

HOW A SMALL ORGANIZATION USES THESE IDEAS*

W.J.Reddin & Associates

The company wasn't going anywhere and I couldn't figure out why. I put the company in for analysis and it came out that it was being run by an autocrat who was killing his own company, had surrounded himself with input people and was destined to fail.

Without taking that seminar when I did and then implementing the ideas of outputs, it is extremely likely we could have gone bottom-up.

Colin Ward

After participating in an output seminar based on the ideas in this book this managing owner of an air conditioning installation firm with about 80 employees made many changes. He decided to base his firm on outputs, get rid of his desk, hold team meetings as described in Chapter 6 and to change many things. Change is slightly nervy but he had the nerve. Profits doubled the next year, and then doubled the year after. He has now secured his family fortune. He took a risk and it succeeded. He wrote this letter to the person conducting the seminar.

A Letter from a manager

Dear...

You are on my mind as my desk is just being moved to my accounts manager's office, and I am trying to adjust to my new executive surroundings.

Actually, the cheapest part of the output seminar I attended was the seminar fee for since then I have spent \$ 5,000 refurnishing my office to my new output style. I have had a three-day live-away team meeting with my seven top executives and they have had one-day team meetings with their groups.

You mentioned when I phoned you on my decision to rid myself of my desk that you don't always get feedback on results and that's a pity for the changes that have taken place here in the last month are nothing short of miraculous! I went to my team meeting with seven individuals and came back with a committed team and the message has flowed on.

Tomorrow I have a one-day final review of all the effectiveness areas and measurement area and the twelve-month plan for each executive and then we start the new year –a new, revitalized, reorganized and committed company: Your seminar showed that we were headed for trouble because of inbuilt and growing stagnation which was stifling our real purpose and marketing objectives.

There is a time and tide in the affairs of all men and I'm grateful I was ready for the message I got from you and your beautifully planned and deeply thought-provoking seminar which can give such quick and concise indicators and where I have proven that the disciple's message has just as much effect as the master's.

Thank you and I am sorry I am not in the business of selling output orientation for it is a message I could really move along.

Sincerely,

Colin Ward

Atlas Air Australia Oty. Ltd.

A SUBSEQUENT TALK TO MANAGERS

Based on receiving the above letter, the writer was asked to talk to a group of senior managers attending an output seminar. This account is as related by the CEO himself with some minor terminology changes.

I will just feed you some facts and you can see if they are useful or not. I am very grateful to be invited. Our company isn't a big company and I'll give you some background on that.

Our particular group started some 15 years ago in the true fashion of husband and wife team, and \$ 300, and we were in the air-conditioning field. When you haven't got any money you have to put in a lot of time, and we pursued that course. We grew to a point where we had about \$ 5.5 million turnover.

We went into the credit squeeze and lost \$ 400,000 –nearly lost our house and nearly lost everything that we had through the tradition of payment within our system, where builders obtain stage payments and if they go broke they take you with them. But we survived out of all that, coming down from 120 to 50 people and from \$ 5.5 million turnover to \$ 3 million and we restarted.

We then sold 15 per cent of our shares to an Italian group that we represented here and in South East Asia, New Guinea and New Zealand and we were formally looked upon as part of their international group, so that our company was now back to six million turnover. We rose to 80 people, but were certainly a very different profit-oriented company from what we were earlier, broader-based with different products, but while we were all that I was very conscious of the fact that we were not making any real growth. I was conscious of the fact that I had pushed and pulled and I was very proud of my company. I thought I was reasonably intelligent; I travelled overseas twice a year; I am observant; I read and if someone asked me about my company I would have said that 'Well we'd got a great company' but we were not really making real growth we were just keeping pace with inflation and this worried me.

I knew there was something wrong with my company. We sort of restructured and did a few things. Finally, I looked in the mail and there was this Institute of Management booklet. I have always been too busy to go to seminars and you know, who wants a lot of these seminars which have sort of language and the same sort of talk? You finish and there has been no impact.

So I enrolled for the output seminar that you are doing now and sat over yonder. I didn't really know what was in front of me other than the idea of outputs, but I had an open mind. I had need of change –for some reason or other despite all our hard work and relative success, I was not happy about the way our company was going.

Then we started to do what you are starting to do –we began to get a common language, an output language. By this time you had either made up your mind that you sort of understand it and you like what it's saying or you don't. You are rejecting it or you are open to it.

Our seminar work team got along quite well. Sitting at the same table was a member of the top team of a 35,000-person bank and the national CEOs of Digital and Olivetti. We started with a good output analysis case study session. When we had finished we had a little time so I said, 'Look, why don't you guys help me. My company is the smallest of the group. Wouldn't you like to feed my company in as case study number seven which we have the opportunity to do?' And we did.

My company came out to be a company with a completely input style, which was quite different from what I believed my company to be. As an individual and as a person dedicated to the company I would have told it quite differently.

So then I had the opportunity with this work group, and they were very kind to me, to look at the executives. I had one deserter and four bureaucrats in a group of eight senior executives, including myself. A lot of meetings that I thought were participative were not, as it turned out. I ended up to be an autocrat and I guess after a fashion, when I got over my initial reaction, I was. I guess a lot of guys who start a business off have to be autocrats and highly task-oriented to succeed. The four bureaucrats and the deserter were worrying also.

When I started to think about my company climate I realized that it was in fact choking and was going to wither and die with a current inflation rate of 12 per cent. So armed with all the seminar messages and books that you've got, I went back home to my group. I called them in and said, 'Look, I have just finished a seminar. Ok, you can say I am enthused about it and I like the output message. There is a real message for us. Now I realize that I have been calling you in and talking with you, but the decisions were really pre-made and I have been handling tablets down from the mountain and saying what's great, while you have been sitting there anticipating the decision', which was true but I didn't believe it. I thought I was one of those fair, wise, tolerant, thoughtful people that you keep hearing about.

Then I said, 'If you are interested and want to be a senior executive of this group, I would like a commitment and in turn I will make a commitment to you. To do that, I want you to give up a weekend of your time. That's your commitment for starters. Not in the company time, in your time –still the autocrat in me!' You have got to give something to get something, so I asked them for their own time. I said that we would go away and discuss the company in a way that it had never been discussed before. I felt the company needed change and with an output style I now had a formula. I now had a common management language that we could use. If after the meeting they did not want to be part of this, or if they felt the company would not benefit from it –at least we would have spent three days discussing it. I actually did give them the Friday, let's be fair about it.

We arrived for the weekend meeting. Eight people with a fairly tight schedule. There was a lot to go through and we started with an analysis of some of the case studies this seminar provided. Then we came to study ourselves. This was the first time, I guess, that they had ever been asked to comment in open honesty and candour on their own company's objectives, level of resistance, existing level of outputs as shown by effectiveness areas and measurement areas and how to make it higher. Previously I was always doing the planning and doing all these other things myself... if they were done at all.

Then they had the opportunity of analysing me as a CEO. They gave frank comments on my style, my effectiveness areas and my effectiveness. They were really given the opportunity of analysing me along set terms which were impersonal. I think the main stress here is on the top person, as they must be ready to accept honest criticism and the fact that they can be wrong. Then, of course, we analysed the seven senior executives of the company, which was them. We had a room that we had hired that we could stick paper all the way round.

Then they analysed the company and found, much to their shocked horror that it was an input climate –eight out of eight agreed that it was input.

We then asked everyone to write their effectiveness areas –the first step in becoming output. When a person joined our company we gave them exactly what this seminar talks about –a job effectiveness description but for us it turned out to be an input job description. We looked at all the advertisements that we had placed for staff over the past 12 months. They were all inputs. They were not output and objective advertisements; they were input advertisements. Which is why we were not getting top staff, I guess. This was a revelation to all of us in the room. Then when they started to write their effectiveness areas some of them were –in fact– total inputs, as they put them up in what they believed to be, and I believed to be, their areas of effectiveness. So we sat down and rewrote them.

First we wrote the effectiveness areas of myself as CEO. We all agreed on what my job was and what my area of effectiveness was. Everyone doesn't have to come in at eight o'clock because I did and they didn't have to stay until seven o'clock because I did. And I did not have to keep proving to them that I could be first in and last out for the rest of my life. We did not have to keep proving to one another –we had to be effective. That was a great release of tension for all.

Then they raised all of the areas that caused them consideration and problems, even to the point 'Could they select the colour of their own car?' Some things were simple; but for them important. Some were big things. So if you would like to call it a grievance-and-an-open-honesty session, we went through that, to clear many of the blockages. We then agreed each person's effectiveness areas looking for overlaps and underlaps. This took all day and a lot of serious thought. They would be working next day so they were supposed to stop at 5 but they were so keen they went on until 6:30.

It was a hard day, a hard three days, because they were tense days with some of them, including me, hearing things they did not want to hear. We got through that and we all walked out with new effectiveness areas, new objectives and a new planned company climate that we committed ourselves to. We were to be an output company, suited to our size of company and the industry that we were in. We all mutually agreed on that –one vote, one person. Now I don't carry any more weight in those output team meetings than they do, because now I'm just another cog in the top management group.

We then agreed to have monthly team meetings. Most management improvement schemes fail because they don't have effective team follow-up meetings. No feedback and review.

They have gloating little groups and after a while they get soft at the edges and die. We agreed to hold these review meetings away from the company, we hire a motel room from 8 until 5. Each person would be able to discuss their effectiveness areas and they would be judged on a budget, which they agreed to, set previously under this new scheme. I had set it with them, sitting on the other side of the table, so they were a committed group.

We then left our meeting place having achieved a tremendous thing. Tensions had been eased and role behavioural clashes had disappeared, because people realized why they were having them. My relationship with my top staff had improved considerably. Because I was the leader I was dominant and I did want them to move when I made the decision. The timing was my timing and the company revolved around me. And yet on the other side of me, I was trying to be people-related and nice, as well as all the things that autocrats try to do to keep people together. The seminar calls them hypocrites, but I couldn't quite face up to that. But the thing is we did leave as a very hard core and a better-formed group.

I then came back to my company and removed my desk. Now when this seminar made the invitation to us as undoubtedly it will to you, or has, to take away our desks, suggesting we sit on them and be photographed for the local newspaper, being carried out of our office on them –I thought well, you know this sounds good. I wouldn't mind a bit of public relations.

Then I thought, well I won't go into the publicity, but I will do what output suggests because if I am serious about change, I have to be committed to it. Why is my company input-based? Why are we over-systemized? When we added up the pieces of paper we had 120 forms. We had some of those policies written in times of survival some years ago which people still trotted out when it suited them. They flicked through the book and quoted "You said this then, that you could do this". So we decided to rip all these things up and keep the ones that were valid and effective and get rid of those that were now ineffective and out of date.

But to return to the desk. I looked at it for a long while. I was a guy who had worked from a long apprenticeship. Part of the status symbol was to have a beautiful desk in a nice office, an attractive secretary and a few phones and sort of feel as though one was superior. It was a magnificent looking desk, black leather on top, looking like it was worth several thousand dollars. It had a drawer in the bottom where I had my secret files on salaries and performances and a few other things. I looked at it and said 'Well, where should this desk be?' The group said it should be with the most effective bureaucrat in this company. 'Who was that?' Answer, our Finance Manager. Great! So out of my office it went, round the corner into the Finance Manager's, who happens to be a woman. She sat behind it on the big swinging chair and she said, 'This is beautiful. I can have my in-tray there and I can have my files here. Thank you.'

I walked back to my empty office and I thought 'Bloody output orientation has done this to me, what am I going to do?' So I called in a friend of mine, who is an interior decorator and explained what I wanted to do. I wanted to get out of the office. I didn't want an in-tray, I wanted change and the change had to be permanent as far as I was concerned –I wanted to commit myself. So he bought for me some U-shaped little modules of Italian brown velvet; a little lounge suite that you push together, very nice. Also a great big coffee table, very deep

and very long and the height where you can write if you want to. Then I got this little work station on the side of a smaller table that fits in the corner where the phone sits –and that’s all there is.

Next I called in my private secretary and said, ‘Margaret, you’re great. But do you know what –I haven’t been using you as a private secretary, have I?’ She said, ‘No.’ ‘I have been using you as a typist, haven’t I?’ She said, ‘Yes.’ ‘So would you like to take all of my private files and put them in your office?’ She said, ‘Yes, I would.’ So out came all the secret stuff and went into her drawer. Out went the library and I said that when I wanted a book I’d press a button and she could bring the book in for me. She said, ‘Love to.’ All of a sudden I had a private secretary.

In came all the new furniture, which cost me 5,000 bucks, but change you’ve got to pay for and you know you get what you pay for. There I was –seated in this new office lined with wood, and glass down at the end so I could see myself. A little bit of an autocrat. No desk, no in-tray. I sat and thought, ‘Where do I put my pencil?’ ‘Where do I put my pen?’ ‘Where do I put all the things I have accumulated –calculators and things?’ I didn’t have a place to put things and that’s when the output change started to take place. I either had to get a place to put them in or I had to delegate, so. I delegated.

Now I go and sit with my executives in their office and we use my office as a general board room. If any of the senior executives have someone of importance they want to impress with Italian furniture and glass, they can use my office. It is now not the domain of the CEO. When I am there I use it –but now I am out of the office. Now I am working to my job effectiveness description. Last year I was able to visit Israel, Stockholm, Italy, Singapore and Malaysia.

No one worried about me because I was out doing my bit. I didn’t have to account to anyone that I wasn’t in the office, and they didn’t have to worry that I was watching them over my shoulder. They knew that we would all have to stand up and be counted at the monthly review meeting.

At these monthly meetings we have a complete reappraisal of the budget achievements which is fairly normal. We also have a complete reappraisal of our adherence to our agreed outputs and if they should be changed. It can only be changed with a group meeting –not just by me. Admittedly I’ve got the flexibility at a one-to-one meeting, but now I am committed I want this thing to work and I want them all to carry on the message of outputs.

I went to a board meeting in Stockholm, and I introduced the ideas of outputs to the International Group –a young Italian company now based in Luxembourg, financially, but with Italian bases and new factories in America, Spain, Austria and Ireland. They are in a state where frankly they are bogged down. They need help. Talking with the founder and CEO I truly felt like a disciple. I said, ‘This is what you need.’ Then I went into my briefcase and out came materials on output orientation that I had with me. He said, ‘What’s that?’ I said, ‘This is what’s made me so different. This is what has given my company a new revitalization. This is why I can be here not worrying about whether this or that has been dealt with, because I trust my staff. They know I trust them –they’ve got known

effectiveness areas and objectives and I've got known areas of effectiveness with objectives. This is what you need.'

In Stockholm we go on our strategy meeting. They are all studying their pre-work and we go away for Friday, Saturday and Sunday. For the first time in our little company we will be discussing a five-year strategy plan. I've always shunned five-year strategy plans because anyone can sort of extend figures –you don't have to be real clever. But if you start to do a serious one it is indeed a mammoth task, as you know. All the inputs and ramifications of what is going to happen to you in five years just on 12 per cent inflation. And doubling your turnover, new premises and types of staff and utilization of all your facilities and resources. However, that's one of the things we will be discussing at our next meeting, and we will be bringing our new job effectiveness descriptions and checking them because they could have changed. We will be going over the whole thing again –setting ourselves up for our next year. That's what's happening next weekend.

So what can I say? I don't often do commercials and I'm not being paid for this one, but I do feel so enthused about it and it has liberated our company so much. That is why I wrote the letter. It's nice to get the feedback that outputs are creating change; that some people do not just walk out of that door and say 'Gee! outputs are good' and then go off to the next seminar. It must help to meet someone who says, 'I have put the pure written word to the test and it's surviving.' We're not living in some unreal world and the people I work with don't have to do what I tell them to do. If they don't like it, six or seven votes against one beats me. That's the end of the story, so really I owe the idea of outputs a great deal. I owe the Institute of Management a great deal because without them I wouldn't have come on this seminar with its very true message. It's a wonderful message of integrity. Starting from here 12 months ago my company has doubled its profit. If someone makes a statement that they have doubled their profit I always look at them rather sceptically, but we are talking inhouse here and that is exactly what we have done.

I am now managing by consultation. I only see some of my senior executives once a month at the one-day team meeting because I am a task-oriented person and I am involved with my output. Now when they want to see me they just buzz through and sit in the lounge next to me, not over the other side of the former desk. I sit next to them; I look into their eyes and we communicate because we are right next to one another –and it's all right with your secretary, too!

Gentlemen, I won't bore you but I do thank you for the chance of giving you the message. It is obviously a different message from that of a very large company, where their team meetings might involve hundreds of people. I only had eight and because of our size I have been able to move fast and it has made a tremendous difference. I shall be very interested when next year the group re-cast their votes on what sort of company we have. Has it moved from inputs to outputs or hasn't it?

The session moved to question and answer:

Question: Who were the seven other people?

Answer: They are my top team. I might add too that since we introduced outputs they have taken the message. They have set out output-based teams with their next line of management. So I gave the message to my top team and they have now set up outputs with their group. We are now down to supervisor level, that's where we are. They hold their monthly meetings away from the company too and they have found the same freshness, candour and honesty coming out on feedback and relationship with their people –so in our company in 12 months we have achieved not just the top team, we have now gone through our whole management layer.

Question: What are your Effectiveness Areas?

Answer: Well, basically, the number one is to give the shareholders profit return on investment. This is my number one. To make the company profitable based on an agreed shareholders' return, bear in mind I have an overseas shareholder now as a partner. My output is to look for new products, because at this particular stage we are broadening our profit centres; and to investigate the world for new products that dovetail into the way I want future strategy on profit centres; to maintain international corporate image from a profitability point of view. As you know, when you are dealing with the Chinese, when you are dealing with the Israelis, you have to deal very personally with them. The rules that apply here don't apply to many of our trading partners overseas and so I do spend, as I say, six months of the year travelling at this particular time of my life. When all this is set up, I'll be in a position to delegate quite a lot of those trips to other people. Of course, if I keep doing this it will have detrimental effects upon my marriage, which I don't want to happen, but it is an agreed thing which my wife is involved with. She knows why I am going and we have the board meetings at home now to keep her involved. She is aware of the reason I am going to Israel, why I am going to Singapore and why I am going to New Zealand and Italy, and why I should attend board meetings. I want better deals, and I want to try to unravel all of the problems that happen with telexes between us and Italy, because again we are all different people and that takes a lot of personal dealing at top level. It is something at this stage, that I have to do –it is part of my job, I want to be CEO of my company and it wants to import goods from overseas. I have to be there. It is as simple as that, policies and so forth for the company. I didn't bring anything in writing with me, I just prefer to talk with you *ad lib*, but I can assure you that everything we do now is double checked in writing when we've said it and then we get a bound little copy of all of our agreed job effectiveness descriptions, so that we can look at them if we want to refresh our memories of the company structure, which they comment on and help form.

Question: I've been wondering is there any problem with approaching a union official with this output scheme?

Answer: That's when I come an autocrat again. Actually, we are a non-union shop. We are union by membership, non-union by the fact that we have profit-sharing within the company. I think this is one of the things that output orientation brings out as a link-back reward system. All of my senior executives are on a profit-sharing basis on the achievement of the areas of effectiveness and objectives. The company has a holiday unit where we give them free holidays, and a few other things that small companies can do that are tax-free incentives, so we try and keep our people happy, which output orientation is helping us to do. We have far better relationships with our people, who are I think more loyal to us than to some union boss, which is the way we have got to be, because the union is going to kill

us. I don't know if there is any union official here, but that's my honest opinion, so we are non-union in effectiveness.

Question: How about measurement of support things such as finance/personnel?

Answer: Well, the finance world is a difficult one. The only way we can judge our financial department is that, number one, we get our monthly profit and loss on time, we get our balance sheets on time. We have set dates for our board meetings and that division has got to conform to that effectiveness feedback time, that the statute returns are put in on time. We want to be in there by September, to have a deadline date of being to the bank with our printed audited reports by the 30th September. It's fairly hard going for any company. We have monthly review meetings on outstanding debtors and the whole trend of business, which is at a board meeting, plus the fact that we play it through our profit and loss accounts to each individual top team manager, which never happened before. So they now give a divided share of administration costs and they have to have that for the monthly outputs review meetings. The accounts department has to perform and then I have got the accounts manager tied in to an overall percentage of her co-workers, her peers, that she has to support. When they achieve budget objectives she gets an overriding bonus on each of their achievements, which is the only way we can do it because, as you say it is very hard to set a profit centre for them. There are some, but it is very hard to measure them, so we are giving her an overriding commission. This gives her a chance to go around and say, 'Look, I have given you these things, we have got to do this. How are things going?' She is interested and so is the whole department that is centralized, as most finance departments are. We find now that each manager is going along and saying, 'Gee, my administration costs have gone up.' They are worried and they are involved, whereas before they didn't care. Now they are fighting for percents because they want to sit at the review meeting and say, 'I have been profitable and I am going to get my bonus and I am going to be effective in my outside selective area of outputs.'

Question: Are your franchises part of all this as well?

Answer: No. They are straight-out distributors, but when you say, are they part of it?, previously my national manager for computer air conditioning would go out and he would just do a traditional job. Now he's gone out and said, 'Listen, if you want to be the distributor this is a very important state to me, you represent a large per cent of my budget. Do you realize what a wonderful thing you have got going for you? Now look, where is your plan? I want an output plan with objectives from you.' He is now carrying the message over to the distributors by asking them questions, and putting it to them: 'I want a complete plan, a marketing plan within one month. If you want to reassure this, we have got to work together as trading partners and I want to help you. I don't get any feedback from you. I have got to come down and visit you and you are just a typical distributor. I want to tell you it's not good enough. I am now looking at terms of outputs. Let's have a look at this, let's look at your objectives.' Now, of course, he has changed his attitude, he is beginning to change the attitude of our distributors without them knowing what they are doing, just by putting the questions and taking a more positive involved attitude, which is why my profits increased by 100 per cent.

Question: While I've often seen high profit return from changing behaviour like this, did most of that 100 per cent increase in profit come from this change within your control, as a result of these things you've told us about, or was half of it outside?

Answer: More effectiveness I think was the answer, in one area for instance, the air conditioning manager who up to that point was carrying my message all of a sudden said, 'Do you know what? Our costing is wrong.' 'Is it?' 'Yes, I've been doing it one way because you did it that way, and, I thought I wouldn't offend you, but we are losing money. I can make you more money.' 'Can you? Show me, you bring it back.' This guy is like a flower, you pour water on him and it starts opening and opening. He's changed the whole costing philosophy. He's changed the call priority rate to people, he's changed the method of designing brackets and systems so that we design off the site and go on the site with brackets and so forth. He has assisted me with research and development –we've got four new products this year. I won't give myself a plug, but we've got a wonderful air conditioning system, a do-it-yourself home air conditioning, and it's really something, but I was free to search that out, and this guy wants to help me, and I was able to do a job where my talents have been suited. Instead of worrying about everyone, carrying the weight of the whole company on my shoulders and going home having a nervous breakdown stiff neck, palpitating heart, and all the things we have under stress, now I don't have all those very much and these guys are wearing it with me. They are sharing the burden and it's been a combination of just being more effective and profit conscious whereas before they were just workers.

EPILOGUE

The success continued for this output company. Here is an article that appeared in the dominant national financial newspaper a few years after the talk was given.

Atlas reconditions the attitude to success

by Richard Hefy

The managing director of Atlas Air, Mr. Colin Ward, wants other managers to hear the story of his company because 'there's a lot of doom and gloom out there and we need some success stories.'

Atlas Air, which manufactures air conditioners for computer installations and, more recently, for office buildings, is about to merge with a larger company in an estimated \$ 5-15 million deal.

As well as giving Atlas Air much needed injection of funds for its ongoing development programs, Mr. Ward said the deal would make him 'financially independent for the first time in his life.'

But for the fiercely patriotic entrepreneur, the merger has the added benefit of giving funds to advance the technology Atlas has pioneered.

The company was set up in 1964 as a husband-and-wife operation with 'enough capital to last three months.'

It installed air conditioning units and on the suggestion of IBM, began to specialize in computer mainframe cooling –a business which later burgeoned. Later the company began designing and manufacturing its own units. It was up against major international competition which included Liebert (a \$ 200 million company) and Siemens (the giant German multinational).

'I think they dismissed us as a joke when we started,' Mr. Ward said.

According to Mr. Ward, a large measure of the success of Atlas can be attributed to a business technique known as the output system pioneered by Professor W.J. Reddin. Mr. Ward attended an output seminar when Atlas was languishing.

'The company wasn't going anywhere and I couldn't figure out why. I put the company in for analysis and it came out that it was being run by an autocrat who was killing his own company, had surrounded himself with input people and was destined to fail.

Previously nothing moved in this company unless I knew about it. That is how most small companies start out and that's why most managers can't expand their own companies.'

The crucial part of the success of the system was sticking to it, according to Mr. Ward.

We have hung in there and made it a part of our culture,' Mr. Ward said. 'Other companies use it as a veneer and that's why things like management by objectives usually fail.'

Atlas has 12 divisions heads all of whom are now individually accountable and must meet goals on a monthly basis. As well, the company has a system of profit sharing for each of its managers.

According to Mr. Ward, one of the most important secrets of the system is the free flow of information.

'They [Atlas Managers] are better informed than most board members,' he said.

Its South-East Asian branch is based in Singapore, and Atlas has recently broken into the Chinese market and has been officially recognized as a supplier to the Chinese Government.

Turnover now is about '27 million' and Mr. Ward said the company was on schedule to achieve this year's target of \$ 35 million, about 25 per cent of which will come from exports.

But the area of greatest potential growth for the company is its recently released modular office air conditioning system.

The system is said to be a world first and cost an estimated \$ 2 million to develop.

Further plans for development with its new partner include the development of the first commercially viable gas cooling system and the setting-up of a factory in India to facilitate entry into the booming computer market there.