



WEBSTER CORPORATION

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Bob Bennett sat at his desk pondering the challenge ahead of him. Having stepped into the position of CEO six months ago, taking over the post from retiring CEO Peter Winter, he knew now was the time to start making changes. He admired and respected Peter greatly. Peter had been a wonderful mentor. Yet he also knew change was essential for the company to regain its competitive edge and position itself for the future. Global competition and the increased value of the dollar as well as a myriad of other external pressures were taking their toll. Over the last two years, Webster Corporation saw eroding market share, increasing customer complaints, and they were slow to get new customers.

While some within the company were anticipating and even anxious for change, others were much more reluctant. They liked the way things were and still were not used to him as CEO.

As he thought about the company, he mulled over some of the issues he knew he had to address. One persistent problem in the company was the constant battles between various functional areas and the incredible fiefdoms that had built up. The good news was that most people in the organization were very loyal to their department. The bad news was that the battles between departments tended to escalate rather than be worked out and took so much time and energy that company objectives often got lost in the shuffle. Product development complained they never got feedback from the customer through sales or marketing. Sales complained production never manufactured the product cheaply enough to compete. Manufacturing complained product development gave them designs that could not be mass produced. Meanwhile, sales gave away products with no concern for margin. Marketing beefed they collected great data that no one ever took seriously or acted on, so that customer responsiveness was a joke.

The same battles happened again and again. Somehow, the focus had to shift from what's good for my department to what's good for the company and the customer, but it was going to be an uphill climb. Significant changes in organizational structure, process, and values would be required to break down these long established turf wars and mindsets.

Another issue that had surfaced in recent months was the loss of talented high performers in the company. Ann Thoreau, who had done a great job managing the marketing division had recently left for Norman Corporation, a direct competitor. Rumor had it that it was largely because she was fed up with the lack of support for juggling work and family at Webster. Norman Corporation was known for its progressive work/life balance policies including compressed work weeks, job sharing, and daycare subsidies. Ann was a tremendous loss and there were rumblings that other women and men were fed up with the lack of flexibility towards work/life balance at Webster.

International capability was another weak spot. The company had suppliers and sold products overseas, yet had virtually no knowledge base to draw upon for handling cross-cultural differences and issues. Just last week, a deal had been blown in Japan because Japanese executives had been insulted when Jeff Smith

showed up and had only allocated a half day to do the negotiations.

Another ailment of the organization was exhaustion. Most employees complained of overwork and stress. The number of sick days last year had been unbelievable and had cost the company both financially and motivationally. How could he expect people to be innovative if the culture reeked of "blah". Somehow, a balance between keeping the organization lean and preventing stress levels from getting to the point where they were dysfunctional had to be found.

On the customer front, other issues were brewing. The number of service and customer complaints had been increasing steadily for the past 3 years. Customer feedback was talked about but never acted upon.

Throughout the organization, Bob had the sense people were putting in time, but not their hearts or their ideas into the company. What could he do to change that? There were many talented and high potential people in this organization, he just had to figure out how to better tap those capabilities and make the company more - not less than the sum of its parts.

Another concern was the process of change. Peter, his predecessor, had built a strong foundation, some of which still persisted. Deep down, a significant number of employees were committed to the organization and wanted to see it succeed. But lately, it seemed many thought things were going okay and they were working hard as it was. Moreover, stories still simmered from 15 years ago when an outside CEO, Joe Puffer, who took things over, turned the organization upside down. Vague references to the "suffer with Puffer" era were still commonplace particularly amongst the long time employees. Some of the younger managers were ready for change, but they had less influence and were already somewhat alienated from the longer time, older managers. How could he build on their enthusiasm?

Bob Bennett rolled up his sleeves. Now was the time for Webster Corporation to move back into center stage. That meant figuring out how to tackle both what changes should be made and how the process of change should be managed.