

Treadway Tire Company

1. What is the impact of the environment on Treadway Tire Company? How do you assess environmental uncertainty? How does it influence the company's strategy?

The firm faced increasing raw material costs (oil) and intense global competition. They need to focus on a cost saving strategy and increase productivity, because profit margin is being pushed. Therefore, the training program was sat on standby.
They choose to work 12-hours instead of 8-hours strategy.
Pressure from outside Unions.

Miles and Snow: It went into the Defender strategy. But should might go into a prospector strategy that might would have been good. But, how would the prospector strategy impact the organization. You will need a specific structure, formal hierarchy.
Look at Mechanistic Design and Organic Design.

Engstrom had a shared incentive reward plan.

People are calling in sick so having an incentive scheme that gets people to work will might be good.

Looking at maslow we see that the people already have satisfied their first need with a high salary. So, we need to focus on different thing.

Use SWOT.

Internal environment:

The culture is performance driven and top down. You do what your boss tells you to do. "Show them who is boss" The foremen assume that workers are slackers. Use principal theory. U need to set strong mechanism to monitor performance.

Looking at Hwathorne we see that the monitoring have a negative effect.

They have a "sink and swim" philosophy "No time for handholding", you are on your own.

The foremen have high level of responsibility but low level of authority. The managers has lack of respect for the foremen and there is lack of training and preparation.

Positive: They are very productive in Lima. They have invested in new equipment. They have high salaries. There is some sort of compensation for their high work. They work 15 days a month. There are no stories about their success which can be leverage.

Concept of culture, Shein (Circle). It seems values are missing and that the workers and managers are not sharing values. There is polarized environment, us vs. them.

Belief system (Basic assumptions), see if the belief system is in line with artifacts. Are organizational structure ready to bring in a new incentive performance plan.

It is not enough to change incentives, you need to go deep, look at the employees beliefs, replace the current assumption, to this, create stories.

Ouchi Z (slide 13-14). People that rise from the old culture would keep to reinforce the old culture if you do not create any change to this.

You have worker, lineman, foreman (responsible shift), supervisor, Plant manager.

2. How would you describe the culture at Treadway? What are the assumptions about workers and work at the company that seem to be shaping the behavior of the organizational membership?
The culture is rough, meaning there is no freedom and flexibility.
The communication was very bad in the entire company. Also, the line foremen did not have any formal training.
The workers did not feel valued, They, believed that the line foremen thought that the worker were unreliable and was slacking. They are coming late to work and call in sick often. This might be due to the bad way they feel about the foremen.

3. What is the voluntary and involuntary turnover rate of foremen overall and within internal and external recruits? What are the implications of this data? What is the overall reason behind voluntary turnover and that behind involuntary turnover?

The people do not want to be line foremen because of the bad conditions. They could not see how to move up in ranks inside the organization.

Turnover total for foremen: 1/3 of the salary workforce leaves the company. The people who leave on their own is 44 pct (voluntary). The involuntary is 56 pct.

Internal and external hires.

I used to be line workers who were promoted to foremen.

The hiring strategy for the foremen was now to get people with college degree. They assume that people with a college degree already have skills and do not need training. Internal is 40 pct. And external is 75 pct. More of the external hires with college degree leaves the firm. SO there hiring strategy does not goes well. They do not have no experience whit managing a workforce and creating time sheets. So, it seems that the culture itself sucks. Now, the voluntary workers do not see how to grow in the company.

The foremen has low involvement, a worker gets fires, goes to the Union, the Union talks to the manager, the worker comes back.

There is lack of respect and appreciation.

They are being fired because, they do not meet daily target, they are having conflicts with people above and below them, and fired for lack of controlling.

expectancy theory: The people do not get rewarded for their work. The workers do not feel recognized. The workers would like to grow but the link is missing. The first link is missing, the workers do not feel prepared.

Internal and external integrating are missing, polarized environment.

According to Maslow it might only be the first part there is met.

Power

You can compare cases with other cases in the exam

You can compare this case to Honda. In Honda the workers would not have power, and in this case the workers have power due to their union. If the worker does not control their power correctly their will be some unfairness. An issue with unfairness is, that you might get a law suit and should give away a lot of money. If this becomes reality it will go against the cost saving strategy.

4. How much money are Foremen making at Treadway? Would you consider the salary to be good? How do you explain their dissatisfaction?

30 dollars an hour. It is a good salary however the dissatisfaction comes from the environment in the organization and bad management style. They are earning yearly, 65.000 dollars. They are earning good money.

According to the two-factor theory we see that they do not feel recognized which is a highly motivating factor.

Look at the Two-Factor theory and Hackman & Oldham. They have some needs, Task identity, but are missing. Growth and knowledge and skill.

5. What performance parameters are foremen failing on? What are the behaviours that have been found to be critical for effective performance in the job of a foreman at Treadway (see p. 5)? Are these behaviours being addressed in Recruitment and Selection, Training & Development and Performance Appraisal?

The foremen are not able to manage and organize. The foremen were judged on how they training their employees. Are they being screened when being hired? They are being tested to their ability to forecast but not how they would train their employees. Instead, the foremen should be tested in the environment they are working in. The test is to theoretical. Iceberg; there is a loose cobbling between the structure and identity.

Create a psychological safe environment as a performance factor. This can create even more pressure on the foremen and it can create even more resistance.

Communication is lacking. Also, the supervisors are being stressed by their own managers. Foremen are missing the important part, to tell the company's success, give stories.

"No time for hand-holding", college graduates seems to be more inefficient.

6. Given the importance of training at Treadway, and given the present cost-cutting mandate the plant manager is working under, how do we go about ensuring that foremen have the required competencies? How do we get the supervisors to get involved and take ownership of their training and coaching?

Do something like Goldman Sachs. However, this would require a change in the culture, create a new culture. Change belief system through success stories. They can leverage on success since the Lima production company is successful.

Make the foremen heard, someone should listen to the foremen. There is no dialog. Use facts and numbers to stimulate dialog. Show them the turnover of internal hires and external hires. This might formalize the training.

The cost of turnover is very high.

Use on the job training to formalize training to get the supervisors involved in training. Or have a 360-degree feedback mechanism. Have the workers to evaluate the foremen and supervisors. Facts and number seem to be in line with the way they operate.

7. What are the sources of dissatisfaction and unfairness with regards to career development and disciplinary procedures at Treadway? How can these systems be improved?

They do not do so many internal hires and more external hires. The workers might have more power than the foremen which creates unfairness. Agency theory.

Involve foremen in the disciplinary proceedings. Having a foremen representation when it comes to disciplinary disciplines. Create a work design, where the foremen can share knowledge and divide the tasks among each other.

8. What are the costs of employee turnover? How can Ashley Wall make a business case for change in the system by looking at these costs?

Create lateral promotion, promote people to other plants.

Use Simplified Turnover Costing model. (Mathias & Jackson, 2003)

Notes while reading

Treadway had 9,000 hourly and salaried staff in North America and was a major supplier of tires to the original equipment manufacturer and replacement tire markets, selling their own brand and private tire brands. They have eight manufacturing plants.

The firm faced increasing raw material costs and intense global competition.

She could reduce cost by reducing turnover. But there have also been brewing morale issues against the line-foreman segment.

1,120 people were employed at Lima. 970 were hourly employed and 150 were salaried employees. The hourly personnel were unionized.

In 2000 Lima had undergone a \$100 mil expansion and modernization.

In 2006 they shut down the Greenville plant and moved the volume to Lima. The Lima plant was open 24 hours with four hour rotating shifts. Most employees worked a 12-hour shifts with two breaks and a half-hour for meals.

The hourly line-production employees were supervised by salaried, non-union. Floor-level managers called line foremen. Directly above the 50 line foremen were 13 general supervisors who managed several line segments. A single plant manager was responsible of the oversight of the entire plant.

Foreman Staffing Objectives

The manufacturing foremen constituted the largest group of salaried employees at Lima. One of the factors influencing performance of line foremen was their educational background and skill set.

Their most successful general supervisors have risen from the foreman ranks. However, there is not enough people in the foreman position with the potential to move up to the next level of management. None of the hourly workers have a college degree. They agree to have more people with a college degree.

The line foreman Experience

Foremen felt pulled in different conflicting directions by management, the worker and the union. They have a report including metrics as labour hours per unit, units completed, and units rejected owing to quality issues. If results fell below forecasted levels, the line foreman was subject to a severe tongue lashing and threatened with a poor performance review. Due to long shifts the scheduled hourly workers often came late to work or called in sick.

Foremen also had to manage many union administrative procedures.

Morale

An employee satisfaction survey conducted in August 2008. It shows that the employees are not strongly positive about their managers and with the morale in the company. The foremen believe that all the hourly workers are slackers and want to get us out" says an hourly worker.

A foreman says that management does not seem to understand the problems the foremen have. He says it is a jungle in the plant. They do not have any authority but carry all the responsibility.

They tried to introduce social events after work, but their general supervisor and area managers are not accustomed to this.

Hiring

To get the foremen position you have to complete the First Line Test – a five hour exam, which 45% passed.

Training

The new line foremen received only informal training. The general supervisor tells the line foremen that they should let the hourly worker know who is boss and that is the only way to make it as a foreman. It was preferred to adopt the tried-and-true management style.

It was estimated that over 43% of the 23 line foremen had left the position voluntarily. Many of them left Treadway.

Many foremen do not have a clue what industrial engineering is, or how to track their hours.

Wall had been trying to create a new month-long rotational training program for line foremen. Due to budget costs in 2007 Bellingham decided to put the program on hold.

The line foremen were evaluated annually by their general supervisor. They get judged by how they manage a train their hourly workers. However, the performance measurement system was very informal. A general supervisor says that he do not see any way to move up at Lima.

The plant was not satisfactorily developing new managers. Relations between management and the union were threatened.

Nice du skriver, har også selv været lidt tvivl. I spørgsmål 1 kom jeg frem til at analyser strategien passede bedst med måden Desi vil styre firmaet på. Synes han fokusere meget på at kombinere innovation strategien samtidig med at stabilisere og kontrolere firmaet. I spørgsmål 2, kommer jeg først ind på at der er behov for et kultur skifte inden bygger en ny "structure" og "design" op eftersom at kulturen muligvis er blevet påvirket af Jacobson og de andre ledere. Her bruger jeg Schein's teori og har fokus på internal og external adaption. Efter vi har skabt en kultur der vil passe til den innovations struktur jeg vil skabe, opstiller jeg specifikke strukturer som vil skabe ville være med til at skabe denne innovations kultur, eksempel open-door policy osv. Så benytter jeg 'edge of chaos' teorien beskrevet af Eisenhardt & Brown og hvordan time pacing osv. er vigtig for firmaets overlevelse nu hvor de befinder sig i et volatilt marked. Dette viser sig at være tæt på et 'organic design system' hvilket jeg mener skal implementeres, men samtidig inkorporere dele af 'mechanical design system'.

I spørgsmål 3 kommer jeg ind på de forskellige 'resistance' jeg føler der er relevant, eksempel "*change is unnecessary*" (Gary Yukl, pp. 64) og high costs resistance. For at løse 'resistance' benytter jeg Lewin's force-field model (Gary Yukl, pp. 65). I 'unfreeze' fasen benytter jeg SWOT teorien og 'S'-curve for at fortælle vigtigheden i fokusere på analyser strategien. Dernæst opstiller jeg et andet scenarie hvor man kunne forestille sig at kulturen ikke var blevet ændret, så vi ikke behøver et kultur skifte og der altså ingen resistance er. Her bruger jeg Theory Z fra Ouchi til at forklare hvorfor kulturen nok ikke har ændret sig og Maslow pyramiden til at fortælle at medarbejderne i firmaet faktisk har det meget godt og at vi nok ikke skal bekymrer sig om nogen resistance.

Disse to punkter samler jeg til sidst hvor jeg dog vurdere at der nok alligevel vil være en eller anden form for resistance fra stockholdernes side. Intenst