

Another CA exec departs in shuffle: An ex-IBM officer brought in to turn around sales is leaving amid commissions controversy.

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Byline: Mark Harrington And James Bernstein

Jun. 6--With another top official joining the executive exodus at CA Inc. as the company reorganizes its sales organization, analysts and observers debated yesterday whether the measures would be enough to turn the company toward calmer, more prosperous waters. In a statement yesterday, CA said Gregory Corgan, a former IBMer who joined CA just three years ago, "is leaving" as it shuffles responsibilities in sales and divides his duties among five people. Corgan, who spent 26 years at IBM, some on former chief executive Louis Gerstner's leadership team, had worked from his early days at CA to instill IBM-like qualities into the sales organization. His departure had been rumored for weeks.

During investor presentations in the past year, Corgan championed a change in the company's commission structure, tying sales commission payments to customer billings rather than bookings. It's unclear whether he had a role in devising it, but the commission plan and its application to recently acquired companies have been one source of CA's latest travails. CA said last month it underestimated commission payments for fiscal 2006 by about \$70 million, leading it to restate third-quarter results and delay a fourth-quarter report. CA spokesman Dan Kaferle declined to comment yesterday, and Corgan wasn't reachable. Wall Street was largely unimpressed with the changes, trading CA shares down 8 cents yesterday to close at \$21.55. One reason, according to an analyst, is that CA officials have yet to put the many pieces of its recent missteps and remedies together into single, cohesive story. "It's hard for us to have a complete understanding of what the issues are, and there seems to be a fair amount of issues," said Todd Weller, who tracks CA at Stifel Nicolaus & Co. in St. Louis. "If we can't fully grasp what the problems are, it's hard to see what the probable solutions are." CA said yesterday it has appointed five other executives to new roles overseeing sales. George Fischer, previously senior vice president and general manager of North American sales, becomes senior vice president and general manager for American sales. Andrew Dutton, previously senior vice president and general manager of sales for Europe, the Middle East and Africa, was named senior vice president and general manager for international sales. George Selkirk, previously area manager for the Pacific region and interim area manager for Japan, will oversee the sales force in Asia Pacific and Japan. John Ruthven, who was senior vice president of sales for Asia Pacific and Japan, has been named senior vice president of worldwide sales operations. Veteran CA executive vice president Gary Quinn assumes responsibility for CA's indirect business operations. All report to Michael Christenson, CA's chief operating officer, who explained in a statement, "We want to reduce much of the administrative and support work our sales force is required to do and allow them to focus on driving revenue by providing more value." But investment banker and CA shareholder forum leader Gary Lutin said, "They [CA] have reported over and over again during the past year that all of the problems have been corrected. Now it's obvious that they haven't been, and management has been trying to operate things without a compass or a rudder. The only way they can get control is to get managers who know what they're doing and have the authority to do it." Yolanda Holtzee, a corporate gadfly and co-manager of the Seattle-based ALCAP hedge fund, which doesn't own CA shares, said frustrated CA employees on online bulletin boards gave her the sense changes were needed. "From what I can tell, they seem to think the sales organization is very messed up," she said. "I guess getting rid of Corgan is a good move." She added, however, "Sometimes a company gets so messed up that the best way to save it is to sell it."

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