

Chuck MacKinnon

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Kate Hall-Merenda prepared this case under the supervision of Professor Jane Howell solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

The day after his group's 1994 Christmas party, Chuck MacKinnon, a managing director with the Merchant Bank of Canada (MBC) in New York, wondered how both his group and his career had become so seriously derailed. The night before, he had witnessed the virtual disintegration of a group that he had worked diligently to mould into a fully functioning team. Chuck knew his career and his personal life, as well as the group's survival, depended on how he addressed the multitude of people problems which he thought had been resolved, but which he now knew had only been lying in wait, just below the surface. As he pondered the previous night's events as a denouement of 18 months dedicated to trying to bring his group up to speed for the changing marketplace of the 1990s, he wondered not only what he should do, but if he was the right person to do it.



Chuck MacKinnon

After graduating from Georgetown University with his Bachelor of Science in Foreign Service, Chuck MacKinnon immediately went to work for Corporate Bank International (CBI), partially because CBI offered him the opportunity to work and earn his MBA in Corporate Finance,

which he received in 1980. From 1980 to 1991, he held progressively more responsible positions within CBI, including a stint in Hong Kong. Then, in 1992, following CBI's merger with the Merchant Bank of Canada, MacKinnon was offered and accepted a position managing a full service branch of MBC in Saudi Arabia.

The Saudi Arabian months, Chuck's first exposure to the MBC, were fraught with difficulties. Managing a matrix organization with many units having dotted line reporting relationships to other areas around the globe was a challenge, but the larger challenge was solving a myriad of people problems that had been left unresolved by the previous manager.

Not long after his arrival in Saudi Arabia, Chuck discovered that the senior expatriate manager in the branch frequently left the bank to lunch in a bar in the American compound and did not return, and that his predecessor had allowed it. Chuck called Pete Dimarco, his boss in the United States, advised him of the situation and wondered aloud why it had been permitted to go on for so long. He could not have anticipated that he would receive a call from Bill Perkins, yet another MBC senior manager with interests in Asia, who "went ballistic" about Chuck not calling him first. As he reflected on the situation, Chuck noted:

Immediately I was put off by how the Bank was not dealing with these problems, seemingly allowing them to happen, and accepting it; and then even getting angry with it being surfaced. . . . From the beginning I was never on solid ground on how we wanted to deal with this kind of stuff. We say the right things, but the messages once you get below the surface are not the same.

And there were other problems. Chuck caught some of his staff bribing government officials; having tax refunds directed into their personal accounts; cheating on credit cards; putting foreign exchange tickets in their personal desks; and having outside business interests that were in conflict with their jobs at the Bank. He resolved many of these problems by "firing a lot of people"; then he had union problems, but he persevered, trying to resolve the problems in the branch. His perseverance lasted until he started receiving death threats from a client who had bribed a Bank employee in order to get money out of the country illegally and whom Chuck had subsequently reported to the Bank of Saudi Arabia. According to Chuck:

I thought that I had cleaned it up, that I had gotten the right people in place and that things were running fine and that maybe, after all this pain, given the cultural issues, it was time for somebody else to come in and take it to the next step.

Chuck was looking for a new lease on life when a phone call came from Eldon Frost in Montreal offering him a corporate banking job in New York City with the Merchant Bank of Canada. Eldon portrayed the New York group as "working wonderfully, making money." In fact, he said, "it's a great business, you'll have a lot of fun." Chuck, thinking of his wife and two-year-old child, jumped at the offer.

One Job, Two Mandates

In August 1993, Chuck stepped into his new position as Managing Director, Financial Institutions, with MBC in New York, looking for a fresh start. His job was to manage MBC's relationships with a multitude of financial institution clients as well as to lead a team in marketing MBC's and CBI's corporate financial services and products. His first few weeks on the job were sufficient to convince Chuck that his group

had a number of people problems as well as an outdated business strategy. Yet, when he broached the subjects of adopting a new strategy to deal with changing business conditions or making changes within the group with Eldon, Eldon's mantra was "this group is great. Hey, your group is making 10 million bucks a year; it's working wonderfully!"

Although he did support Chuck's idea of a new strategy, Eldon was unwilling to let go of the group's traditional products. He did not see the market the same way as Chuck did; he had a different perspective. Eldon's market was the world, where a shortfall in revenues in one country could be made up by strengthening revenues in another. Chuck's world, the United States, was very different; there was no "contingency" location for making up revenue shortfalls. In spite of these differences, or because of them, Eldon could not see any reason for change; he believed "our group is different, we don't need to change, we're happy, we're separate, don't worry about it."

Eldon was driven by the concept of keeping everyone happy. He had survived a major corporate downsizing and had adapted by keeping his head down and making no noise. Perhaps, Chuck speculated, that was why Eldon's attitude was, "Don't rock the boat, I'm a survivor." It did not help that Eldon had expected to be promoted into his boss's position, had been passed over, and consequently, harbored a great deal of resentment toward Margaret, who had been appointed executive vice president instead.

Margaret Mattson was two levels above Chuck in the corporate hierarchy (see Exhibit 1 for the organization chart) and Chuck met her only after he had taken up his position in New York. Unlike Eldon, Margaret was not satisfied with the Financial Institutions group or its performance. She had held Chuck's position open for a considerable length of time looking for the right person and was sure that Chuck was the person to carry out her "fix it" mandate.

In their very first face-to-face meeting, Margaret told Chuck that she was unsure if it had been the right decision to send Patrick

Kinnard, one of the directors, from Montreal to New York. She was also critical of many of the staff that remained in Montreal and she wanted Chuck to fix the group by "getting rid of the weak staff." Margaret was sure that the group's current skills were not sufficient to meet the looming competitive challenges.

In their next meeting, Chuck convinced Margaret that there were also problems with the products the group had to offer and that new ones were badly needed. "That clicked for her" when Chuck showed her the numbers on price concessions the group was making on traditional products and, from that moment on, Margaret fully supported Chuck in driving the group toward a new strategy. Unlike Eldon, Margaret had worked for another investment bank during the major downsizing at MBC. Possibly because of this, Chuck speculated, "she did not have the survivor mind set," and consequently, pushed hard for him to make major changes quickly.

Chuck informed both Eldon and Margaret of their conflicting expectations of him, but it appeared to have very little impact on either of his bosses. Eldon did tell Chuck that he and Margaret had a "You leave me alone, I'll leave you alone and we'll just work together but keep our distance as best we can" type of arrangement and implied that he would have to live with it. Chuck, himself, had seen that they were like "oil and water" and that they worked very hard not ever to be present in the same room. He wondered how he could possibly fulfill both mandates.

Getting to Know the Group

When Chuck arrived in New York, his first order of business was to get to know his group (see Exhibit 2 for a profile of the group). He travelled to Los Angeles and Montreal, meeting members of his team and assessing their skills and prospects. In Los Angeles, he found a high-performing team of 50 under the deft leadership of Bruce Wilson. In Montreal, he discovered a group that felt that

Patrick Kinnard, one of their number who had recently transferred to New York, "had cut a deal for himself and deserted them to get paid in U.S. dollars." Practically all of the Montreal people wanted to join Patrick in New York. Chuck knew that Patrick's parting words to the Montreal group were that their much desired relocation would happen.

Chuck was well aware that the financial institutions' banking business required that banking professionals be within easy access of their customers, not a lengthy flight away. He decided that the Montreal group had to stay in Montreal. While the group struggled with the prospect of staying in Canada (and being paid in Canadian dollars), Chuck investigated means by which they could successfully operate as a team across two countries and a continent. Technology and travel both offered solutions.

Travel was the easier of the two solutions. Chuck flew to Montreal on a varying schedule, never less than once a month, sometimes twice a week, to travel with his directors and senior relationship managers as they visited their clients. In an attempt to keep the lines of communication open, he augmented those personal visits with conference and groups calls. But, it was not enough; additional technology was required.

The Montreal group was not up to date technology wise. They didn't use e-mail or notebook computers in Canada. Chuck reflected, "possibly because of the technology lag, in Montreal they didn't see the vision" of a continent-spanning team. Chuck tried to correct the technology problem by supplying the Montreal group with notebook computers and cellular phones, primarily for use when they were travelling; but some members of the group could not, or would not, use them.

Chuck's frustration level grew. It took two days to track down one member of the group who was travelling in Europe when a client needed him; "nobody in Montreal even had an itinerary for him!" Why, he wondered, would they not use the scheduling package that he provided on their desk and laptop computers? Why did they view it as "big brother," or use it to

check up on what Chuck was doing, instead of just acknowledging that it was merely a tool to make them accessible in times of need? Chuck felt that technology made it okay to have distant groups, while some of the group members said that it destroyed the camaraderie of face-to-face conversation. There was apparently not going to be a meeting of the minds.

Chuck had to admit that technology and travel could not furnish all of the answers to the group's problems. He discovered tremendous frictions within the group: Glenn Wright only worked with, and supported, Neil Forsyth, even though he was supposed to support the whole group; there was conflict between Steve Salmon, Neil and Glenn; and all of this was exacerbated when a demoted Patrick Kinnard moved to New York and began to notice that Glenn was not supporting him either. The fact that Chuck himself was an unknown to the group, except for Dale Cameron and Patrick, added to the overall tension levels. Even though the "sales people got along with everybody and they were great," they were not enough to salvage the team.

Chuck knew that something had to be done to turn his disparate and geographically dispersed group into a team and he thought maybe skill-enhancing courses might be part of the answer. He enrolled the entire group in courses to improve organizational and sales skills and to introduce them to the use of technology in sales, figuring that if they went as a group and developed skills together, it would help to build camaraderie and team spirit. In keeping with that theme, in May, Chuck and the group attended a team-building and high performance team work course that, according to Chuck, went well.

People came out good friends. I thought there was commitment and I was positive about the whole thing.

Then, in July, Chuck hired the team-building course instructor to work as a consultant to the group.

The Strategy

Chuck had another reason for providing the group members with a minimum of 10 training days per year, even though that number exceeded the average for the Bank. His first few months in New York and Montreal convinced him that the group's business strategy was hopelessly out-of-date with the needs of the financial institutions sector and that something had to change. When he arrived, the strategy had been very much cash management-driven, dealing mostly with cash letters and lock box type accounts. There were two problems with that strategy. First, with all the U.S. mergers, the group had lost business over time because their customers were taken over and they had not always been successful in gaining the acquirer's business. Second, the trend line in the cash management and lending business was downwards, and pricing pressures had been enormous. Even though volume had been increasing, prices were declining and the revenue line had been flat. Chuck knew that "if we had just stayed doing that, there would be no bonuses, no incentive, nothing. It would have been barely treading water . . . we needed to do something else."

Something else was a new strategy that involved expanding into other product lines such as Treasury, derivative products, stock transfer, lending and trust. The group had "never talked any of those other product lines to any U.S. financial institutions." Lack of familiarity bred resistance, even though Chuck worked hard to get and keep the group involved in designing and implementing the new strategy. His people, after all, knew their customers and presumably knew what their customers needed. In Chuck's words:

That was part of the change that I was trying to get some of these people to deal with; to get up to speed with those products and go out and market them. And that was where I ran into resistance. They would say, why these products, what we're doing now is fine. Why change? And my feeling was that

business was being commoditized and going to go away and that, in the long run, we were not going to be able to succeed with that.

He hoped by adding to their skill base and teaching them to perform as a team, their resistance to the new strategy would wither and die.

The Group as Individuals

Neil Forsyth, Director

Located in Montreal, and in his mid-50s, Neil Forsyth was the first person to cause real friction for Chuck. He would say, "Why change, we cannot do this, I can't do it because I don't know how, I'm afraid, I don't see the need, I like the traditional thing and I'm good at it and it works." He was angry about the new strategy and kept agitating Chuck about it, making statements like, "You're nuts, it just won't work," while Chuck was trying to build a team. Although previously an exceptional performer, Neil received a quality contributor rating on his 1994 performance appraisal. While Neil believed that his performance ratings fell because of a personality conflict between himself and Chuck, Chuck noted that Neil's "ratings fell because he did not adopt the new strategy or provide that exceptional performance." Given the tension and disagreement between them, by late 1994, Chuck knew that he had to move Neil out of the group and he had started looking seriously for other opportunities for him within the Bank.

Glenn Wright, Associate

Also based in Montreal, during his first meeting with Chuck, Glenn told his new boss "what a great guy he was, how he was better than anyone else, and that he had been promised a directorship." Chuck, taking him at his word, promised

to look into that directorship. What he discovered was that Glenn was not always delivering exceptional service. Indeed, Chuck was receiving mixed messages about Glenn's performance from Steve Salmon and Neil; evidently, Glenn had decided he would support Neil but not Steve. Chuck decided that he would not pursue the directorship for Glenn; in fact, he told Glenn that the only way to get promoted was through exceptional performance and that he had seen no sign of such performance.

Glenn felt that he could not deliver the expected exceptional performance in a strictly support role and asked Chuck to allow him to prove himself with his own clients. Trying to be fair, Chuck gave Glenn his own portfolio. Glenn liked having his own clients and did really well with some of them; others he alienated. According to Chuck, "if he needed you, you were his best buddy; if he did not need you, he ignored you; and if you pushed him, you were an !!!!!!!!!!" Many of his client relationships were strained.

Glenn displayed very poor work habits and many Monday/Friday absences. Chuck started to get "a lot of heat" about Glenn from both Margaret and Eldon. Margaret, who had initially been critical of Glenn, became even more so after she saw him playing solitaire on his computer in the office. One day Eldon saw Glenn playing solitaire and called Chuck in wonderment, asking "how can an employee play solitaire right out in the open in the office?" Glenn, for his part, did not demonstrate that he wanted to work harder or support the new strategy. His attitude was, "I think you're wrong, I don't buy into any of this, I come in at nine and I'm leaving at 4:30." The chip on his shoulder just got larger and larger.

Deitr Poehlmann, Associate

Based in New York, Deitr's initial relationship with Chuck was a good one. Chuck saw from the beginning that, for some unknown reasons, Deitr was being "grossly underpaid" and

undertook to make up a \$20,000 annual shortfall over a period of time. As time went on, however, Chuck noted that "Deitr's work was spotty, sometimes okay and sometimes poor," particularly when it came to verbal and written communications in English. Deitr's first language was German, and that, to him, was sufficient reason not to do anything about his English. He believed people would make allowances for his language, even though Chuck spoke with him repeatedly on the matter and told him that they would not. At one point, Deitr went so far as to find an English-speaking trainer of operational staff to attest to his fluency in the English language.

Deitr also had "tremendous problems communicating internally; he would call people liars on e-mail and send copies of the e-mail to everyone, including their bosses" (see Exhibit 3). Such behavior created seemingly endless problems for Chuck, who was called upon time and again to smooth ruffled feathers of colleagues and clients who had been offended by Deitr's rather abrupt manner of communicating and by his tactless language. Chuck attempted to counsel Deitr on both his use of English and the English he used, but to no avail. Indeed, it seemed to have the opposite effect; Deitr had, for many years, believed that the world was prejudiced against the Germans and eventually he directed those sentiments towards Chuck.

Dale Cameron, Director

Dale Cameron originally came from Corporate Bank International and started in the New York group following the 1992 merger between CBI and MBC. He had had a long standing and positive relationship with Chuck when the latter arrived in August 1993. Although Chuck did not push him, indeed, he let him slide because of more pressing issues with others; he did notice that Dale had problems with erratic work. Some of Dale's memos were totally unintelligible, while others were cogent and well written.

Chuck suspected a drug or alcohol problem and suggested that Dale access the Employee Assistance Program, but Dale claimed that there was no problem. In retrospect, Chuck admitted that "I ended up protecting him a little bit, became a little co-dependent," and, in November 1994, he gave Dale a quality contribution rating on his performance appraisal, noting that Dale had both accepted, and attempted to implement, the new strategy.

Patrick Kinnard, Director

Patrick Kinnard was Chuck's predecessor, a very capable individual in the cash management business. He had developed some new product lines that were interesting and Eldon had moved him to New York from Montreal in the summer of 1993 to give him a fresh start in a new location after his demotion. Eldon publicly said that, in spite of the demotion, he thought Patrick was great at everything he did and he told Chuck that "Patrick's nose will be out of joint since you got his job, but he will come around." In the beginning, it seemed as if that might be true. Their early relationship was fine and, although Chuck had heard numerous stories about Patrick's serious drinking problem, he did not mention those stories to Patrick. Chuck had decided to reserve judgment and give Patrick a chance to prove otherwise.

Six months later, coinciding with the initiation of the new strategy, Patrick and Chuck's relationship started to deteriorate. Patrick had agreed to follow the new strategy, but felt that Chuck did not respect the traditional cash management business sufficiently. At one point, Patrick went to Eldon, complaining about the strategy and saying that they were heading for disaster. He even brought Dale along to say the same thing. Eldon's reaction was to call Chuck immediately, questioning him about what was going on in New York and demanding that they find a way to work together. Chuck's subsequent interviews with both Patrick and Dale got all of the issues out on the table and he did what could

be done to address the doubts both men had about the new strategy.

Then, in the summer of 1994, Chuck received a call from Margaret inquiring about Patrick's random sick days; to her, the absences looked suspicious. Having had some experience with alcoholics and their habits and patterns, Chuck sat down with Patrick, asked him if he had a drinking problem and offered to work with him through the Alcoholics Anonymous steps. Patrick's response was that "he was dealing with it" (see Exhibit 4 for a synopsis of Patrick's absences). Chuck, who was not sure Patrick was dealing with it or that any alcoholic could deal with their alcoholism by *drinking moderately* or *keeping it under control*, suggested the Bank's Employee Assistance Program but Patrick did not take advantage of the offer. Chuck felt that he had done all that he could insofar as Patrick was concerned.

The 1994 Christmas Party

Thinking he could bring the group together and really cement the team spirit and acceptance of the new strategy that he thought was taking hold in the group, Chuck decided to hold the Christmas party in Montreal. He brought in all of the people from the New York office and some from the Los Angeles unit to join the festivities. The party was held in a fancy restaurant and they were seated out in the open. For a while, all went well, but as the evening advanced and people got progressively more "toasted," the illusion of camaraderie began to disintegrate.

The worst part came when group members rose to their feet and began to give speeches. Patrick and Glenn each gave 10-minute speeches putting down the new business direction, asking "where are we going with this strategy?" They also could not resist harping on the bitter relationships in the group. Bill Russell then gave a speech about how "we should all be getting along better." Chuck, who had been trying to sit

near those individuals who had major issues, was both embarrassed, "everyone in the place was paying attention," and angry "at the group and at individuals, for rehashing old stuff. It had been a year and a half and they weren't suggesting anything new to replace what they didn't like."

Having had enough, Chuck decided it was time for the party to break up. Passing Lynne Morris on the way out of the restaurant, Chuck could see that she was as appalled as he was and as uncomprehending of what was going on. Although he only wanted to go to sleep, the evening was not over for Chuck. In order to stop Patrick from hitting on Michelle St. Pierre, his executive secretary, he bundled Dale and Patrick into a taxi and got them to the hotel bar. In the bar, Patrick first picked a fight with Dale, and, after Chuck broke up that fight, he picked a fight with Chuck. The whole miserable evening only ended, Chuck reflected, when he finally gave up and went up to bed.

The next day Patrick was nowhere to be seen. Chuck spoke with Bill Russell to see if he could make sense out of Bill's behavior the previous evening. Bill did not really remember making the speech about everyone working together as a team, but he was embarrassed and fully apologetic and vowed it would never happen again. Chuck, for his part, was able to overlook one slip from a stellar performer—it was, after all, Christmas—but he would not overlook another one.

As Chuck reflected on the previous evening's disaster, he found some things to be thankful for. His group was not completely dysfunctional.

The Functional Group

Steve Salmon, Director

Steve Salmon was based in Montreal. He was "a good guy, an average performer, one who would never be a superstar but he supported the

strategy and did his best to implement it." He was very good at his job, well liked by his clients in a portfolio that he had handled for five years and he produced consistently good results. Steve was a "solid member of the team and a pleasure to work with. He is well liked by everyone on the team."

Lynne Morris, Manager

An exceptional performer and team player, Lynne was well liked and respected by clients and team members alike. She was a delightful individual who supported the new strategy, who had made the transition into new products fairly successfully, and "she was rewarded that way with big bonuses." Chuck counted on her for fielding calls on traditional cash management issues as well as for implementing the new strategy.

Bill Russell, Manager

Bill Russell was an exceptional performer who had increased his role in the identification of sales opportunities and was taking the necessary steps to close sales. Bill was a committed team member who supported the changes taking place, who willingly brought ideas and opinions to the table, who did a lot of cross-selling of products and who had made the transition to the new products well. Like Lynne Morris, Bill was a high performer and rewarded that way and, again like Lynne, Chuck counted on him for traditional cash management inquiries and problems.

Bruce Wilson

A very high performer based in Los Angeles with 50 people reporting to him, Bruce Wilson managed a quality operation with a very thin staff that dealt with a wide range of responsibilities including systems and marketing. His service levels were high and his clients were both very loyal and supportive; his employee morale

was high. Bruce emerged from the 1994 Christmas party saying, "Holy God, what the heck is going on here? Good luck to you!"

Chuck's Dilemma

The previous 18 months had not been easy for Chuck. He had always been an exceptional performer but had received only a "quality contributor" rating from Eldon on his 1994 performance appraisal. Although he had tried, he could not get Eldon to explain why he considered him only "quality" and what it would take to become "exceptional" again. Eldon had only suggested that maybe the problem with the group's dynamics was partly due to Chuck's management style. At his wits end, Chuck thought maybe Eldon was right. Perhaps he "just did not get it." He thought, "This is it, I don't know what is going on around here, this isn't working" (see Exhibit 5 for an example of team conflict). But he did not have other avenues in the Bank to pursue. He had talked to people at CBI, but it was tough to get back in once you had left, and he had no network within MBC that he could tap. He felt stuck.

Chuck's growing self-doubts were reinforced by the messages he was getting from Margaret. Although he was convinced that he was pursuing the right business strategy, he wondered about his management style. Margaret's "fix it mandate" had changed; she openly wondered if Chuck's management style had been too severe, too hard. Chuck wondered if, and what, he could be doing better, if he had misunderstood the degree to which the bank was willing to change. "After all," he confessed, "when you have that many dysfunctionalities and a boss persistently saying everything is fine, the result is self-doubt."

On top of the erosion of his self-confidence in his management style, Chuck was beginning to see himself as a co-dependent in protecting Patrick and Dale. He had helped both of them

with their work, redone their work and covered for them by writing memos addressing what were major problems and making light of them. Had he been mistaken in his attempts to give everyone a fair chance to adjust to the new regime before taking action? Could some of the problems have been avoided if he had been, not softer, but tougher?

Then there was his personal life. He had been short-tempered with both his wife and

children and had been feeling guilty about allowing his work stresses to spill over into his personal life. Normally, he had been adept in separating the two, but in this case, he had failed.

The day after the 1994 Christmas party found Chuck wondering what was going on. Should he be looking for work elsewhere? The messages from his boss and his boss's boss were clear: it might be his management style. Had he done something wrong? What could he, or anyone else, do to fix it now?

Exhibit 1 Financial Institutions Group Organization Chart

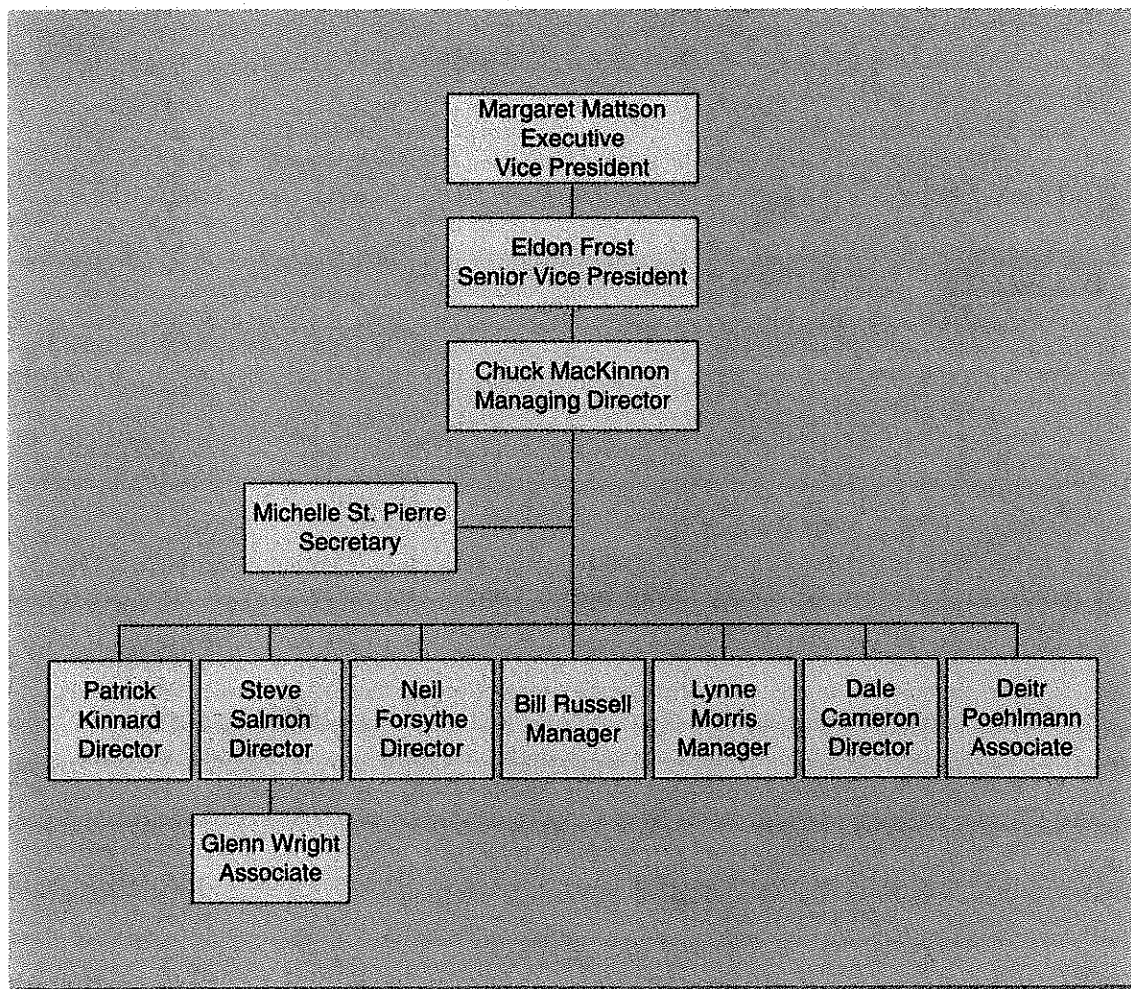


Exhibit 2 A Profile of the Financial Institutions Group

Name	Age	Years in Bank	Years in Position	PPR 1992	PPR 1993	PPR 1994
Chuck MacKinnon	39	3	1	EC	EC	QP
Patrick Kinnard	52	17	7	EC	EC	EC
Neil Forsythe	53	15	5	EC	EC	QP
Dale Cameron	40	18	1	EC	EC	QP
Glenn Wright	35	10	3	QP	QP	QP
Deitr Poehlmann	35	12	3	QP	QP	QP
Steve Salmon	50	20	7	QP	QP	QP
Lynne Morris	52	25	10	EC	EC	EC
Bill Russell	45	20	12	EC	EC	EC

PPR = Performance Planning and Review

EC = Exceptional Contribution

QP = Quality Performer

Exhibit 3 Deitr Poehlmann's Correspondence

From: Deitr Poehlmann
 To: Chuck MacKinnon
 CC: Bob Grange; Joe Peoples; Stan Mantrop

Chuck,

Usually people that feel threatened, weak, try to hide their weaknesses, or try to ruin one's reputation will send e-mail as Joe did (the one below). I do not know that Joe has against me. I never create conference calls unless all parties know about it and agree to it.

I spoke with Bob Grange this morning. First, he still says that he was not aware of Cory's participation. Since this view is different from mine, I suggest that we call Cory and find out his view. Bob suggested (and I agreed) that we should not have our clients get involved in this. Bob and I decided that from now on, our phone conversations will not include third parties in order to avoid one's not knowing who else is on the phone. Bob also said that Boston Mutual's situation introduced to him is very clear.

I tried to call Joe but he is already in Hong Kong. I wanted to see what was so convoluted to him as, I hope, obviously you understood my e-mail. Obviously, Joe did not. Since it is so difficult to have this thing done with Joe, I think we should just drop it and let Boston Mutual do its thing on its own (which they are as we speak).

From: Deitr Poehlmann
To: Chuck MacKinnon

Chuck, as we agreed and you asked me to do so, I am sending you this e-mail to friendly remind you that as of August 1, you were to consider giving me a merit increase in my salary. I hope that you will be generous and take into consideration all my contribution to growing revenue at International Portfolio. I hope that I am exceeding your expectations from working on reducing backlog, bringing new business, and cross-selling business to existing clients. I want to thank you for your prior recognition in the form of increases and bonus and hope that you see me as a productive member of your team. Also, as you know, my salary, in my view, is below average, although I must say that you kept your word to me about increasing it "over time" to higher level.

From: Steve Salmon
To: Chuck MacKinnon
CC: Deitr Poehlmann

Yes, and I think we'll find Lansing were unhappy as to HOW we dialogued with them, and that also had an influence. While I'm sure it was misinterpreted, I'm told Deitr Poehlmann didn't come across very well in his conversations with them.

From: Deitr Poehlmann
To: Chuck MacKinnon; Steve Salmon

Steve, if they told you that I am not surprised about the statement. There was only one person that I spoke at Lansing. She herself was rude, imposing and cancelled our (Chuck and myself) meeting with them day before we were to go to Atlanta. Their point was that we were "demanding" reciprocity business (custody) from them. I did what I was told by Chuck and Brett Davies. We did not extend the lines as they wanted and I am sorry if they did not like that. I have been dealing with them for the past 3 years without any problem until not all of their demands were met. At that point, I guess, I fell into disfavor. The only bad thing is that right now we are out of \$40,000 + revenue.

Dear Merridith,

As you know, after closing USD account, Corporate Bank International still maintains Canadian Dollar account with your fine bank. With our ongoing process of reviewing all of our account relationships in an effort to process our business more efficiently and cost effectively, it has become apparent that we need to close the Canadian Dollar account that we maintain with you, as well. Therefore, we decided to close it effective May 15. The account by that time should have no balances left, however, should there be any money left on that day, please have it sent to:

Sincerely,
Deitr Poehlmann

Exhibit 4 Patrick Kinnard's Absences

From: Eldon Frost
To: Patrick Kinnard

I am writing to register my concern on your performance on June 17 as reported to me and Margaret Mattson by Peter Delottinville, VP Employee/Industrial Relations, and as related to him by the two lawyers who spoke with you by phone on Friday June 17 on matters related to a criminal court case against the Bank and where your input was requested.

As advised to me your behavior was such that you were not making sense of the information provided you, nor were you able to answer the questions posed in a coherent and understandable manner. As a result, counsel for the Bank and for Elections Canada have had to prepare a list of questions for you to answer in written form.

In addition, I understand Margaret Mattson also spoke with you by phone the morning of Friday June 17, at approximately 10 a.m., and she was of the impression you had been on calls earlier that morning with Neil Forsythe and Bill Russell. In this regard I have been informed by Neil Forsythe that neither he nor Bill Russell called on customers with you that day and that in fact you advised them that morning that you were ill and could not attend the planned meetings.

Patrick, I am very much concerned with what happened on Friday as this is not the customary behavior expected of you.

In this regard your input on the above events would be appreciated so that we may work together to overcome whatever problems may exist. Eldon Frost.

Chuck MacKinnon's log of events:

12/9 Patrick at the last minute called in to take a vacation day.

1/23 Patrick arrived at 12:00 p.m. "Drove his brother-in-law to the airport."

4/26 Sick day.

6/12 Patrick arrived at 10:00 a.m., said a cab did not show up to take him to the train, so had to drive in.

7/7 Sick Day—back was out.

7/12 Sick Day—back was out.

9/1 Vacation day, family flight delayed in returning from holidays. Called Friday morning.

9/6 Sick day, called at 8:30 a.m. with the flu.

9/25 Had lunch with Patrick today to discuss some of the concerns that he has raised previously. At the same time we discussed some of the administrative problems he has had (the audit, problems with expense claims, not getting back to Redboard on time on information he needed for a board presentation, last minute absences and vacation days, etc.). I indicated that I did not think I should be put in a position of having to cover for him on these problems. I indicated that

I thought they were a possible indication of the drinking problem we had previously discussed but Patrick indicated this was not the case. He said he was just sloppy on some things and tended to procrastinate but would work on cleaning this up in the future.

9/27 Sick Day, supposed to be in Montreal after calls in Pittsburgh the prior day, had the flu, was dizzy and sick to his stomach. Had dinner with PNC the night before.

9/28 Sick day, supposed to be in New York, had the flu.

9/28 Had conversation with Eldon this afternoon. Eldon was wondering where Patrick was on Wednesday as he had an appointment to see him. I told him he was sick and Eldon wondered if he was drinking again. I don't know whether Patrick was drinking on this occasion as I did not speak to him but this is not the first time that Patrick has missed a day in Montreal after travelling and having dinner with clients the night before. I did clarify for Eldon that I had had several conversations with Patrick as a friend about the drinking and cautioned him that he could not have any repetitions of past events. When Eldon heard that Patrick continues to drink (he regularly does so with and without clients although I have never seen him drunk again) and believes that he can handle it, he was very concerned as his deal with Ken is that there can be no drinking at all. If there is, their understanding is that Patrick will no longer be allowed to be in a client marketing position as his history in Montreal indicates he cannot control his drinking. Eldon referred to this as his "smoking gun."

Exhibit 5 Team Conflict

From: Dale Cameron
To: Glenn Wright
Cc: Chuck MacKinnon

Thank you for your quick turnaround and I believe that your presentation was done well. I would add, however, that we should be careful about using words (in letters and our presentations) which tend to undermine the "relationship team" concept. Specifically and despite our clearly being more capable of answering their questions, it might have been nice to say that they could also call myself. Finally, I called Linda and Jennifer yesterday and asked for feedback. Had I known you had done so, we could have avoided the extra call and the potential of appearing that we are not coordinating with one another. I will, likewise, endeavor to do the same. I assume the reports and letters are in the centrepoint file, and will copy you on the ones for the other three visits.

From: Glenn Wright
To: Dale Cameron
Cc: Chuck MacKinnon

Dale, this is one relationship you should leave to me. I have an excellent rapport with them and I think we are starting to confuse them. They have also asked several times that the relationship be managed by me through Linda, Homer and now Jennifer, something Linda reiterated in the meeting, if you remember, and in subsequent conversations. In the end, through PPR, we will all share any rewards to be had.

Glenn

(Continued)

Exhibit 5 (Continued)

From: Dale Cameron
 To: Glenn Wright
 Cc: Chuck MacKinnon

I could care less about "rewards" and PPR, other than as it relates to doing the job we are expected to do in a fashion that places professionalism and client service first. For that matter, you can have 100 per cent of all the credit on anything that is done with this client. We should always do, within reason, what the client wants and as global R/M you are responsible. If you recall, I specifically said that in my intro. I do not ever remember hearing Linda say anything about this, it was never expressed that way to me by Mike or Linda on the intro call, and I would like to know what conversation you are referring to where Jennifer said this. She's your contact anyway. Finally, I haven't even heard about this request from you until today.

Chuck, your decision is needed and perhaps you should call Homer or Jennifer and ask them outright. In the meantime, as long as I am "responsible" for this specific entity, I expect to be kept apprised of what is being discussed, done and acted upon, as you would expect of me. I have done so and will continue to do so. For that matter, all other entities for which I have responsibility. Rewards—absolutely misses the point.

From: Chuck MacKinnon
 To: Dale Cameron; Glenn Wright

P.S. Sounds like there is some friction here. Let's talk about this on Monday between the three of us but the client's interests must be foremost.

Nine Ways That Business Leaders Can Put Out Any Fire

Alison M. Konrad and Allan Braatz

"If firefighters ran the world, everything would get done."

The contemporary business environment is often described as "dynamic and fast-paced," especially when compared to earlier decades. But to a firefighter, the environment faced by business leaders is relatively static. Compared to the experience of fighting a fire, business leaders dealing with a changing environment have substantial time to strategize and plan. Fire Captains have only a few short minutes to pull

together their teams, develop an action plan, and bring all team members up to speed. Firefighting has developed dramatically in the last several years and today a very clear set of structures and principles exists for team performance in a dynamic and hazardous environment. Business leaders can implement these same principles to build the performance of project teams quickly and effectively. This article provides nine lessons for business leaders based on firefighters' principles of incident management.