

DISCUSSION QUESTIONS

1. To what degree do you think that Zappos' new hocratic approach to organizing will enhance its competitive advantage in innovation, quality, service, speed, and cost competitiveness? Explain.
2. Referring back to Exhibit 2.13 in Chapter 2, which type of culture (group, hierarchy, adhocracy, or rational) does Zappos want to create by moving to a holacracy?

SOURCES: Adapted from Y. Noguchi, "Zappos: A Workplace Where No One and Everyone Is the Boss," *NPR*, July 21, 2015, <http://www.npr.org>; D. Gelles, "At Zappos, Pushing Shoes and a Vision," *The New York Times*, July 17, 2015, <http://www.nytimes.com>; R. Feloni, "7% of Zappos' Managers Quit After Recent CEO Ultimatum to Embrace Self-Management or Leave," *Business Insider*, June 9, 2015, <http://www.businessinsider.com>; R. Silverman, "At Zappos, Banishing Bosses Brings Confusion," *The Wall Street Journal*, May 20, 2015, <http://www.wsj.com>; G. Petriglieri, "Making Sense of Zappos' War on Manager," *Harvard Business Review*, May 19, 2015, <http://www.hbr.org>; S. Denning, "Zappos Says Goodbye to Bosses," *Forbes*, January 15, 2015, <http://www.forbes.com>; L. Fisher, "Ricardo Semler Won't Take Control," *Strategy + Business* November 29, 2005, <http://www.strategy-business.com>.

CASE INCIDENTS

Employee Raiding

Litson Cotton Yarn Manufacturing Company, located in Murray, New Jersey, decided as a result of increasing labor costs to relocate its plant in Fairlee, a southern community of 4,200. Plant construction was started, and a human resources office was opened in the state employment office, located in Fairlee.

Because of ineffective HR practices in the other three textile mills located within a 50-mile radius of Fairlee, Litson was receiving applications from some of the most highly skilled and trained textile operators in the state. After receiving applications from approximately 500 people, employment was offered to 260 male and female applicants. These employees would be placed immediately on the payroll with instructions to await final installation of machinery, which was expected within the following six weeks.

The managers of the three other textile companies, faced with resignations from their most efficient and best-trained employees, approached the Litson managers with the complaint that their labor force was being "raided." They registered a strong protest to cease such practices and demanded an immediate cancellation of the employment of the 260 people hired by Litson.

Litson managers discussed the ethical and moral considerations involved in offering employment to the 260 people. Litson clearly faced a tight labor market in Fairlee, and management thought that if the 260 employees were discharged, the company would face cancellation of its plans and large construction losses. Litson management also felt obligated to the 260 employees who had resigned from their previous employment in favor of Litson.

The dilemma was compounded when the manager of one community plant reminded Litson that his plant was part of a nationwide chain supplied with cotton yarn from Litson. He implied that Litson's attempts to continue operations in Fairlee could result in cancellation of orders and the possible loss of approximately 18 percent market share. It was also suggested to Litson managers that actions taken by the nationwide textile chain could result in cancellation of orders from other textile companies. Litson's president held an urgent meeting of his top subordinates to (1) decide what to do about the situation in Fairlee, (2) formulate a

written policy statement indicating Litson's position regarding employee raiding, and (3) develop a plan for implementing the policy.

1 How would you prepare for the meeting, and what would you say at the meeting?

SOURCE: J. Champion and J. James, *Critical Incidents in Management: Decision and Policy Issues*, 6th ed. McGraw-Hill/Irwin, 1989. Copyright © 1989 The McGraw-Hill Companies.

Effective Management

Dr. Sam Perkins, a graduate of the Harvard University College of Medicine, had a private practice in internal medicine for 12 years. Fourteen months ago, he was persuaded by the Massachusetts governor to give up private practice to be director of the State Division of Human Services.

After one year as director, Perkins recognized he had made little progress in reducing the considerable inefficiency in the division. Employee morale and effectiveness seemed even lower than when he had assumed the position. He realized his past training and experiences were of a clinical nature with little exposure to effective management techniques. Perkins decided to research literature on the subject of management available to him at a local university.

Perkins soon realized that management scholars are divided on the question of what constitutes effective management. Some believe people are born with certain identifiable personality traits that make them effective managers. Others believe a manager can learn to be effective by treating subordinates with a personal and considerate approach and by giving particular attention to their need for favorable working conditions. Still others emphasize the importance of developing a management style characterized by an authoritarian, democratic, or laissez-faire approach. Perkins was further confused when he learned that a growing number of scholars advocate that effective management is contingent on the situation.

Because a state university was located nearby, Perkins contacted the dean of its college of business administration. The dean referred him to the director of the college's management center, Professor Joel McCann. Discussions between Perkins and McCann resulted in a tentative

agreement that the management center would organize a series of management training sessions for the State Division of Human Services. Before agreeing on the price tag for the management conference, Perkins asked McCann to prepare a proposal reflecting his thoughts on the following questions:

1. How will the question of what constitutes effective management be answered during the conference?
2. What will be the specific subject content of the conference?
3. Who will the instructors be?

4. What will be the conference's duration?
5. How can the conference's effectiveness be evaluated?
6. What policies should the State Division of Human Services adopt regarding who the conference participants should be and how they should be selected? How can these policies be implemented best?

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