

Overview of Company and Interview Data

Note: The information in the following case reflects an actual consulting assignment that an organizational development consultant was hired to address with some minor additions from a second consulting assignment. The industry and all identifying information have been changed to maintain confidentiality.

Name of Company: Boutique Farm Equipment (BFE)

Location: Rural Iowa

Current employees: Approximately 520

President:	James Johnston, 2 nd
Senior VP:	Sally Jones
VP Manufacturing:	John Smith
VP Sales	Steve Mason
VP HR	Sara Michaels
VP Installation	Chuck Mathews
Manufacturing Manager 1:	Vince
Manufacturing Manager 2:	Mark
Manufacturing Manager 3:	Samuel
Manufacturing Manager 4:	Michael
Manufacturing Manager 5:	Collin
Manufacturing Manager 6:	Bill
Manufacturing Manager 7:	Joe

Background:

Boutique Farm Equipment (BFE) is a second-generation family run business. The founder, James Johnston, started the business 50 years ago. He is now deceased and his son, James Johnson, 2nd, is the current president of the company and has been in the role for 30 years after the father passed away.

The business has always been located in rural Iowa. The business was started to design farm equipment that could compete with the major farm equipment dealers. Machinery is manufactured in the plant in Iowa and then shipped throughout the US and also overseas in a number of countries. Some of the equipment is immediately used but other equipment must be installed.

The company has enjoyed year over year growth for its entire time in existence. Lately this growth has reached 10% year over year increases for the last four years.

Currently, there are approximately 120 employees in the manufacturing group. There are also 75 employees in the installation department. These employees travel and install the equipment on site. Other departments include Shipping (50 employees), Design (25 employees), Human Resources (10 employees); Marketing (25 employees); Sales 100 employees; IT (20 employees);

accounting (10 employees); purchasing (10 employees) and administrative support staff as well. Sales employees are mostly located in Iowa and travel throughout the US calling on farm owners. There are a small number of international sales employees located in other countries in western Europe. These employees travel extensively to address overseas sales.

Main Concerns:

Sally Jones, the Senior Vice President, has been charged with summarizing the current concerns and the reasons for addressing them now. She is meeting privately with the consulting team. (Click on the link to hear her information).

Sally Jones:

- “Things can’t go on like this anymore. The VP of Manufacturing, John Smith, is a bully. Every week at least one employee goes crying to HR to complain about him. People in Manufacturing are threatening to quit. John goes to our President, James Johnston, and he gets whatever he wants. He doesn’t respect existing processes. For example, he asked for a raise for one of his *avored managers*. Even though it is outside salary parameters and is not equitable with the other managers, the President approved the request. Other VPs are extremely frustrated with the special relationship John has with James. James is conflict averse and won’t address this situation. John has been in the role for 30 years, ever since our President took over from his father.”
- “The reason why this is so concerning now is that John will be retiring in around 5 years and we need to have some sense of succession in Manufacturing. John controls everything and is not developing his managers. Everyone has to run every decision through him. When John leaves, we will be considerably set back. We are having trouble hiring good people given our rural location. We need to grow our own and it is not able to happen with the way John currently is behaving.”
- “We are hiring you to interview the VPs and the managers in Manufacturing. A first step is for you to summarize the current situation and meet with me to review your findings. Maybe with all of this data, we can then ask you to consider a change plan. A first step is not to suggest a final approach but just to summarize the problems and what might be needed. If I am comfortable with the summary, I may have you then talk with our President before you develop a change plan.”
- “I will send a memo to the Vice Presidents and the Manufacturing Managers that you will be talking with all of them. Our President is aware of the situation and knows we have to do something. The level of concern is being louder and this bothers James. He wants things comfortable.”

The consulting team has a series of meetings scheduled over the next few days. Here is what each of the employees said in these meetings. (Note: all bullets reflect direct statements from each person interviewed.) Click on the links to hear each person’s perspective.

VP Human Resources: Sara Michaels

- We have grown from a small family atmosphere to now 520 employees. We pay exceptionally well for being in rural Iowa. People stay a long time as they can’t get other work for the same amount of money.
- There is extreme dissatisfaction among employees and senior managers. Employees in Manufacturing are especially frustrated. There has been loyalty among these employees due to

pay, but I am worried that it is taking its toll among the employees and that eventually someone will break ranks and sue us.

- I would like to create a structure for managerial training and for succession planning, but John Smith, the VP of Manufacturing, states we don't need it and we don't have the time, given our production schedule.
- John is a bully. We have employees coming crying to HR. These are mostly women but a few men too have been extremely emotional. John has favorites. He is an extremely authoritarian manager. He talks down to people and is extremely disrespectful. He says people should get over it and do their jobs. John is one of the most knowledgeable employees we have about the farm equipment and he really drives people to keep up with production. We have grown considerably in a major way due to his knowledge of manufacturing and what our customers need.
- Even though there are seven managers in Manufacturing, John does all 120 employee annual reviews. He meets with each employee and basically tells the managers what their evaluations are. The managers don't have any sense of autonomy and as such, they are stagnating in their development.
- Even though I know best HR practices, my hands have been tied. We are really hoping that your work will make a difference here.

VP Manufacturing: John Smith

- I don't know what the big deal is. I have been in this role for 30 years. The family likes that I keep the Manufacturing employees fully engaged and focused on production. We have grown from a small business to where we are today. I have built considerable wealth for the family over the years.
- The employees need to suck it up. When I was starting out, I very much appreciated my boss telling me like it is. Today's employees are way too pampered. If I don't sit on them, they will slack off and we won't meet our production deadlines.
- I am meeting with you because the President asked me to do so. I think that you can work with the employees so that they will be tougher and be more willing to hear things when they are slacking off.
- We are working at 98% of capacity now. I have prevented overtime and give employees their breaks as required by our policy. Employees take very little sick time too as I will get on them if they are off work.
- I will be retiring in five or six years. I really don't think I need to change. My direct reports look up to me and rely on me for guidance. They are learning all the time so when I leave, they will be more than ready to step up and do what is required to keep the business moving forward.

VP Sales: Steve Mason

- The VP of Manufacturing, John Smith, is extremely knowledgeable. He knows what the customers want and has designed some innovative and wonderful farm equipment over the years. The Design Department looks up to him.
- John and I have gone on joint sales calls to customers. He is rough around the edges but many of our customers like his down-home country attitude. Many of the farmers are independent hard-working individuals that identify with him.
- Production remains strong and we can count on Manufacturing to deliver what we promise.
- Yet, he often pisses off my sales team and is very disrespectful. They try and deal with the Manufacturing managers that report to John, but he always seems to meddle in a way that isn't helpful. There are some customers that get so upset at John that we have to bend over backwards to accommodate them. Sometimes we reduce prices considerably to placate them.

VP Installation: Chuck Matthews

- John Smith has designed some wonderful equipment. Customers get very excited with the creative time saving innovations that John has designed.
- I have a real challenge with employees in this department. They have been here a long time. They have seen the way John takes control. They emulate him and it has been a considerable challenge to hold them accountable.
- They work closely with Manufacturing as they need to understand how the equipment is designed and the best ways to install it. They don't seem to mind John's rough approach. It seems to fit with their attitude as well. They just need to know their place with him.

Manufacturing Manager: Vince

- Delegation is important. There is a need to empower those beneath you.
- We need to develop the next group up. If you pull John out, what do you have in terms of skilled managers in Manufacturing?

Manufacturing Manager: Mark

- There are no real supervisors or leads; This can be improved. The current situation is not optimal. There is need for supervisory structure, the people under John.
- There is no time for training; there is mediocrity in process.
- John is a great guy; he tries to be fair but he is very very strict and controlling.
- John doesn't like to give away power or authority.
- Attendance policy is very strict. A really good person can be lost because there is no room for special needs. You must follow the policy regardless; a mother with a sick child is penalized, if there is no choice.
- I would like to be more mentored on processes; John thinks it is too much time.
- I have not been given attention by John on many things. I could do many more things. John has knowledge I need to know.
- There is a feeling among many of us that we have to be careful to not make John angry.
- There is some disengagement; some people are stuck.

Manufacturing Manager: Samuel

- There is a need for more communication; I need to know more of what is happening.
- I would like to be included more on strategy meetings.
- As a manager, I want more knowledge and more empowerment and decision authority.
- I have a good relationship with John. We have much in common.
- John has to let things go; mistakes will happen.
- You have to be indirect; if it sounds like John's idea; you will get better results.
- Team meetings are not allowed; working as a group is missing.

Manufacturing Manager: Michael

- I am not sure of my role; one minute I am a manager; the next minute I am something else.
- One person directing all positions.
- Accountability is a problem; the question is who is accountable to whom? There are no formal defined roles. It is unclear who to go to.
- Bottom line is I feel hindered in decision making.

- We treat people like tools; the rules and regulations are very strict.
- One person; it is his idea; if you go against him you don't get too far.
- We need to treat people better. People need to feel appreciated.
- Things are on hold; there are discussions that it will change after John retires and that we have to wait.
- I have a desire for more consensus; it is usually John's way.

Manufacturing Manager: Collin

- Many ideas are squashed. You have to choose your battles; choose your allies.
- John is great. I admire him. He is a resource for me. He has wisdom and is very talented. I like to bounce ideas off of him.
- The atmosphere is mixed; older people are burned out, looked over, and overburdened.
- We need a development culture; the older people are the most skilled. We need a mentoring program and cross training.

Manufacturing Manager: Bill

- Everything goes through John.
- I feel underestimated on what I can do.
- I want to do more and be more responsible.
- Supervisors can take the lead.
- Good decisions are over ridden.
- The up and comers are most vulnerable; there are limited skills in the company. No one is coming up.
- John is babysitting; there is need to trust the managers to manage the departments.

Manufacturing Manager: Joe

- John taught me a lot; he is a good technical teacher.
- John has a good heart.
- John rules with an iron fist. There is no trust in the managers. John makes all of the decisions.