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## Motivating Professionals - The Key to Success

### Is Monetary Compensation the Only Way?

As more organizations try to get higher levels of productivity out of ever decreasing organization size, the question of how we get things done continues to be raised. We have found one IT organization that has implemented a solution that not only works, but at the same time reduces attrition and keeps salary cost flat.

### Background

This enterprise is one that is going through the traditional downsizing and outsourcing functions. Attrition is an issue for most other comparable enterprises in the same geographic area. Motivation and productivity, prior to the implementation of this solution were at very low levels within the enterprise. There was no focus within the groups of the enterprise on what was right for the organization. A new executive moved in and was the fourth one to assume the role in less than five years. One of the first questions that needed to be addressed was if the network support function was to be outsourced. The process of why this solution was implemented can be the subject of another article, what is of most interest is what this organization did.

### Solution

The manager quickly understood that all of the employees in the network group participated in a bonus performance pool that was administered in an arbitrary manner and did not compensate the higher performance individuals

## Workstation for the High Value Executive - The Road to Higher Productivity

### Configured the Right Way Improves the Productivity of Most.

With the advent of Windows 95 and now NT 4.0 many organizations are now asking the question, "Is it cost effective to move to the new operating systems?" Based on our work over this past year, the answer to that question is a resounding "yes". To support this move, you will need a new

workstation and that is where you will have to fight the wars with your internal bean counters. Given the following recommended configuration, let me suggest a way that your case can best be presented.

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**The way to solve the technology war is for you to go with Office on a Mac in the White House, OS/2 with Lotus at home, and I will do 95 at home and NT in the office. Besides, Novell is in Utah and did they not vote for us?**

## Cost of Small Web Site Over \$300,000 per Year

*Web site is more  
expensive than you  
think.*

The average cost of a Web site is significantly more expensive than most people realize. Based on the type of site that is implemented, costs can run into the millions on an annual basis.

Many organizations have gotten themselves in trouble because they failed to realize the magnitude of what they were doing. We ran into one company recently that had their ad agency design a site at a cost of over \$250,000 just for the "creative content" of the first level design. Then, the site was so slow there were fewer than 1,000 visitors a week. Not a very good investment.

The costs for various types of sites are as follows:

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and teams since there was no way to measure contribution.

The "old process" required significant management time and the service that was provided was "spotty" at best. Several changes were made including:

- ◆ New organizational structure was built around service focused teams;
- ◆ Office areas were rearranged so the team members were clustered in cubical office suites;
- ◆ New team-oriented compensation plan was implemented;
- ◆ Performance appraisals were reassigned from managers to peer team members;
- ◆ Recruiting and staff replacement was made the responsibility of team members;
- ◆ Values associated with customer satisfaction and meeting customer commitments were set as the base for team standards; and
- ◆ Teams defined their own training requirements and budget.

This then drove the manager to implement a core "competitive" bidding process for all activities. Each of the teams within the group was given a chance to both bid (lowest bid won) and

compete with all of the other groups. Bidding was done on a point system and at the end of the period teams were given bonuses based on the points that they earned.

Everyone on the team had to agree with the value placed on the efforts.

There were a number of simple principles that were followed. First, each project had to be completed "on time" or the team working on the project was charged back a number of points based on the amount bid.

Second, all teams could bid on any project. Third, the initial minimum bid was set by the manager. If no team bid at that level he would raise the bid until at least one team bid on a project. And last, all of the projects had plans and budgets that were realistic for the tasks, skills and levels of effort required to complete them.

The process had a defined reward and punishment system associated with the results of the teams' activities. Overall points were changed based on the table that is shown below on this page. Other groups that have implemented similar processes have varied the parameters somewhat, but the base concept does apply.

**Result**

Once this process was put in place, a number of positive results were achieved:

- ◆ Teams bid on work they could complete successfully
- ◆ Teams "over bid" for projects that they wanted to work on
- ◆ Teams would put in "extra" time to complete the projects on time.
- ◆ Teams would barter among themselves if they needed particular skills or resources to complete projects.
- ◆ Teams were competitive, highly productive and focused on the needs of the enterprise (since no bonuses were earned unless the enterprise met its "Business Objective.")

<b>If the project.....</b>	<b>To the base value add</b>
Completed ahead of schedule by more than a week, or underbudget by more than 2%, or both	Add 10%
Considered a great success by the customer	Add 5%
Completed more than 1 week later than scheduled	Subtract 10%
Completed over approved budget by more than 2%	Subtract 10%
Required unanticipated additional funding	Subtract 20%
Completed more than 1 month later than scheduled	Subtract 25%
Did not meet customer expectations	Subtract 25%
Support is considered a failure by the customer	Subtract 100%

The value placed on this support function quickly appreciated within this enterprise. Soon other groups started to emulate this team approach. Senior management was so impressed that the scope

of responsibility for this manager was increased.

The end result of this process was a significant improvement in the quality of service provided as well as significantly lower attrition rates for all levels of the organization. Not a bad investment!!

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- ✓ 200MHz CPU
- ✓ 64 MB Memory
- ✓ 24 GB SCSI-2 Drives
- ✓ 21" high res display
- ✓ Graphics Card 4 MB
- ✓ CD-ROM
- ✓ Multimedia
- ✓ 100 Base TXNIC
- ✓ 28.8 bps external modem
- ✓ UPS with interface to processor
- ✓ Natural Keyboard
- ✓ Mouse
- ✓ Windows NT 4.0
- ✓ MS Office Pro
- ✓ Photoshop

The best example is the impact the new operating systems have had in the production of the latest book we just published. In an earlier version of a similar book, it took the author over 300 hours to work with the book's contents. This version took only 41 hours. That was quite a savings. The following are the primary reasons for this improvement in productivity:

**Faster Processors Forgive Many Mistakes** - Most larger projects that are PC-based give the user many chances to go down the wrong path. A faster processor lets the user know sooner that a path will not work and will let the user get back to ground zero quickly.

**PC Applications Are Not Written With Efficiency** - Microsoft application code for word processing software like Word is often written with the idea that it will not be around for a long time. In the case of Word, if you have a large document with links to other documents, spreadsheets and graphics the re-pagination process on a 33 MHz processor makes a snail look like a sports car.

**No General Protection Faults** - Windows 3.1 and 3.11 operating systems are not robust enough to support many complex operations with full cut-and-paste between applications such as Word, Excel and most graphics packages.

If someone is earning \$50,000 a year, and you can make them 25% more productive by spending an incremental \$2,000 on a PC, is it not worth it? 

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***Cost of Small Web Site over \$300,000 per year***

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A promotional Web site which has a focus on a particular product, service or company costs between \$300,000 and \$400,000 on an annual basis. 17% to 20% of the cost is for hardware and software, 5% to 10% for marketing, and the balance for content and servicing.

A knowledge-based Web site that publishes constantly updated information costs between \$1MM to \$1.5MM on an annual basis. Hardware and software costs run 20% to 22%, marketing costs run between 20% to 25%, and content and servicing run between 55% and 60%.

A transactional-based Web site that lets surfers shop, get customer service or process orders, costs at least \$3,000,000 per year. Hardware and software costs run 20% to 24%, marketing costs run between 30% to 35% and content and servicing run between 45% and 50%.

That makes you sit back and think about how and what you want to do on the net. As with any major Information Technology project, there is a need for a plan and then a requirement that the "right" technical resources are in place to implement the plan.

A word of caution: programmers and designers who know how to implement core IT applications are NOT typically the right resources to use to design and implement a good Web site. In our survey we identified the resources that you should have. For more information contact [victor@psrinc.com](mailto:victor@psrinc.com). 

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## Forecast for the National Information Technology Market

*Short supply of experienced managers and technologists haunt many organizations just as new demands are placed on the IT market.*

by **M. Victor Janulaitis**

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Things are starting to soften up a bit. Interest rates are going higher and corporate America knows it. Even as the public is fooled by the "born again" Republican, many see the future Herbert Hoover jogging his way into history.

One question that I keep hearing is "Where are all of the good middle managers?" It seems that they have dropped off of the face of the earth and there are no replacements on the way. Maybe we are starting to see one of the effects of the last decade, "I'm okay - you're okay."

The new employees do not seem to have the same motivation and drive that the older ones have. Think about the ramifications of that in your organizations. It takes longer to recruit, train and deploy individuals who know how to provide the necessary level of support and service that your customers need.

As the new year budget season comes and goes most organizations have looked at 1997 as a year in which costs should be lower. In January and February you will see a number of major organizations reduce their head counts one more time. This, added to the fact that many organizations have already limited the use of outsiders, will cause a major downturn in many individuals' economic fortunes.

Published by:



**M. Victor Janulaitis**

We do see one glimmer of hope. One of our clients is actually adding a layer of management back into their organization. It seems that the cuts that were made in the last few years were too many and too deep. If that happens more, we may see a slight resurgence in job demand.

There continues to be a consolidation within the Financial Services, Health Care, Distribution and Hospitality industries. There are at least two major mergers that we know of. The trend towards smaller and leaner organizations continues. The model of the future enterprise being one that has 20 to 30 individuals is slowly becoming a reality. At the same time, some organizations do not really get the picture.

Microsoft, for example, wants to deal with larger organizations. To that end, it is about to implement a program that will eliminate smaller organizations from its solution provider program. That is the same thing that IBM did back in the late 70's with disastrous results. If Microsoft continues on that path it will "invent" its future competitor the way that IBM invented Microsoft. I am surprised that Bill Gates does not see the writing on the wall.

We found that it was difficult, if not impossible to get help on the Internet without going through hours and hours of searching. Recently we implemented a new service on the Internet - [WWW.SUPPORTHELP.COM](http://WWW.SUPPORTHELP.COM). This new site - which had over 1,500,000 visits in the first few weeks - provides some very useful information. It gives you a hot link to the Web sites of over 2,500 computer hardware and software companies. In addition, it provides an easy way to send e-mail to each of those companies via direct link.

The site is very fast and provides several ways to get to the companies in the data base. There is the traditional alphabetic listing, but the best way to get there is via the search-by-company name that you type in. That, added to the fact that each of these addresses is automatically checked and rated for speed at least once a month, makes this a site that you should definitely bookmark. One of the features that we will be adding in the future is a search-by-software package.

After you have a chance to visit that site, drop me a note with your comments. 

*Vic*

Location	Prospects Short Term	Prospects Long Term
Northeast	Excellent	Good
Mid Atlantic	Good	Good
Southeast	Poor	Poor
South	Poor	Poor
Midwest	Good	Good/Excellent
Southwest	Poor	Good
West	Good	Good
Pacific Northwest	Good	Good

Best Location	Northeast	MidWest
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