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CIS 410-50

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Midterm Exam Question 3: Midwest RBU – Colleague Core Competencies

Question:

Combined with this exam Blackboard, there is a Powerpoint presentation (filename Colleague Core Competencies) from a large pharmaceutical outlining the annual results controls for the company's sales force, which is the sole determinant of their annual bonuses. You are a consultant asked to comment on the quality of the controls. What do you report to the senior management of the drug firm about this control set?

Analysis:

According to Cash, "the purpose of control is to create a set of conditions that improve the likelihood that desirable outcomes will be achieved, despite changing technologies, markets, competitive condition, and other features of an organization's volatile environment" (Cash, 2023, p. 142). With this in mind a set of control systems needs to be developed to define and differentiate between the criteria, measures, and processes of controls systems (Cash, 2023, p. 144). People controls, action controls, and result controls are used to understand and differentiate between the types of organizational controls (Cash, 2023, p. 143).

People controls are used at limited times including for hiring new employees and for awarding promotions within an organization (Cash, 2023, p. 143). Action controls account for specific work behavior that you desire in the workplace and are very common (Cash, 2023, p. 143). Lastly, result controls are usually time or event triggered and deal with comparing planned or expected performance to the actual performance realized (Cash, 2023, p. 143).

As part of the processes for the control system needs to be a feedback loop to perform self-regulation (Barker, 08-22-2018, 3:15). If the environment changes, then the business needs to change (Morgan, 1997, p. 44). In order to keep up with Porter's Five Forces (Team FME, 2013, p. 9).

With respect to Midwest RBU, their "functional/technical skills" core competency is a control for the people. It ensures that an employee has the functional and technical knowledge and skills to complete the responsibilities of the job. This control should be applied while deciding to hire or promote an individual. This is fairly straight forward as the list of skills in the job description should be included in the employee's resume in order to be qualified for the job.

The rest of the list of colleague core competencies listed for the Midwest RBU organization would fall under the action controls category. These include acts decisively, seizes accountability, grows self, change agile, self-awareness, commits to "One XXX", and peer relationships. The problem I see regarding these action controls is that they are all subjective measures with no real, hard fast data behind them. Different managers may have different interpretations as to what satisfies these conditions. The good thing is that each of these controls is fixed and uniform to be used to grade the sales force employees.

The performance rating scale is a useful tool due to the fact that the action controls are somewhat subjective in nature. It gives a wide range of possible outcomes/descriptors focused on seven different levels to which an employee can be rated. The description provided for these

outcomes/descriptors are a useful tool for managers tasks with rating the sales force to gives guidance on how to rate within the nature of the subjective action controls.

The differentiators used in rating the performance of the sales force is also good as it gives managers a range of values with which to rate the employees at a number of different levels including magnitude of influence, competency, approach, commitment, and consistency. These also give the managers guidance in the rating process but they do not make up for the objective hard facts drawn from data.

Examples of issues with these subjective performance action rating may include agile change. It may be difficult for an employee to be graded on this metric if, in their job responsibilities they do not encounter the need to be agile adjusting to changes. Thus, how shall a manager rate this employee. Should he be punished for not being able to show that he is capable even though he was not required to do so in his job responsibilities? Or should the employee for the issue within his job responsibilities in order to prove he can satisfy this criteria even if it is not necessary or warranted just to prove a point? Or should a manager just rate the employee to a default rating if his job responsibilities do not allow him to exhibit this ability? Should the default rating be high, neutral, or low?

As for the result controls, these are performed annually with respect to the rating given to the employee for the action controls discussed above. These are the sole determinant of the sales force's annual bonus. While it is great that the sales force is being reviewed for their performance and that they are able to generate a bonus based on their performance, the metrics used above in rating the actions results are not desirable as described above.

For the sales force a better measure of their success and contribution to the team would be truly measurable, unbiased data. This data should be centered about the sales force employees sales number based ideally on their total sales or revenue generated from their sales. Or another possibility,

although maybe less desirable maybe the quantity of their sales. The issues that may arise from using this as a sole determinant of the annual bonuses is that it would likely cause sales employees to push certain pharmaceutical products over others, even if it is not in the best interests of the doctors and patients. While these values would give a good measure for what the sales employee generates for the company it does not account for the character and the culture that Midwest RBU is trying to promote.

This may be the reason why the action control results, even with their potential bias, can add value to the controls of the employees. These focus more on the character of the individual and trying to create a certain culture within the company by focusing on certain traits they would like their workforce to possess.

Therefore, I would recommend that Midwest RBU continue to use the controls in place in order to promote the high value company culture that is desired while also incorporating a sales figure component to include in the evaluation. By hiring, promoting, and reinforcing the high character values of the company through training about the products and responsible sales of these products by the sales force they should be set up to meet the goals of the organization and realize a bonus to reward them for their hard work and responsible behavior.

References

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