Case: Improving Performance in Business Services

Two years ago, the State Department of Economic Development created the Business Services Group to provide special services to out-of-state businesses that were considering relocating in the state. In that two year period, the Business Services Group put together a good record of helping more than 35 businesses move into the state.

The Group was staffed with a department Manager, and 5 Business Development Specialists, along with some secretarial and clerical support. The job of the Business Development Specialists consisted principally of contacting and working with businesses to identify the kinds of information or help they needed. The Specialists also served as “troubleshooters” for the business whenever there were problems with the “bureaucracy.”

Charles was originally hired as a Specialist. Six months ago he was transferred to another department to serve as Assistant Manager. After the hasty departure of the Manager for the Business Services Group, Charles was brought back to manage the group.

When Charles learned that he was moving back to the Business Services Group, he was very happy because he would be reunited with the people with whom he used to work. The group had worked together easily and effectively.

The Specialists represented a fairly high level of experience in their function. Based upon their record and reputation, they also performed very well. In managing the group, Charles had reviewed a batch of complimentary letters received. They worked effectively and creatively on their own with few personnel problems.

In spite of this consistent record, Audrey Downs (Charles’ new boss) felt there was still room for improvement. She explained her thinking to Charles in a luncheon meeting one day. By that time, Charles had seen enough of the group’s operation to agree. Audrey was interested in instituting a Service Quality Management program. Charles agreed with the idea.

Early the following Monday, Charles called the staff together for a meeting. He told them of Audrey’s goal for instituting a Service Quality Management program and that they were going to be the first group to begin it. He also told them that in order to move forward, he was going to do two things, effective immediately:

- Raise their service quotas by 20%
- Submit anyone who failed to meet that quota to a formal disciplinary action

The Specialists left the meeting without comment, although there was a lot of mumbling in the hallways as they walked back to their desks.

Over the next week or so, Charles noticed that they seemed to avoid him and were noticeably cooler to him. He had to make more of an effort to get information and ideas from them, and it seemed that the tone and tenor of the offices became more tense, hostile, and somber.

After two weeks, Charles reviewed the performance records of the Specialists. Sure enough, Suzy Harris had not met her quota, and as promised, Charles issued a written reprimand to her. Suzy was speechless, though clearly angered by Charles, as he reviewed the reprimand with her.

It has been three weeks since the staff meeting Charles had with his staff. Since then, Suzy has filed a complaint with Human Resources. John Willis put in a request for a transfer and Charles heard that Barbara is preparing to request a transfer. None of the employees in the group now talk to him at all and simply pass along information in handwritten notes. He also has noticed how services to certain businesses have slipped.

He knows there is a major problem. As he sits at his desk at 5:00 p.m., in an empty office, waiting to make a call to one of the businesses who have complained, he wonders what went wrong and what he should do now.
Case Questions:

1. What went wrong for Charles? Where was he assuming he could get his “authority base” from? *(refer to page 5 of this section)*

2. What management style(s) did he display? What impact did it have? *(refer to page 6 & 7 of this section)*

3. Which quadrant of the situational leadership style did he apply? Which quadrant should he have considered working in? *(refer to page 8 of this section)*

4. How should Charles have responded to his manager’s request to start the Service Quality Management program?

5. What should Charles do to respond to the problem(s)?