Goal Alignment for UCSC

February 12, 2011

Debbie Janes, Services Sales Executive
Microsoft Corporation
debbiej@microsoft.com
Agenda

Goal Alignment

- Microsoft Overview and My Role
- The Lesson: Goal Alignment in an Organization
Microsoft’s Businesses

Client
Includes the Windows product family and is responsible for our relationships with personal computer manufacturers.

Server and Tools
Software server products, services and solutions, including: Windows Server operating system, Microsoft SQL Server, Microsoft Enterprise Services, Visual Studio, System Center products, Forefront security products and BizTalk Server.

Online Services Business
Consists of an online advertising platform with offerings for publishers and advertisers, personal communications services such as e-mail and instant messaging, and online information offerings such as Bing and the MSN portals and channels.

Microsoft Business Division
Includes the Microsoft Office suites, desktop programs, servers, and services and solutions; Microsoft Dynamics; and Unified Communications business solutions.

Entertainment and Devices Division
Consists of the Xbox video game system, including consoles and accessories, Xbox Live operations, Zune digital music and entertainment device, Mediaroom, mobile and embedded device platforms, Surface computing platform, and Windows Automotive.

Facts About Microsoft

Reported Gender Breakout (USA)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>40,862</td>
<td>76.2%</td>
</tr>
<tr>
<td>Female</td>
<td>12,773</td>
<td>23.8%</td>
</tr>
</tbody>
</table>

Reported Age Breakout (USA)

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 or Under</td>
<td>8,293</td>
<td>15.4%</td>
</tr>
<tr>
<td>30-39</td>
<td>22,933</td>
<td>42.7%</td>
</tr>
<tr>
<td>40+</td>
<td>22,509</td>
<td>41.0%</td>
</tr>
</tbody>
</table>

1Average age: 36.2 years.

Revenue and Headcount
Last updated: June 30, 2010

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Head Count</th>
<th>Net Revenue (US$)</th>
<th>Growth</th>
<th>Net Income (US$)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2010</td>
<td>88,596</td>
<td>$62.48B</td>
<td>7%</td>
<td>$18.76B</td>
<td>29%</td>
</tr>
</tbody>
</table>
FY10: A GREAT YEAR.
FY11: EVEN BETTER.

XBOX: 42 MILLION SOLD
XBOX LIVE: 25 MILLION MEMBERS

KINECT™ for XBOX 360

“Best of What’s New”
“Breakthrough Awards”
“Top 50 Inventions of the Year”

POPULAR SCIENCE
Popular Mechanics
TIME
STRONG MOMENTUM...

8 TO 12.7% US SHARE
FREQUENT RELEASES
MOBILE FOCUS
STRONG BRAND AWARENESS

LIVE TESTING UNDERWAY
QUALITY JOB #1
Simplify
Web, Phone, Social, Touch
New scenarios: Notetaking, Sharing...
New features
New business models
IDC: 409 MILLION
PCs Shipping in 2011

94%
Customer Satisfaction

GAINING U.S. LAPTOP SHARE

<table>
<thead>
<tr>
<th></th>
<th>Q1 2008</th>
<th>Q1 2009</th>
<th>Q1 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Windows</td>
<td>90.2%</td>
<td>91.8%</td>
<td>92.8%</td>
</tr>
<tr>
<td>Apple</td>
<td>9.8%</td>
<td>8.2%</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

Source: 2010 Q1 IDC Worldwide Quarterly PC Tracker (May 17, 2010)
CREATE, CONNECT & CONSUME

BEST HARDWARE CHOICE
GREAT OS & BROWSER
MILLIONS OF APPS & DEVICES

PLUS FREE...

25 GB Storage
Hotmail & Messenger
Windows Live SkyDrive
Windows Live Sync
Windows Live Photo Gallery
Windows Live Movie Maker
Windows Live Family Safety
Microsoft Security Essentials
Windows
SLATES AND CONVERTIBLES

OPPORTUNITY TO EXPAND PC MARKET
FULL VALUE OF WINDOWS
CONSUMPTION AND PRODUCTIVITY
QUALITY, CHOICE, VALUE

COMING SOON...
Windows Phone 7

**Experience**
- Hubs
- Quick Access Design
- Bing, Xbox, Zune, Facebook, Office

**Platform**
- C#, Silverlight, XNA
- Visual Studio
- Marketplace

**Hardware**
- High Res Screens
- Powerful Cameras
- Touch
- High Performance Graphics
- Standardized Hardware/UI

**Brand**
- Branded Phone
- Global Marketing
- Mobile Operators In

“Microsoft hit it out of the park.”
MICROSOFT STORES

Direct Contact With Consumers And The Community Differentiation – Choice/Value/Service
500k Customer Touches Per Store Per Year

“I Think It’s About Time Microsoft Did Something Like This.”
— Susan S.

The Five Hour Wait In Line Was SO WORTH IT!! The New Microsoft Store Is SOOOOOO Cool!”
— Olivia
ANNOUNCING IN 2010...
Our Focus

- XBOX & TV
- Windows Phone
- bing
- Windows
- Microsoft Office
- BPOS / Windows Intune
- Windows Azure
- SQL Azure

CONSUMER

BUSINESS
Our Diverse Business Is A Competitive Advantage!

MICROSOFT FY10 NET REVENUE

PRODUCTS & SERVICES
- Entertainment & Devices: 12.9%
- Server & Tools: 23.8%
- Microsoft Business Division: 29.8%
- Windows & Windows Live: 29.6%
- Online: 3.5%

CUSTOMER SEGMENTS
- Small & Medium Business: 20.5%
- Consumer & Online: 16.9%
- OEM: 26.8%
- Enterprise: 35.8%
- Corporate: 0.4%

GEOGRAPHY
- USA & Canada: 40.4%
- Rest Of The World: 59.6%

Source: Microsoft Finance
FY11 – Our Business Focus:

1. Leading With The Cloud!
2. Driving Windows 7 & Office 2010 Refresh!
3. Driving Customer Satisfaction!
4. Growing Our Share!
Leading With The Cloud!

CUSTOMER Drivers:

1. **Speed & Responsiveness**
   - Pay For What You Use
   - Lower Overall Costs & Predictability
   - Shift From CAPEX To OPEX
   - Accelerate Speed To Value
   - Enter/Exit Markets Quickly & Effectively

2. **Minimize System Management**
   - No Patching & Maintenance
   - Faster Deployment
   - Robust Multi-Layered Security
   - Reliability And Fault-Tolerance

3. **Increased Productivity**
   - Latest Software For Users
   - Internet Collaboration
   - Anywhere Access
   - Instant Self-Provisioning
   - Access To Emerging Technologies

**COMPETITIVE ADVANTAGE:**
By Going To Cloud Services, Companies Can Invest More Time & Resources On What Truly Differentiates Them In The Marketplace!
Our Cloud Services For Business:

1. BUSINESS APPS
   - Microsoft Dynamics CRM Online
   - Microsoft Dynamics ER
   - Microsoft Dynamics CRM

2. BUSINESS USERS
   - Microsoft Office
   - Microsoft Office Communications Server
   - Microsoft Office Communications Online
   - Microsoft Exchange Server
   - Microsoft Exchange Online
   - Microsoft SharePoint Online
   - Microsoft SharePoint Server
   - Windows Live ID
   - Windows Intune
   - Windows Server Active Directory
   - Windows Azure

3. PLATFORM
   - Windows Server
   - Windows Server Active Directory
   - SQL Server
   - System Center
   - Azure Platform Appliance

CLOUD SERVICES

BUSINESS APPS / PRODUCTIVITY / COLLABORATION / COMMUNICATIONS / DESKTOP MGMT / IDENTITY / DATABASE / PLATFORM

ON-PREMISES & HOSTERS

WE ARE THE MARKET LEADER IN CLOUD SERVICES FOR BUSINESS!
Cloud Computing Landscape

1. SaaS
   - Google
   - salesforce.com

2. PaaS
   - Amazon
   - Amazon.com

3. IaaS
   - VMware

GLOBAL PROVIDERS | SERVICE PROVIDERS | CUSTOMER
1. Cloud Computing Landscape

SaaS

Google
salesforce.com

PaaS

Microsoft

IaaS

amazon.com
vmware

IT as a SERVICE

GLOBAL PROVIDERS

SERVICE PROVIDERS

CUSTOMER
Microsoft Cloud Productivity Momentum!
MICROSOFT ONLINE SERVICES WINS!


// Competitiveness
Building competitive business cultures
Microsoft Cloud Productivity Education Momentum!
Microsoft Live@edu Wins!
Microsoft Cloud Platform Momentum! WINNERS WIN!

Windows 7/Office 2010 Refresh Momentum!

Upgrade Opportunity:
- 84% Install Base (Windows XP & Vista)
- 52% Usage Share (Internet Explorer IE6 & IE7)
- 63% Install Base (Microsoft Office 2003 & Earlier Versions)

175M Copies of Windows 7 Sold

Our Triple Play:
- Windows 7
- Internet Explorer 8/9
- Office 2010

Source: Microsoft
Customer Satisfaction At An All Time High!

- 15 Of The 17 Audiences We Track Are At An All Time High
- Strong Progress With Managed Accounts
- Strong Progress On Product Quality Satisfaction
Growing Our Share By Competing To Win!
Natural User Interface

Client + Cloud

Working On Your Behalf
KINECT: THE BACKSTORY
The Goal: Long Term Shareholder Value

- Invest in right areas
- Great people
- Well-run company
- Innovate
Goal Alignment

Agenda

- Microsoft Overview and My Role
- The Lesson: Goal Alignment in an Organization
Our UCSC Class Org

We need to Drive the Organizations goals down through the company and we need to measure progress

<table>
<thead>
<tr>
<th>Row</th>
<th>Innovation</th>
<th>Customer Sat</th>
<th>Revenue</th>
<th>Market Share</th>
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<tbody>
<tr>
<td>Ex:</td>
<td><em>Cloud</em></td>
<td><em>Refreshes</em></td>
<td><em>Growth</em></td>
<td><em>Competing</em></td>
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<td>10</td>
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<tr>
<td>9</td>
<td>Non-US Field</td>
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</tr>
<tr>
<td>8</td>
<td>US Field – Sm Biz</td>
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<td>None</td>
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<tr>
<td>7</td>
<td>US Field - Ent</td>
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<td>None</td>
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<tr>
<td>6</td>
<td>Win 7 Phone</td>
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<td>5</td>
<td>Windows Live</td>
<td>None</td>
<td>None</td>
<td>None</td>
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<tr>
<td>4</td>
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<td>None</td>
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<tr>
<td>3</td>
<td>Office</td>
<td>None</td>
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<tr>
<td>2</td>
<td>Bing</td>
<td>None</td>
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</tr>
<tr>
<td>1</td>
<td>Xbox</td>
<td>None</td>
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<td>None</td>
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Very Brief History of Management Theories

Views on management have changed substantially over the past century -- particularly in the past few decades.

Scientific Management Theory
- (1890-1940)
  At the turn of the century, the most notable organizations were large and industrialized. Often they included ongoing, routine tasks that manufactured a variety of products. The United States highly prized scientific and technical matters, including careful measurement and specification of activities and results. Management tended to be the same. Frederick Taylor developed the ‘scientific management theory’ which espoused this careful specification and measurement of all organizational tasks. Tasks were standardized as much as possible. Workers were rewarded and punished. This approach appeared to work well for organizations with assembly lines and other mechanistic, routinized activities.

Bureaucratic Management Theory
- (1930-1950)
  Max Weber embellished the scientific management theory with his bureaucratic theory. Weber focused on dividing organizations into hierarchies, establishing strong lines of authority and control. He suggested organizations develop comprehensive and detailed standard operating procedures for all routinized tasks.

Human Relations Movement
- (1930-today)
  Eventually, unions and government regulations reacted to the rather dehumanizing effects of these theories. More attention was given to individuals and their unique capabilities in the organization. A major belief included that the organization would prosper if its workers prospered as well. Human Resource departments were added to organizations. The behavioral sciences played a strong role in helping to understand the needs of workers and how the needs of the organization and its workers could be better aligned. Various new theories were spawned, many based on the behavioral sciences (some had names like theory “X”, “Y” and “Z”).

Written by Carter McNamara, MBA, PhD, Authenticity Consulting, LLC. Copyright 1997-2008.
1. Management by Objectives (MBO) is a process of agreeing upon objectives within an organization so that management and employees agree to the objectives and understand what they are in the organization.

2. The term "management by objectives" was first popularized by Peter Drucker in his 1954 book 'The Practice of Management'.[1]
Management by Objectives

Domains and levels

From Wikipedia, the free encyclopedia

- Objectives can be set in all domains of activities (production, services, sales, R&D, human resources, finance, information systems etc.).
- Some objectives are collective, for a whole department or the whole company, others can be individualized.
Management by Objectives

Practice

From Wikipedia, the free encyclopedia

MBO is often achieved using set targets. MBO introduced the SMART criteria: Objectives for MBO must be SMART (Specific, Measurable, Achievable, Relevant, and Time-Specific). In some sectors (Healthcare, Finance etc.) many add ER to make SMARTER, where the E=Extendable R=Recorded.

Objectives need quantifying and monitoring. Reliable management information systems are needed to establish relevant objectives and monitor their "reach ratio" in an objective way. Pay incentives (bonuses) are often linked to results in reaching the objectives.
Management by Objectives

Limitations

From Wikipedia, the free encyclopedia

- When this approach is not properly set, agreed and managed by organizations, in self-centered thinking employees, it may trigger an unethical behavior of distorting the system of results and financial figures to falsely achieve targets that were set in a short-term, narrow, bottom-line fashion. [4] [dubious – discuss]

- The key difference is that rather than 'set' objectives from a cascade process, objectives are discussed and agreed, based upon a more strategic picture being available to employees. Engagement of employees in the objective setting process is seen as a strategic advantage by many [6]

- A saying around MBO and CSF's -- "What gets measured gets done" [7] -- is perhaps the most famous aphorism of performance measurement; therefore, to avoid potential problems SMART and SMARTER objectives need to be agreed upon in the true sense rather than set.
Maslow's Holistic Dynamic Needs Hierarchy

P = Physiological
S = Safety
L = Belongingness and Love
E = Esteem
SA = Self-Actualization
Commitment Setting

The Process

- Commitments
  - Guides our behavior.
  - Used employee performance reviews.
  - For each organization, the sum of individual commitments achieved can also ensure the success of meeting the organization's business objectives.

Discuss: What are the benefits of setting commitments?
Commitment Setting

Q: What are SMART commitments?
A: Use concise action-based statements for your commitments based on the following SMART criteria:

- Specific
- Measurable
- Achievable
- Results-based
- Time-specific

Let’s practice: Set a 1-2 SMART commitments for yourself to improve your grade this Semester; share it with the class
Commitment Setting

Commitment setting consists of three components:

- **Commitment**
  - Ex: Improve SAT for Devs, IT Pros, Students, Startups
  - These are aligned to the companies priorities

- **Execution plan - How**
  - Ex: Continue on our journey of World Class Sales, Drive traffic to a helpful web resources that increases developer sat
  - These may be field imperatives for the field to do from corporate planning

- **Accountabilities - Measurable**
  - Ex: Increase overall employee satisfaction on the employee survey by 5 percent by June.

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Execution Plan</th>
<th>Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>
Commitment Setting

The goals are

- to **simplify and standardize** the process that organizations use to develop and share commitments;
- to **increase transparency**, ensuring that teams are focused on the right work, and thereby directly affecting business results;
- and to **empower employees** to drive focus and accountability for their work.

It is said that a goal is created three times: as a mental picture, when it’s written down to add clarity and dimension and when you take action.
Commitment Setting

Apply it to business

- **Well-written commitments have the following qualities:**
  - Are focused action statements that allow you to make smarter daily decisions about where you should be investing your time
  - Prioritize work that must be done in a given timeframe
  - Provide a framework for your—and your organization's—efforts and accountabilities
  - Ensure that your work is aligned with the greater efforts of your manager, your team, and the company, enabling you to understand how your work contributes to the overall success of Microsoft
  - Help you drive your career, expand your skills, and ultimately increase job satisfaction
  - **We all have customer satisfaction commitments**

Let’s practice: Volunteers from the audience in your recruited roles give examples of customer sat goals
Campus Priorities for 2010-2012

"UC Santa Cruz strives to serve California as a top-ranked research university and the leading institution for the education of students—fostering a culture of excellence, inquiry, creativity, diversity, and public service in developing solutions to the world’s most critical challenges."

UC Santa Cruz’s near-term (two-year) priorities are to:
1. Strengthen and maintain excellent and emerging core academic programs; develop new academic and professional programs in targeted areas.
2. Identify success factors for and barriers to substantially growing research over the next five years.
3. Enhance UC Santa Cruz's distinction and achievements in undergraduate education.
4. Develop focused plans for the campus's presence and partnerships in Silicon Valley.
5. Prepare for UC Santa Cruz's first comprehensive fund-raising campaign.

These five near-term priorities are discussed in the UC Santa Cruz 2010-12 Two-Year Goals Statement, which describes how they will contribute to campus long-range goals and aspirations.
Works for any org including UCSC

We need to Drive the Organizations goals down through UCSC and we need to measure progress

<table>
<thead>
<tr>
<th>Role</th>
<th>Strengthen Core Academics</th>
<th>Grow Research</th>
<th>Enhance Undergrad Achievements</th>
<th>Silicon Valley partnership</th>
<th>Fund Raising Campaign</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chancellor</td>
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<tr>
<td>Department Head</td>
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<tr>
<td>Head of College</td>
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<tr>
<td>Professor</td>
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<tr>
<td>Student Leader</td>
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<td>Head of Admissions</td>
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<tr>
<td>Students</td>
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</table>
SUMMARY
Goal Alignment

- One way to link the strategic goals of a company to actual execution is to link goals at every level using the performance review system.
- The goals must be SMART: Specific, Measurable, Achievable, Results Based, Time-specific.
- Goal setting applies to every level of the organization and creates clarity and alignment.
- Goal alignment can make the company agile! About to turn on a dime.
- Goal alignment applies to any organization, including a university.