Symantec

Case 3

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Problem Statement

Symantec Corporation has a problematic structure that does not allow for effective communication and information flows. As Symantec increased in size, their methods of communication did not evolve to the scale of communication they were later operating at. Their business had five departments, one for each of their product groups, the were controlled by separate management, development, and marketing teams. Their office locations span across the United States through acquisitions while the headquarters remained in Cupertino, California. Each product group did not exchange information horizontally because employees felt they knew the best about their own product and soliciting information from other groups would hold no benefit. Another concern is that the information systems failed to meet their communication expectations through e-mail and phone-mail. The systems installed for communication and data-entry could not handle extensive tasks slowing down projects with no alternative solutions. For Symantec to solve their communication problems they need to answer the following questions to make a decision that come to an agreement with a solution. How can they structure their communication methods to be consistent and successful? What information systems should they use for all employees to benefit across every product group? What are the controls that benefit the business and which controls work against their business goals?

Industry Competitive Analysis

Mission Statement

Symantec Corporation began in September 1984 at their corporate headquarters in Cupertino, California with a mission to develop and deliver information management, productivity, and software development applications for businesses. The president and CEO Gordon E. Eubanks joined Symantec after a merger with a company that he had founded called C&E Software. In 1987 Symantec acquired three companies: Breakthrough Software in Novato, California; Living Videotext in Mountain View, California; and Think Technologies in Bedford, Massachusetts. The company experienced astonishing growth in the software industry adding nine new products while upgrading the old ones. They grew from 30 to 316 employees, achieved $50 million in revenue, and earned $1.05 per share for their fiscal year of 1989. Symantec's generic strategy in the software industry was the approach of differentiation across their five product groups.

Competition

Symantec's growth introduced them to new competitors like Lotus and Ashton-Tate that were established companies in the software industry. They competed by each product group designing and developing products individually then delivering the products to the sales force and communication teams to announce products, plan tradeshows upwards to 300 a year, creating newsletters, and by providing customers with workshops and seminars. The threat of new entrants is high because Symantec is new to the industry and is already competing with the larger established companies. It is likely that another software company can have the same rapid growth as Symantec since the market is still fresh. The threat of substitute products can also become high if their competition begins to develop better products in any of their five product groups. The customers, distributers and dealers, have a high switching barrier if they use multiple products developed by Symantec since they would potentially have to find

multiple businesses to supply each individual product that they once offered. The also have a high supplier control since their products are designed themselves.

Software Product Groups

Symantec's organizational structure was a matrix structure across five software product groups. Two of the groups are categorized as Database Management and Utilities which are located centrally at corporate headquarters since the beginning. The other three are Project Management in Novato, Outlining and Presentation in Mountain View, and Language Products in Bedford. Within these departments are a total of 15 main software packages operating on either IBM MS-DOS or Macintosh systems. Each product group was controlled by their own product development, marketing quality assurance, support, and management teams. Other functions like finance, human resources, and sales for all products were located at the corporate headquarters. Each team individually designed and produced software while sales teams were separated into geographic regions to sell all of Symantec's software products. Product group managers were included in all of the product life cycle and worked with the development team to choose special features and create a launch strategy. Quality assurance, marketing and advertising, and software development were handled by each product group independently.

Stakeholders

The primary stakeholder that focused on Symantec's communication problems is Gordon Eubanks. He knows the information systems are not working for the business and is the recipient of many complaints involving these issues throughout their growth. Other

stakeholders include the founder and VP of Advanced Technology Gary Hendrix, the EVP Red

Turner, the Director of Communications Loretta Wagner, the VP of Finance Bob Dykes, the VP

of Sales John Long, and the rest of the many corporate executive leaders. All the corporate

managers contribute to quarterly meetings where in one situation it was mentioned by Eubanks

that the managers need to know the difference between his opinions and policies. The

managers need to have more stake in the decision process without thinking their decision

would be considered insignificant. Eubanks made his staff aware of the communication and

information flow problems within management and they were expected to do the same for the

employees they managed. Another group of stakeholders is the MIS Department. The

communication problems that occurred along their growth were a direct result of poor

hardware and lack of software upgrades to manage large scale communication and information

transfers. The sale department is a stakeholder in generating sales to distributors and dealers

then having the information flow back creating "sell-throughs" which is how sales to dealers

were defined.

Alternative Decisions

For Symantec to solve their problems of lacking proper communication structures and

information flows they must decide which alternative would create a solution for the

communication problems across product groups, their geographic communication issues, and

their problems with information system management of communication software. Throughout

each alternative it is important to keep in mind that within a project dominating organizational

structures "dual reporting relationships and assignments can cause role ambiguity, hamper

career development, and weaken employees' ties with professional reference groups" (Cash 31).

1. **Do Nothing**

   The first decision is for Symantec to not change any of their communication methodologies or IT structures. Their email and phone mail systems will continue to fail and cause delay in meetings. Separate departments will continue to operate internally and focus on only local business operations that could be communicated in person or by going to a nearby location. As Symantec grows they will continue to operate with outdated technology leading to more application failures that will be reported. The MIS department will have more request to handle and little time to handle them. Major communication bottlenecks can be found in the MIS department. Goldratt accurate definition is "a bottleneck is any resource whose capacity to or less than the demand placed upon it" (Goldratt).The MIS department is not structured to treat all service requests the same so smaller issues will get backlogged while high level employees and large-scale issues will consistently be worked on first.

2. **Change the control systems to encourage communication across product groups.**

   In Symantec's matrix structure of both functional departments and project-based groups, the employees are incentivized to sell more products to get the greater share of the profits. Cash states, "(A matrix form) needs both technological expertise within functions and tight horizontal coordination across functions" (Cash 31). The horizontal communication and horizontal IT architecture is nearly non-existent. Symantec implemented a bonus profit-sharing plan to give employees the change to earn a 2-25%

of base salary bonus based on 1/3 of their product group's performance and the other

2/3 is based on the entire company's performance. The control's in place favor the

product groups at corporate headquarters, database management and utilities

software. All software product groups' performance depended on the performance of

the sales force ability to sale their product, but only the corporate departments had

access to communicate with the sales teams and executive staff. The sales department

is not assigned to a certain product group to sell for, they are only encouraged to meet

corporate assigned objectives for each product. In *The Goal* a crucial point on measuring

profits is contemplated. It says, "What you're saying is that making an employee work

and profiting from that work are two different things" (Goldratt). The true profit is not

found in employee's arbitrary sales objectives if they're not creating a true profit for the

business. If the control systems allowed for all product groups to operate at the

corporate headquarters, combined financial budgets, and combined sales goals /

rewards then then communication across product groups will succeed.

3. **Replacing the information systems used to communicate via email or phone mail.**

   Symantec could implement CC Mail across all their departments. Some of their partners

   currently use CC Mail, but it is not as effective as it could be because they are still using

   Novell LAN at headquarters. Changing from the Novell LAN network system to a 3rd

   party communication software could allow the departments to communicate across the

   country without consistent failures and troubleshooting system failures. Symantec

   employees were very dependent on Novell software for email and phone mail use, but

   they experienced new problems once week and had email files corrupt once a month

without a solution. If CC Mail is implemented across all departments then the system failures would decline and it will no longer be their responsibility to manage email system failures, saving time. The primary issue with this solution is it does not solve the internal conflict of employees competing for resources. A relevant statement in The Goal states, "Productivity is meaningless unless you know what your goal is" (Goldratt). An increase in communication productivity could be measured, but employees will still have an incentive to sell more than other product groups. This will make the implementation of CC Mail a waste of resources.

Recommendation

I recommend for Symantec to change their control systems and their incentivized structure to encourage employees to communicate across product groups. In *The Goal* an important business realization made by Alex was, "So this is the goal: To make money by increasing net profit, while simultaneously increasing return on investment, and simultaneously increasing cash flow" (Goldratt). But like Alex, Symantec did not know how to translate this business statement of the goal into their control systems that were creating the opposite output. Having your goal create a competition for resources and incentives to generate more sales than other departments will cause employees to fail to share information that could benefit the entire company. The product groups located at headquarters have the resources to leverage their products to the sales team more than groups that can rarely successfully communicate with corporate teams. If the control systems had a prioritized structure for all software product groups at the corporate headquarters, sales strategies would be optimized in all of their products

sold. Even though the matrix structure separates the teams into their own specialized projects, the incentive should still be to prioritize having performance objectives achieved in every department and product group.

References

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