

Letter from prison answers essay sample

[Business](#), [Management](#)



1. My entire career was spent at Computer Associates and while I can't tell you first-hand about the pressures in other companies or industries I believe that CA was among the most aggressive in its pursuit of goals, a fact often relayed to me by my industry peers. Both the CEO and I exerted significant pressure on our teams to meet the goals that we had set for ourselves. As you would expect this has a trickle-down effect to others in the organization. While from this perspective performance was measured by internal goals at an executive level these targets were primarily driven by the expectations set by outside parties, primarily the analyst community. While institutional investors were very important their buy, sell, hold decisions were primarily made while relying on analyst information rather than because of direct communication with the company. There were obviously exceptions to this however the above was true in the majority of cases. Institutional investors tended not to be as industry savvy as the analyst community.

2. My behavior and that of my managers was a direct result of these pressures. Analyst opinion is rarely influenced by strategy, nearly always by execution. My focus was almost solely driven by the execution efforts within the business. This obviously extends to organization structures, compensation plans and distribution mechanisms, with a strong emphasis on tactical execution. My involvement with the board was also driven primarily by the operational aspects of the business and rarely entered the realms of strategy and direction. Frankly my assessment is that most Boards struggle to add true value on the strategic aspects of the business because they are too far removed from the day to day aspects of the business and usually lack

a strong background in the marketplace you represent. This was certainly the case at CA.

3. Culturally at CA you lived on a knife edge. Even at the most senior levels of the business non-performance was not accepted. One thing that does emerge from this is the disparity in performance measurement across various functions. It is obviously easy to measure someone carrying a revenue target less so someone in development or support performance management for non-revenue areas of the organization was poor at best and created a great deal of tension between the various departments in the organizations.

4. The management of financial performance has become a service, one that is very widely practiced. Speaking again of the technology industry a wide variety of practices exists and are utilized by virtually all of the larger technology companies. Reserve manipulation, product release dates, sales incentives, channel management and shipping procedures are a few of the more common ones. Again, all of these are legal, but definitely cloud the ability of anyone to get a true picture of the health of an organization through their financial statements.

5. Ultimately the lines between legal and illegal as it relates to some of the practices above become very blurry and are subject to individual interpretation. The intention of all this behavior is to meet expectations and once you have started down that path even small changes in procedures leaves you and the organization vulnerable. For example if one makes an arrangement to decrease the size of your provision for bad debt that

decision becomes a subjective assessment particularly when you are dealing with multimillion dollar accounts versus consumer products. As such one can make any arrangement, and support it, to adjust reserves as needed.

Another example would be the timing of product releases. Delay of a general release, for whatever reason, defers the recognition of any revenue received for that product. Releasing a product early accelerates the revenue recognition.

6. I believe that compensation is becoming more and more aligned to the interest of shareholders and ultimately compensation of your most senior executives. For the vast majority of your high performance employees compensation is critical in driving their behavior. The challenge is always in balancing the complexity of a compensation plan with the desired behavior. We spent a significant amount of time aligning the compensation of employees to the corporate goals.

7. Option compensation will continue to be a critical component of compensation for executives as it simplistically aligns the executives' pay to shareholder value in its simplest sense. I don't believe that options compensation is the primary driver of behavior when things shift from the legal to the illegal. As with most senior executives in industry, ego is a huge driver in individual behavior. Compensation is important, but the recognition of your performance is sometimes even more important. We have created a performance driven culture without the necessary control framework for people to operate within. One minute you are doing a great job, the next you have crossed an imaginary line. The frameworks don't do

enough to quantify behavior as legal and illegal leaving inconsistent rules for organizations to operate within. How does Enron compare to the subprime mortgage debacle, or to Steve Jobs backdating options. There remains too much room for interpretation.

8. Probably covered in the above. Some other forces would include employee wellbeing, customer satisfaction, short vs long term objectives, competitive position.

9. This is the million dollar question. In my instance I will be deported, probably to Australia, upon my release. The market there is smaller so going back into my industry will be a challenge but I do believe opportunities will exist for my skillset. I will probably explore options in China and the UAE where my experience may outweigh the stigma. Alternatively I may look at some younger ventures to be a part of. I have no doubt that I will be successful again in the future.

10. Obviously these events put a tremendous amount of pressure on your relationships. I am blessed to have a very supportive wife and five kids and a tremendous extended family. Your good friends come to the surface very quickly while others drop away. It is somehow a relief to know where you stand with people as a person, not as a position. Many of my former team remain very supportive and I am sure we will do things together in the future. I have also been pleasantly surprised by the support I have received from former clients, something again I will be able to rely on in the future.

11. Over the years I have had a number of MBA graduates working for me directly. Some of them were incredibly good, others at the opposite extreme. The major differentiator seemed to be how one took what they had learned and applied it to the business versus taking the business and applying it to what you have learned. Unfortunately, too many people fall into the latter group, and approach the business as a theoretical model. As one moves up in an organization typically their accountability increases and their role more measurable. Understanding true accountability, be it to senior management or directly to the shareholders needs to be experienced as it is rarely what you imagine. Try to find ways to expose yourself to those pressures as you seek to understand a role or a person. Understand that unfortunately the world is not black and white. A senior manager spends most of their life in the gray regardless of their responsibility, and that can be a dangerous and hard place to be.