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The War On FAEs (Part 2): New Management Brings Benign Neglect

by the OT Club

In part one of this series,[1] we recounted the heyday of the semiconductor FAEs (field applications engineers), which started in the late 60s and lasted into the 90s. During this time, companies treated their FAEs like kings, encouraging and supporting them in all their efforts to assist customers, and valuing their input on market requirements when defining new products. We also contrasted the work conditions for semiconductor FAEs during the good times with those that exist today to highlight how much the role of the FAE has changed. But how and why did the FAE role change so radically?

Here in part 2 we attempt to answer that question by discussing the period of time after the early years. This was a time when companies began to question the value of their FAEs and started cutting back on the support they were given. Companies had not yet adopted a hostile attitude toward their FAEs, as they weren't quite sure whether they needed them. But they withheld resources that FAEs previously counted on to do their jobs effectively. Therefore, we describe this period of transition for FAEs as the era of benign neglect, and it lasted from about 1995 until the bursting of the dot-com bubble in the early 2000s.

If we look up "benign neglect" in the dictionary, the most concise definition is "doing nothing about a problem and hoping that it will solve itself". This perfectly describes the attitude of management during this era of transition for FAEs.

During this time period the finance and operations people started their hostile takeover of the semiconductor business and started to impose metrics on all aspects of a company's operation—regardless of whether they were needed or not. Six sigma goals on the cafeteria staff, new product R&D, and literally everything else, ROI metrics on everything that moved.

In our experience, unlike practitioners of every other profession, finance and operations people try to turn everyone in the organization into finance and operations people as well. Essentially, they want you to do their "work" if you could call it that. Much of what they demand could be classified as "monkey motion" with reports, forms and measurements for everything regardless of whether it adds value or gives a true picture of customer satisfaction and the ability to grow market share.

Consider how odd this approach is. Plumbers, doctors and engineers don't require that everyone around them become conversant in what they do and insist on them getting involved in their process. But goodness knows finance and operations people do: "Everyone stop what you're doing and attend this meeting on new forms, measurements, justification and so forth."

While the new management was busy applying metrics to the running of semiconductor companies, it was also trying to figure out what FAEs did. Having little understanding of the engineering process or customer needs, the finance and operations personnel could only wonder what it was FAEs were doing. Their attitude was "I'm not sure what you do and I don't want to mess with it too much. Because until I find out more, if I mess with you too much, it might break some of the metrics I care about."

During this time FAEs were viewed with mild confusion and disdain, and it was clear the corporate view of us was rapidly changing. Management did initiate mildly invasive tactics. For example, there would be directives such as "Fill out this calendar form on what customers you visited, how long you were there, who you talked to, and what you discussed. And I need this form weekly."

The message was let's start gathering metrics (they are one trick ponies) so we can see what we are going to do with these FAEs and if we care about what they do or not. Oh, and no more company cars. We might give you an allowance for your own vehicle but turn that car and gas card in–sales people, FAEs and anyone working in the field in general can't have such perks anymore. "If finance doesn't get them then neither do you."

One subtle characteristic of finance and operations people is that they can't stand it if someone in the organization gets something that they don't. If finance doesn't get cars, from now on nobody else will. So, turn in your gas cards and keep receipts on *your own* credit card—finance people don't get corporate cards, so you don't either. (Never mind that finance and operations people don't travel and visit customers.) What's more, don't assume all your customer-related charges will be covered. If management believes the charges are worthy, they will reimburse you after a few months—when they get around to it. With such methods, management began throttling back on resources and funding during this period of benign neglect.

Also at this time, FAE pay plans came under close scrutiny. Given that FAEs represent less than 1% of the organization, the almost obsessive attention given to FAE compensation seemed difficult to justify. But as with the other considerations previously afforded FAEs, the attitude from finance was "If we can't have it, no one else in the organization (other than VPs and C level execs) should be making more than finance and operations personnel. It simply can't be tolerated."

Clamping down on FAE compensation was part of the larger effort to determine the ROI of FAEs and all field people in general. During this period, every field-related expense was scrutinized heavily.

The focus on FAE-related costs and ROI was not only driven by pursuit of profits, it was also a matter of asserting control. The thinking was along these lines: if you are at HQ all the time, we can watch you and it's easier to control you and make sure you are following all the rules. That's because rules are more important than results, process is more important than products and customers and employees are a fungible resource and a commodity in the minds of finance and operations people.

As finance and operations people began their rise to power, their approach to spending often made little sense. They would spend dollars to track nickels in order to justify every resource expended or penny spent on anything external. It was often believed that moving money around internally and time spent on monkey motion and endless meetings about internal stuff cost nothing. Therefore unlimited resources could be spent on internally focused activities. However to move money outside the company took an act of congress to approve.

It was this type of thinking that helped to turn customers into just another line item on a report instead of being viewed as a valuable fragile entity to be cultivated and nurtured. Thus relationships that were built over decades were blown apart in the quest for quarterly metrics and fast gains now—the future be dammed. After all, how can you quantify relationships? "They didn't teach or cover that in MBA school, so it probably doesn't matter."

While FAEs and others involved with field operations were being devalued, parts of the organization which formerly served in supporting roles asserted their authority, essentially promoting themselves to the top of the organization. For example, the legal department became the omniscient, omnipotent force which can stop any activity for any reason because their metric is how well they prevent the company from being sued. It's not their problem if others in the organization are prevented from transacting business. Sometimes it appeared that their primary role was to stop any progress.

During this time if FAEs made reps and customers happy they would think (as common sense would dictate) that they should tell your boss what a great job you were doing and how much they appreciated your efforts—whoops did that backfire. The "boss" who usually didn't know how the grass got cut outside much less ever leave the building would read the complement and think. "It seems we are spending too many resources on that customer or rep) I better look into that". The complement shined a light that led VP of finance Mr. Dingus to call said FAE and ask questions—why, who, what, where, when… and maybe you should stop spending so many resources on customer X? After all, how much business would we have if we just ignored them?

Likewise, the human resources department's primary function was not to find the best people for the team. Rather, as an extension of Legal, they were there to protect the organization from potential legal actions by the employees and any potential candidates. It was during this period that those insane applicant tracking systems became all the rage. If you were an applicant who wanted a job in the company or an employee who wanted to hire someone, you were not allowed to bypass the system and talk directly to anyone. You were supposed to go to the Talieo (Tally Ho) ATC (applicant tracking system) which made it impossible to get an interview or hire anyone. However, the system was considered effective as its metric was how well it met EEOC requirements.

In this way, HR became as important and powerful as Legal because after all, they were just a part of Legal. At one time HR had to fill out forms too, however that changed during this time. As with finance, they shifted the burden of their work onto everyone else. That's why those looking to hire or be hired must go to the "internal portal and do it yourself" in terms of filling out hiring requests or job applications. So HR keeps busy making sure they are protecting the place from the employees, keeping legal happy and making sure candidates enter all their info on the ATS so there are no lawsuits. Meanwhile, no human will ever see an applicant's resume.

Also during this period, the department previously known as MIS—short for Management Information Systems–changed their name to IT (information technology). Perhaps it was because of all the jokes about MIS-management. Along with the name change, came a change in their marching orders. Instead of just being a support organization, they were now the rules enforcers.

For example, one rule imposed was that you can't install any software on your laptop. Well, engineers run simulation and design software, but that doesn't matter. Or if I needed to install a driver for the printer I bought at Staples, I can't do it, it's not supported. Or if the instrument I bought has an embedded PC–then IT would have to check it out and approve it. It was not permitted to plug it into the network, in fact IT would go so far as to put epoxy in the USB and Ethernet ports to prevent any connection to the network. After all, that instrument might have a virus—the silliness went on and on (and continues today unabated).

From all that we have described so far, it probably is becoming apparent that during this period of benign neglect, common sense started to disappear from the process of running a semiconductor (or perhaps any technology) company. In this era, you might still find someone who you could appeal to and explain what you needed to help a customer and in so doing, you could get some stupid policy reversed. Yet as time went on, fewer and fewer thinking people remained in the organization—they weren't allowed and many retired to get away from all this incoming nonsense. The industry lost seasoned veterans during this time only to be replaced with "professional managers".

Here's one example of such a policy that an FAE would argue against. FAEs often depend on factory applications engineers to carry out tests for customers. These in-house engineers have larger labs than FAEs and therefore can do more tests. But during this time, the finance and operations wizards decided that it might be lower cost to simply move them from wherever HQ was to some faraway place with cheaper labor rates. Of course, the quality of the FAE efforts and support suffered. However it meant less money was being spent on salaries and other employee expenses, which is what the metrics were aiming for. After all, finance and operations people are not aware of the things customers notice in a positive way. They only know about cutting costs at all cost.

Unbeknownst to most employees at the time, all of this cost cutting was part of a larger scheme by finance and operations and higher level management (VP and C-level execs) to make loads of money by making corporate financials look great on paper so that these companies could be bought. The semiconductor and electronics industry merger and acquisition mania were about to begin. As a result, world class electronics organizations, which took decades to build and earn their customers' respect, were about to be strip mined by MBAs who would personally benefit while negatively altering the lives of just about everyone else in in these companies as well as the industry in general.

The changes imposed by finance and operations also impacted the sales department. In the earlier time, FAEs were a support organization for sales but we had a *separate* reporting structure. So when sales asked us to do something that violated physics, or was not right for a customer or wanted us to do some silly activity that they thought was going to "make their numbers for the quarter" we could say nope, not going to do it. Our job was to be the conscience of the customer and a customer advocate internally.

Naturally, this started to change during the period of benign neglect. FAEs were re-organized and reported to the sales department now. "Now you have to do all the dumb stuff I ask you to since you work for me now".

One of the dumb things requested by sales was to make the company's mundane or even inferior products look better to customers without having to work to improve them. Unencumbered by technical knowledge and a respect for the laws of physics, sales thought that FAEs could somehow make the products seem more attractive to customers simply by writing compelling articles or white papers, or giving presentations. "Just do something to make us look better than we are and convince the customer to use our products, so I can make my numbers."

This type of request from sales was symptomatic of a larger problem, which was that respect for technical positions was waning. For example, when quarterly trainings were being suggested for the FAEs, finance and sales would protest, "What? These guys make this type of money and they still need to be trained?" Along the same lines, when we did travel to customers, we went from staying at the Hyatt in San Jose to the Vagabond Inn.

Again, this undervaluing of the FAE stemmed from the takeover by finance. The finance people respected the salesperson—they knew the customers and provided pricing and negotiated contracts. The sales people were important because they touch the money. Best of all, the sales people generate finance-pleasing reports. So, the finance guy said we must keep this person.

Similarly, the finance person saw that Marketing "owned" the product material and ran meetings. Finance people love meetings and marketing also generated reports. So, OK, finance liked them a lot too and could understand their role.

But when the finance person looked at the FAE, they thought "what does the FAE do here that sales and marketing can't do?" To the finance department, the FAE was primarily a "fire extinguisher" that was meant to sit silently on the wall and not be seen or heard from. Then if a technical fire broke out, they could be pulled off the wall to put out the fire. But otherwise, they were expected to blend into the background. Essentially, the rest of the organization saw the FAE as a threat rather than a partner.

There's a basic conflict between sales and marketing on the one hand, and FAEs and technical people in general on the other hand. Sales and marketing folks (God bless them) exist to bend and twist reality, whereas we engineers have a role in public safety and are strictly bound by the immutable laws of physics. If we don't do our jobs, sometimes things or people could get hurt and things may break, catch on fire, etc.

In addition, we have codes of ethics. Imagine that? Moral, ethical and legal obligations to tell the truth and represent reality accurately. How does that factor into the Harvard MBA program?

The other thing that happened during this time is that companies took a hard turn inwards. Rather than talking to customers to find out important things we started talking *at* customers about our important metrics and data collection. "What's your project name? Where is this going to be built? Who's the CM (contract manufacturer)? What's your annual run rate? What should we forecast as your ramp rate? The Spanish Inquisition about things the company cares so much about started to become much more important than what the customer cares about and after all, the internal metrics are much more important right?

So, our message to customers became that meetings with suppliers were not about technical subjects and solving their problems. These meetings were about feeding our internal systems with more data (of which there is never enough, and with which little is ever done). The process of training customers to *not* come out to the lobby to visit us started during this time and continues to this day. Why does anyone want to talk to a person or group of people who have a one-sided agenda all about them?

During the "we were kings" phase, FAEs used to consult with customers on product definition and be very involved in the process internally. But then sales and marketing types saw this activity as getting in the way of qualifying customers and opportunities and filling the "pipeline" or "funnel" with opportunities in the CRM system and making the short-term sales numbers. When the FAEs spoke up to provide their input on new products, they were quickly silenced by sales and marketing. It was just like the scenes in the Austin Powers movie where Dr. Evil's son Scott tried to give his father some logical advice. Dr. Evil always told Scott to "zip it," complete with hand-zipping motion. This was pretty much how sales and marketing responded to suggestions from FAEs.

In the benign neglect era, sales and marketing only wanted FAEs to do one of the following:

- "Go fix this problem."
- "Make it so the customer wants to see us with all that technical talk you do."
- "Put together a presentation that convinces the customer to come out and see us".

Sometimes they even forgot to include the FAE in customer meetings. Or warned the FAE not to speak up during customer meetings. "For goodness sake, don't talk during the meeting unless we ask you to." After all the goal is to get data to feed into CRM systems, track things and get big orders and "stay on message" of what we want to say. The short-term orientation took over from the long term. For more on this idea, see the previous column on the "needy" supplier.[2]

Hopefully, in documenting the period of benign neglect, we have helped to explain and illustrate how and why the role of the FAE was devalued. But the story is not yet complete. In the early 2000s, the situation for FAEs actually got worse as management began to openly oppose FAEs.

For example, one high-level executive at a distributor stated publicly, "I would run my company with no FAEs if the suppliers and customers would let me." Can you believe that some companies plan to use AI (artificial intelligence) to answer technical questions from customers to eliminate FAEs altogether in the future?

You can just feel the love, "don't take it personally it's just business". Executives in finance must say, "Grandma, I must shove you under the bus, Harvard business school said it's for your own good and the good of the shareholders. Besides my bonus depends on it."

Almost every big company we know exceeded their critical mass of bozos long ago. The good news is that if big companies could innovate, there wouldn't be any small companies that still understand how to do things right.

We'll talk more about the current period of active aggression against FAEs in the third and final installment of this series.

References

1. "The War On FAEs (Part 1): Remembering When FAEs Ruled" by the OT Club, FAE Confidential, How2Power.com, July 2019.
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3. "Tech layoffs rise as cost-cutting comes into vogue" by Alex Wilhelm, Tech Crunch, January 8, 2020.

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