

Case Study - The effects of restructuring

This case is based in a medium size manufacturing company located in the North of England. The company is a bakery and employs about 50 people, making a range of bread, pastry and cake products. They supply baked products to the company shop on the site as well as a number of other (non company) shops within a 25 mile radius. Labour and other costs have been going up steadily over recent years and the company had got to the point where it was only just making a profit. Consequently management took action and restructured the business in order to make it more efficient and profitable. Fortunately only two people left the company as a result, but the jobs of many of those remaining changed significantly.

One of the changes made was in the responsibilities of the financial manager. Previously, George Brown had only been responsible for the accounting activities within the company. Now he had been promoted to the position of director of administration, responsible for finance, sales and marketing administration, personnel matters and transport. George had no experience of working in anything other than a finance capacity. As a consequence of this change Shona Martin was promoted from being the accounts clerk to the post of finance manager. This promotion involved responsibilities for many activities that Shona had not been involved with before, and she found the challenge daunting. For example, she now had to deal with the bank, customers (over payment delays), employees over wage problems and managers over budgetary control issues etc.

As a clerk Shona had always been efficient, effective and worked hard. She did what she was asked to do and did it well. She was popular with the managers and other staff in the company. However, she had never found it necessary to take the initiative or responsibility in her work activities. George had always told her what to do and when to do it. She found it quite difficult to have to deal with managers over budget issues, particularly when they had overspent, or wanted to spend large sums of money without providing adequate financial justification. Equally she found it difficult negotiating with the bank over overdraft facilities or customers over late payments etc. George was always telling her to be more aggressive and to push harder to get what was the best deal or to force managers to follow procedure or cut cost.

George was getting frustrated and annoyed with Shona because he felt that she was not working at the level implied by her new position. As a consequence he was frequently having to become involved in helping her, effectively doing his old job. This was taking time away from what George thought was his main task, getting to grips with his new responsibilities as director of administration. George frequently found himself losing his temper and shouting at Shona when she went to him for help or advice. He thought that this was the best way to get her to do what he thought she should be doing in exercising her new responsibilities. Shona, on the other hand, thought that George had become a bully, simply shouting at her rather than training her or explaining what needed to be done and when. Shona had been promised some training in accounting, but this had not taken place. Shona frequently lost her temper and shouted back at George, accusing him of not explaining what he wanted her to do clearly enough.

Shona feels that she is being unjustly treated by both George and the company. Her new job and its responsibilities had not been defined clearly enough in her view and she had not been properly trained or prepared for it. She thought that George was also struggling to cope with his new job and that as a result was taking his frustration and lack of ability out on her.

This situation comes to a head one day when George is called to a financial review meeting with the managing director and he takes Shona along with him. During the meeting the managing director asks a question about how much late payment from customers has been reduced over the past week. Shona replies that she has not had time to chase any of the money outstanding because she has been busy doing the wages and preparing information for the present meeting. George immediately flies into a rage with her, saying that she should have found the time and that if she did not concentrate on the minor issues all the time she could have done it. Shona defends herself by shouting back that if George was a better manager and explained himself to her properly everything would get done. The meeting collapses in chaos.

Task

If you were the chief executive how would you deal with this situation? Justify your plan using material from appropriate literature sources.

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