

# Ath technology



The performance goals of a business set by managers and determined by business strategy, which is refer to how a company creates value for customers and differentiate itself from competitors in the marketplace. Here, the earn-out structure focus on development of a new product, product superior to existing technologies these two are obviously the business strategy foe setting goals, and the last point is directly relate to growth in earning goals , so this structure focus on the right performance goals.

Scepter pharmaceutical should employ the skilled person in the technology area, especially the founder of ATH technology for future development or control. 2. By clearing explaining the ATH'S organization structure and goals to employees and also measure the performance of employees on each division, set the prize for employees give good ideas for innovation or who did excellent job. Also, give challenge work to appropriate employees let them fell important. As employees want a high salary, stable work, and generous post-retirement benefits.

So the performance goals for employees to focus on are the survival of the organization and liquidity, which is relate to the profit and return on earnings Collect the information about the transactions of a business make sure the inflow of resources must exceed the outflow and set od procedures and dictate hoe and by whom information should be recorded and verified- provide checks and balances to ensure that assets are safeguarded and information collected are accurate. . The best financial measure is to look at the profit of the ATH, as its technology was an lower expensed, so it is important to make sure that the increase in growth does not lower the profit, . profibility is the key indicator to reflect the business success. Part B:

Questions: 1. The ATH did bad during the growth period, it focus too much on development that leads to an dramatically increase in revenue but the expenses increased, which leads to higher losses.

The strategy for the business was to focus on research and development We should collect the information of expenses spend on development and the revenue, analysis the data, compare them with previous accounting periods see whether the additional amount spend on doing development is reasonable. The additional measures used could be the control on doing the development, we should control on the authority of ATH manager, no override in organization. The development in new product should be agreed by all the managers in Scepter.

A good measure should balance the profit, growth and control. adding incremental revenues that do not generate profits can only lower the returns to stockholders. It is important that we constantly assess whether or not managers have struck the right balance between profit growth and control.

2. Control sales on high cost products on sales department employees and see whether the data collect are accurate. Limit the amount spend on the development by not authorities them power.

Pay more attention on accounting department to get the information on timely basis and meet the relative employees on meeting to analysis the problem continuously. 3. The measurement of ATH'S financial performance is by looking at its net income, using this method we can see the origination was did bad in 1990&1991, with market share increased, but loss had mounted precipitously, I would expect it to build holding current market

share but increase in profit, turn the loss position in to profit. PartC:

Questions: 1.

The managers at ATH comes up with a program called “ push to profitability” to reach goals for 1992, if the objective was accomplished, each employee would receive a cash bonus of 20% of their salary and all expenses paid trip to Hawaii for two, so employees work hard to increase sales and cut costs.

The control system have realized the importance of its employees, they come up new idea to encourage hard working while they neglect the government and regulatory and customer, the cut the costs which leads to more customer complaints and unsatisfactory report from regulatory body

The employees should cut on irrelevant costs, some costs like customer service, delivery, return on products can not reduce, also the increase in sale and cut on cost need to make sure the medical products made in compliance with the requirement, the quality does not decline. With a warning letter from FDA, and more customer complaints, it will harm the reputation of the company, so there will be fewer customers to buy the products, the market share will decrease and profit also will decrease dramatically. 2.

I would also give employees bonus tied up to their work, but not just focus on profit, we need to balance the expectations of different constituencies. I will well design performance measurement and control systems provide a fundamental way of recognizing and balancing these trade-offs. Part D

Questions: 1. The senior managers introduce a vision and belief statement to address the issue in the warning letter and avoid similar events in the future.

2. ATH change their performance measure on profit to measure on produce

effects, customer contact errors, and so on was to balance the expectations of different constituencies to be a successful organization.. John Frost come up with these were trying to deliver value to customer, he realized that customer are the one contribute to their profit, he is trying to satisfy the expectation of customer without change in other value. The advantage of ration measure provides a clear understanding of the business goals, but there has different in each four customer measure, the total improvement cannot divide in to equal amount of improvement, some measure may did excellent , but some may even worse.

The departmental performance bonus scheme can provide more clear the work done by each department and easy to find out the problem. It can also enhance the cooperation of employees in the department. 3. With departmental performance scheme, the employees may just focus on the division goal, as they are trying to maximize their our profit, not concentrate on the overall goals of the organizations. So the managers should also educate the employees to concentrate on overall strategy and goals, and bonus to them when the wholes goals are met. Part E: Questions: . Because they lacking of the professional staff in developing new products as Casper and John Frost left, 2. Jane has a higher experience in financial and investigation , she should analysis the data or financial information on previous periods and make a investigation on the market to analysis whether it is suitable to develop new produce. The critical success drivers are the customer measures and department objectives. We should measure the cost on release new product, the expected future returns, and the future risks of introduced new products

The goals should be set at appropriate level, it should be set to make sure at least the profit does not change compare to previous year, and there should be sufficient resources to satisfy goals. The financial expectations should be set according to the financial performance during the year and distributed appropriately. 3. She can look at internal control procedures and knowing the performance measurement system and collect data and compare the data with competitors in the same industry . The employees focus on department objectives for bonus tied up to their salary. Will leads to missed out of new product objectives. These could be controlled by come up with a new bonus scheme or meeting with employees to educate them and clear explain the situation or structure to them. 5. It is not reasonable for Scepter to purchase ATH, as they lack of control on these technology , as a manager, we should balance the opportunity and tensions, to maximize return on management,