

-----Original Message-----

From: Patterson, Neal

To: DL_ALL_MANAGERS;

Subject: MANAGEMENT DIRECTIVE: Week #10_01: Fix it or changes will be made

Importance: High

To the KC_based managers:

I have gone over the top. I have been making this point for over one year.

We are getting less than 40 hours of work from a large number of our KC-based EMPLOYEES. The parking lot is sparsely used at 8AM; likewise at 5PM. As managers -- you either do not know what your EMPLOYEES are doing; or YOU do not CARE. You have created expectations on the work effort which allowed this to happen inside Cerner, creating a very unhealthy environment. In either case, you have a problem and you will fix it or I will replace you.

NEVER in my career have I allowed a team which worked for me to think they had a 40 hour job. I have allowed YOU to create a culture which is permitting this. NO LONGER.

At the end of next week, I am plan to implement the following:

1. Closing of Associate Center to EMPLOYEES from 7:30AM to 6:30PM.
2. Implementing a hiring freeze for all KC based positions. It will require Cabinet approval to hire someone into a KC based team. I chair our Cabinet.
3. Implementing a time clock system, requiring EMPLOYEES to 'punch in' and 'punch out' to work. Any unapproved absences will be charged to the EMPLOYEES vacation.
4. We passed a Stock Purchase Program, allowing for the EMPLOYEE to purchase Cerner stock at a 15% discount, at Friday's BOD meeting. Hell will freeze over before this CEO implements ANOTHER EMPLOYEE benefit in this Culture.
5. Implement a 5% reduction of staff in KC.
6. I am tabling the promotions until I am convinced that the ones being promoted are the solution, not the problem. If you are the problem, pack you bags.

I think this parental type action SUCKS. However, what you are doing, as managers, with this company makes me SICK. It makes sick to have to write this directive.

I know I am painting with a broad brush and the majority of the KC based associates are hard working, committed to Cerner success and committed to transforming health care. I know the parking lot is not a great measurement for 'effort'. I know that 'results' is what counts, not 'effort'. But I am through with the debate.

We have a big vision. It will require a big effort. Too many in KC are not making the effort.

I want to hear from you. If you think I am wrong with any of this, please state your case. If you have some ideas on how to fix this problem, let me hear those. I am very curious how you think we got here. If you know team members who are the problem, let me know. Please include (copy) Kynda in all of your replies.

I STRONGLY suggest that you call some 7AM, 6PM and Saturday AM team meetings with the EMPLOYEES who work directly for you. Discuss this serious issue with your team. I suggest that you call your first meeting -- tonight. Something is going to change.

I am giving you two weeks to fix this. My measurement will be the parking lot: it should be substantially full at 7:30 AM and 6:30 PM. The pizza man should show up at 7:30 PM to feed the starving teams working late. The lot should be half full on Saturday mornings. We have a lot of work to do. If you do not have enough to keep your teams busy, let me know immediately.

Folks this is a management problem, not an EMPLOYEE problem. Congratulations, you are management. You have the responsibility for our EMPLOYEES. I will hold you accountable. You have allowed this to get to this state. You have two weeks. Tick, tock.

Neal

Chairman & Chief Executive Officer
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"We Make Health Care Smarter"

Atelier n° 4 : Les Communications des Multinationales anglophones, internes et externes
(Co-Directeurs : Benrabah, Cellier, et Schiller)

Atelier 4, article 10
(<http://www.u-grenoble3.fr/ciesimsa/ateliers/a4/art4-10.html>)

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(from *New York Times Service, April 6, 2001*)

The E-Mail Read 'Round the World: Executive's Cautionary Tale

NEW YORK The only things missing from the office memo were expletives. It had everything else. There were lines berating employees for not caring about the company. There were words in all capital letters, such as "SICK" and "NO LONGER." There were threats of layoffs and hiring freezes and a shutdown of the employee gym.

The memo was sent by e-mail on March 13 by the chief executive of Cerner Corp., which develops software for the health-care industry and is based in Kansas City, Missouri. The company has 3,100 employees worldwide.

Originally intended only for 400 or so company managers, it quickly took on a life of its own.

The e-mail message was leaked and posted on Yahoo. Its belligerent tone surprised thousands of readers, including analysts and investors.

In the stock market, the valuation of the company, which was \$1.5 billion on March 20, plummeted 22 percent in three days. Now Neal Patterson, the 51-year-old chief executive, variously described by people who

know him as "arrogant," "candid" and "passionate," says he wishes he had never hit the "send" button.

"I was trying to start a fire," Mr. Patterson said. "I lit a match, and I started a firestorm."

That is not hard to do in the Internet age, when all kinds of messages in cyberspace are capable of stirring reactions and moving markets. Late last year, for example, a young California investor pleaded guilty to criminal charges that he made \$240,000 by sending out a fake news release that resulted in a sharp drop in the stock of Emulex Corp., a communications equipment manufacturer.

But in this case, Mr. Patterson was certainly not trying to manipulate the market; he was simply looking to crack the whip on his troops. That sometimes requires sharp language, he said, and his employees know how to take it with a grain of salt.

Business professors and market analysts apparently need more convincing. They have criticized not only Mr. Patterson's angry tone but also his mode of communication.

Mr. Patterson ran afoul of two cardinal rules for modern managers, they say: Never try to hold large-scale discussions over e-mail; and never, ever, use the company e-mail system to convey sensitive information or controversial ideas to more than a handful of trusted lieutenants - unless you want the whole world looking over your shoulder, that is.

In Mr. Patterson's case, this is what the world saw:

"We are getting less than 40 hours of work from a large number of our K. C.-based EMPLOYEES. The parking lot is sparsely used at 8 a.m.; likewise at 5 p.m. As managers - you either do not know what your EMPLOYEES are doing; or you do not CARE. You have created expectations on the work effort which allowed this to happen inside Cerner, creating a very unhealthy environment. In either case, you have a problem and you will fix it or I will replace you.

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Mr. Patterson went on to list six potential punishments, including laying off 5 percent of the staff in Kansas City. "Hell will freeze over," he vowed, before he would dole out more employee benefits. The parking lot would be his yardstick of success, he said: It should be "substantially full" at 7:30 a.m. and 6:30 p.m. on weekdays and half full on Saturdays.

"You have two weeks," he said. "Tick, tock."

That message, management experts say, created an atmosphere of fear without specifying what, if anything, was actually going wrong at the company. Moreover, it established a simplistic gauge of success - measuring worker productivity by the number of cars in a parking lot is like judging a book by its word count.

But the more costly error was releasing such an inflammatory memo to a wide audience. Whenever a company does that these days, it is practically inviting a recipient to relay it to friends or even corporate rivals. At that point, a message of even the mildest interest to others will start churning through the farthest corners of the Internet.

For Cerner, a rapidly growing company that had \$404.5 million in revenue last year, the e-mail promoted a market upheaval. On March 22, the day after the memo was posted on the Cerner message board on Yahoo, trading in Cerner's stock, which typically runs at about 650,000 shares a day, shot up to 1.2 million shares.

The following day, volume surged to 4 million. In three days, the stock price fell to \$34 from \$44. It closed in

New York at \$30.94 on Wednesday.

Mr. Patterson said that the memo had been taken out of context and that most employees at Cerner understood that he was exaggerating to make a point. He said he was not carrying out any of the punishments he had listed. Instead, he said, he wanted to promote discussion. He apparently succeeded, receiving more than 300 e-mail responses from employees.

As the stock fell began to fall after the posting of his e-mail, Mr. Patterson sent out another e-mail message to his troops. It was both an apology to those he offended and a confirmation of the work-ethic problem within the company.

It began: "Please treat this memo with the utmost confidentiality. It is for internal dissemination only. Do not Copy or E-mail to anyone else."

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