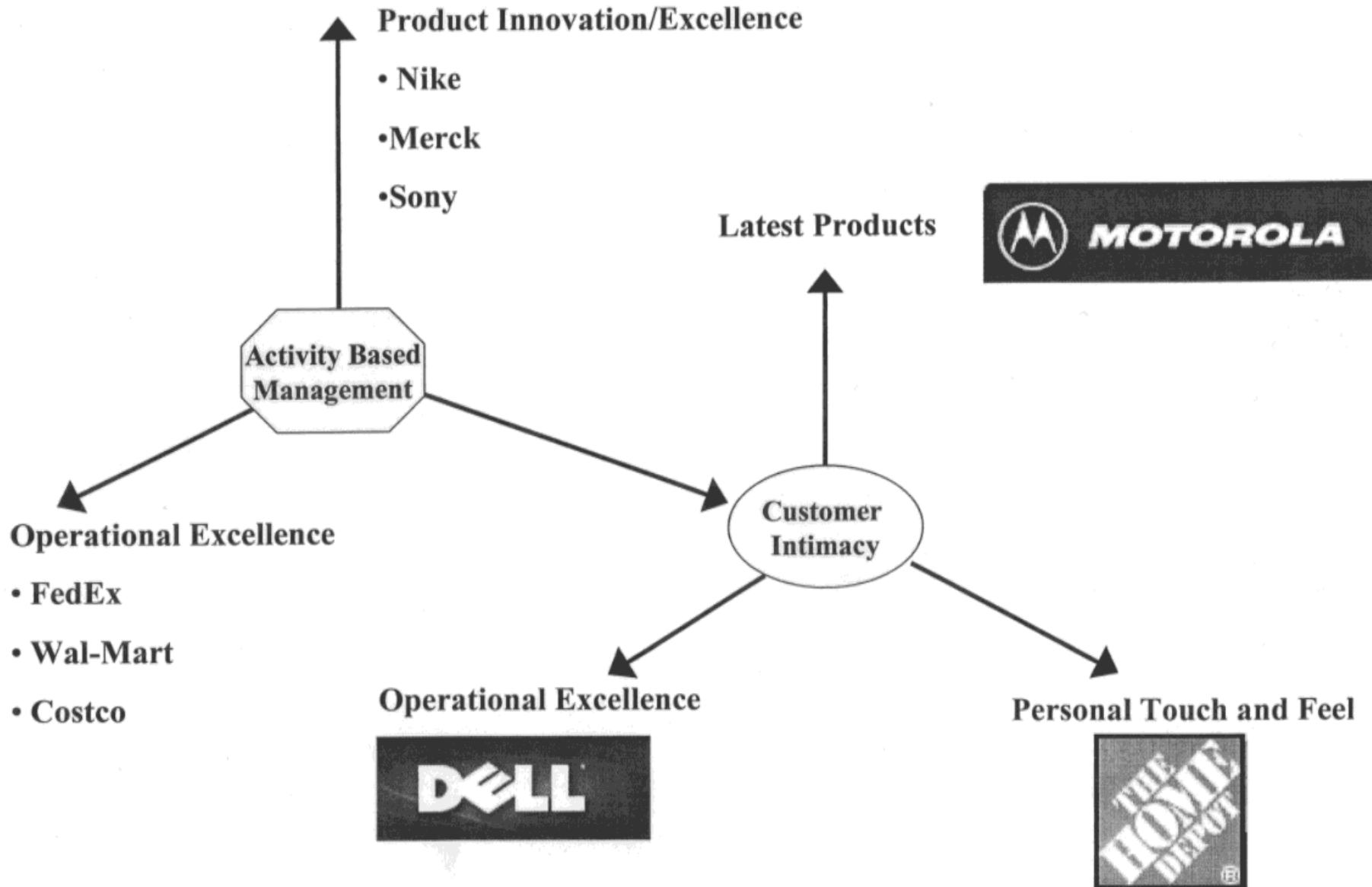


Strategic Process Management



Strategic Cost Management

Balanced Scorecard

Measures

Sales Growth
Percent Profitability
EVA
Operating Margin

Financial

How do we
look to
shareholders?

Customer

How do our
customers
see us?

Measures

Complaint Response Time
Order Fill Rate
Errorless Delivery
Warranty Claims

Product Defects
Cycle Time
Labor Productivity
Product Cost

Internal

At what must
we excel?

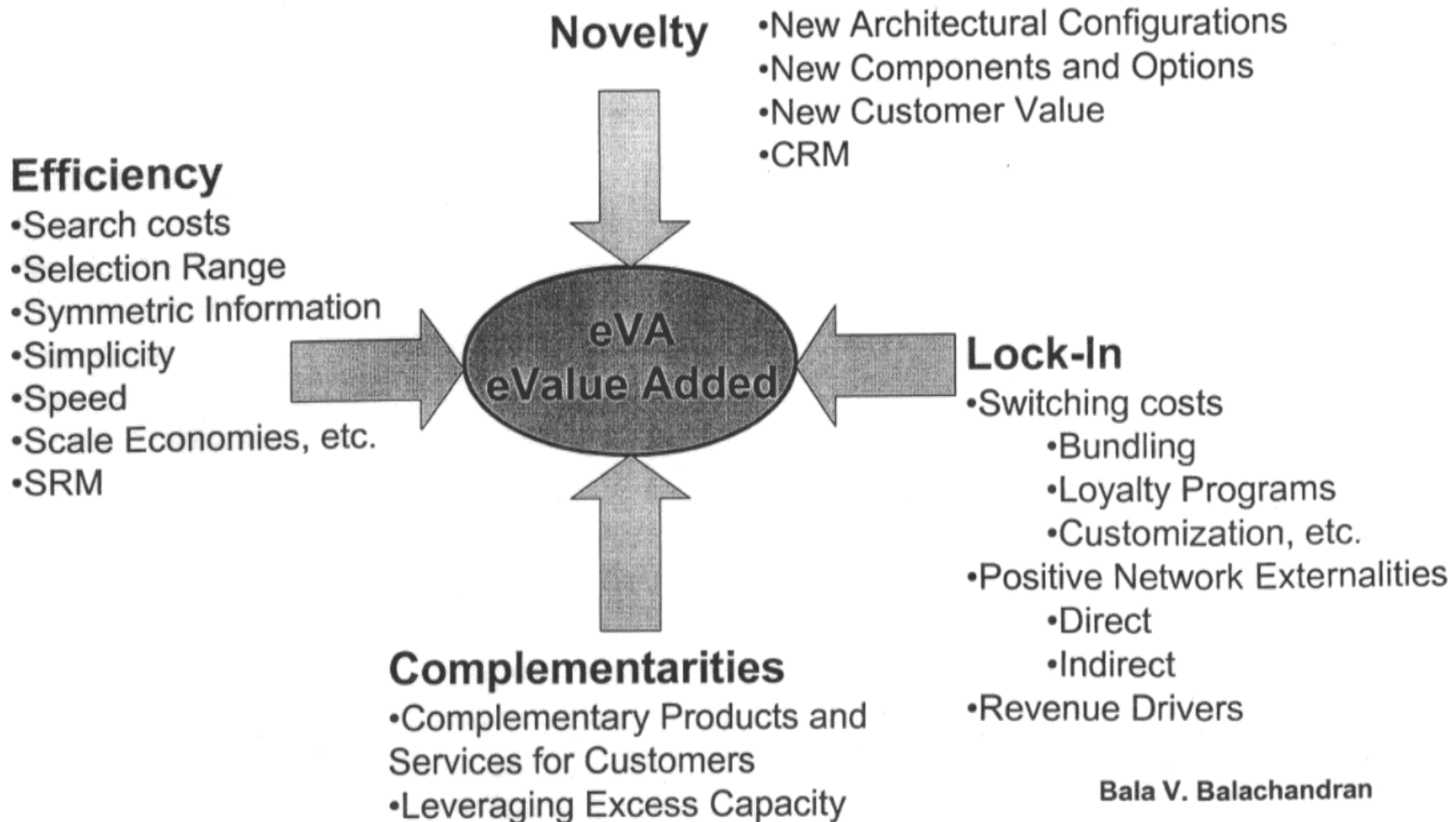
Innovation & Learning

How can we
improve and
create value?

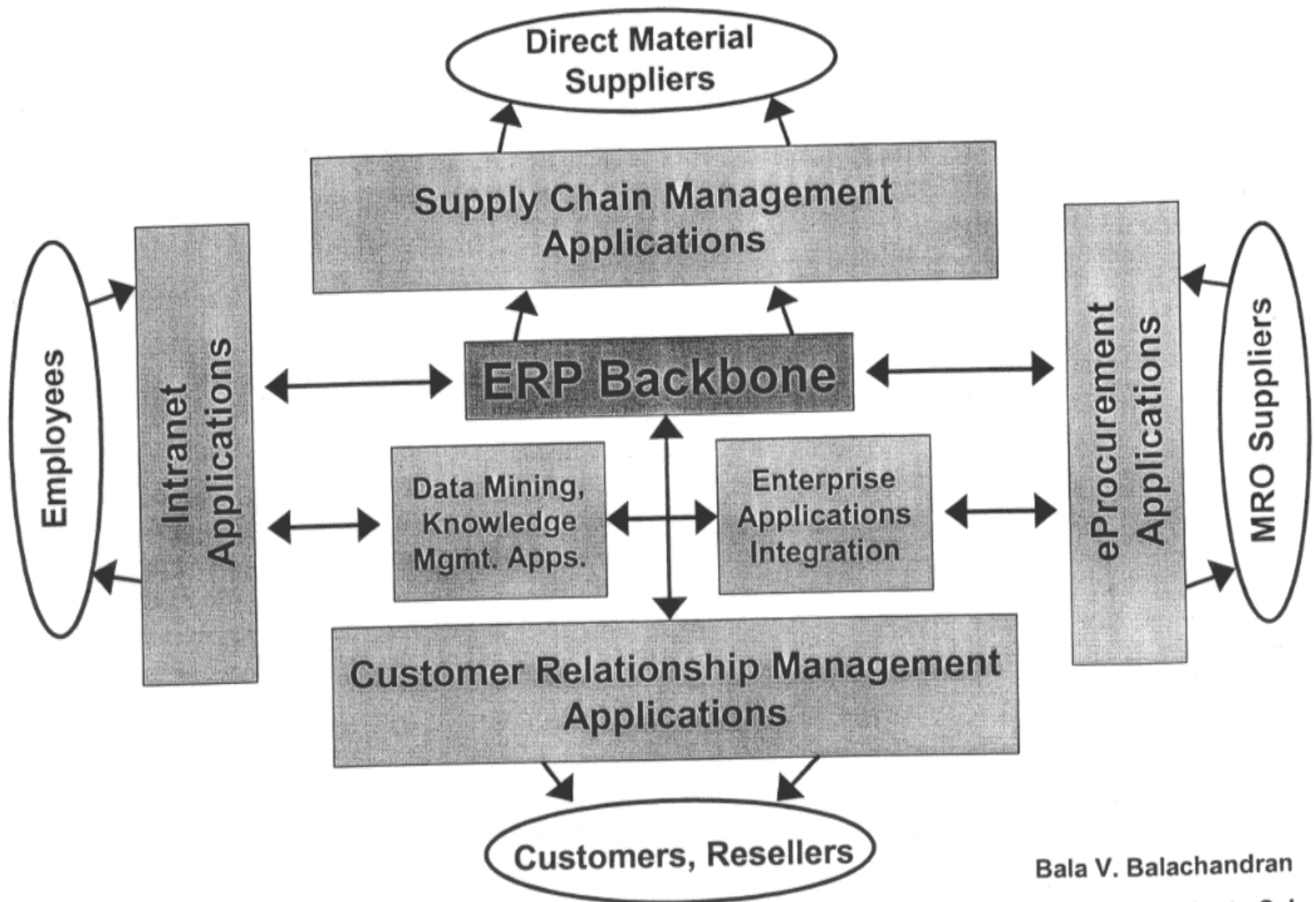
New Ideas Implemented
Percent of Sales From
New Products
Number of Patents



The Four Sides of Electronic Value Addition with e-Commerce



Building Blocks of the e-Corporation



TIE THE SALESMEN'S BONUS TO THEIR FORECAST ILLUSTRATION

B. V. Balachandran

BONUS BASED ON PERFORMANCE, STILL LIKE A
COMMISSION BUT WITH PROFITABILITY IN MIND:

Let NC = NORMAL COMMISSION PER UNIT = \$1.00
10 PERCENT ON A \$10/UNIT AVERAGE PRICE

OA = COMMISSION IF THEY OVER ACHIEVE THAN
WHAT THEY FORECASTED:

(NC - A PFNALTY SHARE FOR RUSH ORDER
PRODUCTION, LOST SALE etc.)

= \$0.95 (NC - 0.05)

UA = COMMISSION IF THEY UNDER ACHIEVE LESS
THAN WHAT THEY FORECASTED.

(NC - A PENALTY SHARE FOR EXCESS
INVENTORY CARRYING, COST OF
OBSOLESCENCE)

= $\frac{1.10}{1.00}$ (NC + 0.10)

BONUS ON PERFORMANCE = $\begin{cases} (NC * F) + OA (A - F) & \text{IF } F \leq A \\ (NC * F) - UA(F - A) & \text{IF } F > A \end{cases}$

CONSIDER SALESMAN KNOWS A; PLAYS POLITICS WITH F

F = 1,000,000	A = 1,000,000
F = 900,000	A = 1,000,000
F = 1,100,000	A = 1,000,000