

## **CHAPTER 7: Implementation Process and Management**

### **7.1 Implementing EVA**

Implementing EVA in a company is more than just putting one additional row in the income statement. It is a change process, which should be given a lot of management effort. It can only be successful if decision-makers understand what it is and how they can affect value creation through their decisions.

### **7.2 Key Implementation Success Factors**

- Gaining the understanding and commitment of all the members of the management group through training and discussing and using this support prominently during the process.
- *Education and training of the other employees, especially all the key persons.*
- *Adopting EVA in all levels of organization – it should definitely not be only a tool for the management group.*
- *Integrating EVA as a bonus base for all employees.*

### **7.3 Management Leadership & Commitment- Gaining It and Using It**

- The whole EVA process begins normally with CFO's or CEO's interest in the subject.
- First step in implementing EVA should be informing the whole management team thoroughly about the subject. It is more than likely that some managers are skeptical at the beginning and therefore it is very important to make sure that everyone understands the concept thoroughly. After all the managers know exactly what EVA is all about and what differences there are compared with other measures like earnings per share and return on investment, it is very unlikely that someone would be against the concept.
- After gaining the commitment of upper management it is very important to use it. CEO and all the division managers communicate aggressively to their subordinates that they support and believe in the concept.

### **7.4 Education, Training & Coaching For The Employees**

- Key persons should be trained to understand EVA well because they are the ones who use it operationally and their commitment is essential in cascading EVA downwards.

- EVA is an easy concept that can be taught to all employees.
- Supervisors should educate, train and coach their subordinates (in order to demonstrate the importance of the concept).
- Employee training can be done with the help of simplified training material.

**7.5 The EVA Implementation Process**

