of the new product were left unfinished. As the number of companies demonstrating an interest in purchasing small quantities for trial applications grew, Juan suggested to Greg that a small pilot plant be constructed. In response to Greg's concerns regarding the performance characteristics of the wood, Juan assured him the preliminary tests indicated the wood could be successfully produced. Juan contended that Vantage had to get a head start on the newly created market before everyone else got into the game, that they should build the pilot plant immediately to fill the sudden influx of orders, and then worry about completing the performance tests. Greg, seeing the advantages of getting into the market first, finally agreed, and construction of the pilot plant began shortly thereafter.

During construction, Juan and Greg continued traveling to promote the wood. When the pilot plant was near completion, Juan went to Vantage's human resource department and requested that three employees be hired to operate the plant. Juan intended to personally direct the technical operations and thus saw no need to establish elaborate job descriptions for the positions.

A week later, Juan had his three employees. Due to a workload reduction in the Electronics Division of Vantage, the employees filling these positions had taken these jobs to avoid being laid off. One had previously been a purchasing agent, and the others had been electronics technicians. At the beginning of the workday, Juan would drop by the plant and give directions to the crew for the entire day before departing to make sales calls. No formal leader had been appointed, and the three employees, knowing little about the chemical process involved, were instructed to "use common sense and ingenuity."

A month after the plant operations had gotten under way, a major producer of archery bows requested an order for 70,000 bow handles to be delivered in time to be sold for the upcoming hunting season. It was too good to be true! Juan knew that if they accepted the order, the first year of operations would be guaranteed to be in the black. On receiving the product specifications, Juan persuaded Greg to sign the contract, arguing that they would be throwing all their hard work down the drain if they didn't. Subsequently, a crash program was established at the plant to get the order out on time.

One month after the final shipment of handles had been made, Juan hired a junior engineer, Libby Adams, to conduct the performance experiments that had been disbanded while the plant was getting the rush order out. Libby examined some of the experimental handles and discovered hairline cracks at various stress points that had not appeared during the initial examination. She immediately went to Juan's office to inform him of the problem and found Juan and Greg sitting there with a telegram from the archery company. It stated that several retail merchants had returned bows with hairline cracks in the handles and that the archery company would seek a settlement for its entire investment in the handles.

Vantage paid the settlement and subsequently canceled the wood project.

Questions

1. What caused the wood project to fail?
2. Would a more effective strategy on the part of Juan and Greg have helped ensure the success of the project?
3. At what stage of the strategic management process did the breakdown occur?
4. What general observations can be made to prevent such a situation from occurring again?

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