

Consolidated Life

PART 1

It all started so positively. Three days after graduating with his degree in business administration, Mike Wilson started his first day at a prestigious insurance company—Consolidated Life. He worked in the policy issue department. The work of the department was mostly clerical and did not require a high degree of technical knowledge. Given the repetitive and mundane nature of the work, the successful worker had to be consistent and willing to grind out paperwork.

Rick Belkner was the division's vice president, "the man in charge" at the time. Rick was an actuary by training, a technical professional whose leadership style was *laissez-faire*. He was described in the division as "the mirror of whoever was the strongest personality around him." It was also common knowledge that Rick made \$60,000 a year while he spent his time doing crossword puzzles.

Mike was hired as a management trainee and promised a supervisory assignment within a year. However, because of a management reorganization, it was only six weeks before he was placed in charge of an eight-person unit.

The reorganization was intended to streamline work flow, upgrade and combine the clerical jobs, and make greater use of the computer system. It was a drastic departure from the old way of doing things and created a great deal of animosity and anxiety among the clerical staff.

Management realized that a flexible supervisory style was necessary to pull off the reorganization without immense turnover, so the managers gave their supervisors a free hand to run their units as they saw fit. Mike used this latitude to implement group meetings and training classes in his unit. In addition, he assured all members raises if they worked hard to attain them. By working long hours, participating in the mundane task with his unit, and being flexible in his management style, he was able to increase productivity, reduce errors, and reduce lost time. Things improved so dramatically that he was noticed by upper management and earned a reputation as a superstar despite being viewed as free-spirited and unorthodox. The feeling was that his loose people-oriented management style could be tolerated because his results were excellent.

A Chance for Advancement

After a year, Mike received an offer from a different Consolidated Life division located across town. Mike was asked to manage an office in the marketing area. The pay was excellent, and the position offered an opportunity to turn around an office in disarray. The

reorganization in his present division at Consolidated was almost complete and most of his mentors and friends in management had moved on to other jobs. Mike decided to accept the offer.

In his exit interview, he was assured that if he ever wanted to return, a position would be made for him. It was clear that he was held in high regard by management and staff alike. A huge party was thrown to send him off.

The new job was satisfying for a short time, but it became apparent to Mike that it did not have the long-term potential he had been promised. After bringing on a new staff, computerizing the office, and auditing the books, he began looking for a position that would both challenge him and give him the autonomy he needed to be successful.

Eventually, word got back to his former vice president, Rick Belkner, at Consolidated Life that Mike was looking for another job. Rick offered Mike a position with the same pay he was now receiving and control over a 14-person unit in his old division. After considering other options, Mike decided to return to his old division, feeling he would be able to progress steadily over the next several years.

Enter Jack Greely; Mike Wilson Returns

Upon his return to Consolidated Life, Mike became aware of several changes that had taken place in the six months since his departure. The most important change was the hiring of a new divisional senior vice president, Jack Greely. Jack had been given total authority to run the division. Rick Belkner now reported to Jack.

Jack's reputation was that he was tough but fair. It was necessary for people in Jack's division to do things his way and get the work out.

Mike also found himself reporting to one of his former peers, Kathy Miller, who had been promoted to manager during the reorganization. Mike had always hit it off with Kathy and foresaw no problems in working with her.

After a week, Mike realized the extent of the changes that had occurred. Gone was the loose casual atmosphere that had marked his first tour in the division. Now, a stricter task-oriented management doctrine was practiced. Morale of the supervisory staff had decreased to an alarming level. Jack Greely was the major topic of conversation in and around the division. People joked that MBO now meant "management by oppression."

Mike was greeted back with comments like "Welcome to prison" and "Why would you come back here? You must be desperate!" It seemed as if everyone was looking for new jobs or transfers. The negative attitudes were reflected in the poor quality of work being done.

Mike's Idea: Supervisors' Forum

Mike felt that a change in the management style of his boss (Jack) was necessary in order to improve a frustrating situation. Realizing that it would be difficult to affect Jack's style directly, Mike requested permission from Rick Belkner to form a Supervisors' Forum for all the managers on Mike's level in the division. Mike explained that the purpose would be to enhance the existing management-training program. The forum would include weekly meetings, guest speakers, and discussions of topics relevant to the division and the industry. Mike thought the forum would show Greely that he was serious not only about doing his job but also about improving morale in the division. Rick gave the okay for an initial meeting.

The meeting took place and 10 supervisors who were Mike's peers in the company eagerly took the opportunity to engage in the discussion. There was a euphoric attitude in the group as the members drafted their statement of intent. It read as follows:

To: Rick Belkner
From: New Issue Services Supervisors
Subject: Supervisors' Forum

On Thursday, June 11, the Supervisors' Forum held its first meeting. The objective of the meeting was to identify common areas of concern among the managers and determine topics we might be interested in pursuing.

The first area addressed was the void that we perceive exists in the management-training program. As a result of conditions beyond anyone's control, many of us over the past year have held supervisory duties without the benefit of formal training or proper experience. Therefore, we propose that we use the Supervisors' Forum as a means to enhance the existing management-training program. The areas we hope to affect with this supplemental training are as follows: (a) morale/job satisfaction, (b) quality of work and services, (c) productivity, and (d) management expertise as it relates to the life insurance industry. With this objective in mind, we have outlined below a list of activities we would like to pursue:

1. Further use of the existing in-house training programs provided for manager trainees and supervisors, i.e., Introduction to Supervision, EEO, and Coaching and Counseling.
2. A series of speakers from various sections in the company, which would help expose us to the technical aspects of their departments and their managerial styles.
3. Invitations to outside speakers to address the forum on topics such as managerial development, organizational structure and behavior, business policy, and the insurance industry. Speakers could be area college professors, consultants, and state insurance officials.
4. Outside training and visits to the field. This activity could include attendance at seminars on managerial theory and development relative to the insurance industry. Attached is a representative sample of a program we would like to have considered in the future.

In conclusion, we hope this memo clearly illustrates what we are attempting to accomplish with this program. It is our hope that the above outline will give the forum credibility and establish it as an effective tool for all levels of management within New Issue Services. By supplementing our on-the-job training with a series of speakers and classes, we aim to develop prospective managerial personnel with a broad perspective of both the life insurance industry and management's role in it. Also, we would like to extend an invitation to the underwriters to attend any programs that might be of interest to them.

cc: J. Greely
 Managers

The group felt that the memo accurately and diplomatically stated its dissatisfaction with the current situation. However, the members pondered what the results of their actions would be and what else they could have done.

PART 2

An emergency management meeting was called by Rick Belkner at Jack Greely's request to address the union being formed by the supervisors. Four general managers, as well as Rick Belkner and Jack Greely were at that meeting. During the meeting it was suggested that the forum be disbanded to "put them in their place." However, Rick Belkner felt that if guided in the proper direction, the forum could die from lack of interest. His stance was adopted, but it was common knowledge that Jack Greely was strongly opposed to the group

and wanted its founders dealt with. His comment was, "It's not a democracy and they're not a union. If they don't like it here, then they can leave." An investigation was begun by the managers to determine who the main authors of the memo were so they could be dealt with.

At about this time, Mike's unit had made a mistake on a case, which Jack Greely was embarrassed to admit to his boss. This embarrassment was more than Jack Greely cared to take from Mike Wilson. At the managers' staff meeting that day, Jack stormed in and declared that the next supervisor to "screw up" was out the door. He would permit no more embarrassments of his division and repeated his earlier statement about "people leaving if they didn't like it here." It was clear to Mike and everyone else present that Mike Wilson was a marked man.

Mike had always been a loose amiable supervisor. The major reason his units had been successful was the attention he paid to each person and how he or she interacted with the group. He had a reputation for fairness, was seen as an excellent judge of personnel for new positions, and was noted for his ability to turn around people who had been in trouble. He motivated people through a dynamic, personable style and was noted for his general lack of regard for rules. He treated rules as obstacles to management and usually used his own discretion as to what was important. His office had a sign saying "Any fool can manage by rules. It takes an uncommon person to manage without any." It was an approach that flew in the face of company policy, but it had been overlooked in the past because of his results. However, because of Mike's actions with the Supervisors' Forum, he was now regarded as a troublemaker, not a superstar, and his oddball style only made matters worse.

Faced with the fact that he was rumored to be out the door, Mike sat down to appraise the situation.

PART 3

Mike decided on the following course of action:

1. Keep the forum alive but moderate its tone so it wouldn't step on Jack Greely's toes.
2. Don't panic. Simply outwork and outsmart the rest of the division. This plan included a massive retraining and remotivation of his personnel. He implemented weekly meetings, cross-training with other divisions, and a lot of interpersonal stroking to motivate the group.
3. Evoke praise from vendors and customers through excellent service, and direct that praise to Jack Greely.

The results after eight months were impressive. Mike's unit improved the speed of processing 60 percent and lowered errors 75 percent. His staff became the most highly trained in the division. Mike had a file of several letters to Jack Greely that praised the unit's excellent service. In addition, the Supervisors' Forum had grudgingly attained credibility, although the scope of activity was restricted. Mike had even improved to the point of submitting reports on time as a concession to management.

Mike was confident that the results would speak for themselves. However, one month before his scheduled promotion and one month after an excellent merit raise in recognition of his exceptional work record, he was called into the office of his supervisor, Kathy Miller. She informed him that after long and careful consideration the decision had been made to deny his promotion because of his lack of attention to detail. Denial of the promotion did not mean he was not a good supervisor, just that he needed to follow more instead of taking the lead. Mike was stunned and said so. But before he said anything else, he asked to meet with Rick Belkner and Jack Greely the next day.

The Showdown

Sitting face-to-face with Rick and Jack, Mike asked if they agreed with the appraisal Kathy had discussed with him. They both said they did. When asked if any other supervisor surpassed his ability and results, each stated that Mike was one of the best, if not *the* best they had. Then why, Mike asked, would they deny him a promotion when others of less ability were approved? The answer came from Jack: "It's nothing personal; we just don't like your management style. You're an oddball. We can't run a division with 10 supervisors all doing different things. What kind of a business do you think we're running here? We need people who conform to our style and methods so we can measure their results objectively. There is no room for subjective interpretation. It's our feeling that if you really put your mind to it, you can be an excellent manager. It's just that you now create trouble and rock the boat. We don't need that. It doesn't matter if you're the best now. Sooner or later as you go up the ladder, you will be forced to pay more attention to administrative duties and you won't handle them well. If we correct your bad habits now, we think you can go far."

Mike was shocked. He turned to face Rick and blurted out, "You mean it doesn't matter what my results are? All that matters is how I do things?" Rick leaned back in his chair and said in a casual tone, "In a word, yes."

Mike left the office knowing that his career at Consolidated was over and immediately started looking for a new job. What had gone wrong?

Study Guides

1. This case can be treated as a three-part predictive exercise.
 - a. Read only Part 1 and stop. How do you think the supervisors' statement of intent will be received by top management at Consolidated Life?
 - b. Read Part 2. What do you think Mike will do now? What do you recommend that he do?
 - c. Read Part 3. Should Mike try to continue his career with Consolidated Life or find a job elsewhere? How does the self-fulfilling prophecy affect this situation? If he leaves, do you think he can be successful in another organization?
2. Was Mike wise to attempt to change the behavior of his boss? Was such an attempt ethical? What methods have you read about that he could have used? What would you have done differently?
3. How do you think that Mike would describe the organizational culture at Consolidated Life? What is an employee's responsibility for reading a firm's culture and for adjusting to it?
4. Evaluate the memo Mike wrote. Now assess the fairness and motivational impact of the feedback that Mike received. Will such feedback be useful in changing his behavior? What advice could you have given Rick and Jack prior to the meeting with Mike?