Website Case 2

Why Does This Always Happen?

Philip Salem

Rosalie Garza* was waiting to meet her friends at Old Ebbitt Grill, one of Washington's oldest restaurants. She was the 58-year-old CEO of Hill Country Marketing, and this lunch would include discussion of a personnel matter. The friends at lunch included Ruth Castro, 52, head of the Texas region, headquartered in Dallas, and Patrice Carmady, 51, manager of the southeast region. Rosalie's two oldest friends, Laura Welch and Paula Sanchez, would also be at the lunch. When Rosalie became a manager in the 1970s, they were two of her first hires. These two still acted as senior account executives at the branch office now located in San Antonio. But both Rosalie and Ruth regularly consulted them about company matters. Laura and Paula had completed an investigation, at Patrice's request, about low-performing employees in the southeast region. The leather padded chairs and Victorian glass of the restaurant seemed like a sharp contrast to a discussion of employee performance.

Hill Country Marketing began as a small firm in San Antonio, Texas, after World War II. Its founding member, Linda Adams, turned over management of the firm in the mid-1970s and resigned from any official duties shortly thereafter. The consequent changes in management followed the growth of the company. Rosalie succeeded Linda and moved the headquarters to Washington, DC. The company now had four regions over the country's largest 15 states and several branch offices within each region.

The *Wall Street Journal* attributed the firm's growth to three things. First, the firm had been very sensitive to its clients. When there were problems, the firm compromised other factors to ensure a satisfied customer. Second, the firm had been innovative. The responsibilities of the account managers changed accordingly to include participating in problem-solving groups to create new marketing plans. Because Hill Country was one of the first companies to use digital technology, it was prepared for e-commerce and experienced the most rapid growth over the last 15 years. Finally, employees liked working for Hill Country Marketing. People were friendly and respectful of one another. Growth brought its own challenges, however.

Rosalie always cleared her desk before she left, stuffing her slim laptop, cell phone, and PDA into a briefcase that looked as if it were a medium-sized shoulder purse. As she turned to leave, Rosalie looked up from her desk and glanced at a postcard she had tacked to her bulletin board. The sentence "Every day do at least one thing that scares you" was displayed in white print on a black background. It was a stark reminder of the beginnings of Hill Country Marketing. Just a few years ago, Linda Adams, the founder of the firm, had given the postcard to Rosalie as a gift. Now retired, Linda had been visiting the Holocaust Museum, and she had dropped by unexpectedly to look over the renovated Washington offices and visit old friends. "Rosalie," Linda began, "not only does every CEO need to be reminded of this, but every person—period. You can get too cozy and forget that life doesn't mean much without risks." Rosalie liked the postcard because it reminded her not to get too cozy. She had just shut down her laptop and was thinking of the card again as Paula and Laura walked into the restaurant.

When everyone finally arrived, Rosalie would facilitate the luncheon discussion about the "Miami situation" and any other related topics. Of course, she would make the final decisions if needed. What was troubling her was that this matter had reached her desk, and that she had had to send Paula and Laura to investigate.

The Situation

Management of the Miami branch office wrestled with a common personnel problem. Matt Sanders, a senior account manager, was not performing. For five years, he had not recruited any new clients nor had he created or even suggested any new marketing plans.

Over the period, there was an increase in complaints from his clients, and he was spending increasing amounts of time away from work tending to personal matters. The junior staff had become hostile.

Sara Bartles, manager of the department, had been a successful account manager. She was also a well-known author and trainer who mentored junior employees. She had dealt successfully with employee problems before by using the communication techniques she advocated in her training. She tried to deal with Matt by giving him positive feedback, encouraging him to improve rather than describing any of the negative feelings of the other staff.

"I don't know what more to do," she would later tell Paula. "My senior account managers suggested private meetings with Matt to get him going. I did that. I even designed smaller projects for him, ones that were easily doable, to help him feel better about himself and to empower him."

All efforts failed. In fact, Matt later told Laura, "Sara was singling me out. Everyone knew that. I was being punished."

The behaviors normally associated with effective interpersonal communication backfired. The entire situation became a crisis when Matt, who had been receiving poor evaluations from the rest of the staff and customers, actually asked Patrice Carmady, the southeast region's manager, for a raise.

Patrice consulted with Sara. Then Patrice called Rosalie. Rosalie was concerned enough to talk to Ruth, who had been Patrice's manager in San Antonio. Finally, Patrice, Ruth, and Rosalie met in Washington. They had met before in similar situations. Why does this always happen? How can it change? They decided to send Laura and Paula, respected by all involved, to investigate the situation.

The Investigation

When Laura and Paula arrived in Miami, Sara was there to greet them. She rushed them off to a happy hour attended by most of the account executives and part of the staff. Matt was not there.

"Say, didn't you hire Matt?" one of the account executives asked Paula.

"Not exactly—I did interview Matt for this job, and I did recommend him," said Paula.

"He might have been fine then, but he's a drag on the system now," said another employee.

"What ticks me off is that he gets the same raises—not commissions or bonuses—but the same raises that the rest of us get," added another.

"It's not Sara, either," said another. "What is she supposed to do if Patrice gives her only so much for raises?"

"Paula and I will have a chance to talk to all of you later this week," said Laura, ending the discussion of Matt during happy hour.

The next day, Laura and Paula attended the morning staff meeting. Sara distributed account information about the last month and discussed initiatives for the week. Matt seemed disinterested.

Toward the end of the meeting, Sam Marshall, one of the account mangers, voiced his concerns. "How the hell are we assigning accounts to account managers these days, anyway? I'm sick and tired of my account list. My clients are happy with us, but they haven't really bought anything new or bigger in a decade. Shouldn't the accounts be distributed more equally?" There were requests for data, a short discussion, and agreement to consider the matter next week. The meeting ended on time, with nearly everyone laughing and joking. Most people congratulated Sam on his victory and hurried off to meet clients.

After the meeting, Laura interviewed Matt. Matt had one of the larger offices in the company. Laura noticed off to the side a computer table with a very old computer on it. The main desk was wide and leather padded, with an executive leather padded chair. The desktop was crowded with family pictures and several pictures of the Hill Country account managers at their annual picnics. "Do they even make those anymore?" Laura asked as she motioned to the computer and chuckled.

"It does what I need it to do," Matt responded with a laugh. "It might even be one of the hand-me-downs from when you all started the company," Matt added. "We all know those stories about you all—taking chances, trying new things and all. Things were rougher then."

After telling one or two stories about his family, Matt finally focused on the issues he knew were at the top of Laura's agenda. Matt claimed Sara was out to get him. When Laura presented the data over the last year showing the downturn in Matt's performance, Matt claimed the numbers actually showed an upswing, considering economic conditions and problems in the office.

"This is the first time I've seen those numbers," said Matt. "Sara's just jealous because she knows how close I am to the rest of the staff," he argued. "Everyone else knows I'm doing well. Why would the staff have recommended me to mentor new employees?"

Laura then went to talk with Sam. Sam had the same office furniture but a more contemporary computer configuration. It was not the latest, however. There were fewer pictures on the desk, but there were the same company picnic photos. Laura looked more closely at the company photos, hoping she might learn how close Sam was to Matt. "Everyone seems so happy in these photos—does everyone go to the picnics?" Laura asked Sam. "Everyone," said Sam. "It's like a family picnic, and we have a blast."

Sam became more serious when he talked about Matt. "Matt's a good guy. He's great to have around here. He always has good things to say about everyone. I know he has been having some problems lately, but we all have problems from time to time."

Sam recognized Matt's poor performance, but he thought a negative evaluation of Matt might lead to other problems on the staff. No one had ever confronted Matt directly, as far as he knew, but others had said things to Sara about Matt.

"We don't want to hurt Matt's feelings—it would be like hurting your brother," said Sam. "We sure don't want those kinds of confrontations to be business as usual around here."

"Does anyone ever mention this lack of confrontation?" asked Laura.

"That would just cause conflict, and we don't have conflict here," said Sam coolly.

Meanwhile, Paula went to talk with Sara. When Paula arrived at Sara's office, Sara's administrative assistant told her that Sara was running a bit late, but Paula could wait in Sara's office. Paula noted how comfortable the office seemed, not realizing it was similar to the other offices. When Paula met with the executives in Washington, DC, she even commented on how the leather padded chairs at the restaurant were almost as comfortable as the one in the Miami office. There was no computer visible in the room, and only a picture of Sara's family was on her desk. She did not notice the company photos on the wall at first, but later she would discover they were the same photos others had. Also on the wall were photos of employees hugging Sara as they were giving her some token of appreciation.

Sara began the meeting by noting that Sam's outburst during the meeting was not normal. "We try to deal with the facts," she said. "Besides, nothing is going to change—Sam won his battle, and we will go through the motions of a review. The whole thing will be over by next month."

Laura noticed that when anyone spoke during the meeting, no one else challenged their opinion. People either ignored the comments or simply voiced their own unquestioned opinions. Was this because Laura and Paula were there?

"We're family here, and everyone is happy," Sara said reassuringly. "Everything is under control, except for Matt."

Laura asked Sara whether she had ever directly confronted Matt with his performance data. Sara said she had initially encouraged Matt, but at their last meeting together she had confronted him.

"When I told him his work had been slipping, Matt denied any loss of performance. Then he said, 'I've heard enough of this, and I'm not talking about this anymore.' And he stormed out of the room."

Sara blamed this last meeting for the current tension. Sara said she had not discussed this with Matt again, although she had invited him to meet again. Sara also had avoided discussing this with other staff for fear of the damage it would do to her image and the image of the Miami unit. Eventually, she had to discuss the matter with Patrice, which ultimately led to Paula being sent to Miami.

The remaining interviews followed similar patterns. One other thing emerged across the interviews. "We haven't been running smoothly since this whole thing blew up—glad the top brass sent some grease," said one employee. "We need you here because we can't keep performing like this," said another. Perhaps the most common remark was "I hope you can work this thing out between Sara and Matt." Communication about the situation was sufficiently ambiguous to allow everyone to perceive most actions as reinforcing their own positions, even though the positions were contradictory. Everyone was right.

As Rosalie Garza listened to the report, she had the uneasy feeling that she had heard all this before. Although this situation involved a particular sequence of events occurring in the Miami branch office, the situation seemed similar to situations in other branch offices in some odd ways. "Why does this always happen?" she thought. What could she do about the Miami office? *What* "always happens"? Can it be prevented? How? ✦

* This case has been developed based on real organization(s) and real organizational experiences. Names, facts, and situations have been changed to protect the privacy of individuals and organizations.

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