

1-1-2012

We may have hired Dr. Jekyll, but we ended up with Mr. Hyde

Idalene F. Kesner

Christine H. Mooney

Follow this and additional works at: <https://huskiecommons.lib.niu.edu/allfaculty-peerpub>

Original Citation

Kesner, Idalene F. & Mooney, Christine H.. (2012). We may have hired Dr. Jekyll, but we ended up with Mr. Hyde. Vol. 55 (Issue 1) pp. 17-21. DOI: 10.1016/j.bushor.2011.08.006.

This Article is brought to you for free and open access by the Faculty Research, Artistry, & Scholarship at Huskie Commons. It has been accepted for inclusion in Faculty Peer-Reviewed Publications by an authorized administrator of Huskie Commons. For more information, please contact jschumacher@niu.edu.



CASE STUDY

We may have hired Dr. Jekyll, but we ended up with Mr. Hyde

Idalene F. Kesner^{a,*}, Christine H. Mooney^b

^a *Kelley School of Business, Indiana University, 1309 E. Tenth Street, Bloomington, IN 47405-1701, U.S.A.*

^b *College of Business, Northern Illinois University, DeKalb, IL 60115, U.S.A.*

1. The General

“. . . and another thing,” Dave Patton said as he glared hard at Pam Daniels, a Senior VP for Premier Packaging Inc. (PPI), “if you don’t pull the plug on your department’s outlandish spending patterns, I’ll bring in someone who will! That’s it for now people,” Patton added as he scanned the remaining five faces in the conference room. “My plane for L.A. leaves in 3 hours.” Patton, who was on his way to the annual Packaging Council Association’s national meeting, stood up and walked out of the conference room in his usual style—a hard jerk on the door, leaving it open behind him.

“Well, The General strikes again,” said Mike Chambers as he stood up to shut the conference room door. ‘The General’ is what PPI insiders had started to call Patton behind his back since he joined the company 3 months earlier; no doubt their choice of a nickname was a play on the famous WWII military figure. Mike looked at the shocked faces of his fellow PPI executives. Pam Daniels, in particular, looked like the proverbial deer caught in headlights.

“I can’t believe what just happened,” said Joan Chen, giving Pam a sympathetic look. “It seems like

just yesterday Dave was in my office interviewing for the Chief Operating Officer’s job, and he was the nicest, most humble guy on the planet. Today, he’s the boss and ready to tear our heads off! What happened? Who is *this* guy?”

“I know exactly what you mean,” interjected Ajay Para. “When I met with him for the first time, he barely said anything. In fact, he kept repeating over and over: ‘From what I can tell, this is a great company with lots of opportunities. If I join PPI, I’m looking forward to spending my first several months just listening and learning from you and your colleagues.’ Well, he’s got a funny way of ‘listening’ and ‘learning.’ From the moment he stepped in the front door, he’s been barking orders and criticizing the way we do things. From the way he acts, you’d think we were on the verge of bankruptcy rather than third in the industry.”

“What troubles me most,” added Joan, “are the recent stories I’ve heard. I’m not sure how much is true and how much is rumor, but I heard that his secretary handed in her resignation last Friday, and Todd Glazer from HR is interviewing for a position with PrimePac. Plus, I’m sure most of you know that Frank Simon, the Monroe plant manager, quit 2 weeks ago. I know for a fact that Patton was visiting Simon’s plant a month ago because I met with Frank the next day. Frank said that Dave came in ‘loaded for bear.’ Apparently, he had been studying the operation and was highly critical of the way the plant handled rush orders, but according

* Corresponding author.

E-mail addresses: ikesner@indiana.edu (I.F. Kesner), chmooney@niu.edu (C.H. Mooney).

to Frank it didn't stop there. Dave insisted that Frank walk the plant with him so that he could point out problems along the way. Frank said it was the worst day of his life, having all his plant employees look on as Dave chewed him out for one thing and then another."

"I heard the same story," interrupted Mike, "only I heard that Dave paid a second visit to Frank's plant right before he quit. Apparently, Dave wanted to see what progress had been made. I didn't get a chance to talk to Frank afterward, but the next thing I heard was that he turned in his resignation. Frank has been here 15 years. He is... I mean, was... one of our best plant managers."

As Mike paused, Joan picked up the conversation. "I don't mean to put you on the spot, Mike, but the rumors are even flying about you. I've heard from more than one person that you're looking around."

Mike didn't respond to Joan's point directly, saying only, "Look, it seems like we've all experienced the wrath of Dave. The question is: How do we handle the situation?"

At that moment, there was a knock on the conference room door. "Come in," shouted Mike. Mike's secretary stuck her head into the conference room.

"Hey Mike, did you forget about Jacobson's visit? He's waiting outside your office," she said. Bob Jacobson was one of PPI's top customers.

"Darn," muttered Mike under his breath. "I completely lost track of time. This meeting with Dave was supposed to last 60 minutes and he kept us here for almost 2 hours! I've got to go meet with Jacobson, but I think we should get together again to discuss how to handle things. I'll have my secretary set up a meeting. It's a good time to meet, with The General out of the office for the next couple of days."

2. Whose idea was this, anyway?

Benton Langley, CEO of PPI, was the person responsible for creating the company's new COO position. In announcing his decision, he noted that the company's current structure wasn't conducive to the external focus he needed to take if PPI was going to grow at least 25% per year.

PPI was organized in a matrix structure, with Senior VPs in charge of key product areas and geographic regions. Six people represented Benton's core U.S. executive group, or what he referred to as his '6-PAC' (President's Administrative Council). Mike Chambers was probably the most outspoken member of the team, although he was also someone who had earned everyone's respect as a level-headed decision maker. At 49 years old, Mike had

been with the company for 13 years and was in charge of PPI's largest and most profitable division, Industrial Packaging, which encompassed packaging products for industries as diverse as textiles, food service, and furniture. Mike joined PPI after his firm was acquired by the company.

Mike's direct counterparts were Ajay Para and Pam Daniels, both 43. They represented the Consumer Packaging and Medical Packaging areas, respectively. The latter division was originally part of the Industrial group but was separated out many years ago when the regulatory environment intensified, placing greater demands on the packaging and subsequent disposal of medical products. These two divisions were not as profitable as Mike's unit, but were still considered strong contributors to PPI's bottom line. Consumer Packaging enjoyed strong market share and revenues, although in recent years the market had become quite competitive on a pricing front. This meant that return on sales had slipped from a high of 10.5% to a still respectable 8.7%. The decrease was brought about by a drop in both net income and revenues. Medical Packaging also experienced some pricing pressure, in addition to dramatically rising costs. The latter was due to ever-increasing FDA requirements. Return on sales had slumped from 7.5% to 6.1% over the past 3 years, and market share had also declined a couple points. Although ROS was low when compared to Industrial Products' 13%, it was in line when compared to direct competitors.

The three remaining Senior VPs were Tony Lazio, Joan Chen, and Darien Jackson. At 62, Darien referred to himself as the 'old man' of the group. Benton Langley himself brought him into PPI 33 years ago. At the time, Benton was a new sales manager and Darien was a young, struggling stockbroker. The rest was history, as Benton and Darien rose through the ranks to their respective positions. Joan and Tony were younger, at 42 and 45, respectively. The three VPs represented geographic areas: the Eastern, Midwestern, and Western divisions.

Prior to the creation of the COO position, these six executives reported directly to the CEO. In addition, Benton had several other direct reports representing the three international regions in which PPI operated, as well as the CFO, the Director of HR, and the General Counsel and Corporate Secretary.

Over the years the packaging industry had changed considerably, with consolidation occurring regularly. If PPI was going to be a player in the future, Benton concluded that he had to spend more time focusing on identifying and negotiating acquisitions. As such, it was impossible for him to maintain the same high level of attention to internal

operations. He made the decision, therefore, to hire a COO—someone who would be responsible for maintaining the firm's internal growth so that he could focus on the external side.

PPI's culture was highly collaborative. Meetings and taskforces were common. People often joked that if PPI ever went 6 months without organizing a new taskforce, someone would organize a taskforce to investigate why. For new people, this approach was somewhat unsettling, especially if they had come from a more independent culture. Joan Chen was keenly aware of this. When she first joined PPI from a rival company, it surprised her that even requests for \$100,000 would often invite Benton's recommendation that she present her ideas at the next 6-PAC meeting and get advice from the other members. Over time, Joan learned to appreciate the input of her colleagues; they often identified things she hadn't considered in her own analysis.

For most PPI executives, the highly collaborative environment was both an advantage and a disadvantage. Most complained that decisions took longer than necessary. Even Benton commented at times that things were so friendly, he wondered if divisional VPs had lost their competitive edge. On the other hand, managers seemed to leave the bi-weekly meetings feeling their plans were better developed. Moreover, the sessions occasionally produced big dividends in the form of cross-selling opportunities or ideas about product adaptations, which eventually resulted in new products for sister divisions.

3. Shaking hands and kissing babies

Dave Patton was one of three candidates to interview for PPI's newly created position of COO. There had been hundreds of applications, which was not surprising, given that the firm had advertised in *The Wall Street Journal*. Originally, there was talk about using a search firm when no natural inside candidates emerged, but Benton was able to quickly identify two external candidates. The feeling, therefore, was that it didn't make sense to incur the expense of hiring a headhunter.

Dave emerged as a candidate early in the process, having been identified directly by Benton. In actuality, Benton had never met Dave, but heard about him from two different business colleagues. At the time, Dave was the VP of Operations for a major brewing company. He had been in the position for 5 years. Before that, Dave had been VP of Operations for a much smaller snack foods company. That, too, was a 5-year stint. In fact, spending 5-7 years with an employer was something of a pattern for Dave, although every move he made was clearly a promotion.

Dave was the third and final COO candidate to visit PPI. As with the others, Benton took Dave out to dinner the night before at his country club. The conversation, which was mostly social, included information about the local community. The next morning started at 7:00 a.m. Benton met with Dave again, but this time the conversation focused on the job. Following this meeting, Dave was ushered from one office to another so that he could meet all members of the 6-PAC. They even managed to squeeze in a quick tour of a nearby plant so that Dave could get a feel for the operations. Slightly after 6:30 p.m., Dave rejoined Benton in his office.

"Well, it's been a long day for you," commented Benton.

"Actually, I'm used to long days," responded Dave. "I must confess that I'm a bit of a workaholic."

"Well, how did your day go?" asked Benton.

"Great," said Dave enthusiastically. Benton nodded, genuinely pleased to see the excitement in Dave's expression.

"I've got to hand it to you, Benton. You've built a great organization here. It's obvious that your people respect you. They're bright and they have creative ideas. For most of the day, I just listened. I think you can learn a lot about a company by watching and listening," Dave commented thoughtfully.

"You're being quite the politician," commented Benton. I appreciate your attempts to be diplomatic, but I'm very curious about the preliminary conclusions you've drawn."

"Far too soon to tell," responded Dave, dodging the question. "I'd have to do a lot more listening and learning. I have a few ideas having read your recent annual reports, a dozen or so analysts' reports, and the reports of your competitors. And, during my conversations and plant tour today, I've heard and seen a few things that convince me I'd be able to make a difference here. But, in general, I like what I see."

Benton still wasn't satisfied. "Dave, I'd really like to hear more about the opinions you've formed. Could you elaborate on what you noticed about PPI in comparison to our competitors?"

Realizing he couldn't defer, Dave accommodated Benton by taking the next 30 minutes to relay his preliminary thoughts. He described, for example, some interesting new ideas regarding plant layouts that helped reduce costs in the brewing industry. He also expressed concerns over the sustainability of PPI's results, now that customers were starting to push hard on the pricing front. He speculated, too, that reducing costs and funneling more dollars into R&D might be productive avenues. At the end of the discussion, Dave concluded by saying: "Well, there you have it—just a few preliminary thoughts. But,

I must say I feel a bit awkward putting all these ideas on the table at such an early stage.”

“You shouldn’t,” said Benton. “I asked for your opinion, and I appreciate hearing your ideas. You’ve made some good observations.”

Benton met with Dave one more time, for half a day, before telephoning to offer him the COO position. Even before this second meeting, however, Benton called together his senior VPs to get their impressions. Dave was well liked by all six members of the team. Mike even commented: “I found his personality to be easier going than the other two candidates. I was impressed by his recognition that there is a lot he needs to learn about PPI and the industry. Sure, he doesn’t have the industry experience that the other two candidates have, but I think he’s a quick study. I definitely think he is someone I can work with.” The others nodded in agreement and after another half hour of discussion, the team expressed unanimous support for Dave.

4. Where’s the person we interviewed?

On countless occasions, Mike would reflect back on this description of Dave and wonder how he could have been so wrong. From the moment Dave assumed the COO position, Mike felt that he was critical of the company and the senior VPs. Mike recalled the first meeting between Dave and the 6-PAC members. Dave began by requesting written reports in which each VP was required to lay out his or her area’s vision, goals, and objectives, and review the division’s performance for the past 3 years. Dave explained that he would be conducting his own review and then meeting with everyone individually. The implication was that he was going to compare the two assessments. This process struck Mike as odd, but Dave’s next comment was even more disturbing: “From now on, everyone is going to have to step up to the plate.” What had given Dave the impression this wasn’t happening? Was this just an off-handed comment? Perhaps Dave’s remark was based on a cursory review of the numbers, rather than a more informed look at the underlying fundamentals of the various businesses. Either way, it made Mike uneasy.

The individual meetings that followed further increased Mike’s discomfort. Mike felt like his meeting was a mini-inquisition. Dave asked a series of questions about his area while staring at page after page of spreadsheet numbers. After this, Dave asked for information about PPI’s other divisions. Mike sensed that Dave was disappointed in his responses, which were supportive of his fellow VPs. The meeting

ended with what could only be described as a lecture from Dave about how things would work going forward. Although Mike’s other interactions with Dave were better, he never felt they were establishing a good rapport. The stories from the rest of the team were mixed; some described the meeting as uneventful, while others said they felt like they were receiving the third degree. Four weeks into the job, Dave began taking tours of the plants and meeting with their managers. The reactions were similar to the reactions of the senior VPs. More recently, Dave had begun visiting PPI’s major customers. Here, the responses were much more positive. Customers seemed impressed by Dave’s hands-on approach and his willingness to listen to their concerns.

5. What now?

It was Friday afternoon at 4:30, the day after Dave’s abrupt departure from the 6-PAC meeting, before everyone could get back together to discuss the situation. Mike began by saying: “George Haynes and I went to the ball game last night. We were having a couple of beers when he mentioned that his cousin works for Farland Brewing. Turns out, his cousin worked for Dave. Evidently, there were more than a few people who were glad to see Dave go. Apparently, he’s not the easiest person in the world to get along with. Surprise,” Mike added sarcastically.

“Didn’t someone make phone calls to check references?” asked Joan.

“Of course,” said Ajay. “Don’t you remember Benton said Dave had received glowing reviews from everyone he contacted?”

“Well, either they were lying or Benton didn’t call the right people,” commented Joan.

“Joanie, think about it,” responded Mike. “How many times have you gotten a similar phone call? Do you tell someone all the gory details?”

“No, you’re right,” admitted Joan. “When it’s someone I have doubts about, I usually give scant information or dodge the question. Sometimes I answer by saying something positive about the person that is true, even if it doesn’t answer the question being asked. The legal environment is so risky today that I’m afraid to speak openly for fear of being sued. I hate when people call for references.”

“So, what makes you think the situation was any different when Dave’s references were called?” asked Mike.

“Well, maybe we should have done a better job when we interviewed Dave,” responded Joan.

“It’s not as though you can ask a candidate: ‘Is this the *real* you I’m talking to?’ Or, ‘Excuse me, but

do you plan to change your personality after we hire you?" Mike added.

"Look, that's water under the bridge now," suggested Pam. "How do we handle things from here? Has anyone spoken to Benton?"

"I have," remarked Darien. "I've known Benton for a long time. So, about three weeks after Dave's arrival, I met with him to discuss how things were going. Even then, I could tell that Dave's style was not a good fit."

"What did Benton say?" prodded Pam.

"He suggested that maybe Dave was just trying to make his mark on the company. He said we needed to give him a chance. He thought it might take several weeks for Dave to get comfortable with the way we do things here. But, I think it's obvious now that this isn't just a case of Dave adjusting to a new situation."

"Do you think Dave is acting this way because he's trying to compensate for his lack of experience in the industry? Maybe he doesn't feel comfortable admitting that there's a lot he doesn't know," noted Pam.

"That doesn't make sense," said Tony. "When he interviewed here, he said he was going to listen and learn from us. If he was embarrassed about his lack of knowledge, wouldn't he try to hide it during the interviews?"

Before Pam could respond, Joan added: "It seems to me that the issue is what we do next. Should one

of us go back and talk to Benton again? Or, should we talk to Benton together?"

"In my opinion, we should confront Dave directly," commented Ajay. "He needs to hear how we feel. If we go to Benton again, it will look like we can't handle the situation ourselves."

"I agree that we should confront Dave, but I think Benton should be there. That way, Dave can't go to him later with his own version," remarked Pam.

"I think you're all wrong," interjected Tony. "In my opinion, Dave's got to go! His personality is going to destroy our culture."

"Come on, Tony," responded Joan in a doubtful tone. "You don't seriously believe that Benton is going to fire Dave after 3 months. How would analysts and competitors react? For that matter, how would our key customers react? Dave's been meeting with them for the past several weeks."

"Are you suggesting that we live with this mistake for another year or two, just so things look respectable to outsiders? How crazy is that?" asked Tony.

"It's a lot less crazy than believing Benton is going to fire Dave after 3 months," Joan countered.

"Okay," Mike sighed, his frustration with the situation evident. "We've obviously got different opinions about what to do. The question remains: How do you deal with a boss who's turned from Dr. Jekyll to Mr. Hyde practically overnight?"