

# Management Ideas



FOR STILL BETTER

RESULTS

RELATIONS

REPUTATION

a monthly newsletter to key executive-leaders  
on practices, possibilities and ideas generally  
for stepped up performance  
edited by  
N. H. ATTHREYA MA PhD  
author, educator & consultant  
on problem-solving and creative ideas

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**3627 PROFESSIONAL MENTORING:** *There was an international microsurgery conference in Bombay recently. Professionals were freely sharing their experience and insight. More importantly, offers were made to the conference participants that if they wish to visit fellow professionals abroad to see them at work they can get a sponsorship. Those who made the offer would give of their time and an opportunity to see them at work. All the expenses will be borne by the beneficiary or his organization.*

*I thought a similar practice can be considered by management professionals. In a small way, as a management consultant and educator, your editor has been doing it for decades now. Organizations can consider permitting their managers, executives and other professionals making their little contribution to the cause of good management.*

**3628 ENTERPRISE PROFILE:** *Arizona is one of the states in U.S.A. making assertive progress on all fronts. In Arizona Business Gazette, your editor found the accompanying item. May be, some of the Readers can produce one such profile of their company which can be featured in the forthcoming issues.*

*Professional management, in my view, requires that we share our knowledge and experience with the interested so that overall prosperity and wellbeing visibly increase.*

*Editor*

## ■ COMPETITIVE ENGINEERING INC.

By **JANIE MAGRUDER**  
Special for the ABG

At Competitive Engineering Inc., honesty is the best company policy.

Not only does the Tucson aerospace parts manufacturer share all financial information with its 75 employees, it also posts everyone's salaries on a bulletin board, including that of chief executive officer Don Martin.

"It holds me and the managers accountable," said Martin, a 40-year-old high school dropout and former machinist whose business plans to generate \$7.5 million in sales this year. "It's also helping us to change the (company's) culture. We want everyone to be accountable."

Employee morale is "definitely strong, upbeat," he said, and not just because there are no company secrets. Martin estimated he annually spends \$500,000 on employee benefits, which include full medical and dental coverage for workers and their dependents, seven holidays, a retirement fund, profit sharing and four weeks of paid vacation after five years' employment.

Martin said he wants to hang onto his people, and at a time when highly skilled young mechanists are difficult to find, Competitive Engineering participates in a nationally accredited apprenticeship program in order to help train good personnel.

Three apprentices currently receive on-the-job training at Martin's 14,000-square-foot plant at the Tucson International Business Center and will finish their four-year program beginning next year. They'll have jobs with Competitive Engineering, if they wish, said Martin, who graduated from a similar program in Houston at age 28.

The path to success has been rocky for the Dallas native, who grew up without a father. His mother, seven older sisters and a brother instilled in him a strong sense of worth. By the time he got to high school, Martin said he believed himself to be invincible and became hooked on drugs.

"I really screwed up and had a long, hard fight coming back," he said. "That experience gave me a lot of humility."

Martin said he learned a valuable lesson that people stumble, not because they are lazy, but because of their circumstances. In business, he said, he looks at the "bigger picture" and tries to understand the underlying problems facing an employee who may be having a bad day.

After his recovery, Martin landed a job sweeping floors at Hughes Tool Co. (the founding company of Hughes Aircraft) in Houston where he later became a machinist. He also earned his black belt in karate and moved with his wife to Tucson in 1983 to start a karate school.

When that failed, Martin found work at a machine shop and advanced to plant manager before leaving in 1987 to start Competitive Engineering with three other former employees of that shop. Business was good from the start, and Martin found himself working 90 hours a week.

"It was my big moment," said Martin, who has since bought out his three partners and scaled back to 40 hours. "I had customers on my side, I knew I could get work, I had money saved up."

In the early 1990s, Competitive Engineer-

ing weathered tremendous economic problems, including layoffs and pay cuts in 1992, which were caused by a downturn in the aerospace industry.

"We embraced the changes as an opportunity," Martin said. "Many saw it as another flavor of the month, another storm to sit out and wait. But we were young and dumb. We didn't have a lot of preconceived notions on how to run a business, and when our customers started to demand things, we weren't so locked into our opinions that we couldn't change."

One of Competitive Engineering's largest customers, AlliedSignal, purchases machined castings to use in its commercial, military and government airplanes. Ed Wilson, a planner/buyer for AlliedSignal's Aerospace Equipment Systems in Tempe, said Martin's company is at the top of the supplier pack.

"He's the kind of person who will seek the best and try to find out what his customer needs, and then he'll go for it," Wilson said. "By the time you try to offer him some new technology, he's already got it."

Competitive Engineering produces some of the most complex hardware used by AlliedSignal, and is always ready to respond in emergencies, he said.

"Don has a 'can-do, will-do' attitude," Wilson said. "If I called and said, 'Don, I've got to have somebody work through the holidays to get this done,' he would do it."

### COMPETITIVE ENGINEERING INC.

**BUSINESS:** Aerospace parts manufacturer.

**LEADERSHIP:** Don Martin, chief executive officer; David Daugherty, chief operations officer; Mike Collins, production manager; Michael Mizner, engineering manager; Bob Millsap, sales and marketing manager.



**FOUNDED:** 1987.

**EMPLOYEES:** 75.

**SALES:** In first year of business, \$500,000; 1995, \$5.1 million; 1996 goal, \$7.5 million.

**CUSTOMERS:** AlliedSignal and McDonnell Douglas Helicopter Systems.

**ADDRESS:** 3371 Hemisphere Loop, Tucson, AZ 85706.

**PHONE:** (520) 746-0270.

**FAX:** (520) 746-0481.

## How I Did It

### ■ INITIAL INVESTMENT:

Four partners investing \$30,000 each.

### ■ BEST ADVICE I EVER RECEIVED:

That 95 percent of the outcome belongs to the system. With most business people today, especially entrepreneurs, everything is people-focused. But you have to look at the bigger picture because everything is systemic, it's part of a bigger system, and you have to problem solve and look systematically at how you can change things.

### ■ WORST ADVICE I'VE RECEIVED:

To put a customer on C.O.D. when they owed us money, and we were having some serious cash-flow problems. I refused to deliver any more product until we got our money and ended up burning that bridge to the ground.

### ■ HOW WE ATTRACT CUSTOMERS:

Service. You have to do more in this industry (aerospace). When you're in a growth industry and things are jamming, any idiot can make it. As things get tough, it takes more sophistication.

### ■ HOW WE KEEP GOOD EMPLOYEES:

Reputation, culture that appreciates people and good pay and benefits.

### ■ MY BEST BUSINESS DECISION:

Buying and developing our computer numerically controlled capabilities from the start.

### ■ BIGGEST INFLUENCE ON MY DECISIONMAKING:

Books on success, discipline, goals and politics and consultants such as Karl Haushalter of Optimization Works.

### ■ IN FIVE YEARS, I WANT TO BE:

At \$20 million in sales with a diverse customer base.

### ■ MY TOP SECRET TO SUCCESS:

Hard work and an open mind.

**3629 CRISIS HANDLING: HOW NOT TO:** *God forbid a crisis! Life being what it is and organized media-catching crime being what it is, it is well to be prepared for any possible crisis. Here is an insightful report on the recent TWA plane crash and the aftermath. (Source:Wall Street Journal)*

What could hurt Trans World Airlines' image more than the crash of Flight 800? Possibly, the airline's own ill-fated response to the crisis.

Since Wednesday night's crash off Long Island, a series of missteps has brought the carrier intense criticism over its crisis-management skills. While TWA says it did the best it could under trying circumstances, critics say it was slow and uncooperative with family members. Calls from the media went unanswered. Jeffrey Erickson, TWA's chief executive, was late in reassuring families and the public that his airlines was doing all it could.

The airline's initial reaction appeared so inept that public-relations officials at other airlines were cringing at the miscues. "It's a PR nightmare," says a public relations official at one major airline. One went so far as to send TWA a four point fax on how to handle the situation. "They really weren't particularly visible, and you have to be in a situation like this," says Mark Braverman, a principal with Crisis Management Group inc., Newton, Mass. "You're supposed to get out there and express your horror and shock and dismay. It's PR 101."

**Better Responsiveness.** The criticism highlights how crucial it is for airlines to respond quickly to those affected by a crash. The issue is becoming a key concern of carriers after the recent accidents involving TWA and ValuJet Airlines. But it is also catching the attention of politicians, as families of victims organize into support leagues and lobby for better responsiveness.

On Friday, Rep. Bud Shuster (R., Pa), chairman of the House Transportation Committee, said he would introduce a bill requiring victims' families to be briefed regularly by investigators from the National Transportation Safety Board. The NTSB would appoint a family "advocate" to act as a liaison with the government.

"The demands on the airlines are clearly rising," says Edmond Soliday,

vice president, safety and security, for UAL corp.'s United Airlines. "We're trying to reach those demands, but at the end of the day, when you've lost a loved one, I'm not certain there's any human who can meet the expectations."

**Neglect Can Lead to Litigation.** Neglecting families of victims is obviously unintentional, but it means a carrier could face additional lawsuits as litigation gets under way after a crash. Janine Katonah, whose husband, Joel, was killed in UsAir Group Inc.'s crash near Pittsburgh in 1994, waited for eight hours to hear from the airline about her husband's status. USAir's response "was terrible," says the language teacher, who still has litigation pending against the Arlington, Va., carrier.

TWA took more than 20 hours to release a list of passengers who were on board the Boeing 747. That unusually long wait frustrated relatives and friends of victims.

Mr. Erickson, the TWA chief executive, didn't make a public appearance until a day after the crash because he was flying back from a business trip to London. Upon arrival in New York, he cut short a news conference, refusing to take questions. In a later briefing, he couldn't give reporters the correct tail number identifying the aircraft, and a public-relations aide had to quietly correct him after he gave the wrong year when asked when the plane was made.

Many of TWA's top brass were unavailable to help Wednesday night because they were attending a going-away party for Mark Coleman, TWA's marketing chief, who recently resigned. "We were doing things the fastest they could be done," says John McDonald, a TWA spokesman who fielded calls immediately after the disaster. "It was a Herculean task, and we were doing it in the middle of the night."

**Nonstop Pressure.** In most air crashes, response is a logistical and emotional nightmare. Carriers have little information to give families and reporters. Thousands of travelers make judgments via their television screens. And phone calls flood reservation centers: When a United Airlines plane went down near Sioux City, Iowa, in 1989, United's reservation center began receiving 40,000 calls an hour. Some

calls are from customers who want to change travel plans. But others are from people who admit they aren't familiar with the specifics of the accident. "Sometimes they just have a cousin who flies a lot, and they wonder if they were on that flight," says one airline spokeswoman. "Nothing I know of in the PR world is so filled with nonstop pressure and frustration," says Robin Matell, a former PR chief for Eastern Airlines who has written crisis-management manuals for carriers. "The answers are so few and far between."

With TWA, however, there is the added factor that the airline - which has filed for bankruptcy-court protection twice in the past four years has downsized its work force in an attempt to save cash. Other, larger airlines are arguably better equipped to handle an accident. United has a network of five crisis centers (known internally as "the Net") that link up in an emergency.

One of United's crisis centers, is a portable center that can dispatch 80 people to a disaster site in an hour -- complete with 100 cellular phones. United executes drills of simulated crashes four times a year. TWA's communications department was so understaffed it had to call in temporary help from Fleishman-Hillard, a giant PR firm down the street from its St. Louis headquarters. TWA has since set up a media "newsroom" with statistics and facts posted on the wall and one person devoted solely to transcribing voice-mail messages.

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**POINT TO PONDER**

*Until you figure out what you want to do over a five to 10 year period, don't try and figure out what you want to do this afternoon, because it'll be wrong.*

**Mark Smith**

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**3630 TOO MUCH CHANGE:** *Too much can hurt as too little - as for example, our globalisation and liberalisation. This is true of change as well. More and more companies are realising that too much change not merely hurts morale but profits as well. We give below an extract from the story of Xerox. (Source: Democrat and Chronicle Times Union).*

Like a parent attempting to restore self-confidence in a vulnerable child, Xerox Corp. is trying to lead its 5000-member U.S. sales force back from troubled times. Last summer the company overwhelmed its sales staff with so many changes that even top executives later admitted the moves were a big mistake. It realigned geographic territories, wiped out a layer of management, mandated new training,

and closed down many offices, creating "virtual offices." But by tossing sales people out to their cars and homes with laptop computers, Xerox took away the camaraderie sales people thrive on. Most significantly, though, Xerox changed the way it paid the sales reps. Commissions were restructured, making it more difficult for individuals to track their own income and forcing them instead to focus on the profits they were bringing into the corporation.

The fallout was swift and dramatic: By last December, 15 percent of the force had quit. Year-end corporate earnings, reported to Wall Street in January, tumbled from the defections and a resulting slowdown in U.S. copier sales. The stock price fell \$15 a share in one day. "There was a sense of 'Oh no, what happened to the Xerox family here?'" says Donna Dunlap, manager of sales operations in New York City, one of the company's largest field offices.

"Morale was low, and there was a feeling of uncertainty," she says. "People felt a sense of betrayal, rather than just seeing the changes as something for the good of the business." But Xerox reacted quickly by retracting the unpopular and complex pay system, going back to an older structure that everyone could understand. It also gave lower-level managers the authority to revise other corporate mandates, too.

**Lessons learned.** Some people in the field -- such as Dunlap -- left for a short time in 1995 but have been lured back to Xerox this year because they believe valuable lessons were learned and positive energy is back.

There is a limit to the amount of change people can endure," says Xerox Chief Financial Officer Barry D. Romeril. "We acknowledged that we shot ourselves in the foot and now the question is, have we extracted the bullet?"

Judging from the stock price and Wall Street's analysis the healing seems to be on track.

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**POINT TO PONDER**

*Human nature afflicts most of us with the tendency to see what we want to see — in all aspects of our lives — and not what is really there. Too often, that affliction leads us to face the facts too late — a delay that can cause unnecessary pain and dislocation.*

*Eugene A. Ludwig*

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**3631 TRAINING AND THE BOTTOMLINE:** Organizations are allocating more and more budget for manpower training at all levels. Since training is an 'invisible' input, it is sometimes argued the output of training can also be invisible. Some buy that 'logic'. The other way to argue is: There is a cost to training and there should be a return therefore.

*How to assure a return?* This question has been addressed and answered by Robert Whalen in a recent issue of Dallas Business Journal. The views tie in with our experience in India in the past forty years. Editor

Here are nine questions that can help a company determine if its training program contributes to the bottom line:

- \* Does the training help people succeed in their jobs and in the company? All training is not good training. A successful training program must define what is important in a specific position and in the company. It must then clearly explain and reinforce those attitudes, behaviors and skills within the framework of the training program. A good way to do this is by understanding and communicating what sets the company's top performers apart. This step calls for a good deal of input from company managers and executives.
- \* Is the training interactive? People clearly learn much faster through practice than through discussing how they would handle a challenge. Make sure your training program is more "doing" than "telling."
- \* Are real-life examples being used? This is the downfall of many training programs. Too many trainers use hypothetical, unlikely situations to get their point across. An actual problem that require an actual solution has significantly more impact on training students than one dreamed up by the trainer. A good way to ensure real-life examples are used is to ask participants to provide a relevant, real-life example that fits the topic of the training.
- \* Are the learners' managers preparing them for training and reinforcing new skills when they return to the job? This requires good communication between the trainer, the learner and the manager. Trainers should appraise managers on the progress of the trainee and explain how the training should enhance job performance. Managers also should adjust the trainee's goals and

expectations to account for the newly acquired knowledge and skills. Managers also should continue training the employee by assigning practice activities that use the new techniques, and by adding new responsibilities that incorporate what was learned in the course. Nothing discourages a company from committing to a training program like spending money on training that is rarely or never used.

- \* What follow-up and reinforcement are done on the job? Before returning the newly enlightened trainees to their work place, trainers should do their best to guarantee the training is used effectively. One way to do this is to have training students create action plans that identify specific tasks and skills to work on and improve back on the job. Managers should support the trainee and sign off on progress on meeting the action plan items. All participants in a training course also should write an evaluation of the course, explaining what value was gained from attending and how the training will help the employee in his job.
  
- \* Is the trainer effective and does he treat people like adults, add to their confidence and model behavior? Being a good teacher isn't enough. Good trainers must be able to teach adults well. To learn at their best, adults must understand why they should learn something. Good trainers also know how to balance an adult's sense of independence and self-direction with the tendency to regress to school days and expect to be force-fed information. It is important for a trainer to draw on the trainee's professional and social experience and to keep that framework in mind when imparting the new information. In other words, these trainees already know a lot, and the trainer should acknowledge that insight and experience. The best trainers know how to use that knowledge and experience to illustrate the value of learning the new information they have to offer.
  
- \* Is there a measurable behavioral change or level of knowledge? The easiest way to placate doubters is to produce some tangible improvement in the performance of employees who participate in training. This is not always easy, but it is not impossible. It is important to define the intended benefits of the training, then



determine if there is any way to quantify the progress of the trainee. If an employee attends a course on communications techniques for project managers, that employee's manager should compare the employee's manager should compare the employee's memos and reports before and after the training course.

- \* What is the impact on morale of giving employees the opportunity to learn on company time? In the current business environment, many employees have less and less personal time. Many balk at devoting their off-work hours to work related training. If it is at all possible, a company should consider allowing an employee to train on company time. The backlash could be that the employee is learning something that could improve his chance of getting hired by a competitor. If a company treats its employees well, however, it's usually a chance worth taking.
- \* What are the final results of the training on the bottom line? Again, it is often difficult to quantify the bottom-line effect of employee training. But if an entire division, group or department attends a training course, top managers can get a sense of its effectiveness by tracking financial performance, pre-and post-training. If a group attends a training course on a new software package, and its productivity inexplicably dips after the training, the course must be considered a failure. More likely, however, the increase in productivity will more than make up for the cost of training.

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**POINT TO PONDER**

*No software company is ever out of the woods. You're only as good as your last year. Things can come along and just blindside you. The whole idea is to get a portfolio of products. If you have all your eggs in one basket, you're always at risk.*  
*Zambonini*

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**3632 KEEPING YOUR COMPUTERS HEALTHY:** *Here are a few tips from a top computer repairman. "Make me jobless!" he says.*

<> **Never smoke near your computer.** Have computers in smoke-free areas.

<> **Never eat or drink near your computer.** Spilled coffee is deadly to a computer.

<> Never place your computer near a hot air vent. Hot air can cause your computer to overheat and also can cause dust problems for your fan.

<> Never store disks near heat. Don't leave them in the car or in front of a window on a sunny day.

<> Never turn on your portable computer when the computer is cold. If a computer is left in a cold car, moisture can form in the computer when it is brought into a heated building. Plugging it in before it's dried out can cause major problems.

The following healthy habits cost money but they are worth it.

\* A surge protector. Every computer should be plugged into a surge protector.

\* A virus scanning program. Always check disks for viruses before using them on your computer. Don't assume that your office or home computer is virus-free. Check for viruses whenever you use a disk that has been used on another machine. Remember viruses can be transmitted via modem. Since you can't scan the data before it's transferred, you are safer transferring data via disk if you have the option.

\* A screen saver. A screen saver will ensure that you don't burn an image into your screen if you forget to turn it off.

\* A backup program like Fastback or Norton Utilities. It is essential that you have your data backed up just in case.

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#### POINT TO PONDER

*People frequently associate change with crisis mode. But crisis in a corporation is the result of not having learned to master change as an ongoing process.*

*Saviers*

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#### 3633 LAUGHING MATTER?



Edited, printed & published by  
N.H.ATTREYA of MMC SCHOOL OF  
MANAGEMENT 3E1 Court Chambers, New  
Marine Lines, Mumbai 400 020.

Photo offset by DAKS COPY SERVICE  
PVT. LTD., Mumbai 400 023.

Annual Subscription Rs.190/-.