

Teaching Note Addendum

USING THE GENTLEMAN'S FURNITURE ROLE-PLAY TO TEACH *LIFT*

Synopsis

Instructors can also use the *Gentleman's Furniture Role Play* as a way to help students practice using and integrating concepts from *Lift: Becoming a Positive Force in Any Situation*¹. This can be done as the last class in a six class module², or as a standalone class on the topic in courses on leadership, change management, or power and influence.

The final chapter of *Lift*, which can be assigned as a reading for this class, explains why the four elements of lift need to be integrated to make a person's influence positive, how our psychological states influence others, and the ways in which lift involves both general principles and situation-specific applications. Like the final chapter of *Lift*, the final class in this course module helps students to integrate what they have learned and apply it to increasingly complex situations.

This addendum is meant to be supplemental, adding new approaches to the original teaching note, rather than replacing it. It suggests specific adaptations in the teaching plan to help instructors in teaching principles from *Lift*.

Objectives

- To help students solidify their understanding of concepts from *Lift*.
- To help students internalize their knowledge of *Lift* concepts by practicing using them in a situation that involves leadership, change management, and power and influence.
- To help students consider how they can apply concepts from *Lift* as a group, and not just as individuals.

Class Preparation

¹ Ryan W. Quinn & Robert E. Quinn, 2009, Berrett-Koehler, San Francisco

² See <http://faculty.darden.virginia.edu/quinnr/materials.htm> for a description of and materials for the course module on *Lift*.

Most of the steps that instructors should use to prepare for the class are the same as those in the original teaching note, such as preparing to hand out role assignments in the class before the role play, finding and appropriate room, and gathering props. There are three major differences, however, that instructors should anticipate:

1. This lesson plan will cover only one day of class.
2. There is no need for a handout on facilitation skills.
3. Students should use different questions to prepare their roles before class (see below).

As stated in the original teaching note, be sure to assign students their roles in advance, and ask them to meet with the other students who have also been assigned to the same role to discuss the assigned questions. Ask them to *not* talk to students who have been assigned to different roles about the case.

Reading and Assignment Questions

The reading assignment for this class is:

1. Gentleman's Furniture (UVA-OB-0928)
2. The role assignments at the end of the teaching note
3. "The Integration of Positive Opposites" – chapter eleven from Quinn, R. W. & Quinn, R. E. (2009). *Lift: Becoming a Positive Force in Any Situation*. San Francisco: Berrett-Koehler.

The recommended assignment questions for this class differ depending on whether the class is taught in a course on leadership, change management, or power and influence.

Leadership

Meet with the other members of the class who have been assigned the same role in the Gentleman's Furniture role play that you have. Someone in your group will be chosen to play this role in a strategic planning meeting in tomorrow's class. Help each other prepare to play this role in the meeting. To do this, please discuss with them the following questions:

1. What are the key leadership challenges that your character faces in Gentleman's Furniture. How do you think your character should handle them?
2. What are the key leadership challenges that your character faces in the upcoming strategic planning meeting? How do you think your character should handle them? If your character is Phillip Gentleman, prepare an agenda for the meeting.

3. Ask yourself the four questions from *Lift*. Do they change how you feel about the meeting or what you want to do in the meeting? Share your thoughts with the others who are preparing for the same role.

Change Management

Meet with the other members of the class who have been assigned the same role in the Gentleman's Furniture role play that you have. Someone in your group will be chosen to play this role in a strategic planning meeting in tomorrow's class. Help each other prepare to play this role in the meeting. To do this, please discuss with them the following questions:

1. How have the conditions that Gentleman's Furniture faces changed in since Phillip Gentleman became the CEO eight years ago? What kind of changes does Gentleman's furniture face now? Do these changes imply that Gentleman's furniture should make changes as well? If so, what should they change?
2. What kind of change process should the leaders of Gentleman's furniture use to make the necessary changes at Gentleman's furniture? Can you propose a change plan?
3. What kind of personal change will the organizational changes at Gentleman's furniture require of the character whose role you have been assigned to prepare for?
4. Ask yourself the four questions from *Lift*. Do they change how you feel about the meeting or what you want to do in the meeting? Share your thoughts with the others who are preparing for the same role.

Power and Influence

Meet with the other members of the class who have been assigned the same role in the Gentleman's Furniture role play that you have. Someone in your group will be chosen to play this role in a strategic planning meeting in tomorrow's class. Help each other prepare to play this role in the meeting. To do this, please discuss with them the following questions:

1. What sources of power does your character have to accomplish his or her goals in this meeting? How can he or she use those sources of power to accomplish the goals?
2. What kinds of influence tactics could your character use to accomplish his or her goals?
3. Ask yourself the four questions from *Lift*. Do they change how you feel about the meeting or what you want to do in the meeting? Share your thoughts with the others who are preparing for the same role.

Timeline Allocation Plan

A typical timeline for an 85-minute class is:

5 mins.	Introduction and setup.
20 mins.	Begin strategic-planning meeting. Phillip Gentleman leads.
20 mins.	Debrief and tap in or tap out.
20 mins.	Continue strategic-planning meeting.
15 mins.	Debrief.
5 mins.	Summary and conclusion.

Class Overview

Much of the introduction for this class is spent on giving instructions and explaining how the class will be conducted. These should not be significantly different from the instructions described in the original teaching note. As with the original teaching plan, much of the time in class is spent on the strategic planning meeting role play, and the role play can be run in a fishbowl format or in breakout groups, depending on the preference of the instructor. The advantage of breakout groups is that everyone gets to participate and practice what they've learned. The disadvantages of breakout groups are that additional coordination is needed to intervene in the middle of the activity and there is no debrief before the intervention. The intervention could be coordinated with something simple, like putting the following instructions in an envelope and writing "Please open this halfway through your time together." The fishbowl format tends to be fun for both the students participating and the students watching, but it does not allow all of the students to practice.

Intervention. Halfway through the role play of the strategic meeting (after the debrief of the first half, if the role play is done in a fishbowl format, or in an envelope if the class uses breakout groups), the instructor should give the class the following instructions:

Phillip: Ask your top management team to discuss the four questions from *Lift* as a group. Try to come up with answers that the whole group agrees on. Then continue with your strategic planning.

The purpose of this intervention is to get students to try to have a lift experience as a group. Their instructions from the night before direct them to try to experience lift as individuals. In some cases, this may be sufficient for creating a constructive strategic planning meeting. The role instructions for this activity are designed, however, to create conflicts, and experiencing lift may be difficult. This added intervention might help them to get over any additional difficulties they encounter.

Once again, the format of the class matters. Some groups may need this intervention more than others. When the class is run in a fishbowl format, instructors can use, adapt, or drop

the instructions, depending on how well the group is doing. If the instructor uses breakout rooms, there is no adaptation. Instructors can try to account for this by making the instructions conditional (e.g., giving instructions that say “If your group is having trouble, you can try asking your top management team...” instead of “Ask your top management team...”).

Debriefs. Other than managing logistics, the other major role of the instructor in this class is debriefing the students. Instructors will have one or two opportunities to debrief the students, depending on the format of the class. If the instructor has two opportunities to debrief, the first opportunity can focus on their individual efforts to experience lift in their strategic planning meeting. If the instructor only has one opportunity to debrief, the time can be used to address both topics. The instructor can use some or all of the following questions to debrief the students:

1. What difference did your preparation make on your effectiveness in the meeting?

This question is actually multiple questions, which differ depending on whether this class is taught in a course on leadership, change management, or power and influence. For example, if this is taught in a course on leadership, then the instructor should ask students what leadership challenges they identified, what leadership frameworks they used to think through these challenges, what implications they had for how they approached the strategic planning meeting, and whether these approaches made any difference. A similar approach should be used in courses on change management or power and influence. In change management, an instructor can ask students how their identification of each of the changes influenced their approach to the meeting and whether that approach made any difference. In power and influence, the instructor can ask the students what sources of power and what tactics for influence they identified, how they used them in the meeting, and whether these made any difference.

A discussion about leadership, change, and power concepts will probably flow naturally into a discussion of the other part of their preparation for class: asking and answering the four questions from *Lift*. If it does not, instructors can ask about this explicitly.

This discussion provides a good opportunity to summarize points from the previous five classes in the *Lift* course module, and to integrate learning points between the module and the rest of the course. As students bring up topics, it can be useful to refer them to points in the final chapter of *Lift*, using this material to help them explore what about their preparation made their experience and influence more or less positive, more or less influential, and more or less appropriate for this situation.

The instructor can also tie answers about lift to other course frameworks as well, asking questions such as, “When did a lift experience compel you to lead, and when did it compel you to follow?” Or, “Did a lift experience lead you to alter the change outcomes or processes you were pursuing?” Or, “Did a lift experience change which influence tactics you used or how you used them?” Or, “Did a lift experience help you to see or to create different sources of power that you would not have had otherwise?” Also, to transition from a debrief about their preparation to a debrief about the actual role play, a useful question can be, “Was it hard to maintain the lift experience when you were actually in the conversation? Why or why not?”

2. Which moves in the strategic conversation were most consequential? Why? Would you do any differently? How?

As the instructor moves the debrief to a discussion about the conversation itself, the debrief can incorporate more of the topics addressed in the original teaching note. This will help the students to see particular moments in their role plays as instances of leadership, change management, or power and influence. Also, as the students begin to discuss points of difficulty in the conversation, it can provide a transition for the instructor to introduce or debrief the group discussion of the questions from *Lift*. (The instructor will introduce the idea of discussing the four questions as an intervention if the class is being held in the fishbowl format and another round of the role play is imminent. The instructor will debrief the idea of discussing the four questions as a group if the role plays were conducted in break out rooms and the entire experience is being debriefed at once.)

3. What difference did it make for your group to discuss the four *Lift* questions as a group?

Discussion the four *Lift* questions with regards to a specific situation can have the effect of transforming lift from an individual experience to a collective one. In the language of leadership, change management, and power and influence, this kind of a discussion has the potential to create group leadership (as opposed to individual leadership), to enroll and mobilize a coalition for change, and to open up the possibility of exercising “power with” (rather than “power to”). It can do this because groups think *as groups* through conversation.³ For those groups who did experience a change as they discussed these questions together, the instructor can ask them what it was about asking these questions that changed their experience. For groups that did not experience a change, the instructor can ask them why, and can help them to compare their experiences with those who did. In some cases, groups may not experience a difference simply because they were already experiencing lift in their conversations. For others, they may not have used them effectively or may not have needed them.

Conclusion and transition. A useful way to end the debrief for this class may be to ask a more abstract question, such as “Given what we have learned in this course module, how else could you use these four questions to help you in [leading, managing change, or influencing others]?” or “In your personal mental map of course concepts, what role do you see these four questions playing as we move forward?” As with other courses, it can be powerful for the instructor to end the class by giving practical (and perhaps even personal) examples of how the concepts work.

Summary

³ For a good example of how groups can think as groups, see Edmondson, A. C., Bohmer, R. M., & Pisano, G. P. 2001. Disrupted Routines: Team Learning and New Technology Implementation in Hospitals. *Administrative Science Quarterly*, 46: 685-716, or Weick, K. E., & Roberts, K. H. 1993. Collective mind in organizations: Heedful interrelating on flight decks. *Administrative Science Quarterly*, 38(3): 387-381.

The *Lift* adaptation to the “Gentleman’s Furniture Role-Play” case provides an opportunity for students to internalize, practice and extend concepts that they have learned throughout the *Lift* module. Instructors can adapt the role play to teach those concepts that are most applicable to the general aims of their overall course. Students usually find this role play to be a fun and useful exercise, and therefore, a nice way to end the module and integrate its key concepts.

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Exhibit TN1

GENTLEMAN'S FURNITURE ROLE-PLAY

Phillip Gentleman
(student handout)

You are playing the role of Phillip Gentleman. As you try to change this company, you are aware of some of the risks involved. The people who work here show their loyalty, love, and commitment to it, and you do not want to lose that. You recall, for example, working in management at one of the plants when one of the lines went down. People from all three shifts showed up to work for 29 hours straight to get the line running and back on schedule. Employees still like to reminisce about how well everyone performed together during that event. Most of your employees appreciate the family-owned business and like the way they've been treated over the years. They want to help restore the company to its glory days, when your father ran the company.

As you prepare for your strategy meeting, you consider each member of your TMT. Deborah Nagler's design and development department is an important unit, for example, in your desire to build an innovative culture. You spent some time working in that department before Deborah became COO. When Gentleman's lost its two superstar designers, you thought it might be an opportunity to promote and develop some of your younger designers. Deborah, however, has not promoted any of them. From what you can tell, she criticizes their new designs, underfunds potential new initiatives, and insists that Gentleman's hire new "star" designers rather than develop the existing talent within.

In a lunch conversation with two of the in-house designers, you were told some of their ideas, and you thought they had real potential. You asked when you might be able to see some prototypes, but the designers became quiet and looked uncomfortable. You encouraged them to share how things were going, even though they were reluctant to do so. After your urging, they confided that their ideas were rejected and that they were thinking about leaving Gentleman's to start their own furniture company. You managed to persuade them to stay, and talked to Deborah about giving their ideas a chance. Deborah disagreed with your assessment of their ideas' potential, but agreed to give them very limited funding with rigid progress milestones that would leave them little room for error.

Alfred Hassenfeld has also been on your mind. He has said that he intends to retire in four years. He has served the company well for most of his adult life. How will he react to the proposal to make a major shift in the company's culture when he is that close to retirement?

Exhibit TN1 (continued)

Frank Li also has many years of experience with Gentleman's, but is not as close to retirement. Frank, however, has developed close friendships with most of Gentleman's major customers—including many of the CEOs of these companies. Further, Frank is known and respected both in the furniture industry and in most related industries throughout North America. With a single telephone call to a headhunter, he could become a CEO at many other companies, including a number of your competitors. Some people have said that instead of you, he should have been promoted to CEO when your father retired. Did he stay at Gentleman's after your promotion as an implicit favor to your father, with whom he was close friends?

Vinod Sinha and Claudine Trueb both have much less tenure in the company. You hired them personally. They have done a great job, and you have helped them navigate the water at Gentleman's. For example, your advocacy helped Vinod persuade Alfred to let him hire a few more people than he normally would have under the hiring policy. Do they have a full appreciation for what is special about this company?

There is also one other thing on your mind that has nothing to do with the members of your TMT, but may still affect the decisions you make in this meeting. A private-equity firm has contacted your family, wanting to buy a controlling stake in your company. Some of your family members are interested. You are not, but you do not know how all of the aunts, uncles, and cousins with a stake in the company feel about it. You personally own a 12% stake, some of which you purchased from extended family members. You have the funds to purchase more, but at the rate the private-equity firm is offering, only about 10% more at most. Your TMT is not yet aware of this opportunity.

Your goal for the strategic-planning meeting is to set the strategy agenda for Gentleman's Furniture by getting agreement on what the current culture is, getting agreement on what the culture should be, and then identifying the changes that need to be made in order to create an innovative culture throughout the company.

Exhibit TN2

GENTLEMAN'S FURNITURE ROLE-PLAY

Claudine Trueb
(student handout)

You are playing the role of Claudine Trueb, general counsel and chief human resources officer. You met Phillip Gentleman when he hired your law firm for a one-time job, and the two of you hit it off immediately. You are from a small town near Kansas City, and although you thrived professionally as a New York City lawyer, you always intended to return to Missouri eventually. When Phillip offered you the job, you jumped at it.

Since arriving at Gentleman's Furniture, you have worked hard to strengthen its legal department and to streamline human resource practices and policies. You have been successful, and Phillip has certainly given you positive feedback. The Midwestern values that the company espouses—hard work, loyalty, and community—are consistent with the values you learned as a child. The welcome you received when you started at Gentleman's was such a contrast to anything you experienced in New York. When people say they will get something done around here, it gets done.

You are not particular about what strategy Gentleman's pursues, as long as you can buy into it as an appropriate one, a legal one, and one that keeps you and everyone around you feeling as welcome as you did when you arrived. The legal dimensions of your job are particularly salient right now, given the biggest issues on your plate.

The company faces two major lawsuits. One is a class-action case claiming the company failed to recall a line of chairs when it had data suggesting that there were issues. The other case was filed by a former female employee who alleged sexual harassment and verbal abuse from a few of the older employees in the firm.

You are optimistic that damage to the firm caused by these cases can be minimized, but it is not a certain thing. After interviewing the people involved in the first case, you learned that inferior wood was the problem. Vinod had been trying to create an innovative supply-chain management system in the company and failed to use sufficiently rigorous inspections of the materials Gentleman's was purchasing. His people should have had procedures in place for inspecting materials when they arrived.

In the second case, you know the company has had a paternalistic culture. Although the accusations in this particular harassment case are somewhat sketchy, what is clear is that there are many female employees—especially those who have worked at Gentleman's for a long time—who can tell stories about borderline behavioral problems they have witnessed, as well as about cases that definitely crossed the line. You were told most of those incidents “happened to a friend of mine.”

Exhibit TN2 (continued)

Indeed, if you were asked to testify in this case about the culture of Gentleman's with regard to harassment, you would have to say that although you believed that Phillip was making a real effort to improve things and to support your policies, the firm nevertheless does have a small, but real, cultural problem in this area. For example, when you first joined the TMT, Frank Li and Alfred Hassenfeld called you "honey" and "sweetie." Alfred even once asked you to get coffee. You politely told Alfred that you were the general counsel for the firm, not the secretary. You have since gotten to know them well, and believe that they are both well intentioned. They both show respect to you and to the other women you've seen them interact with—but they have lifelong habits they are trying to overcome.

Because of instances like those, you have had to take a hard line on a number of policy issues. One of those came up with Deborah Nagler. She used her personal networks to find new designers she wanted to hire, but did not follow proper Equal Employment Opportunity (EEO) Act procedures. EEO requires companies to identify criteria for hiring ahead of time, to write a solicitation for applications describing the required criteria, and to use equitable and consistent procedures in evaluating all candidates who apply for a position. What Deborah did—identified who she wanted to hire before identifying what the criteria were and only then soliciting applications for the position—violated EEO policy. As a result, you told her to go back and follow the procedures properly. She got angry and fought you; in the time it took to argue about it (instead of doing it right in the first place), the people she wanted to hire took other jobs.

Quality control, sexual harassment, and employment practices are only three examples of what you think are underlying cultural issues. Your question: Can the company handle a push for more innovation when it cannot even achieve the kind of control it needs to stay within appropriate legal boundaries? You need to consider this question as you prepare for the strategic-planning meeting, and make sure you come to the meeting with clear goals about what you want to accomplish and with plans for how you will accomplish them.

Exhibit TN3

GENTLEMAN'S FURNITURE ROLE-PLAY

Frank Li
(student handout)

You are playing the role of Frank Li, executive vice president of sales and marketing. You are among the most connected people in all the furniture-related industries, and you have had more than one headhunting firm contact you to see if you are interested in taking on a position as a CEO at any number of those firms. You like your job, though, and you feel a loyalty to and affection for what Joe Gentleman created. And, frankly, you simply haven't been interested in the opportunities that have been presented so far.

If you ever did leave the company, you would miss the relationships most. You have been golfing on Saturdays with Alfred for years now, and there are countless other relationships like that in the organization. But you do get tired of some of the push for change from the new people that Phillip brings in. Claudine, for instance, has introduced so many policies lately that some of your people are beginning to complain. They've asked if you would be willing to talk to her about it. Claudine means well, though, and is a nice person. For example, shortly after she arrived, you made the mistake of calling her "honey" once. You caught yourself after you said it and apologized, and she said it was no big deal. She could have made an issue out of it—especially given her position in HR and legal—but she did not.

With regard to Phillip's proposed strategy, you understand his logic, but you wonder if the decline in profitability and growth could not be fixed more easily if the company solved its execution problems. Because of those execution problems, your salespeople have suffered multiple embarrassments. First, the design and development department pushed through five new product lines in four years to the production and sales departments, and all of them have done horribly. Only one line showed any promise of selling—and one of them even had safety problems that led to a class-action lawsuit for damages. You talked to Deborah about it, but your discussion was not very helpful. She said she was trying to hire new designers, but lost her hires because of Claudine's policies. She blamed the safety problems in the defunct product line on Vinod's people buying faulty materials. And she said that your marketing people's small-market tests of the new product lines did not find any flaws, implying there was something wrong with your market testing. The problem was that your people sent recommendations for improvements back to Deborah based on their testing, but her staff followed only half of the ideas at best.

Your salespeople are reluctant to take any new products to market now. And after all that, Phillip is telling you he wants to invest in a strategy of innovation.

Exhibit TN3 (continued)

Because of the failure of new product lines, your salespeople have redoubled their efforts to sell the classic furniture lines. As a result, some of them landed new customers with great potential. But when your people made their sales and placed orders for their delivery, the orders did not show up. To make things worse, it was the holiday season. Vinod said that there wasn't sufficient inventory for all that unexpected demand. It seems to you that he should include that possibility in his plans. Otherwise, you may soon not have any customers for which to keep inventory.

Your salespeople are particularly embarrassed by this. After all, they are the ones who have to face the customers and tell them why the company did not keep its promises. To make sure that does not happen again, they started gaming the system—sending inflated numbers to the forecasters in the supply-chain department. When you found out about this, you asked them, half-heartedly, to stop doing it. You should probably check up on them again, but another part of you thinks that you may do the company a greater service by not knowing.

The fact is the company has 17 classic lines of furniture that sell very well and 39 other lines that range from mildly profitable to mildly unprofitable. Why not focus on only those that are profitable, drop or sell off the other lines, and work toward deeper market penetration? There are plenty of domestic markets that Gentleman's has not yet tapped and a whole world of international markets. More money for advertising and branding could create a pull for Gentleman's classic products. This is probably an issue you should raise in the strategic-planning meeting. You need to make sure you come to the meeting with clear goals about what you want to accomplish and with plans for how you will accomplish them.

Exhibit TN4

GENTLEMAN'S FURNITURE ROLE-PLAY

Deborah Nagler
(student handout)

You are playing the role of Deborah Nagler, chief operating officer. You have enjoyed most of your 14 years at the company. You personally own products from almost all of the classic lines and recommend them to all your friends. You have worked hard to ensure that the company succeeds.

You agree with Phillip that the company needs more innovation. The question remains, however: Why can't the company be innovative simply by hiring the best designers? There is no evidence that the old business model is broken—the two great designers you had are now gone. Why break the whole business model when you can use the old one and just “reload”? That would be much simpler and much less risky. Creating an innovative culture, by contrast, is highly risky, taking years of effort with no guarantee of success. Why invest the company's time and money when you could just hire a few great new designers?

Phillip has said that he thinks the present designers at Gentleman's could do the job if they were promoted and further developed. He told you about the two in-house assistant designers who were planning to take their ideas and start their own furniture company. You were willing to let them go, but Phillip pushed you to give them a chance. You are giving them a chance because Phillip asked you to, but each of them has already been responsible for one design that failed in the marketplace, so you have given them tight deadlines and a closely supervised budget.

As if failure in the marketplace is not bad enough, it also means that you have to deal with Frank Li getting upset at you and blaming market failures on you. He said he tested the products in a few local markets, and he thought they would sell fine with a few adaptations. Given the constraints of budgets, manufacturing, and the capabilities of your people, you made as many adaptations to them as you reasonably could. His staff did not object to going into production at that point. Then, when the product line failed, Frank tried to blame the safety problems on you. You let him know that Vinod was responsible for inspecting materials purchases. As annoying as Frank's tirades were, however, it did not change the fact that none of those problems occurred when the company still had its top two designers and ran procurement the old way.

Exhibit TN4 (continued)

You tried to fix this problem by identifying two high-potential replacements for the designers the company lost. You spent a lot of social capital from your personal network to find them and to get them interested in the jobs. When you tried to hire them, though, Claudine's staff said you had not followed proper Equal Employment Opportunity (EEO) Act procedures, and you needed to redo your hiring. You tried to explain to Claudine that you could not hire superstars the same way you hire people for normal positions; it was a much more opportunistic process. You pointed out that restarting the process would leave these people feeling disrespected. You asked her if there wasn't some way that you could work with the system instead of starting over, but Claudine insisted. By the time you began conducting a broader search, the two superstars who had agreed to come work for you both took other jobs.

Even if your two new hires had worked out, you would have had to fight Alfred over the conservative fiscal policies in order to get a larger budget to be able to pay them what they were worth. You have had to fight that fight before, and you have probably lost more often than you have won. You might have just failed later instead of sooner.

Looking ahead, operations do not look much better. You have two factories that will need serious upgrading for both functional and safety reasons in the next five years. Not only will this be costly—it will be costly at a time when competitors are taking operations offshore or are outsourcing them. These are all considerations you need to think through before the strategic-planning meeting. You need to make sure you come to the meeting with clear goals about what you want to accomplish and with plans for how you will accomplish them.

Exhibit TN5

GENTLEMAN'S FURNITURE ROLE-PLAY

Vinod Sinha
(student handout)

You are playing the role of Vinod Sinha, executive vice president of supply chain. Compared with both the office supplies company where you worked previously and the many companies you observed while consulting, no company has been as reluctant to adopt modern supply-chain management principles as this one. Part of that is because of the nature of the suppliers. One of your primary supplies is wood, and lumber companies have to deal with weather, unions, environmentalists, and legal restrictions in addition to the usual logistical problems of shipping and transportation, introducing computer networking, and adopting supply-chain management protocols into historically conservative industries.

Your biggest problems, however, have been internal. When you were hired, you renamed the "procurement" division "supply chain," symbolic of the new techniques for managing the supply chain Phillip hired you to introduce. Some of the existing procurement employees embraced this change more than others, but only a small number of them really understood what you were doing. Some of those who neither liked it nor understood it retired or moved to other parts of the company. Others remained and have tried to learn the new ways of doing things. To help with the change, you tried to hire people who understood supply-chain management. But, Alfred Hassenfeld believes strongly in the company's old tradition of hiring only as a last resort in order to manage growth and prevent downsizings. You have managed some new hires within the existing budgeting policies, but hiring is limited, because so much of your discretionary budget is required for the changes you are instituting. Phillip has elicited some support from Alfred, but that too has been limited.

When you tried to encourage the manufacturing department to utilize a modular design that could remove the operational bottlenecks, employees did not understand it and fought your efforts. Deborah understood and supported you, but the employees did not appreciate modular work and preferred being rewarded by quotas. Just when you were starting to make headway in some of the factories, you hit the holiday season, and because of employee resistance and the slow transition, which took longer than you anticipated, you were unable to provide a sufficient supply for the increased demand. This irritated Frank and the people in his sales organization.

As you struggled with the human side of implementing technological change in the organization, you went to Claudine to see if you could get some human resources help and advice. Claudine had been busy defending the company against a class-action lawsuit in which people claim that they were hurt by one of company's products and that the company had data that suggested that the product should have been recalled sooner. Upon investigation, Claudine found that the problem was in the quality of wood procured from one of your suppliers. She told

Exhibit TN5 (continued)

you she thought you needed more rigorous inspection procedures. You were using statistical process controls, so it should not have happened. You have to assume that on the day that shipment was received, it must have been monitored by one of the older employees who did not fully understand the procedure. You approached Claudine, but all she had to say was that the employees were hired “at will,” and that it was their responsibility to comply with new manufacturing techniques. This did not seem particularly helpful, so you tried to manage on your own.

Although you have definitely made improvements in the system, it is far from complete. There are many problems that remain, some of which you cannot figure out. Only half of the factories have transitioned to the new modular design system. Managing the supply chain efficiently is dependent on getting accurate data flowing through the system. You have a planning group that receives market-trend data from finance, manufacturing-capacity data from manufacturing, and customer data from sales and marketing. You wonder if your people might be receiving inaccurate data somewhere.

Although your time at Gentleman’s has been filled with frustration, you intend to stay for two reasons. One reason is that even though the people you’ve had to work with don’t like change and resist some of your efforts, you’ve gotten to know them and really like them personally. They are hard workers, friendly people, and they want to help the company succeed, even if they don’t understand what you are trying to do much of the time. The second reason is Phillip. He is a good leader, and he’s trying to do good things with the company. A more innovative culture—especially in the supply chain—seems like it would make your job easier and more rewarding. It would be useful to think through some specific suggestions you could make in the strategic-planning meeting to further that cause.

Exhibit TN6

GENTLEMAN'S FURNITURE ROLE-PLAY

Alfred Hassenfeld
(student handout)

You are playing the role of Alfred Hassenfeld and are the chief financial officer. You like Phillip and expect him to be a successful CEO at Gentleman's. You have appreciated the conservative approach to financial management that Gentleman's has taken over the years and its status as a privately owned family firm. Some people get annoyed by your insistence on following those policies—especially when it comes to hiring—and you have taken flak for that. But you are used to it now, and it does not bother you anymore. You are friends with everyone on this team—at least to your knowledge—and especially with Frank, who is your weekend golf partner. Even Claudine, who once chewed you out for asking her to get some coffee for a meeting, seems to have let that go and gets along with you quite well. So you stick to your policies because you believe that those approaches to financial management are why Gentleman's has been sustainably profitable and able to take care of its people. Indeed, you have data to prove it. Perhaps some training is needed for people to understand the philosophy behind those policies—particularly for new people in the company.

You are open to Phillip's idea of creating an innovative corporate culture, but you also have another strategy worth exploring. Yesterday, you had conversations with relevant parties about the possibility of acquiring an innovative furniture company. You have not yet had a chance to tell anyone else about these conversations. Although Gentleman's is stronger in wooden home furniture, this other company is stronger in plastics, metals, and office furniture. The other company is strong in functionality, but its furniture is not known for comfort like Gentleman's. Distribution channels overlap by only 40% or so.

Although Gentleman's growth and profitability has slowed in recent years, its cash position is still strong enough to be able to do the deal. The other company is in a weaker cash position, and to achieve financial synergies, Gentleman's would need to lay off employees after completing the acquisition. Discussions have only begun, so this is all that is currently known, but so far the indicators look good to you. The data suggest that this strategy should at least be explored and perhaps executed.

Phillip is likely to have concerns about this strategy, and particularly with the potential layoffs. And, frankly, you are not sold on the idea yet yourself. Forty years of financial policy around labor cost were explicitly designed to avoid layoffs, and both you and all of Gentleman's employees have benefited from that. But from a financial point of view, it is hard to ignore the possibilities this option presents. Because you have been so vigilant in following the growth policies that began under Phillip's father, the layoffs would be much less severe after this merger than those of almost any other company you are aware of.

Exhibit TN6 (continued)

As you prepare for Phillip's meeting, you have one tactical concern for the company. The cost of inventory over the past few quarters has been higher than you expected it to be—especially given Vinod's predictions based on the changes he's been making in supply-chain management. The cost has been particularly high in classic products.

You need to think through all those considerations before the strategic-planning meeting. It would be useful to come to the meeting with clear goals about what you want to accomplish and with plans for how you will accomplish them.

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