the gun on this thing. But they are willing to release a few summarized versions of memos to the very top brass. They will be the kind of bullet-point summaries that management likes. This will make them aware of potential problems without going too negative on their major new line."

"That will mean more delays."

"Production is running high and the company is grabbing every possible award. The guys believe we don't have sufficient evidence of a major problem and that it is still too early to force the company to make announcements or changes in the vehicle. Listen, they're not trying to put anyone at risk. The main focus here is on family safety. But there's no definitive information on this even from NHTSA. The information will be issued as needed. I'm thinking that maybe I agree on this and I'm sure Craig would agree also."

"Ok." Bart hung up the phone, picked up a T-latch sample from his desk, and examined it. *Well, we'll just wait and see what happens*, he thought and placed it in a desk drawer.

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After three weeks on the job, Williams decided two problems needed her attention. Over the long term, Sunflower should make better use of information technology. Williams believed information technology could provide more information to headquarters for decision making. Top managers in the divisions were connected to headquarters by an intranet, but lower-level employees and salespeople were not connected. Only a few senior managers in about half the divisions used the system regularly.

In the short term, Williams decided fragmented pricing and purchasing decisions were a problem and these decisions should be standardized across regions. This strategy should be undertaken immediately. As a first step, she wanted the financial executive in each region to notify her of any change in local prices of more than 3 percent. She also decided that all new contracts for local purchases of more than $5,000 should be cleared through her office. (Approximately 60 percent of items distributed in the regions were purchased in large quantities and supplied from the home office. The other 40 percent were purchased and distributed within the region.) Williams believed the only way to standardize operations was for each region to notify the home office in advance of any change in prices or purchases. She discussed the proposed policy with Langly. He agreed, so they submitted a formal proposal to the president and board of directors, who approved the plan. The changes represented a complicated shift in policy procedures, and Sunflower was moving into peak holiday season, so Williams wanted to implement the new procedures right away. She decided to send an e-mail message followed by a fax to the financial and purchasing executives in each region notifying them of the new procedures. The change would be inserted in all policy and procedure manuals throughout Sunflower within four months.

Williams showed a draft of the message to Langly and invited his comments. Langly said the message was a good idea but wondered if it was sufficient. The regions handled hundreds of items and were accustomed to decentralized decision making. Langly suggested that Williams ought to visit the regions and discuss purchasing and pricing policies with the executives. Williams refused, saying that such trips would be expensive and time consuming. She had so many things to do at headquarters and said that the trips were impossible to schedule. Langly also suggested waiting to implement the procedures until after the annual company meeting in three months, when Williams could meet the regional directors personally. Williams said this would take too long because the procedures would then not take effect until after the peak sales season. She believed the procedures were needed now. The messages went out the next day.

During the next few days, e-mail replies came in from seven regions. The managers said they were in agreement and were happy to cooperate.

Eight weeks later, Williams had not received notices from any regions about local price or purchase changes. Other executives who had visited regional warehouses indicated to her that the regions were busy as usual. Regional executives seemed to be following usual procedures for that time of year. She telephoned one of the regional managers and discovered that he did not know who she was and had never heard of her position. Besides, he said, "we have enough to worry about reaching profit goals without additional procedures from headquarters." Williams was chagrined that her position and her suggested changes in procedure had no impact. She wondered whether field managers were disobedient or whether she should have used another communication strategy.

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In a sudden shift, NASCAR set new rules for qualifying, replacing the one-car-at-a-time-against-the-clock qualifying with a new all-cars-on-the-track-at-once qualifying round.

The change will ignite the fan base with increased action and is both challenging and dangerous for drivers who must suddenly use both speed and strategy in the race for pole position, creating, in effect, "a race-before-the-race."

While some drivers are thrilled by the change, others are concerned with safety issues as drivers jockey to the front, scrambling for position, or hold back, preferring not to start too close to the front of the race. There are also concerns about the effects on asphalt with the transfer of energy from car to surface during an additional day of 43 cars with 750 horsepower racing at speeds of 150 mph.

As the sport enters a new era under the leadership of a new CEO, observers might ask how the NASCAR organization, teams, and sponsors might work through issues of ethics and values to create a unified culture.

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Everyone needs to be working from the same data at the same time. As soon as Lawson and Flynn come up with a new design, it should be posted on the intranet so all of us can be informed. And everyone needs access to sales and order information, production schedules, and shipping deadlines. If everyone—from Allison down to the people in the production plants—was kept up to date throughout the entire process, we wouldn't have all this confusion and bickering. But no one around here wants to give up any control—they all have their own little operations and don't want to share information with anyone else. For example, I sometimes don't even know there's a new style in the works until I get finished samples and photos. No one seems to recognize that one of the biggest advantages of the Internet is to help stay ahead of changing styles. I know that Flynn has a good feel for design, and we're not taking advantage of his abilities. But I also have information and ideas that could help this company keep pace with changes and really stand out from the crowd. I don't know how long we expect to remain competitive using this cumbersome, slow-moving process and putting out shoes that are already behind the times.

CASE FOR ANALYSIS | Southern Discomfort[146]

Jim Malesckowski remembered the call of two weeks ago as if he had just put down the telephone receiver: "I just read your analysis and I want you to get down to Mexico right away," Jack Ripon, his boss and chief executive officer, had blurted in his ear. "You know we can't make the plant in Oconomo work anymore—the costs are just too high. So go down there, check out what our operational costs would be if we move, and report back to me in a week."

As president of the Wisconsin Specialty Products Division of Lamprey Inc., Jim knew quite well the challenge of dealing with high-cost labor in a third-generation, unionized, U.S. manufacturing plant. And although he had done the analysis that led to his boss's knee-jerk response, the call still stunned him. There were 520 people who made a living at Lamprey's Oconomo facility, and if it closed, most of them wouldn't have a chance of finding another job in the town of 9,900 people.

Instead of the $16-per-hour average wage paid at the Oconomo plant, the wages paid to the Mexican workers—who lived in a town without sanitation and with an unbelievably toxic effluent from industrial pollution—would amount to about $1.60 an hour on average. That would be a savings of nearly $15 million a year for Lamprey, to be offset in part by increased costs for training, transportation, and other matters.

After two days of talking with Mexican government representatives and managers of other companies in the town, Jim had enough information to develop a set of comparative figures of production and shipping costs. On the way home, he started to outline the report, knowing full well that unless some miracle occurred, he would be ushering in a blizzard of pink slips for people he had come to appreciate.

The plant in Oconomo had been in operation since 1921, making special apparel for people suffering from injuries and other medical conditions. Jim had often talked with employees who would recount stories about their fathers or grandfathers working in the same Lamprey company plant—the last of the original manufacturing operations in town.

But friendship aside, competitors had already edged past Lamprey in terms of price and were dangerously close to overtaking it in product quality. Although both Jim and the plant manager had tried to convince the union to accept lower wages, union leaders resisted. In fact, on one occasion when Jim and the plant manager tried to discuss a cell manufacturing approach, which would cross-train employees to perform up to three different jobs, local union leaders could barely restrain their anger. Jim thought he sensed an underlying fear, meaning the union reps were aware of at least some of the problems, but he had been unable to get them to acknowledge this and move on to open discussion.

A week passed and Jim had just submitted his report to his boss. Although he didn't specifically bring up the point, it was apparent that Lamprey could put its investment dollars in a bank and receive a better return than what its Oconomo operation was currently producing.

The next day, he would discuss the report with the CEO. Jim didn't want to be responsible for the plant's dismantling, an act he personally believed would be wrong as long as there was a chance its costs can be lowered. "But Ripon's right," he said to himself. "The costs are too high, the union's unwilling to cooperate, and the company needs to make a better return on its investment if it's to continue at all. It sounds right but feels wrong. What should I do?"

NOTES

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2. Every figure is different in some way. Figure (a) has the greatest area, (b) has the least area, (c) is the only square, (d) is the only three-sided figure, (e) is the most narrow and lopsided, and (f) is the least symmetrical and five-sided. Did you stop after finding one correct answer? *Failure to go beyond initial impressions and dig below the surface* often prevents managers from understanding what the real problem is or identifying the correct or best solution.
3. If you checked "yes," you felt the desire to continue investing in a previous decision even when it was failing, which is called *escalating commitment*. This is a mistake that many managers make because they are *emotionally attached* to the previous decision, even one as hopeless as this inadequate drone.
4. The median estimate from students is 2,250. When the numbers are given in reverse order starting with 1×2, and so on, the median estimate is 512. The correct answer is 40,320. The *order in which information is presented* makes a difference to a person's solution, and acting quickly produces an answer that is far from correct.
5. When judging people, early information has more impact than later information, called the *primacy effect*. Reversing the word sequence so that *intelligent* and *industrious* come first creates a more favorable impression. Respondents rate Robert more or less emotional depending on the order of the descriptive words. Were you guilty of rating Robert as more emotional because of being *influenced by initial impressions*?
6. Although the options are numerically equivalent, most people choose alternatives B and C. People hate losing more than they enjoy winning, and hence about 80 percent choose a sure small gain (B), and 70 percent will take more risk in the hope of avoiding a loss (C). *Taking emotions out of the process* typically leads to better decisions.

NOTES

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coordinate them into complex, but not complicated, interactions with specific targets that raise overall equipment effectiveness. The question was how could we do that?

"When you look at this logically, when you venture outside of your comfort zone and see what other industries have done, you discover a number of models and you find that there are resources in the form of technology and software out there that can help. I somehow managed to convince top management to invest in a pilot project with software that enabled us to create a virtual plant to look at every aspect of the operation—plant layout, material flow, machinery, everything. Initially, my on-site management team really got into this. With this software, we could simulate various problems and do some 'what-if' analysis. The idea was to create lean manufacturing clusters that could serve as a benchmark for the rest of the company.

"On the line, we moved toward dividing the assembly line into cells of self-managed teams. The idea is to empower and motivate the workers to make real-time decisions. Employees seemed enthusiastic and eager to have more control over the day-to-day operations. Supervisors were the first to balk, worried that they were losing prestige and that seniority was being shoved aside, as one long-time supervisor claimed, so that 'Joe Blow, who's only been on the line for ten months, can start making decisions.' Likewise, there were some line workers who balked. You would think that the opportunity to change from being essentially a cog in the wheel to becoming part of a dynamic, self-managed team would be appealing to everyone. But I guess some are afraid of decision-making and feel a need for constant guidance. For some workers the mention of self-managed teams produced a 'deer in the headlights' reaction.

"It should be obvious that these steps would bring improvement, but in order for this whole process to work, we needed worker cooperation and full management support. We had started making some progress and seeing some improvement in production and quality, when suddenly it was as if top management put on the brakes. We need resources and time to make the changes. Managers at other plants complained of preferential treatment for New Haven and argued that they were expected to produce and deliver while we were sitting around 'playing video games' and 'holding hands'—a reference, I'm certain, to the new software and the self-managed teams. Corporate repeatedly delayed funding for the new equipment and training that could transform this plant into a 21st century manufacturing division.

"I admit that I am shocked and disappointed that so many people in this organization fail to see the rationale here, which is obvious to anyone with eyes and a brain, and that they are failing to support our efforts. I'm showing them data that supports everything we're attempting here at New Haven. We're getting knee-jerk reactions when we need enlightened leadership. Now I'm wondering, what is the next step to go forward? A major success is being taken from me. And I heard informally that I am not a candidate for promotion."

NOTES

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