Case 4-2: Symantec

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Executive Summary

Symantec is growing at a rapid pace and seeing large revenues from their various software packages but are having issues involving communication throughout the company. Employees witness this problem first hand and continually complain about the internal processes that govern information flow or the lack thereof. Gordon Eubanks, CEO, wants the best product companies no matter their location, but having separate product groups with little communication is not ideal for this growing company. He is aware of the issue and supports the idea of open communication, however, with little policies and few experienced managers, ambiguity is abundant. Symantec has the revenues to continue operating as they are but if they want to address the employees concerns and develop a company that can last far into the future, there must be a change regarding the flow of information. In this position, Symantec has four options moving forward including do nothing, invest into MIS and adopt new information technology systems, implement a new philosophy and new policies promoting communication across the company, or change their performance and reward system.

Problem

Symantec has dramatically increased in size growing from 30 to 316 employees since its founding in 1982. A portion of this growth can be contributed to CEO, Gordon Eubanks, who became CEO after Symantec merged with C&E software. Eubanks acquired 3 separate product companies in 1987 and left each of these companies as they were when he acquired them. Later, this becomes an issue as many of these companies are entrepreneurial in nature and Eubanks did not oversee that these groups have proper management that will promote innovation and communicate with the other product groups. Eubanks knew that communication was an issue in the organization and he tried to combat it in different ways. He encouraged information to be

shared across all boundaries, talked amongst the employees, scheduled meetings, and sent out reports and newsletters throughout the company. Although he tried these things, ambiguity was still an issue because there were no policies regarding how product groups and employees should communicate. Management was not trained properly to know what they should be communicating in the first place. Moreover, product teams were not communicating with each other even though there were clear benefits.

These issues of communication can be tied back to the larger issue of the performance and reward system. Currently, Symantec measures the individual performance of the employee and rewards them based on their performance. In this process, employees choose their own objectives and if a manager deems that they have effectively met their objectives, they are rewarded a bonus. The amount of the bonus is based two-thirds on the company's performance, but employees are only measured on if they met their individual objectives. Therefore, employees do not care about the groups performance or communicating ideas and problems because it is not in their best-interest. They only care about meeting their own objectives and issues that could affect them because that affects what kind of bonus they get. This creates a system full of local optimizations which is addressed in *The Goal* when Jonah explains, "A system of local optimums is not an optimum system at all; it is a very inefficient system" (Goldratt). Consequently, this creates an environment where communication and information flow are stagnant because the employees are only working for local optimizations.

Another major issue was the technology and operations of the MIS department. They oversaw all technological problems throughout the company and had to constantly deal with these issues. There were two information technology systems: a Hewlett-Packard (HP) system for accounting, scheduling, and inventory; and a network system that included e-mail. Each of these systems had

major failures and issues with them being constantly down. Employees were having trouble getting work done and even problems with emailing and calling people. Every time there was an issue, MIS had to fix it. There were so many problems that it led to MIS just fixing them as they came instead of focusing on fixing the structure and technology that were causing the problems. Symantec must find a way to address the communication issues that are hindering their company and not continue to implement solutions that will only cause problems later.

Industry Competitive Analysis

The mission of Symantec was to provide software packages to business users by offering distinct advanced products that set them apart. Symantec competes through differentiation as they offer 15 different software packages to fit business users' needs which helps them distance themselves from the competition. Symantec was organized divisionally into product groups and had centralized functions. There were five groups, and each one had marketing, quality assurance, support, and management while finance, sales, and human resources were at centralized location. The product groups for database management and utilities were at headquarters in Cupertino while project management was in Novato, outlining and presentation in Mountain View, and language products in Bedford, Massachusetts. Porter's five forces help analyze Symantec and their environment:

Bargaining Power of Suppliers: Their suppliers power is low as Symantec does not rely on suppliers to provide their service. They would have much of their supplies in their inventory already and if they needed more, there were many suppliers that they could buy from.

Bargaining Power of Buyers: The power of their buyers is low considering the market dictates the cost of Symantec's products and much of the competition is selling at a similar price.

Threats of New Entrants: New entrants were a high threat as the market and demand for this service continued to grow. New smaller companies could develop software that could provide essential help to the business sector.

Threats of Substitutes: The threat of substitutes was low as the market was still growing along with the demand for software. Software development and packages were very popular, and its demand was not going to be replaced.

Rivalry Among Competition: There was high rivalry with other companies in the software industry like Lotus and Ashton-Tate. This competition would stay high as new technology and software is being developed at a rapid pace.

Stakeholders

Gordon Eubanks: He is the CEO of Symantec and the major decision maker when it comes to implementing policies or adopting new technology. The decision he makes will affect the company's operations and the employee's ability to communicate across the company.

Symantec Employees: The employees are unhappy with the process of communication throughout the company. The decision that is made will affect their ability to do work and communicate efficiently.

Symantec Shareholders: A change in the organization could increase decrease returns for shareholders. Shareholders will want a decision that will best maximize their returns.

Symantec Customers: A change in the organization could allow for customers to receive products more efficiently and see more innovation as communication changes.

Alternatives

Do nothing: Symantec has the option to do nothing and continue operating as they have been. They could continue to see growing revenues, but employees would still struggle with communication and the MIS department will still have to deal with many technical problems.

Adopt new technology and alter the MIS department: Symantec could adopt new information technology systems for email or HP and change the management of MIS department. This could help fix the issues of continually having to fix problems with the old systems and encourage innovation and a new structure in MIS department.

Implement new policies and philosophy regarding communication: Currently, Symantec has no philosophy promoting communication and well-defined policies on how to handle information flow among employees and product teams. People in the company must spend a considerable amount of time attempting to communicate to work effectively. Symantec has the option to create policies that promote standard communication and a philosophy that instills information flow between product teams and functions as important to the success of the company.

Change the performance and reward system: Currently, employees are reviewed and rewarded for their individual performance and not of their team's or company's performance. The bonus they receive depends somewhat on the company's performance, but whether they get a bonus at all is tied to their own objectives. In this way, employees care about meeting their objectives and little about the overall performance of the company. By changing the performance system to where employees are grouped together and through rewarding them with equity, the employee's success and rewards become tied to the company's success. The goal of every

company is to make money now and into the future (Goldratt). In changing the rewards, Symantec's goal also becomes the employees' goal.

Impact on Stakeholders

Do nothing: In doing nothing, Symantec is ignoring the employee's complaints, and this puts more pressure on Gordon Eubanks. Eubanks could have to deal with more problems and spend considerable time trying to promote communication as there is inefficiency in the flow of information. Employees will be unhappy due to no changes to communication processes and them having to find their own ways to spread ideas and receive help. The shareholders will still see profitable returns but with issues spreading internally, their returns could be negatively affected later. The customers will still receive their products, but communication might hinder their concerns from reaching the engineers and fixing issues with the products.

Adopt new technology and alter the MIS department: This decision could help Gordon Eubanks by showing that he is taking initiative in fixing the communication issues in the technology system. This could help him gain admiration from employees and take some of the pressure off him. This decision relates to step two of how senior managers should design control systems by selecting information technologies that support the information requirements providing a responsive, flexible system (Cash). This would benefit the employees as they could now rely on their email system to communicate but there could still be issues if some employees do not use it. The MIS employees would also benefit by not having to deal with problems and requests to fix the systems all the time. The shareholders could see less returns in the short run from the company spending money on the new system but in the long run this new system could help bring in greater revenues. The customers could benefit by having their issues heard and communicated but that is if the employees choose to take advantage and use this new system.

Implement new policies and philosophy regarding communication: By implementing new policies and philosophy, Eubanks will show leadership and will power to change the internal processes and culture of the company around. It could provide Eubanks with a fair amount of work to begin with, but once he has the right policies and management in place, it could help set up the company for future success. This decision relates to step three of how senior managers should design control systems by helping design a process of continuous, ongoing review (Cash). Communication will become more standard helping managers easily review and identify disparities and understand their function's goals within the company. Some employees would be satisfied as this decision will give them direction and policies to follow when needing to communicate. Others may choose not to follow it as there is little motivation to. The shareholders would still see similar returns, but in the future, they could see increased returns if there is better flow of information resulting in better products. Customers could see better end-products if this change causes communication to be valued between all in the company. However, they could also see little change if employees do not take hold of this new corporate culture and philosophy.

Change the performance and reward system: By changing the reward system, Eubanks will be positively influenced as more employees will become inspired and motivated to work for the company's success, not just their own. The employees could see positive results as the rewards will give them reason to work together and communicate to better the company, therefore, getting a better reward. Linking rewards to results can have a positive impact in providing an explicit signal about desirable actions and results (Cash). In this case, the reward of equity is linked to the performance of the company, therefore, employees will see communication as a desirable action because it can help improve the company. However, some employees could

become stagnant and decide to rely on the team to carry them. Shareholders would see positive benefits as now employees share the same interests in maximizing the returns of the company. Customers could see better products as more employees communicate product ideas and help fix the issues that customers are having so they can continue to make money from the company's success.

Recommendation

My recommendation is for Symantec to change the performance and reward system to where they are rewarding the employees with equity and stock options so that the employees and the company begin to share the same interest. Currently, employees are acting in their own self-interest due to the reward system being focused on their individual objectives, but once it is shifted to the company's performance, they could become motivated to communicate. Managers and employees from different product teams will want to communicate with one another as it will help the company and increase their overall reward. If the employees chose not to communicate and still focus on themselves, it will negatively affect their rewards. Once product teams start communicating and sharing ideas from similar functions, efficiency will rise and will help the company become whole. For example, if the marketing function of one product team is having trouble with ideas for their product, they will want to reach out to the other marketing functions. The employees will want to prevent constantly recreating the wheel among the product teams and promote sharing ideas to better the company. Moreover, it would make employees more likely to respond to action controls where the mangers specify the decisions and behavior individuals should take to achieve desirable outcomes (Cash). Employees will respond to these action controls because it will lead to a desirable outcome for the company meaning a desirable outcome for them.

Doing nothing would not change how communication is carried out in the company and would continue to hinder the employees. Employees of same functions but on different product teams would still struggle to share information due to lack of encouragement. There would still be ambiguity about when to follow directives or provide input. The MIS department would have to constantly put out fires and the employees would continue to be unhappy. Eubanks would continually have to schedule department wide meetings and force employees to communicate. Customers' concerns and suggestions would continue to go unheard and hurt the effectiveness of Symantec's products. Most importantly, the employees will still act in their own self-interest because of the current reward system.

While adjusting the MIS department by adopting a new email system or implementing a new philosophy is a step in the right direction, it does not fix the underlying issue. Employees would have the means to communicate but not the motivation to. There would be no underlying structure to why employees should care about communicating their ideas. Having proper management could help create innovate solutions in the MIS department, however, the solutions may not become fully utilized by the company. It is said that only a handful of employees had been using the email system to begin with; something else must be done that ensures information will flow before spending the money on a new system.

Moreover, a corporate philosophy that emphasizes communication and policies that support the philosophy will try to change the culture, but a culture change would have trouble taking hold if employees do not feel motivated to follow it. A corporate culture rests in distinctive capacities that are built into the attitudes and approaches of organizational members (Morgan). If employees don't share the same attitude and outlook that the company's success is in their own self-interest, then the new philosophy will have a hard time changing the organizational culture.

A reward system that is based around the performance of the group and not the individual, will change the attitudes and actions of the employees at Symantec. This will encourage them to communicate more efficiently, not because the company tells them too, but because the company's success is now in their best interest. Employees want to see greater rewards and by providing them equity, they can now play a part in how much those rewards are worth. Then once employees have the motivation and reason to improve information flow, more actions like adopting a new information technology system can be taken and new policies can be made. The employees of Symantec will then want to use the newly implemented system to communicate and follow the company's policies knowing it could improve their rewards. Eubanks can not change the culture just by declaring that it has changed, there must be an incentive that can change the company's best interest to be in the employee's best interest.

Works Cited

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