

The Cure
Enterprise Medicine for Business
A Novel for Managers

Dan Paul & Jeff Cox



John Wiley & Sons, Inc.

Praise for *The Cure*

“I found the different first person perspectives developed during the story to be realistic, fascinating and very insightful. I’ve seen many pieces of *The Cure* throughout my career, but never so logically and forcefully knit together. The book is rich in valuable lessons for managers. I had many flash-backs to real situations I could have handled better with the insights provided here.”

—Cullen Murphy, President, National Medical Systems

“*The Cure* is real. I’ve used the principles of Enterprise Medicine to create both rapid change and clear alignment, encompassing strategy, work processes and culture.”

—Mike Hoopis, President & CEO, WaterPik, Technologies, Inc.

“Most business readers will recognize the problems treated by *The Cure* as very real. The book is a provocative way to get an organization to think practically about how to approach and drive cultural change. *The Cure* portrays the “whats,” the “whys” and, most importantly, the “hows” behind achieving effective alignment of a business around its strategy.”

—Jeff Ackenberg, Vice President Sales & Marketing, ACCO

“*The Cure* hits close to home. Enterprise Medicine is common sense, but not commonly applied.”

—Walter Scott, Director Strategic Planning, Corporate Express

“Enterprise Medicine is powerful. I’ve lived it in several businesses. The results are rapid and dramatic, yet the principles are strikingly simple.”

—Frank Feraco, President, Pentair Tool Group

“I heartily recommend *The Cure*. After thirty-seven years of competing with General Electric, I’m impressed by the way Dan Paul and Jeff Cox have captured GE’s secrets-to-success. Having held senior positions in government, education and industry, I believe the principles and practices of Enterprise Medicine can and should be widely applied.”

—Tom Murrin, President of Westinghouse Energy & Advanced
Technology (Retired)

“*The Cure* ought be called “the journey to common sense.” All you have to do is eliminate the fear, share the power, and shake up the politics. It’s simple medicine that is surprisingly effective.”

—Charlie Whipple, President, Ames Tools

“I could easily identify with a lot of the situations described. The clash of perspectives on common problems across the different characters resonated as very real and as very important to resolve. *The Cure* offers common sense solutions that are often overlooked in large organizations, and shows how they can be implemented.”

—Jim Osgood, Vice President, Product Development,
The Coleman Company, Inc.

“*The Cure* contains invaluable advice for anyone embarked on organizational change. I found the book very informative and instructive. Several of the characters and situations were very familiar, which gave the book a strong sense of authenticity.”

—Al Barlow, Director Product Management, Porter Cable

“A captivating novel with a diagnosis no executive pursuing cultural transformation in an organization can do without.”

—Harold Pinto, President, E-One

“Thought only GE could succeed in creating a large company reformation? *The Cure* tells us that it is possible for every company, and shows us the model. The characters interact realistically and act pragmatically, and as a result we become invested in how these people tackle their challenges and create real solutions.”

—Jack Covert, President, CEO Read

“*The Cure* is a good story and a good lesson for any business executive. As I read the book, I reflected on how we had made many of the same mistakes. I kept wishing I had *The Cure* back then.”

—Bill Byham, President & CEO, DDI and co-author of *Zapp*

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To Integrity

Introduction

I came into the business world nearly forty years ago not with an MBA but with an engineering degree. Having studied electrical and mechanical engineering at Iowa State University, I joined one of the then-great icons of corporate America, Westinghouse Electric. What soon struck me in the early days of my career was the obvious disparity between engineering and management. The practice of engineering was ruled by logic and discipline. The practice of management, on the other hand, was commonly driven by psychological factors that seemingly had little to do with business per se. Many times I observed firsthand that real-world management decisions were based not on common sense and a clear understanding of business realities but instead on factors such as corporate politics, protecting the status quo, CYA, and fear. What a waste.

The years went by, and as a manager both at Westinghouse and at another then-well-known icon, Litton Industries, I began to discern dysfunctional patterns in management culture. Over time, I eventually learned that these patterns were common across all types of businesses and industries. But they were not universal.

A major turning point for me as a manager came when I joined General Electric. Here was a company that truly practiced management with a logic and discipline to a degree equivalent to the engineering profession. This was business the way it should be.

At GE, I worked with a man who is, I think, the greatest corporate leader of the past half century: Jack Welch. This was before Jack became chairman of GE, but even then his exceptional talent and drive were apparent to those who worked with him. Ever since then, Jack Welch has

been a strong, positive influence on my approach to management, and I personally believe there is no other single executive in modern times who has had the positive impact on the practice of management than him. Jack reshaped GE's already-strong management practices to be even stronger, faster, more agile. The result: GE became the best performing corporation in the world, and he shared with the world how he did it through the management letters of GE's annual reports.

For better or worse, however, I did not stay with GE. Ambition lured me to another famous corporation, Gulf Oil, but with that move I succeeded in going from one of the world's best-managed companies to what seemed like one of the world's worst. What fascinated me was that the caliber of people at both companies was about the same. Just because a corporation was poorly run did not mean that its individual managers lacked intelligence, or superb education and credentials, or leadership capabilities. Indeed, Gulf was probably on a par with GE in terms of raw managerial talent, yet the management functionality and performance of the two companies were worlds apart.

While at Gulf, I was a speaker at many American Management Association and *Business Week* conferences, where I described the patterns I observed across these four corporations and the lessons I learned from them about effective management. Over seven years I spoke to thousands of people from hundreds of companies. These speaking engagements made my convictions even stronger about the dysfunctional patterns because of the nodding heads in the audience and the resounding agreement during discussion afterwards. Clearly, I was on to something that resonated with a broad spectrum of American businesspeople.

Shortly thereafter I started a consulting firm, GMT, with some very bright and experienced partners and gained experience working with a wide range of clients in many different industries. As I expected, I saw these same management dysfunctions I had observed as a corporate manager were commonplace throughout business everywhere.

From all of this, I began to formulate the set of practices that we now call Enterprise Medicine. Basically, Enterprise Medicine is a disciplined, common sense way to dismantle the dysfunctional behaviors afflicting the vast majority of businesses and replace them with healthy management practices that lead to measurable, real-world performance improvements. When I say "the vast majority of businesses" by the way, I am not exaggerating; companies like General Electric with strong management

discipline are unfortunately the exception rather than the rule. Great management doesn't just happen; it is created and it flourishes only when the senior managers of the business make it happen. And this is not easy, because most managers have spent their careers in functional silos and have been promoted because they defended their silos well. No one taught them how to lead an enterprise in a fast changing world; there are no universities that teach Enterprise Medicine.

Enterprise Medicine is similar in many ways to Jack Welch's concept of boundaryless management. In fact, boundarylessness is the end result that Enterprise Medicine achieves. However, we have designed Enterprise Medicine to be effective in all kinds of businesses, especially those that don't have a legacy of strong management like GE.

This book, *The Cure*, is about the journey from normal, everyday—and often dysfunctional—management to a boundaryless management culture using the process of Enterprise Medicine. Jeff Cox and I have written the book as a business novel using fictional companies and managers to show how this journey can be accomplished. Let me assure you, that although the story is fiction, everything in it is drawn from actual experience in well-known companies, as I think you will see when you read it. This is a novel, not a fable; it is detailed and realistic.

The story is told through the voices of many different managers, from the regional field sales manager to the company president to the corporate chairman and CEO. Initially, though, we see the situation through the eyes of Jake Foster, who joined the Essential Corporation as vice president of operations after a prolonged illness. What Jake finds is a company that is superficially on a growth track, and seems to have lots of things going for it, but is in fact in disarray. The company president, Rick Riggins, has a vision—a vision that unfortunately is disconnected from market realities and from the true strengths of the company. The VP of sales and marketing, Vince Springer, can't bring himself to let go of yesterday's successes (which are liable to be tomorrow's failures). The head of engineering has built his own secret fiefdom based on ideals like "technical excellence" at the expense of all else. The operations people are more concerned with looking good than executing well. The very organizational structure of the company is traditional and out-moded. The symptoms go on and on, and if you find yourself recognizing some or all of them, trust me, you're not alone.

The central theme is this: How can the manager who wants change,

who wants long-term success for the business, make headway in an organization apathetic to the need for real change? How can you get to boundaryless behavior when the entrenched power structure will not allow any significant departure from the status quo? That is what the book is about, taking the journey—not as an individual but as an entire enterprise—from the existing state of affairs to a new culture that enables ongoing success and improvement. *The Cure* shows how it is done, based on the experience of myself and my partners with dozens of well-known clients. We hope you enjoy it, and that you gain a sense of the possibilities if the power of Enterprise Medicine could be brought to bear in your own company.

Dan Paul
January 2003

Harsh facts are friendly.

Robert H. Waterman, Jr.

Essential Corporation
A Borcon Company
Rick Riggins
President

Jane Grimm
Vice President—Finance

Leo Jacobs
Controller

Gordon Villers
Manager—Information Technology (IT)
Mandy Koslowski
Systems Analyst

Vince Springer
Senior Vice President—
Marketing and Sales

Felice Torrance
Director—National Accounts

Tom Wright
Director—Field Sales Force
Charlie Packer
Regional Manager—Field Sales
Ozzie Brown
Regional Manager—Field Sales
Kathy Ambrose
Regional Manager—Field Sales

Nick Corrigan
Director—National Retail Sales
Don DiPrenza
Regional Sales Manager—Retail
Angeline Ramos
Regional Sales Manager—Retail

Xavier Estaban
Director—International Sales

Linda Wong
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Adam Bernstein
Marketing Manager
Sandra Moss
Product Manager
Patrick Tyler
Product Manager

Karl Porter
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Vivian Lebeque
Product Manager
Andy Innis
Product Manager

Pamela Cantrell
Vice President—Human Resources

Kevin Lee
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Jake Foster
Senior Vice President—Operations

Frank Harlan
Vice President and Director—Engineering

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Director—Engineering and Design
Tony Natuzzi
Engineering Manager—Product Design
Hank Urban
Engineering Manager—Process Design
Brenda Pearl
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Will Younger
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Rahzi Kotsami
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Mike Zarelli
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Diane Sullivan
Manufacturing Manager—Logandale Plant
Bill Albrecht
Manufacturing Manager—Kenosha Plant

Heidi Jordan
QC Manager

Larry Oletta
Director—Material Resources
Wendy Orman
Manager—Purchasing
Chris Finnegan
Manager—Distribution
Eric Tillwell
Manager—Production Scheduling

SYMPTOMS

1

Jake Foster

Senior Vice President—Operations

The Louisville Slugger into the face, as far as I'm concerned, was the dinner with Bud Smoot. Bud was CEO and founder of Southeast Supply, a major distributor in our industry and one of the Essential Corporation's larger customers. He sat across the table, stately as a king, with his bright white hair and his diamond-stud cuff links, fingers toying with the tumbler of bourbon over ice on the linen cloth, listening to our grand promises for the future and our sorry excuses for the past.

When we had finished, Bud leaned back and in his glorious Georgian drawl told us, "W-e-l-l . . . that's all fine and good, but the plain fact is that you boys can't even ship on time. Why should we continue to do business with a company that can't even get us the product when we need it?"

And Rick Riggins, our fearless leader, our president, who has seldom in my experience been at a loss for words, just sat there and said nothing.

"I mean," said Bud, "I was under the impression that we had these nice little dinners so we all could iron things out and get things done. But they ain't gettin' done. I heard you say six or seven months ago pretty much word for word the same things you just said tonight. And the only thing that's changed, that I can see, is you brought in this handsome, young fella across the table."

He was referring to me, though I was neither handsome nor young. I was relatively new, however. I had been with Essential only a few months, and this was my introduction to Bud. My special introduction.

"Now, here we have you, Rick Riggins, the president; and you, Vince Springer, the vice president of sales—sales *and* marketing, as I recall; and your fine salesman, Charlie Packer, who is one of the dwindling number of positives as to why Essential remains a vendor for Southeast; and *you* . . . I am sorry, I forget your name."

"Jake Foster," I told him.

"Yes, Mr. Foster, who is . . ."

"Senior vice president of operations."

"Well, whatever. And I mean you no disrespect, Mr. Foster. My point, in any case, is that with all this authority here at this table, with all this managerial *talent*, why is it that we can't get a few problems solved? If y'all can't make it happen inside your own company, then *who* can?"

From our side, silence.

"Don't all speak at once, but that *was* a question and I *would* like an answer," Bud concluded, raising his bourbon to his lips.

I glanced at Rick to see if he was going to take the point, but he was looking, frowning directly at me. I cleared my throat.

"Bud, let's sort this out. Because I—in fact, all of us—really want to understand your point of view. Let's start with the delayed shipments. Now, we are aware there have been some problems in the past—"

"Some?"

"Well, a few."

"I do not mean to contradict you, Mr. Foster, but I would hardly call it 'a few,'" retorted Bud. He turned to the woman next to him. "Gloria, what was that figure you quoted me the other day?"

Gloria Kass was the sixth person at the dinner. She was Southeast's vice president of purchasing. "Mr. Foster, we've been tracking all of our vendors, and statistics show we receive Essential's shipments late more often than we get them on time."

"All right, perhaps I misspoke," I admitted. "That certainly seems like more than a few. However . . ."

The waiter began serving at that moment and set plates in front of first Gloria, then Bud. I paused, welcoming the interruption to collect my thoughts and to glance at my comrades from Essential. There was Charlie, a heavyset guy, who was looking very nervous. I don't blame him; the Southeast account was serious money, and I'm sure he was worried about that business going away. Next to him was Vince, who was calm, but serious. Vince was your basic clean-cut, square-visaged sales-

man who had risen from the ranks to his current executive post. At age 57, he was a few years older than I was, and his formerly sandy hair was highlighted with silver.

Then there was Rick Riggins, my boss. Rick was quite fit and tall, and even at 55 had a full head of jet-black hair. Depending on the lighting and his mood, his looks could range between princely handsome and storm-trooper ugly. But right at that particular moment, he was neither; he just seemed shell-shocked. Whenever he looked at me, it was as if he was saying, *you'd better not let me down, Jake*.

So I continued. "As I said, we do acknowledge there have been late shipments in the past, but we are working to improve that. Gloria, you say you've been tracking vendors' performances. Do you happen to recall an approximate percentage of on-time to late deliveries?"

"I can give you exact percentages," said Gloria. "Fifty-two percent of all orders placed with Essential arrive at our facilities after the date promised."

"Hey," cried Charlie, "that means we're almost batting five hundred! Right?"

Charlie just was trying to lighten the mood, bless him, but the cold stares from around the table iced the smile on his face, and he went back to being nervous.

"Furthermore," Gloria went on, "of those orders arriving late, more than forty percent are over a week late. About twelve percent are more than three weeks late."

I had by now taken out my pocket organizer from my suit jacket and was jotting down the metrics as Gloria rattled them off.

"And frankly," she said, "I must tell you I am a bit overwhelmed that you, the supplier, are not tracking these data on your own."

"Um, well, as a matter of fact, we are beefing up those systems now," I said. (Which was stretching it; I had talked to the IT people, but it seemed to be taking forever for them to do anything.) "But let me ask you a few questions. What impact is this really having on your business? Are you consistently out-of-stock on certain units? If that's the case, could it be that the safety stocks are set too low? Or perhaps that the lead times need to be increased?"

Bud began shaking his head. "Let me explain something. I will concede that if we stuffed our warehouses full of inventory, this would be less of a problem. But we're not going to do that. As Vince and Rick may well

recall, we at Southeast have had our inventory troubles in the past. We have no intention of going back to those times. Southeast today is a lean company, and we strive to keep our inventory low and our turns very high. Our other vendors have been willing and able to cooperate with us. So why can't Essential? No, we are not going back to the high inventories of the past. *We will not* go backwards for the sake of you or any other supplier."

"Of course not," I said. "I'd never suggest that."

"We feel our inventories are where they should be," said Gloria. "But in any case, you're the one who tells us the dates. We're not dictating to you so much as you're dictating to us. Yet still you can't deliver. And another thing, given that it's practically a coin toss whether the product will show up when we need it, we *do* apply a certain fudge factor. But even then it's a crapshoot as to when it's actually going to show up."

They kind of had us by the you-know-whats. Or, I should say, they had me.

"Well, first of all, I do apologize for the aggravation," I said. "However, let me ask you one more thing: How old are the data that you're working with? Because I know there was a problem in the past, but we honestly have been—I've been—trying to do better. And the last I checked on this, it seemed that things had improved somewhat."

"Well . . . marginally perhaps. But if the problem had been fixed, we wouldn't be talking about it. As a case in point, even as we sit here now, our distribution center is waiting on a shipment of AZ-150s. It was supposed to have reached us two weeks ago. My people have been bugging Charlie, and Charlie has been calling Production . . ."

I felt the slightest tap on my sleeve. Charlie was leaning across the table, timidly handing me some computer-printed order forms.

"This is what she's talking about," he mumbled to me.

"Anyway, your plant supposedly swore up and down that the order would ship yesterday afternoon," said Gloria. "Which means, it should have arrived today. But as of forty-five minutes ago, the whole order was missing in action."

"What? What do you mean, 'missing in action'?"

"You tell him, Charlie."

"Well, see, I called," said Charlie, talking just to me now, his voice barely above a whisper. "I thought this might come up tonight, so all day long I was checking on it. Southeast hadn't received it, though they

should have. So I called our people, and it turns out the Logandale plant says the order shipped. But then I tried the trucking company, and the dispatcher said they don't have it."

"How can that be?"

Charlie shrugged.

"This doesn't make a lot of sense."

"I know," said Charlie.

"We have a good bar-code tracking system. If the system says it shipped . . . how could they just lose a million-dollar order?"

"Million and a half," said Vince as he sliced his steak.

Except for Charlie and me, all the others at the table had picked up their forks and were eating. Rick, as a distraction I suppose, was asking Bud about his golf game. But really they were all eyeing me.

"All right." With a sigh, I reached for my cell phone. "Let me talk to the plant."

The waiter had set a gorgeous piece of grilled salmon in front of me, but by this point I had lost my appetite. I started to dial, but decided I preferred to handle this in private. So I waved the phone around, like I was having technical difficulties and couldn't get a signal, and I stood up and left the table. Actually, in addition to privacy to sort this out, I wanted a long, deep breath of fresh air.

Because while I didn't doubt how screwed up things were—I knew they were—I also had the sense that Vince Springer had deliberately set me up. I had felt it coming. You see, I wasn't even supposed to be at that dinner. Rick had asked me to come along just the day before. I was sure that Vince had wrangled him into it.

Vince Springer

Senior Vice President—Marketing and Sales

Did I set up Jake Foster to get slammed at dinner by Bud and Gloria? Well . . . I don't know. Yeah, maybe I did. But at that point, I felt it was in everyone's best interest to do that. To have Jake hear straight from the horse's mouth exactly what the problems were.

Jake had not been with Essential for very long, a few months at the most. He'd been coming to senior management meetings at Essential and spouting off all this stuff about teamwork and communication, using

buzzwords like “boundaryless” and all that high-minded stuff. He may have believed in it, I don’t know. I’m not saying he wasn’t sincere. That’s not the issue.

Let me put it this way . . . I’ve been around a while, and I’ve been through just about every kind of management flavor-of-the-month. I’ve seen them come and go. What counts with me is what works. Which, from my perspective, is what sells. If putting on a purple zoot suit and singing “Auld Lang Syne” is what will win sales, then hey, that’s what I’ll do. And that’s what I’ll make my salespeople do. Whatever it takes. Whatever works.

On the other hand, don’t waste my time—or my salespeople’s time—with a lot of malarkey about teamwork and empowerment and quality and service and whatever the buzzword of the moment is. We’ve got better things to do. That was my attitude. Of course, I usually couldn’t *say* that, not directly or very often. But that’s how I felt.

So Jake joined the company, and he’s spoutin’ off about communication. About how important it is to work together and communicate. And I’m thinking, *Okay, Jake . . . you want communication? Let me introduce you to Bud Smoot and Gloria Kass. They’ve got some things to say that I think you ought to hear.* I didn’t do it just to make him look bad . . . although, if that’s what happened, so be it. That’s not my problem.

There are a couple of things you should know about Bud Smoot. First, that countryboy, Georgian drawl is genuine, it’s not an act. And, second, Bud can drop that drawl and speak broadcast-quality American English in a New York heartbeat whenever he so chooses. Which is to say whenever it’s to his advantage to do so. He’s a smart man—shrewd—and he’s tough. He built Southeast into what it is today, the largest distributor in the southeastern United States.

Bud Smoot is . . . well, I do consider him to be a friend. Southeast used to be my account when I was at a level equivalent to Charlie’s position, and Bud helped me out many a time. If I was having a bad month and needed to make a quota, he’d take a little extra. And I helped him out many a time as well. At one point, when he was overextended, we were practically financing his inventory of AZ. It was different then. There was loyalty.

Of course, Southeast was proportionally a much larger customer in those days. That was before BigBox and others took over the top spots. But Southeast was still up there. Certainly we were doing enough busi-

ness to justify gassing up the corporate plane and flying in for a little senior management hobnobbing once or twice a year. At that time there were three or four competitors who were all but tripping over each other trying to get in the door and grab more of their business.

AZ was the best-engineered product line in the business. I don't care what anybody else says. Yes, the others are almost the same, but we're still the gold standard, the Cadillac of the industry. That's what was keeping us on the shelf. Distributors like Southeast almost had to stock AZ. Even so, Gloria was making no secret that she was fed up with us. And it was all operations stuff! That's why I wanted, figuratively speaking, to grab Jake Foster by the scruff of the neck, sit him down, and make sure he listened to the problems that his people were causing.

It was a damn shame what was happening. The relationship between Bud and me, between Southeast and Essential, goes back a long, long way. I've helped him out of jams in the past, and he's helped me. Almost like partners. I'm telling you, our relationship was rock. Yet, given enough pressure, enough abuse, any rock can crack.

Rick Riggins

President

Our paradigm was total customer satisfaction. That was my mandate to the entire Essential Corporation organization. I wanted everyone to put 110 percent into satisfying every customer every day. Furthermore, I know I tried to impress upon people the importance of that goal in many of the meetings with staff, as well as in e-mails and other communications.

So, naturally, it was . . . disappointing to learn from one of our better customers that we apparently had missed the goal by a fairly wide margin. Even more disturbing was the sense I got that nobody on our side seemed to have a good grasp of the issues. I say this with some tongue in cheek, but really, one might have hoped that someone on our side would have made an attempt to smooth things over before the president of the company showed up. How am I supposed to build the relationship if I walk in and find the customer mad as a hornet?

During that dinner with Smoot, I did wonder several times why I was there. Vince Springer had insisted that my presence was absolutely

necessary. We had always done these dinners with major customers from time to time, and the company president, even before my tenure, was always present, as were other senior managers on many occasions. That's just the way the Essential Corporation did things. It showed customers like Bud Smoot that he was Number One, our top priority. For me not to attend would send the wrong signal, according to Vince.

Yet, in retrospect, it's worth asking the question: *Was* Southeast Supply really our top priority? Ten years before this the answer would have been an emphatic, "Yes!" Customers like Southeast Supply were Essential's bread and butter. Now, though, the answer was not so simple. In the past few years, we had grown as a company in some exciting new directions. We had picked up BigBox, the fastest growing retailer in North America and a totally new channel for us. Just over the horizon was a tremendous new technology that we were developing, something that I was sure was going to revolutionize the industry. And, to be honest, something I was not sure somebody like Bud Smoot could appreciate.

The truth was, we could lose several Bud Smoots before we would come close to the impact of losing just one region of BigBox. Everything had changed, and was continuing to change. Yet here we were, having dinner at Vince Springer's insistence, as if Bud Smoot was still our king, just like ten years ago. Did we want Bud to be happy? Of course we did. I didn't want to lose Southeast. I didn't want to lose any customer. I really did want them all to be totally satisfied.

So, what am I saying? I'm saying that it was not simple. And I do not think that any of us at the table that night really knew how *unsimple* it was beneath the surface.

Jake Foster

Senior Vice President—Operations

By the time I got back to the table, about twenty minutes later, they were having a heated discussion about something completely different. Almost unnoticed, I sat down again. Bud Smoot was talking evenly, yet angrily, rapping the tablecloth with his fingertips to underscore the keywords of his complaint.

"You want a for-instance? I'll give you one. When I got customers calling me to say that they can walk into their local BigBox and buy AZ-

130s at retail for less than I can sell it wholesale . . . well, folks, there is something wrong, and I, as a distributor, tend to get more than just a little bit upset about that.”

“Now, now, Bud,” Vince said in a soothing tone, “I happen to know exactly what you’re talking about, and you know as well as I do that the AZ-130 is not aimed at the professional installer. The 130 is intended for the retail do-it-yourselfer. It’s only when you get up to the 150 that you reach the bottom rung of what we consider to be the professional grade.”

“That may be what you intended,” said Bud, “but there are a great many contractors who do order the 130.”

“Well, in any event,” Vince continued, “you also have to realize that was a special promotion—”

“Special to whom?” asked Bud. “Special to BigBox, not to us.”

“No, of course not! It was available to anyone—”

“Anyone who ordered a hundred thousand units,” said Gloria. “Which means BigBox.”

I had just picked up my knife and fork (everyone else had about finished the main course) and was about to cut into my cold salmon when Rick, probably desperate to change the subject, asked me, “So what’s the status of their 150 order?”

I had been hoping they would just keep on arguing and forget about the lost AZ-150s because what I had found out on the phone was not news they would easily swallow.

“Well, ah . . . there *has* been a problem,” I said, quickly adding, “But it’s being taken care of, even as we speak.”

Attention had shifted to me. Bud had this half-annoyed, half-bemused expression like, *Hey, this oughta be a good one*. And Gloria was glancing from me to Rick and Vince with a look that said, *You see? You see what we have to put up with?*

“It seems that as they were finishing the order, they discovered a defect on a production lot that was part of your shipment. So they’ve been working to replace the defective part—a wiring harness, I believe—and once they’re finished, your shipment will be on its way to you. In fact, the person I talked to at the plant assured me they should have the trucks reloaded by the end of second shift.”

“Reloaded?” asked Charlie. “Aw, no! You mean to say, they had everything packaged and ready to go, and then they discovered this?”

“My understanding is that they were just about ready to close the

doors on the trucks when one of the hourly people brought it to everyone's attention that the wire connections were coming loose. Of course, that meant they're having to unload the trucks, unpack the cartons, disassemble the unit, replace the part, and then put everything back together again."

"Well, at least they caught the problem before it left the plant," said Charlie. "We would never, *ever* want Southeast or any of its customers to receive anything less than a quality product under *any* circumstances."

If he'd been a slightly better actor, I'd have bought him a dozen roses. As he delivered the line, however, his tone was . . . well, just enough motherhood-and-apple-pie to make you gag. Even so, I appreciated the effort because I certainly wasn't getting much help from anybody else. Rick was just sitting there like a statue, eyes glazed, lips slightly parted. And Vince seemed curiously aloof.

"In any case," I said, "once everything is loaded again, if the truckers can drive straight through, you should still be able to have your order by tomorrow."

"We have your word on that?" asked Bud.

I hesitated.

"Jake will stay on top of it," said Vince. "Won't you, Jake?"

"You bet I will."

"Fine, but I do hope you understand that the problems are not confined to this particular shipment," said Gloria.

"Oh, now please, Gloria," said Bud, "the man hasn't even had his dinner yet!"

To which I said graciously, "No, that's okay. If there are other things we need to talk about, let's discuss them."

Gloria was more than ready to proceed. For the next ten minutes, she chewed my ear about certain modules for our high-end AZ-300 series being perpetually hard to come by, about hassles on some returns, about this, about that. And when she was finally done, Bud jumped in.

"Now," said Bud, "there's something else I want to know . . ."

I was ready to scream.

". . . and it's perhaps more important than anything else. It concerns the future."

"By all means," I said, "let's talk."

"Are you people planning to bring to market any Z3 offerings—and if so, when?"

"Let me field that one," said Rick. "The short answer is . . . maybe."

"Maybe? What do you mean, *maybe*? I asked if you were planning any Z3 offerings. The question would seem to indicate an answer of yes or no."

"Let me give you the long answer," said Rick. "First, we believe that next-generation SOS technology will render all Z-standard products obsolete within the next few years."

"What makes you believe that?"

"Simple logic," said Rick. "Our engineering staff at Essential has concluded that SOS is so clearly superior that there will be no reason for Z products to exist once SOS debuts. SOS does everything better than Z, hands down."

"You think Z is just going to evaporate overnight? Even with those millions of installed units out there still functioning?"

"No, not overnight, but it will happen. Z will go the way of the rotary-dial telephone and the manual transmission. It's just a matter of time. However, having said that, if it appears that the market is slow to accept SOS—and we all know there will likely be some glitches here and there, because no transition of this magnitude is ever smooth—we do have Z3 designs in the planning stages, just in case. And if need be, we can put these on a fast track and launch them in the marketplace sometime . . . well, sometime next year. But as for now, our entire organizational push is behind SOS. Z3 is strictly stop-gap. Two years from now there will be no need for Z3."

Bud nodded slowly and shook the ice in his empty glass and turned to Gloria.

"Reliable is already doing the advance marketing for the first of their Z3 line," she said. "You are aware of that, I assume? My understanding is that Spectrum will introduce their Z3 designs within the next six months, but you're telling me that Essential might have its Z3 out 'some-time next year'?"

"Actually, we're not planning to have any Z3," said Rick.

"*That* addresses my question," said Bud. "Thank you."

"But we will fast-track Z3, if necessary," Rick emphasized.

"Kind of like your AZ-150 shipments," Bud said with a grin.

Rick let it slide past. "I frankly don't understand the interest in Z3. I'll grant you that Z3 is an improvement over Z1, Z2, and Z2-Plus. However, who in their right mind would want Z3 when they can have SOS? It's like choosing radio over television!"

"Oh, yes, I understand that argument," said Bud. "Trust me, we've heard all the praises sung about SOS. I won't argue. There is no doubt

that SOS is the future—well, actually there is *some* doubt over whether SOS will be all it's promised to be—and a few doubt whether it will even work in a broadbase setting at all. But here's the thing: Z3 is *today*. Not the future, but *today*. And customers want it *today*. That's not fancy engineering talk, that's not research, that's *reality*."

At this, Vince and Chuck were looking for a reaction on Rick's face, but Rick's expression gave little away.

"The trouble," said Rick, "is that most customers do not yet comprehend the advantages of SOS, but when we roll out SOS in another few months, they will. We're betting the farm on SOS. It's a strategic decision that we made some time ago."

"Okay," said Bud, "y'all made your bet. Maybe it'll turn out to be the right call. But what I know is that if you had Z3 products available right now, I could promise you as much as twenty to thirty million dollars in orders over the coming year—over and above current levels—because Z3 is what the customers want. Maybe all that will change once SOS rolls out, but I think it's going to take quite a while, to be honest with you. For every customer who might switch to SOS, I see four or five who want Z3."

Rick Riggins sat there trying to be poker-faced, but was succeeding mainly in looking like he'd just been clubbed by a poker. The waiter happened by just then.

"Excuse me," said Bud, "would you please bring me some coffee? And for that gentleman over there"—he meant me—"would you take his plate back to the kitchen and warm it up for him?"

"No, that's not necessary, thanks anyway," I said.

"I am sorry," said Bud. "We should have had them take it back to the kitchen to keep it warm for you while you were gone. Waiter, bring him a menu so he can see if he might like something else."

"No, no, I'm fine!" I said.

"Are you sure? You've hardly eaten a bite," said Bud.

"He's fine," said Rick, answering for me.

"He had a late lunch," added Vince. "Right, Jake?"

"Right," I said. "I'm not that hungry anyway."

Actually, I was starving, but I wanted nothing to interfere with the swiftest possible end to that dinner. In fact, getting the hell out of there seemed to be the only common goal held by the three Essential senior managers who were present.