

Entry
ROY PAULSON—Part 1
Barry-Craig Johansen
University of Minnesota
Copyright © 2006 Barry-Craig Johansen

Driving back towards the NEWCO Industrial Products plant, Roy Paulson worried with increasing fear how this was going to play out. He hadn't been to NEWCO for almost a year, and he thought he had finished with them. Then the call came this morning.

For as long as he could remember, NEWCO Industrial Products had been a fixture on the edge of Centerburg, MN. Established in the early 1990s, it had provided jobs that paid well since the town was founded. Many people in town were second or third generation NEWCO employees. Like many smokestack industries, the economic, political, social, and technological changes of the past 25 years had hit NEWCO hard. The old management team had not been able to respond quickly nor effectively. NEWCO had been slow to enter international markets and even slower to embrace new, more efficient technologies. Their market share started to slip and then went into freefall when a competing company, MWD, Inc., opened a new, modern factory about 10 miles down the highway. MWD offered slightly better wages and a much more attractive work environment. NEWCO wasn't able to keep its work force and was slated to close when a group of new investors decided to hire their own management team and try to save the company.

Plant manager, Sandra Craig, headed the new management team. She immediately went to work reducing the number of product lines to the few that were still profitable. She made some entry into international sales and worked with the Centerburg government to secure loans and tax incentives to keep the plant in town. Many were skeptical about her ability to save the place, but the community had a soft spot for NEWCO. Some even joked that, for a while, Centerburg had been a company town. NEWCO had provided a steady paycheck for many of the families. It had paid for a lot of houses and cars and had allowed couples with less than a high school education to send their children to college. When Sandra announced that NEWCO would strive to provide jobs that paid well to members of the community who were lacking in work skills or without a high school diploma, community support increased. NEWCO and Sandra Craig became overnight heroes. She was seen regularly on the local television station, attending community activities, stumping for increased education funding, and even in recruiting ads inviting those who needed to establish a vocational track record to apply at NEWCO. "If you're willing to put in an honest day's work, NEWCO will provide you with the skills to succeed and a living wage for you and your family. Plus, we promote from within. Why settle for a job when you can start your career at NEWCO today?" the advertisements read.

Roy attended graduate school in Minneapolis where he'd earned his masters degree with a specialization in Human Resource Development. He'd finished his doctoral

course work and was ABD (all but dissertation) when he ran out of cash. He'd hoped to work and save for a year or so, then finish his dissertation. He'd enjoyed his time in the Twin Cities but wanted to return to life in a smaller community. Unfortunately, it seemed that, if he wanted to work in his field, he'd have to relocate to a large city. He'd interviewed with firms in Chicago, Los Angeles, and Atlanta. While the people were friendly, the work interesting, and the pay pretty good, he just didn't feel he was cut out for life in the big city. He'd moved back to Centerburg and taken a part-time job as a Human Resources generalist for the county government. He didn't really like the work, but he was competent at it and made enough money to pay his school loans, save a bit, and earn a living. More importantly, it gave him and his high school girlfriend time to get reacquainted, fall in love, and become engaged. So, when he got a call from NEWCO inviting him to consult in HRD as part of the plant turnaround team, he jumped at the chance.

He met with Sandra Craig who explained, in broad terms, the turnaround strategy. She explained that, although the government loans and incentives had given NEWCO some breathing room, it was still going to be a difficult battle. When she reduced the number of product lines, she was also forced to eliminate the jobs of some of the most senior workers. Many of these people had been with the plant for decades, and they were the employees who really understood the operation of the place. These people had learned on the job, often from one of their parents or a neighbor. The work processes were never documented. When these people left, so did much of the knowledge needed to run the plant. Roy's first task would be to conduct a task analysis and document the major processes in the receiving department.

Sandra explained that this first assignment was something of a test for Roy. If he completed the work in time and on budget, there could be many additional assignments. Returning the plant to profitability was not going to happen over night. Sandra expected that it would require at least three years to document all of the work processes and update the equipment.

Roy spent the next three weeks in the receiving area of the plant, observing the work, talking with the employees, and taking notes. At home he'd work late into the night keying all the information into his computer, formatting the documents, and checking to be sure the information was consistent. He was putting in 15-hour days, but he felt that he was making good progress and was confident he could finish the analysis on time.

At first, the people on the job floor were suspicious and somewhat skeptical of Roy. The last whiz kid (their term for any consultant) on the floor had been the efficiency expert Sandra had hired to help determine which product lines to eliminate. Roy tried to explain that he was there to learn from them and document their work so that it would be easier to train new employees. He explained the need for developing standard operating procedures (SOPs) and how standard procedures would be of benefit to the current employees as well. A clear SOP could be used as a training document, a way to ensure consistency in work methods, and a way to demonstrate to management the complexity of the jobs.

Rather than just watch and talk, Roy worked alongside the employees and learned by doing. He asked a lot of questions and demonstrated his interest and appreciation for their work. Many of the employees had never thought of their work as particularly difficult or complicated. When Roy started showing them dozens of pages that documented the complexity of the tasks and the decisions they had to make, they started to find a greater appreciation for their own work and Roy's efforts. By the time the first analysis was complete, he'd written and verified over 60 pages of work instructions for the receiving department.

He met with Sandra who expressed her total satisfaction and pleasure with the quality and quantity of work that he'd accomplished. She said that she had never expected anyone to be able to do such a detailed job in such a short time. This was clearly the best work she'd seen from any of the consultants she'd hired. Moreover, she was impressed with the way that he'd used his interpersonal skills to build relationships on the factory floor, develop credibility, and work with the employees to get the job done. She said that many of the other consultants she had used had seemed unfriendly or aloof when dealing with the production staff. Sandra said, "So many of these big name consultants come in, do the job, and leave. They don't want to get too chummy with the locals. They just don't understand the town and the people the way you do. All they want to do is get their fee and leave. I think the fact that you want to be a part of this community really gives you an edge."

She then told Roy that she'd like to hire him for another project. "We've got some serious problems with our maintenance program. What's more, we have a regulatory review in a few months, and the fate of the plant may ride on the outcome. We need to have a training system documented and in place, plus we need to have SOPs developed for the critical tasks. If the regulators don't like what they find, they could close us down. I'm not so worried about professionals like you and me, but the plant closing would be a real blow to most of the employees who don't have so many transferable skills. And of course, a plant closing would result in NEWCO defaulting on the bonds and not being able to meet the terms of the tax incentives provided by the community. So we've all got a lot riding on this. I know it will be a lot of work, but I've seen what you can do. Your work on the first analysis demonstrated that you're up to the challenge. Making the deadline for this project may take some extra hours or a few long days, but it seems worth it, don't you think?"

"I'm happy you like my work, and I really enjoy it here at NEWCO," Roy replied, "But I'm also working part-time at the county, and there just aren't enough hours in the day to get everything done. Plus I don't have much time to see my fiancée except on Sunday, and even then I'm not really there--my mind is on work."

Sandra thought for a moment, then said, "I know you hadn't planned on putting in quite so many hours, but I'm willing to make it worthwhile. If you're willing to commit to making the project a success, I'm willing to increase your consulting rate by

50% and offer you a 6-month retainer. This should give you some breathing room and enough salary to quit the job at the county. What do you say?"

While calm on the outside, Roy was jumping up and down on the inside! This was just the type of assignment he'd dreamed of! He'd be able to focus his efforts on OD, get out of the county HR department, and make more money than he thought possible. He told Sandra that he'd need to think it over and get back to her. She said that this was fine but not to delay his decision too long. She wanted to get this project underway as soon as possible. That night Roy took his fiancée out for a celebratory dinner, and the next morning he called Sandra to accept and gave the county HR department his resignation, effective immediately.