

Lean Focus



The Fallacy of “Go-Gets”

By Damon Baker

While leading a business that was part of a larger platform, I was often directed to over-deliver on our budgetary commitments to make up for revenue and EBITDA short-falls in other parts of the business. Delivering this message to a team, that was by the parent company standards, “winning”, was an extremely difficult proposition to undertake as a leader.

The ideas that we would entertain on a short-term basis to close the performance gap were often short-sighted and did little to create sustainable, lasting results, as they were not process-focused improvements we were making in the business, and included such things as short-term sales incentives or SPIFs, offering volume discount offers for distributors to take product sooner or in larger quantities, limited time end-user discounts to instigate demand, no overtime policies (despite order backlogs), restricting travel to visit customers, or refusing supplier deliveries at month or quarter end...

Sadly, the list goes on.

The above example illustrates how the short-term “sugar fix” is not a viable long-term solution to an organization’s problems. In fact, such “go-gets” are proven obstacles to creating a solid

foundation for long-term organizational success. Over time, go-get strategies and tactics erode employee confidence and stifle the development of a proactive problem-solving mindset. Operating in a reactive, knee-jerk environment, pressured and fearful employees make misguided decisions.

In short, a go-get is a top-down leadership mandate to achieve increased performance results to hit a pre-established or newly created target or goal inside the company. Typically, these go-gets are handed down when other parts of the company fail to hit their targets. Therefore, over-performance is required from another area of the business to make up for the shortfall.

Another reason go-gets are handed down is that leadership falsely believes that the receiver of the go-get can accomplish more. Often, this assumption is made without any factual basis or analysis and is merely a gut-feeling about what is truly possible. Go-gets tend to be bad stretch goals that sacrifice long-term strategies in favor of short-term tactics to drive results.

Imagine a publicly-traded company with a unit – Unit A -- that consistently falls short of its quarterly targets. Instead of setting realistic and attainable goals for Unit A, management decides to task Unit B with targeting an even more unrealistic stretch goal that is not factually based on what is truly possible, nor is it rooted in sound, process-driven improvements.

Whether the goal is attained or not, the results are somewhat predictable. According to Rick (2016), “When stretch goals seem overwhelming and unattainable, they sap employees’ intrinsic motivation. The enormity of the problem causes people to freeze up, and the extrinsic motivator of money crowds out the intrinsic motivators of learning and growth.” Not only do go-gets negatively affect employee morale, they can encourage both unethical and illegal behavior at every link in the chain-of-command.

Unfortunately, go-gets fill the annals of business history. For instance, Enron fudged on its financials to meet the expectations of its shareholders. Throughout the late 1990s and the early 2000s, the large energy conglomerate set unrealistic revenue goals for its executives. Despite management short-sightedness, high achievers at Enron who were able to hit their targets were still rewarded with handsome bonuses. Execs may have met or exceeded their targets, but *profitability* did not factor into Enron’s bad stretch goals – until regulators caught up with them (The Economist 2009).

More recently, Wells Fargo took a page from Enron’s playbook. Under pressure by management to hit unrealistic quotas, Wells Fargo employees created more than 2 million fake credit-card and deposit accounts. The debacle resulted in the firing of 5,300 employees and \$185 million in fines by several regulatory agencies, including the Consumer Financial Protection Bureau (Levine 2016).

The resultant net customer fee of only \$1.14 per created account reveals that employees may have been acting more out of retaliation towards abusive, out-of-touch management than the desire to rake in huge account fees (Levine). “The fake-accounts scandal is not a story about a clever greedy bank exploiting customer for money; it is a story about a dumb greedy bank with

poorly designed incentives and inadequate supervision harming customers without making any money” (Levine).

The use of go-gets has proved to be the bane of the bank’s storied existence. The dust has still not settled, as more scandals have come to light and Wells Fargo’s reputation has been badly tarnished. Legal expenses are eating into its weak recovery. For instance, its 2018 fourth quarter disclosure showed a 59-cent per share pre-tax litigation expense (McCoy 2018).

The Wells Fargo fake account scandal is a prime example of the fallacy of go-gets. A company dedicated to a winning strategy does not resort to go-gets. While the pitfalls of go-gets must be avoided, not all stretch goals are bad. Stretch goals can be productive, as long as they are backed up by a process-driven approach to execute them, such as formulating well-thought-out action plans and applying dynamic resource application (DRA) where necessary to ensure that the right resources get focused in the right areas.

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BACKGROUND

Damon is the President & CEO of Lean Focus. For over 25 years, he has been implementing lean in consulting, operations, continuous improvement, and GM & VP-level leadership roles for such companies as Danaher, HNI, Eaton, Argo Consulting, Experian, and Winegard.

Trained by disciples of the Toyota Production System, he worked in a Shingo Prize winning facility and is a Shingo Prize Examiner. Over his career he has demonstrated hands-on leadership and facilitation of 500+ kaizen events for 50 major corporations in 16 different countries. Damon led the North American Danaher Business System Office. While at Danaher, one of his mentored operating companies was nominated Most Improved Plant, and one of his factories won Best Plant Worldwide 2 years in a row. Damon holds an MBA from St. Ambrose University and a Bachelors of Arts in Management and Marketing from Iowa Wesleyan University.

INDUSTRY EXPERIENCE

Aerospace and Defense, Automotive, Electronics, Capital Equipment, Chemicals, Protective Packaging, Residential Construction Materials, Water Quality, Dental, Test & Measurement, Sheet Metal Fabrication, Life Sciences, Medical Devices, Discrete Assembly, Oil and Gas.

LEAN EXPERIENCE

Building/Installing Problem Solving & Kaizen Cultures, Operational Due Diligence, Acquisition Integration, Strategic Planning & Policy Deployment, Sales Force Efficiency & Effectiveness Tools, Pricing Margin Analysis, Transactional Kaizen, EBITDA focused operational improvements, Cellular Manufacturing, 6S & Visual Management, Standardized Work, Mistake Proofing (Poka Yoke), Visual Controls, Setup Reduction (SMED), Total Productive Maintenance (TPM), Daily Management Processes, Leader Standard Work, Working Capital reduction via Kanban & Pull Based Inventory tools, DSO Reduction, and Accounts Payable processes, Value Analysis & Engineering, 3P, Accelerated Product Development Tools.

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