

Letter to the Editor

"GIVE MBO A FAIR CHANCE"

Dear Sir:

As a reader of your journal, I wish to say it is a very excellent publication, I enjoy it immensely and have found it most informative, very educational and extremely useful.

However, I wish to comment on the article in the September 1974 issue as portrayed on pages 24 to 28, the captions being: "Salary Administration" and "A Reason for MBO"

No doubt its author, or authors mean well, and have all good intentions towards their fellow colleagues, as well as to the many executives and management personnel who will be reading this article, based on the dual subjects heading; but I have many reservations on the methods used, or methods unused, and the way in which the end product is reached.

Whilst I realize salary administration is a most important factor in costs, etc., also I appreciate MBO is excellent when used correctly, there is no doubt it is a wonderful aid to progressive management and business at all levels. I find many shortcomings in the way it is used as related to the sales field both in this instance and this article. I would tend to think the whole structure of the evaluation system is at fault, since it is unfair to make comparisons between individuals unless equal opportunity is given to all participants.

Using the Tom, Dick and Harry version in the article, I find a great deal left to be desired before any conclusion can be arrived at as a final basis of comparison and equality, leave alone reward by results produced.

First and foremost in the allocation of territory, there are a number of basics that have to be determined before an assessment of personnel can be made, and when the basics have been determined as equal, each and every person should be given the opportunity to work each territory in turn, and only then, can any comparisons be made,

or determined rewards given on individual performance.

Territory basics – and equalities:

1. Area to be covered, mileage involved, expenses etc.
2. Number of industries & businesses, etc. in each territory
3. The economic situation in each area
4. The business potential in each area
5. The types of industries & businesses in each territory
6. The products involved in the sales drive, adaptable to the industries and businesses, etc., on an equal and quantitative basis in each area.

There are many other factors to collate and evaluate, before such definite conclusions can be made as shown & used in these graphs, and these evaluation systems, that many companies use in this half-hearted manner portrayed in this article, and its merit formula.

I have known a number of cases in the insurance and industrial fields where top salesmen have been removed from their territory and sent to other territories to show everyone how it is done, and lo and behold they have fallen flat on their face so to speak, and the ever ready critical sales chief has finished up with pie all over his face and a sheepish grin because he cannot explain the failure of "His Hero," "The Fallen Idol," "The Crack Salesmen," "The Exemplary Example," and many other descriptions applied to the lucky guy who gets a lucky break in an excellent sales territory.

Thank you for your time, I hope my letter achieves its purpose in giving a fair chance to all who use MBO, both chiefs and Indians.

Sincerely,
Ted Andrews
Ontario, Canada