



FRONTIER ASSOCIATES, INC.  
MANAGEMENT CONSULTANTS

## Case Study #11 The Case of the Mistrustful Managers

### The Situation

Exceptional Importers<sup>1</sup>, a 100-employee importer, processor, and wholesaler of specialized food products that had been marginally profitable for many years, was faced with rapidly changing market tastes, increasing competition, and unreliable raw-material sources. Senior managers distrusted each other, sometimes openly refusing to cooperate and often sabotaging one another's efforts. These conflicts were regarded as a major cause of high employee turnover and lack of cooperation between company departments, which further lowered efficiency and raised costs. These problems persisted despite many attempts by the owners and the prior CEO to resolve them.

### The Goals

The new CEO engaged Frontier Associates (FAI) to help generate a significant increase in revenue and profits. To achieve that, FAI was to help

- Reduce costs.
- Increase reliability of raw material sources.
- Decrease turnover.
- Increase cooperation between the senior staff members and their departments.

### Our Analysis

Long-term problems stood in the way of achieving the CEO's goals. Without sufficient incentive, the workforce and managers would not be motivated to resolve those problems. Previous efforts at organizational solutions had failed because they had not created such an incentive. We suggested, therefore, that the company first create a powerful vision — a picture of the future that united and inspired everyone. Subsequently, senior management would be coached to see that a new culture was needed to fulfill that future, and then they would be coached to design and implement that new culture.

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<sup>1</sup> The name of the client has been changed to maintain anonymity.



## The FAI Solution

To get a sense of the existing company culture, we conducted fifteen 1-on-1 confidential interviews with employees throughout the company. These interviews confirmed the high level of suspicion and mistrust among senior managers, each of whom believed him/herself to be a victim of the others. Most of the workforce had no personal animosity toward each other, but attributed the high turnover and low morale to constraints on cooperation imposed by senior-management conflicts. Management had become resigned to poor performance in many areas, such as contamination when switching products. Most felt that the long history of problems and marginal performance would continue into the future.

When we reported to senior management on what we had learned from the interviews, they were shocked at the impact of their behavior on the workforce and the widespread pessimism regarding the company's future. As a result, they supported the proposed FAI Culture Change Program.

The first step was to conduct the FAI Effective Leader Program for senior management. During the training they discovered two major things about their "truths" about each other and about the company:

- 1) Their "truths," such as their mutual distrust, were major impediments to the company's future success.
- 2) Their "truths" did not reflect objective reality. Rather, they were perceptions that could be altered.

Senior managers also learned many skills of effective communication, management, and leadership, including conflict resolution, that they would need later during the culture-change transition.

To create a powerful, inspiring future for the company that would generate the energy and commitment needed for the culture change, we conducted the FAI Strategic Planning Workshop for about 25 participants — ranging from the Chairman of the Board to a shipping clerk.

Immediately after this workshop, the FAI Consultant met with senior management to begin the implementation of the culture defined during the Strategic Planning Workshop. One of the first steps was to promise each other to make their behavior visibly consistent with the new cultural values, so that they could clearly be seen "walking the talk." This began a coaching relationship with the CEO and senior management that spanned the entire timeframe of the engagement.

At the same time FAI began coaching the project teams accountable for accomplishing the First Year goals of the new strategic plan.



To accelerate the culture-change process FAI simultaneously conducted the FAI Effectiveness Program for most of the rest of the company. This program consisted of workshops and coaching project teams (made of workshop participants) to operate in accordance with the new culture in order to achieve breakthrough results.

## **The Results**

Within just a few months of the Strategic Planning Workshop, a number of breakthrough results were realized:

- The company's revenue for the 6-month period following the strategic plan was twice that of the previous best 6-month period in the company's history, with a significant increase in profits.
- Senior staff began to operate as team, helping each other work out problems to accomplish the goals of the strategic plan.
- The company expanded into new markets which eventually equaled existing markets in size.
- Turnover dropped to almost zero. One first-line manager turned down an offer from a competitor that included a 20% pay increase.
- Some senior managers who had been threatening to quit decided to stay and remained with the company for many more years.
- Workers took the initiative to quickly address and solve problems of cleanliness and efficiency that had persisted despite years of management memos.
- Raw material supply became so reliable that it turned into a competitive edge.

## **Summary**

To achieve breakthrough results often requires an alteration of organizational culture. Despite many contrary perceptions, it is possible to implement a major cultural alteration in a relatively short time, with dramatic results. Necessary components of such a change include

- Creating a powerful business case, consisting of a powerful vision and a strategic plan to fulfill it.
- Training and coaching senior management to walk the talk.
- Training and coaching the workforce in the company culture and the teamwork and communication skills required to fulfill the strategic plan and vision.