

Setting Priorities

You are J Franklin, the newly appointed Managing Director of Burke Engineering, a specialist manufacturer of diving equipment.

The company is in the Midlands, employs 350 people and has markets throughout the world. You have been headhunted from a much larger company to run the operation. You are 38 years old, married, a parent of two young children and your background is in mechanical engineering. You have an engineering degree from a northern university and a year's postgraduate experience in the United States. Your only language is English, you also have very little experience of sales or marketing, although in your previous job you were commercial director with financial responsibility for budgeting and new project development.

Burke Engineering has a record of poor profitability, even though sales growth has been steady over the past 3 years. Tables 1-10 in Appendix A explain the situation in greater detail. Over the last 5 years, sales have increased from €42 million to €72 million, but profitability has declined from €2 million to €800,000. The major shareholders a local investment management group and an insurance company are very unhappy with the overall direction of the company and they had removed D Landers, as Managing Director, two months earlier.

You have been given a five year contract on a fixed €80,000 per annum and a share of the increased profitability of the firm. You would get 5 per cent of the improved earnings per share.

The local investors had taken this course to ensure that the new managing director would have a substantial long term interest in generating profit growth for the business, and could no longer act as, Landers had done, in continually, and substantially, raising the MD's salary. As the new MD, your contract includes a detailed job description describing your responsibilities and terms of reference.

You have notes about a majority of the employees who report to you but these should be treated with a certain degree of caution. Their details are in Appendix B. At this stage, the most senior employees reporting to you are the four directors. Their roles at Burke Engineering will emerge as you become more familiar with the company but, at the moment, this is what you roughly know about each.

A Siddiqui is the 55 year old finance director: a qualified accountant employed by Burke Engineering for over 25 years.

B Wellan, the production director, is 58 and is the longest serving company director, having joined the company as an apprentice just after the war.

A Belinski, who is 42 and speaks 3 languages, is the sales and export director who was recruited 5 years previously to re-organise overseas sales activities. Since that time, overseas sales had risen from 20 to 38 per cent of total turnover.

C Phelan, the technical director, was recruited 2 years previously from a university to dramatically improve the number of new products that the company brought onto the market an area where Burke Engineering lagged behind its competitors. The first product developed under this new regime had been well received and several more are at the final stages of completion.

Your first day

As the new MD, you have yet to receive your new company car.

On the previous evening, the last day of February, you travel by train to Meeds from your home near Landsor and you stay in a small, uncomfortable hotel near the station. Next morning, you take a taxi to the office some 10 miles away. Arriving at 0730 on Monday, 1st March, you introduce yourself to the doorkeeper who takes you up to the MD's office. Based on your previous experience, you expect to find copies of company manuals outlining company rules and policies about such matters as pensions, conduct and discipline, grievance procedures, sickness and health insurance, safety and security.

All you find are some 10 year old mimeographed sheets dealing with executive health insurance. There is no computer either in your office or that of your secretary, who has an old electric typewriter. In addition to a one foot pile of journals, circulars, exhibition notices, and several items of junk mail, numerous correspondence and memoranda await your attention in your in tray. Most are of immediate concern to Burke Engineering. You have to decide which items are most important, which can be delayed and which should be delegated. As these require the allocation of time, you create an office diary to list which items should be done and when, as you read each document.

Item one

From A Cartwright, Office Services to J Franklin, MD.

Date: 26:2 1730.

Sickness. Regrettably, your secretary was taken ill at the office, late this afternoon. At such short notice, we cannot get anyone from the agencies we normally use to provide illness cover. As, at the moment, several of the senior secretarial posts are unfilled we are having problems with the language qualifications for the export department the only secretaries available would be one of the other directors'. Please advise.

Item two

From J Malran, Production Manager to Managing Director.

Date: 27.2

B Wellan, the Production Director, who suffered a heart attack two days ago, is in Meeds infirmary (tel 01603 58821) and is in a 'satisfactory' condition. The doctors say that patients suffering from Wellan's particular problem would not normally be able to return to work again for at least 3 months. I have therefore been attempting to organise the production programme for the Saudi order. You should, however, be aware of a number of problems that I would like to discuss with you as soon as possible.

Item three

From S Locke, reception to J Franklin, MD.

Date: 26.2.

Dragon Hotel. The Dragon Hotel does not take children under 12.

This evening, they cancelled the booking at 1645 that you made for Monday 1st, for you and your family.

Item four

From A Cartwright, Office Services to J Franklin, MD.

Date: 26.2.

Company car. Your new BMW will not be available for another week, according to the garage. They promise to phone when it arrives.

We have always had problems with this garage, but it was the one favoured by our last MD.

Item five

From A Belinksi, Sales and Export Director to J Franklin, MD.

Date: 25.2.

Working programme. Since D Landers left last month I have attempted to keep the boat off the rocks! I do not know your exact plans but I attach the main meetings schedule with comments. I look forward to seeing you on Tuesday.

Tuesday 2nd March.

0930. Arrival of Saudi delegation. They are one of our most important customers. I have asked your secretary to ensure that you have their file. There are some slight problems with the current order you will see other correspondence on this.

I expect the Saudis will be with us for around 2 hours; they expect to see the top dog.

1130 Sales review meeting Meeds. We are holding the quarterly review meeting for all senior staff. I have told them to expect you and have asked them all to prepare a review document on their particular territories so that you can get a good overview of the market. This finishes with lunch at 1400.

1730 Regional Chamber of Commerce meeting Bollhampton. The company is a major supporter of the Midlands Chamber of Commerce and we have always found that the contacts made here, and through the tours abroad, very worthwhile. Tuesday evening Grand Hotel, Bollhampton. The Chamber of Commerce meetings always end with a long and liquid dinner so I have booked you into the Grand overnight.

Wednesday 3rd March. 0830 Meeds/ Danton flight.

1030 Meeting with Argentine trade delegation. The Argentines have been one of our largest overseas customers. I shall be attending this meeting but they have always appreciated the MD's presence.

1230 Lunch with the Argentines.

1430 Train to Meeds.

1630 New product development meeting. This is our quarterly new product development meeting; you'll certainly want to be briefed about a number of problems, especially in the area of technical support.

Thursday 4th March. 0830 Factory inspection. I have arranged for all the production staff to be available to demonstrate all the capabilities of the production system.

1030 Warehouse/ despatch.

1230 Depart by train for Northern Diving Exhibition, Bonderdeen.

This is the major exhibition, in the first 6 months of the year, and most of the oil companies and representatives of national governments will be attending. A large number of staff are therefore involved so that we've got all the technical support ideally required for such an occasion.

1530 Inspection of exhibition stand. Visit exhibition.

Night at Caledonian hotel, Bonderdeen.

Friday 5th March. 0700 Train return to Meeds arrive 1030.

1100 Meeting with Caledonian Insurance and Midlands Venturists.

These are the major shareholders of the company and, under the outgoing MD, there were progress reports every 6 weeks.

1300 Lunch.

All tickets are in the main drawer of your desk.

Item six

From A Wellie, Security to J Franklin, MD.

Date: 21.2

Break ins. The latest in a long line of break-ins occurred sometime during the weekend of 18-20 February, even though I have personally doubled the numbers of security staff. Substantial damage has been done to the roof in Number One tool shed, which flooded during the severe storms. Even though the builders have been in, we are still vulnerable to further attacks of this nature.

I have also received a telephone message from the insurers saying that in their view, the cover that we hold on the building and stocks is grossly inadequate and that they may not be prepared to pay up. I have checked, and it seems that our cover is for only €2.5 million against the total machinery/ stock value of around 11 million. But I don't see what that has to do with it in any case as we won't be claiming millions.

I discussed the matter with J Porter who said that as we'd put in four largish claims in the last 18 months they were probably angling to raise the premium because he was pretty certain that when B Langton was here as office manager, he'd increased the cover because, when you think about it, our current premiums still seem pretty high if we're insured for only €2.5 million. Porter's looking into this but in the meantime what further action should I take?

Item seven

From D Lovatt, Operations Manager to J Malran, Production Manager cc MD.

Date: 22.2.

Production scheduling. Doubtlessly you know of the serious problems of idle machine time originating from recent production decisions. The budget calls for machine efficiencies to average 85 per cent. Over the last 3 weeks, 85 per cent efficiency was only achieved on 2 days, efficiency greater than 75 per cent on one day, efficiency greater than 65 per cent on 6 days, with the remainder of the time the factory operating at near half the required rate. The situation is continuing to deteriorate.

Item eight

From A Wellie, Security to J Franklin, MD cc J Porter.

Date: 16.2.

Theft. We have lost another lap top computer from the administration block, the third in two weeks in addition to the previous two video recorders, and one printer. I have strong suspicions about one of the managers and would like your authority to proceed to carry out spot searches.

Item nine

Confidential.

From A Siddiqui to J Franklin, MD.

Date: 17.2.

Annual Audit. You arrive just as we are about to complete work for the annual external audit. Our accountants are due to arrive early next week. Though overall the figures are

reasonable and show an increase in profitability in line with expectations, I am concerned about some discrepancies in the accounts relating to some of our major contracts, especially those dealing with Greece, Saudi Arabia and Argentina, which could give the auditors cause for serious concern. Could I have your advice as soon as possible.

Item ten

From Chairman, Planning Authority, Meeds Council to MD.

Date: 18.2.

Misuse of agricultural land. Following repeated attempts at contact to discuss the dumping of pallets in land adjoining your factory, I find that we have no alternative but to issue your company with a distraint order under 15/456. Unless the offending material is removed from the site within 24 hours the council will authorise its removal with all expenses charged to your account.

Item eleven

From D Orden, Warehouse Manager to J Franklin, MD.

c.c. Directors of Sales and Marketing, Finance, Production.

Date: 21.2.

Excess stocks. The warehouse is now operating over capacity with the result that we're using the field next door for various items, mainly pallets. I had mentioned this to senior management including the MD on a number of other occasions. The situation is now at crisis, because of the delayed shipment of certain large orders problems over letters of credit, I've been told by Sales and Marketing. The order for Argentina is now 285 days overdue, that for China 215 days, Greece 180, Sweden 90, and Saudi Arabia 60 days. Until these orders are cleared, the warehouse can't accept any more finished goods and I've tried to explain this to Production. Both they and Finance have stated that the nature of the equipment and their high value makes third party warehousing inappropriate. However, we could use other warehouses for the storage of components.

Item twelve

From J Tench, TGWU to J Franklin, MD.

Date: 25.2.

Industrial Action. Following previous representations at works council meetings (see attached XR 23/24/25/26), and the failure of the management to honour agreements concerning the arbitration clause in pay negotiations, I have no alternative but to call a works meeting for Tuesday 2.3 at 1100 to discuss the future actions that we may deem necessary.

Item thirteen

From W Buckley AEU to J Franklin, MD.

Date: 23.2.

Working conditions. I draw your attention to the deplorable wet conditions in tool shed one. Currently AEU members are having to work in conditions that infringe certain sections of the Health and Safety at Work Act. I would remind you that, to date, industrial tribunals have awarded very substantial amounts to staff injured as a result of these particular clauses.

Item fourteen

From D Buckle, Social Club to Mr & Mrs J Franklin.

Date: 24.2.

Annual awards ceremony. We are holding our annual awards ceremony on the evening of Wednesday, 3rd March. Though I realise that it is short notice A Belinski has warned us that you are likely to be fully occupied in your first two weeks all members would be delighted to see you both. It starts at 2000 and will end at about 2130.

Item fifteen

From Belinski to Wellan, cc MD and Technical Director.

Date: 18.2.

Saudi order. We are having continual problems in getting the specific modifications for the Saudi order into the production process. As you know the delegation is coming on 2nd March, and it is crucial that we give firm assurances about the completion of this batch so that the entire order can be despatched.

Item sixteen

From Siddiqui to Belinski, cc Managing Director.

Date: 21.2.

Outstanding orders. Since we introduced the new costing and estimating system, we have been experiencing severe problems in finalising the price on a number of orders. I refer to the orders for Argentina valued at around €1 million, the China order around €2 million, Greece around €1.5 million, Sweden around €2 million and Saudi Arabia around €4 million. Though I appreciate that we have had technical problems with three of these orders, we must clarify the government payment position as soon as possible. The delay on all these orders is having a very serious effect on the company cash flow and with interest rates as high as they are, we must resolve the problem as soon as possible.

Item seventeen

From Belinski to Phelan, cc Managing Director.

Date: 12.2.

Northern Diving Exhibition. I am very upset that you felt unable to release two of your senior staff to support our efforts at the exhibition. As you know, our life blood is the high level contacts that we can generate at such events and it is essential that we can show that our technical expertise is second to none.

Item eighteen

From J Porter, Office Manager to J Franklin, MD.

Date: 25.2.

Personnel problems. Two serious personnel problems need to be resolved. The first is that immediately before becoming ill, the Production Director was about to dismiss one of the Production Supervisors, J Kinkaid for insubordination. Kinkaid is a strong union activist who is threatening to take the company to an industrial tribunal. Under the employment legislation we must, this week, inform this employee of our decision. A legal 'advisor' representing Kinkaid has asked for an appointment, a relative is one of the senior reporters on the local newspaper and a couple of minor stories have already appeared, commenting on 'Victorian management styles'. The second problem is that absenteeism amongst the trainees has now reached a level where it is starting to seriously affect other

production staff. This is particularly bad in the technical drawing rooms where the three trainees have only appeared on two days in the last week. As you know, we have duties under the trainee scheme to control attendance.

I am also worried that the increasing demands of dealing with personnel problems is detracting from my designated job as office manager. I would appreciate the chance of discussing this problem with you.

Item nineteen

From J Porter, to Phelan, Belinski, cc J Franklin.

Date: 11.2.

Appraisal reports. I have still not received the reports for the previous year.

Item twenty

From Phelan to Belinski, cc J Franklin, MD.

Date: 16.2.

Technical support. I am aware of the high profile that the Northern Diving Exhibition has. However, the continual pressure on the technical department to produce unplanned and unscheduled modifications for special orders has seriously undermined the new product development work in which the department is engaged. This is quite unnecessary, as many of the modifications that have been insisted on contravene basic safety concepts. We have had to allocate an extra 128 days to the China order, 56 days to the Greek, and 227 to the Saudi contract. The result of this has been that the various projects on which my staff are working have become increasingly delayed.

As you know, our role is to develop new products, rather than resolve problems in other departments that are a consequence of poor planning.

Item twenty one

From J Porter, Office Manager to Siddiqui, cc MD.

Date: 17.2.

Pay check irregularities. For the third week in five we have had a complete mess in accounts at the end of the week; I spend two days each week sorting out the problems that are caused. Could you please ensure that there is no further repetition.

Item twenty two

From Production Department to Circulation list.

Works management meeting. The next weekly works management meeting will take place on Thursday 4th March at 1030. Lunch has been booked in meeting room 3 for 1300 as usual.

The received agenda:

1. Minutes of the last meeting.
2. Matters arising.
3. Production scheduling.
4. Overtime payments.
5. Quality reports.
6. New product concepts.
7. Progress of pay discussion.

8. Working conditions.
9. Security.
10. Any other business.

Item twenty three

From Z to MD.

Date: 25.2.

Planning Officer Monthly lunch. The monthly lunch with the chief planning officer of the council is due next Monday, 8 March. Boss Landers always told me that this was one of the most important items in the diary. Don't ask me why. Advise please.

Item twenty four

From Office Manager to Managing Director.

Date: 25.2.

Management dining room menu. While here, D Landers had been most particular about being consulted about the menu for the management dining room, while leaving the details of the production canteen to the catering manager. Perhaps you could advise about this arrangement.

Item twenty five

From: J Porter to A Wellie cc MD.

Date: 17.2.

Spot checks. We have discussed this time and time again.

You know perfectly well that we need the cooperation of all the unions to carry out such spot checks. Taking aside shop stewards to conduct intimate investigations is not likely to either find computers or discourage the real culprits. Staff morale is low enough without further aggravation.

Item twenty six

From J Porter to Managing Director.

Meeting schedules. In addition to the works management meeting about which you have a separate note, the following regular meetings were all attended by D Landers. I do not know whether you want to attend them.

Monday: Personnel (1000/1130), Purchasing (1430/1630).

Tuesday: Production Planning (1000/1130).

Wednesday: Office Management (1000/1130).

Thursday: Works Management (1030/1400).

Friday: Board meeting (1030/1400).

Action

You must establish priorities. Can any of these items be effectively delegated to senior directors or other members of the management or non management team? Which of them, if such a decision is taken, can be delegated to the Sales and Marketing Director, Finance Director, Technical Director, or other members of the team? Which items cannot, in your opinion, be delegated? When you have decided on priorities and delegation you will then be in a position to establish when items ought to be discussed and action taken.