grew from a kernel of an idea to global status and world wide reputation. This technology company developed an idea with an original product that became a global tool for use in accounting and in any function that required the calculating of information. Through hard work, process, and discipline this tool became the basis of a modest sized company.

Once this company reached this size, it sold its tool to a recognized, global giant who further developed this tool until the tool had reached its fullest potential, and then sold the tool and parts of its company to a third company.

Since the tool had been developed to its fullest potential, bold, new initiatives were required to invent the next level of technical tool, an automated tool. A Research and Development function was established to devise and develop new concepts. Next came the establishment of a Marketing, Service, and Sales function to inform, generate interest and need for the tool in the minds of potential customers, and then service the tool to keep it running, and bring the new automated, technical tool to the world. The new concept would need to be mass produced, so a Manufacturing function was established to build the new technical tool here in the United States. Finally, the company would need knowledgeable, experienced executives with vision and drive to get all the functions pulling in the same direction toward a common goal. All looked rosy and bright for the future. The company grew in size to global proportions and was a household name in many countries around the world.

Each function formulated plans and set target goals for its function and employees. These were ambitious and lofty objectives designed to make its function the "rock" of the company.

Research and Development hired large numbers of technical people with PhD degrees and began several large scale projects, all designed to create untold numbers of technical tools that would lead the company to global success for many decades to come. The Marketing function hired many "idea" people that created a "must have" need for potential customers around the world, convincing them that their companies would not be successful without the technical tool. The Sales function hired a large sales force to sell the product all over the globe, offering automated tools and products, and services to keep them working. The Manufacturing function developed multiple locations from which to build the new technical tools, and ramped up and staffed the manufacturing operations to build tools and generate inventories of tools and parts to service the world. The Executives within each function busied themselves with developing projections of growth and revenues for their respective function that would be generated to become the "rock" of the company.

All seemed right and the future was full of stars within the company universe.

Over time, while each function busied itself in trying to achieve its own goals, the Research and Development (R&D) function started many promising projects but had not been able to create working models of its inventions and ideas. Some concepts were well over due for this year's testing and production. The R & D function said it only needed a little more time.

Meanwhile...

The Marketing function had created a need in the minds of potential customers for products that were not yet fully developed and not available. The Sales force had lined up customers eager to buy the technical tools that would spring them ahead of their competition in the market place. The Service function geared up to service technical tools and hired technicians to service the tools, though it was not sure of what technology needed to be serviced. The Manufacturing function, while waiting to build the new automated tools coming from R & D, kept their employees busy working at building a huge inventory of existing tools that were soon to be out dated and obsolete, and stored them in large

warehouses. The Executives were busy, within each's function, dividing their goals and objectives into three month terms and took personal interest in seeing that progress toward achieving goals was kept to three month intervals. They tracked their quarterly goals in sequence with the salary bonuses they would receive as they made their quarterly goals.

All seemed right and the future was full of stars within the company universe. Until a day came when R & D had not produced any new advanced technical tools, Sales had to discount the price of the existing technical tools until they sold the tools at less than it cost to make the tools. Marketing kept trying to generate a need in customers, but who by this time were tired of hearing about innovations coming in the future, and became skeptical of the integrity of marketing messages. The Service function started to service products of competing companies in order to keep working, and thus supported the success of its own company's competitors. The Manufacturing function, with a warehouse full of dated, technical tools, was forced to stop production and lay off its workers. A new Manufacturing function would be created out of a handful of former employees at a third of their former salaries. The Executives within the various functions could not meet their quarterly goals but still continued to collect bonuses based on revised, reduced goals. The new compensation was not aligned to business goals.

Thousands of employees in dozens of countries lost their jobs and financial security, and many never found jobs at their original skill and salary levels. Tremendous pressure was placed on families to work together to survive. A whole generation of children grew up not seeing their parents at the supper table, due to the then creation of a two income family economy.

Summary In this company, goals were not aligned to common measurements. Common company wide processes were not adopted. Executives were segmented and rewarded financially for functional success as much as for overall business success. Common company wide milestones were not tracked and integrated into a single set of business metrics. Short term management with financial rewards built on short term "line of sight" vision encouraged executives to only concern themselves with the here and now, and not with real, sustainable, long term growth.

Companies like the one in this story are gone forever, with only their names lingering in history. Are you going to, inadvertently, recreate the conditions in this story for your organization?

The Road to a Happy Ending....

Processes and Alignment The Why and How Let De Bellis Partners assist you to align your business strategies and goals with your compensation program. Develop metrics, competencies, and assessment processes and tools to ensure that all employees are working to the common direction. Develop and automate processes to ensure that more time and energy is spent on analyzing your business performance and not in generating gigabytes of data. Contact us for a free consultation today.

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