

After one year, inventory expenses decreased by approximately 10 percent, but the number of defective windows returned by developers and wholesalers had increased markedly. Plant employees knew that the number of defective windows would increase as they used somewhat lower-quality materials to reduce inventory costs. However, they heard almost no news about the seriousness of the problem until Vlodoski sent a memo to all production staff saying that quality must be maintained. During the latter part of the first year under Vlodoski, a few employees had the opportunity to personally ask LaCrosse about the changes and express their concerns. LaCrosse apologized, saying due to his travels to new regions, he had not heard about the problems, and that he would look into the matter.

Exactly 18 months after Build-All had become majority shareholder of LaCrosse Industries, LaCrosse called together five of the original staff in the plant. The company founder looked pale and shaken as he said that Build-All's actions were inconsistent with his vision of the company and, for the first time in his career, he did not know what to do. Build-All was not pleased with the arrangement either. Although LaCrosse windows still enjoyed a healthy market share and were competitive for the value, the company did not quite provide the minimum 18 percent return on equity that the conglomerate expected. LaCrosse asked his long-time companions for advice.

Discussion Questions

1. Identify the symptoms indicating that problems exist at LaCrosse Industries, Inc.
2. Use one or more leadership theories to analyze the underlying causes of the current problems at LaCrosse Industries. What other organizational behavior theories might also help explain some of the problems?
3. What should Gilbert LaCrosse do in this situation?