

Motivation

The introduction of an independent appeals and safety panel has led to far fewer appeals. Management now realised that every action that they took would be assessed by people outside the company and that their treatment of employees had to be correspondingly improved. This had led to the resignation of the production director, who had felt strongly that he should be allowed to run the department without interference. A new production director, S Longon, is prepared to work with such constraints. No outside appeal had been made in the six months since the introduction of the system and the company had won two awards for its employment of minorities.

Burke in your fourth, and penultimate year as managing director continues to make progress. The workforce now numbers 400 with 20 managers in supervisory positions. Overall labour turnover was down, average skills substantially up and individuals were being paid considerably above the market average. A recent worrying trend has been the loss of some of the most highly trained individuals, with the common view that the "company was not doing enough for them".

The policy of paying individual bonuses that you as J Franklin inherited has been continued, but you feel that there should be some mechanism introduced to link group or individual performance more directly to profitability, which is now running at an annual rate of €22 million on sales of €172 million.

The result of the improved profitability and the positive cash flow has been a steady increase in the retained profit within the company, even allowing for the demands of expansion. Though the shareholders have continued to press for this money to be invested in an active acquisition policy to increase market share in the United States you have resisted this suggestion by insisting that growth should be managed from within.

It is, in your opinion vital that the company continues to develop its internal resources by the appropriate type of investment in personnel and equipment. Though the trend has been towards improved labour relations you are aware that there have been a number of recent complaints concerning the way particular departments are rewarding performance, which has been combined with an overall perception throughout the company that not enough is being done to motivate staff.

You feel that there are substantial grounds for improving motivational investment within the company and you have asked for suggestions from the other managers as to how this should be best achieved. You have also decided to consider individual problems and have requested that senior managers passed to him all appraisal reports that posed particular difficulties in deciding what action that should be taken to improve the performance of the individuals reporting to them. The resulting list of suggestions and appraisal reports have been collected in a file which you are now considering.

Item one

From B Dawes Marketing Manager To J Franklin

Policy on company cars. You asked for suggestions as to improving motivation within the company. A major complaint from the administration staff is that whereas the UK sales team are provided with cars neither the office based staff nor those working overseas have this perk. This appears to be causing major friction and with the company finances in such a good state we could extend company cars throughout management and supervisory

grades.

Item two

From A Siddiqui To J Franklin

Working environment. Office space is getting very cramped in the administration block. This is in my opinion leading to a significant drop in morale. With the increase in staff numbers I consider a good way of improving motivation would be to build an office extension to give all staff extra space. I estimate that we could significantly improve working conditions for an investment of €250,000 and this would be money well spent.

Item three

From D Dawkins To J Franklin

Creche. With the increasing number of women staff that the company is employing since your appointment, the difficulties of looking after children especially during the school holidays have become more and more noticeable. Should the company be prepared to invest in a creche most of these problems would be overcome and the stress involved in a full time job while looking after children would be considerably reduced to the advantage of the company. For the 30 female staff involved the capital cost would be around €30000 and annual running costs would be €25000.

Item four

From J Porter To J Franklin

Newsletter. Now that we have three operating units our company information is becoming outdated. We need to involve our overseas staff more, and I would think that the creation of a company magazine would be an excellent idea. As we have the production capability with the in house DTP unit we could do an excellent job with the resources currently available and very little extra cost.

Item five

From S Reeves To J Franklin

Merit awards. We have a continual problem in the assembly area where newly recruited staff are receiving the same level of pay as long term employees. As part of the review that you are carrying out would it be possible to introduce some form of merit award that would be paid to long serving employees?

Item six

From S Longon, Production Director To J Franklin

Profit share. We currently pay our employees a basic salary plus a year end bonus which is a percentage of their salary, plus an adjustment. Though our rising profitability has meant that we are able to pay over the going rate locally, I am worried that this payment method is not involving the staff enough in the profitability of the firm. I have already identified a number of working practices that have grown up over the past two years that cost the company money. Would it not be possible to create separate profit centres within the company, UK sales and marketing, UK production, Burke Germany and BUS which would enable us to provide a much higher level of performance related pay than is currently provided.

If we take the example of the machine shop I think that we could increase the level of pay for each employee by up to 25 per cent and change the basis of pay towards 60 per cent basic and the remainder based on profit share. This would lower our fixed costs.

Item seven

From D Grayson To Managing Director

Pensions. Many of the staff that have served the company over the last five years feel that we are being left behind our contemporaries that have good company pension schemes. It surely would be worth considering introducing a good scheme for all employees as this would ensure that individuals would stay with the company for many years. The cost of introducing such a scheme would surely not be excessive.

Item eight

From B Buck To Managing Director

Share ownership. You asked for suggestions at last Monday's management meeting concerning possible improvements in the working environment and improvement in employee attitudes.

Other companies have introduced successful share option schemes to management and to the shopfloor.

Item nine

Dr Mann, Burke Germany to Managing Director

Market visits. You asked for suggestions concerning motivation. With you as an exception, we do not see enough of senior management taking an interest in the German market. Our salesforce would certainly appreciate a greater involvement from head office.

Item ten

J Porter to Managing Director

Labour turnover and promotion prospects. We are suffering from an increasing level of turnover in skilled staff, which will have consequences for future development of the company. Part of this turnover appears to be accounted for by the lack of promotion prospects open to skilled staff, as there remain few opportunities for advancement to senior levels within the company. We need to look at this area very closely as part of our overall personnel policy to ensure that we achieve minimum levels of turnover where the company can least afford it, and perhaps a higher level of turnover elsewhere (such as in junior management).

Employee appraisal reports

O Lee.

Current position: Project engineer employed with new product development team. Age: 28. Number of years with company: 1. Reporting structure: Production Director via Development Manager. Line responsibility: None. Staff responsibility: Sales, marketing, customer, finance, production. Past history: Graduate Boringham University, 5 years with main competitor as technical sales manager. Special skills: Special knowledge of computer aided design and manufacturing. Years in current position : 1. Training over last year: Induction and 15 days on advanced composite materials. Current

salary €25000, Bonus €2000.

Average salary scale on grade: €24000 plus €2500 bonus. Personal circumstances: Married with small house in the centre of town.

O works in the new design department. This department had been recently moved into attractive accommodation linked to the toolroom area. Though the area was open plan, only 8 people worked in the department which occupied a fairly large area, split up by screens and computer terminals. O took part in most of the quality control sessions that took place in the production department and generally proved to be a good contributor.

Promotion prospects: Poor until O can deal with the range of details that are required of a manager in that position.

Appraisal report: all ratings out of 10 with additional comments.

Appearance: (9) Excellent. Administration: (8) All projects completed on time. Attendance record: (4) Poor as often late, and 28 days sickness. Budgetary performance: (8) Good. New product performance: (9) All three projects completed on time. Technical skills: (7) Well qualified for current tasks. Customer contact: (5) Suffers from lack of attendance, but otherwise good. Contact with suppliers: n/a. Company contact with superiors: (7) Well regarded. Contact with equals: (5) Considered difficult to get on with. Contact with subordinates/shop floor: (8) Well regarded.

Subordinate development: n/a. General comments (Line manager): Osman suffers from his poor attendance record, though otherwise his performance is more than adequate. The steadily worsening attendance record poses problems for the department in meeting the new working schedules. General comments (subordinate): I have found it difficult to adjust to the working environment at Burke Engineering but will attempt to improve my performance over the next year.

F Dennis.

Age 42. Current position: Finance manager. Number of years with company: 1. Past history: Entered local aerospace company as bookkeeper, appointed deputy finance manager five years ago. Unit closed down last year. Reporting structure: Finance director. Line responsibility: Accounts clerks (6). Staff responsibility: Marketing and sales, production. Years in current position: 1. Special skills: The understanding of the financing of capital intensive long term development projects. Training over last year: Induction and 10 days on international documentation. Current salary: €30000, Bonus €4500. Average salary scale on grade: €27000 plus €3000 bonus. Personal circumstance: F is married and had a large house in the suburbs without a mortgage. Has three grown up children, is a local JP and a committee member of many local interest groups. F is one of the most active members of the Finance Department and takes part in all meetings. Promotion prospects: Limited until F manages to get on top of the work.

Appraisal report: all scores out of 10 with additional comments. Appearance: (9) Excellent. Administration: (6) Project completion poor. Attendance record: timing (9) Excellent, with two days off in year. Budgetary (performance: (7) Adequate, though expenses remain high. Technical skills (6) Some problems with handling complex international transactions. Customer contact: (5) Finds it difficult to explain the need for certain procedures to international customers. Supplier contact: n/a. Company contact with superiors: (7) Well regarded. Contact with equals: (5) Difficult to get on with and touchy. Contact with subordinates/ shop floor: (4) Very high junior staff turnover. Subordinate development: (4) Unable to establish clear training guidelines and development for subordinates. General comments (Line manager): The main problem would appear to be very high junior staff turnover in the department which is leading to problems with project completion. He appears to be unable to effectively motivate junior staff and is lagging behind in the attempts to manage the new problems that the department is facing. General comments (subordinate): I do not feel that I am getting to grips with the job and this is of considerable

concern.

M Adams.

Age: 17. Number of years with company: 1. Past history: 6 GSCE Maths, CDT, Science, English, French, Computer studies. Current position: Apprentice machine tool operator. Reporting structure: Shift manager B. Line responsibility: Nil. Staff responsibility: Nil. Years in current position: 1. Special skills: None. Training over last year: City and Guilds I day release, completed (Grade A). Current salary: €10000. Bonus: €150. Average salary scale on grade: €15000 plus €2500 bonus. Personal circumstances: M lives at home with his mother and five brothers and sisters. M is the only trainee in the toolroom which was mainly staffed by employees with long service records. He is very quiet and does not get involved in quality control meetings. The toolroom is still quite disorganised with a range of new equipment being installed. The line manager is Shift Manager B, D Gregg, who has far less experience of handling apprentices than the day Shift Manager. Promotion prospects: Poor.

Appraisal report: all ratings out of 10 with additional comments. Appearance: n/a. Administration: (7) Tends to daydream. Attendance record: Excellent with few days off. Budgetary performance: (5) Failing to meet production schedules. New project performance: n/a. Customer contact: n/a. Supplier contact: n/a. Company contact with superiors: (7) Well regarded/ slightly disorganised. Contact with equals: (5) Is not contributing to the department. Technical skills: (8) Rapidly gaining skills for job. Subordinates & shop floor: n/a. Subordinate development: n/a. General comments (Line manager): Martin is failing to integrate effectively into the demands of the job, and is failing to meet targets. General comments (subordinate): I do not feel happy after my first year at Burke Engineering.

J Mclaughlin.

Age: 32. Number of years with company: 1. Past history: Five years with Samson Engineering as installation engineer, four years as sales engineer with Orchard Tools as sales engineer.

Current position: Senior Technical support manager. Reporting structure: Sales and marketing director. Line responsibility: Nil. Staff responsibility: Finance, production. Years in current position: 1. Skills level: 5. Special skills: Knowledge of major European customers and considerable technical (sophistication).

Speaks three European languages. Training over last year: Language skills (Spanish). Current salary: €35000. Bonus: €5800.

Average salary scale on grade: €35000 plus €3000 bonus. Personal circumstance: J is unmarried and lives in a small flat. J is the most successful technical support manager with new accounts, spending the greatest time overseas and being instrumental in developing many new market opportunities. Is rarely in the office and does not contribute to group meetings. Promotion prospects: Nil. Mclaughlin does not appear to want to be part of the team.

Appraisal report: all ratings out of 10 with additional comments.

Appearance: (3) Substandard. Administration: (4) Substandard, failing to complete the daily activity records. Attendance: (9) Excellent with no days absence. Budgetary performance: (10) The best of the technical support department. Technical skills: (10) Expert at handling all the new technology. Customer contact: (10) Excellent reception by all. Supplier contact (10) Well regarded as highly knowledgeable. Company contact with superiors: (4) Abrasive. Contact with equals: (5) Considered difficult to get on with. Contact with subordinates/shop floor: (8) Generally well liked by all and respected by shopfloor staff. Subordinate development: n/a. Promotion prospects: It will be impossible to promote this individual with the lack of interpersonal skills.

General comments: (manager) Though a very good sales manager he is failing to integrate at all into the progress of the company and is continually well below the accepted levels of administrative and appearance expected from employees of the company.
General comments (subordinate): These appraisals are a waste of time.

Action

How do you as J Franklin approach the range of motivational problems with which you are faced? Which are the most important?