

Sketch out a simple organisational chart showing the Tucker Company's three divisions. Acquire Resolution of GSBS6004 Organisational Behaviour and Design.

Case Study: **The Tucker Company**

Extract from "The Laboratory": readings and cases by L. Katz, 1981 ©



George Garfield



John Herbert Hodge



Charlie Franklin

In 1968 the Tucker Company underwent an extensive reorganisation that divided the company into three major divisions. These new divisions represented Tucker's three principle product lines. Mr. Harnett, Tucker's president, explained the basis for the new organisation in a memo to the board of directors as follows:

In recent years Tucker has undergone substantial growth and diversification. If we are to meet the new challenges facing us in the marketplace, we must modify our organization. The diversity of our products requires that we reorganize along our major product lines. Toward this end I have established three new divisions: commercial jet engines, military jet engines, and utility turbines. Each division will be headed by a newly appointed Vice-President who will report directly to me. I have instructed each of these men to establish profit centers within their organizations so that the responsibilities and cost functions of individual departments can more clearly be identified and performance evaluated. I believe that this new profit center approach will enhance our performance through the commitment of individual managers. It should also help us to identify unprofitable areas where the special attention of the management may be required.

For the most part, each division will be able to operate independently. That is, each will have its own engineering, manufacturing, accounting department, etc. In some cases, however, it will be necessary for a division to utilize the services of other divisions or departments. This is necessary because the complete servicing with individual divisional staffs would result in unjustifiable additional staffing and facilities. Simple accounting procedures have been established to handle these interdepartmental or inter-divisional costs, so that the cost center requiring the service is billed appropriately.

The old company-wide laboratory was one such service organization. Functionally it continued to support all of the major divisions through the cost-charging methods described. Administratively, however, the manager of the laboratory reported to the manager of manufacturing in the military jet engine division.

From the time the new organization was initiated until February of 1978, when the laboratory manager Mr. George Garfield retired, there was little evidence of interdepartmental or inter-divisional conflict. His replacement Mr. John Herbert Hodge, unlike Mr. Garfield, was always eager to gain the attention of management. Many of Hodge's peers perceived him as an empire builder who was interested in his own advancement rather than the company's well being. After about six months in the new position, Hodge became involved in several interdepartmental conflicts over work that was being conducted in his laboratory.

Historically the engineering departments had used the laboratory as a testing facility to determine the properties of materials selected by the design engineers. Hodge felt that the laboratory should be more involved in the selection of these materials and in the design of experiments and subsequent evaluations of the experimental data Hodge discussed this with Mr. Charlie Franklin of the engineering department of the utility turbine division. Franklin offered to consult with Hodge but stated that the final responsibility for the selection of materials was charged to his department.

In the months that followed, Hodge and Franklin had several disagreements over the implementation of the results. Franklin told Hodge that, because of his position at the testing lab, he was unable to appreciate the detailed design considerations that affected the final decision on materials selection. Hodge claimed that Franklin lacked the materials expertise that he, as a metallurgist, had.

Franklin also noted that the prompt handling of his requests, which he had become accustomed to under Garfield's management began to take longer and longer under Hodge's management. Hodge explained that military jet engine divisional problems had to be assigned first priority because of his administrative reporting structure. He also told Franklin that if he were more involved in Franklin's problems, he could perhaps appreciate when a true sense of urgency existed and he could revise priorities.

The tensions between Franklin and Hodge reached a peak when one of Franklin's critical projects failed to receive the scheduling that he considered necessary. Franklin phoned Hodge to discuss the need for a schedule change. Hodge suggested that they have a meeting to review the need for the work. Franklin then told Hodge that this was not a matter for his concern and that his function was merely to perform the tests as requested. He further stated that he was not satisfied with the low priority rating that his division's work received. Hodge reminded Franklin that when Hodge had suggested a means for resolving this problem, Franklin was not receptive. At this point Franklin lost his temper and hung up on Hodge. Franklin's next action was to write the following memo to his supervisor, Mr. Hargove:

Since Mr. Hodge assumed responsibility for the laboratory, the commercial turbine division has not received the same degree of prompt service that we enjoyed when Mr. Garfield was the laboratory manager. Projects are frequently difficult to schedule and are nor completed within the time span

required. Mr. Hodge explains these matters as being due to a lower priority of our division's work compared to the military aircraft division's work. This may be part of the problem; however, I believe that the real reason that we are not receiving cooperation is because I have not permitted Mr. Hodge to assume a shared responsibility for materials selection as he requested I believe, in short, that he is using his position to try to intimidate our division into giving up its chartered responsibility I believe this matter can no longer be tolerated I can directly trace delays in three of our contracts to Mr. Hodge's lack of responsiveness. I believe that you must call this matter to the attention of higher management.

Case Questions

1. Sketch out a simple organisational chart showing the Tucker Company's three divisions, including the location of the laboratory. Why would the laboratory be located in the military jet engine division?
2. Analyse the conflict between Mr. Hodge and Mr. Franklin. Do you think the conflict is based on personality differences or on the way in which the organisation is structured?
3. Sketch out a new organisational chart showing how you would restructure the Tucker Company so that the laboratory would provide equal services to all divisions. What advantages and disadvantages do you see in the new structure compared to the previous one?