

CASE ANALYSIS

RICK'S NEW JOB

Rick recently received an MBA. In university, he was known as smart, hardworking, and friendly. His good grades landed him an internship with Peterson Paper Products (PPP) to head their sales department. Near the end of the internship, Val Peterson, the president and founder of the company, asked Rick to meet him after work to discuss the future.

PETERSON PAPER PRODUCTS

Val Peterson founded PPP 17 years ago. It purchases raw paper of varying grades and produces paper stock for business, personal stationery, and greeting cards. Its annual sales topped \$15 million, and it employs 80 to 90 people, depending on demand. Sales gradually declined over the last two years after steady and sometimes spectacular growth during the previous seven years, and profit margins dwindled. Although PPP is known for the high quality of its products, consumers are shifting from premium-priced, high-quality products to products with higher overall value. Through all of these changes, PPP maintained a close-knit family culture. At least half of the employees have been with the company since the beginning or are friends or relatives of the Petersons or Mr. Ball, Val's partner.

Val Peterson, 53, holds the majority of stock in this privately held company that he founded. He began working summers in a paper company during high school. He supervised a shift at a paper plant while he went to college at night. After graduation, he worked at increasingly higher management levels, occasionally switching employers for a promotion. Eighteen years ago, he quit his vice presidency with a major paper product manufacturer to start his own company. Employees see him as charismatic, even-tempered, and reasonable. He spends most of his time and energy on company business, putting in 12-hour days.

Rosie Peterson, 50, is Val's wife and the controller for the company. She holds 5 percent of the company stock. Rosie never went to college, and her accounting methods are rather primitive (all paper and pencil). Nonetheless, she is always on top of the financial picture and puts in nearly as many hours as Val. She exerts a great deal of influence on the operations and direction of PPP.

Walter Ball, 61, is both Mr. Peterson's friend and business partner. He owns 25 percent of the stock and has known Val since before the start of PPP. He is VP of operations, which means that he oversees the computer information systems that run the paper production process and handles the technical side of the business. He is not current on the latest computer or manufacturing technology, but he loves the paper business. He says he will probably retire at 65, but most say they will believe it when they see it.

Diane Able, 41, is the customer service manager and is married to Steve Able, the chief engineer. Diane worked her way up in the company over the last 10 years. She is often asked to assist Mr. Peterson with projects because of her common sense, and he trusts her to keep information to herself.

Rick's Offer

When Rick met Mr. Peterson to "discuss the future," he was nervous. He knew that Mr. Peterson liked his work so far, but did not know if it was enough to extend his internship another six months. So far, he had worked with Mr. Peterson only on special projects and did not know the rest of the management group well. He was flabbergasted when Mr. Peterson said, "I was thinking that you might like to work here at PPP full-time and help us out with our sales department."

The two of them discussed the problems in the sales area and talked about what could be done to boost sales. Rick agreed to start the next Monday. During this conversation, Rosie walked in and suggested that they all go out to dinner. At dinner, Rosie emphasized to Rick that PPP was a family operation, down-to-earth and informal. "You probably shouldn't try to change things too quickly," she warned. "People need time to get used to you. You have to remember, you're an outsider here and everyone else is an insider." Then Val moved the conversation back to what the future could be like at PPP.

Rick's Awakening

During the first few days at work, Rick spent time getting to know the plant and operations, meeting all the employees, and familiarizing himself with the problems in sales. He met with Val each morning and afternoon. He also met with the key managers, not only to introduce himself but also

to convey his desire to work collaboratively with them in addressing the problems in sales. He was conscious not to flaunt his university education and to convey that he recognized he was a newcomer and had a lot to learn. In the middle of his second week, Val told him that his reception by the other employees was going very well: "Your enthusiasm and motivation seem to be contagious. Having you join us shows them that things need to change if we're going to reach our goals."

Rick noticed, however, that the managers always went out in groups, and he had not been invited along. Also, he was not included in the informal discussion groups that formed periodically during the day. In fact, the conversation usually stopped when he approached. Everyone was friendly, he thought; maybe it would just take a little more time.

By his third week, Rick identified some of the problems in the sales department. Among the four salespeople, morale and productivity were moderate to low. He could not find any sales strategy, mission, or objectives. The records showed that Val was by far the leading salesperson. The others indicated that Mr. Peterson "always works with us very closely to make sure we do things right. If he senses there might be a problem, he steps in right away." After formulating a plan, Rick discussed it with Mr. Peterson. "First, I would like to institute weekly sales meetings so we keep everyone up to date. I also want to create a centralized sales database," he told him. Mr. Peterson smiled and agreed. Rick felt he was finally a manager. He did feel that he should have mentioned his idea for creating a sales department mission and strategy, but recalled Rosie's caution about not moving too fast.

Rick discussed with Mr. Ball the possibility of using the centralized computer system to run word processing and spreadsheet software on terminals. Mr. Ball was concerned that outsiders could access the data in the spreadsheets. Anyway, he did not think the system could handle that task because its primary function was production. Puzzled, Rick asked if a PC could be allocated to him. Mr. Ball said that no one in the company had one.

"Well," Rick thought, "I'll just have to bring mine from home." The next Monday Rick walked through the office carrying his computer. Several of the other managers looked at him quizzically. Making light of it he said, "I'm not smart enough to keep everything in my head and I do not have enough time to write it all down on paper." As he was setting up the computer, he got a call from Val: "Rick, that computer you brought in has caused a

heck of a ruckus. Can you lie low with it until I get back late this afternoon?" Rick thought Val sounded strained but chalked it up to overwork. Rick agreed and left the computer on his desk, partly assembled. Five minutes later, Rosie walked into his office.

"Do you think it's funny bringing that thing in here? What are you trying to prove—how backward we all are? How much better you are with your big initials behind your name? You're still an outsider here, buster, and do not forget it."

Rick tried to explain how much more productive the sales department would be with a computer and that he had tried to use the company's computer system. However, Rosie was not listening: "Did you think about checking with me before bringing that in? With Val or even Walter? Don't you think we have a right to know what you're bringing in here?" Rick knew argument would do no good, so he apologized for not checking with everyone first. He said he had a meeting with Val later to talk about it. Rosie said, "Good, talk to Val, but don't think he calls all the shots here."

At the meeting with Val, Val agreed that the computer would certainly help solve the problems in sales: "But, you have to be sensitive to the feelings of Rosie and the other managers. It would be best if you did not use the computer for a while until things calm down."

The next day Walter walked into Rick's office. He told Rick that he had moved far too fast with the computer: "That's not how it's done here, son. Maybe you're spending too much time listening to what Val says. He isn't really the one to talk to about these kinds of issues. Next time you just ask old Uncle Walter."

Rick spent the next few weeks building the database by hand and conducting sales meetings with his staff. He tried to set up meetings with Mr. Peterson, but Val was usually too busy. One day, Rick asked Diane Able about not being able to see Mr. Peterson and she said, "You know, you monopolized a lot of his time early on. Those of us who worked closely with him before you came were pushed aside so he could spend time with you. Now it's your turn to wait."

"Are you the one who's been spending all the time with him?" Rick asked.

"Well, it's been me and some of the other managers. We've really been taking a beating in sales, so we need to figure out how to reduce our costs," Ms. Able answered.

A few weeks later, Rick was called in to Val's office. Val began, "Rick, you know we've been going through some bad times. We're reducing head count

and I'm afraid you're one of the people we're going to let go. It has nothing to do with your work. You haven't really been here long enough to have either succeeded or failed. It's just that we had unrealistic expectations about how quickly things in sales would

turn around. I feel terrible having to do this and I'll do everything I can to help you find another job."

After packing his things and loading up the car, Rick sat in his car and stared out of the window. "Welcome to the real world," he thought to himself.

Case Questions

1. Why do you think Rick was let go? How does reinforcement theory apply to the main characters in this situation? How does expectancy theory apply?
2. Explain Rosie's and Walter's reactions to Rick's computer in terms of resistance to change. How might Rick have used the concepts in this chapter to approach the computer situation so as to gain acceptance?
3. Explain Rick's inability to "fit in," using social learning theory. Where did the breakdowns in his processing occur?
4. If Val hired you to develop a management training program for the senior managers at PPP, what are the key concepts from this chapter that you would use in designing the program? Provide appropriate theoretical rationale to support your position.