# IDENTIFICATION OF KEY FACTS

*Facts:*

Company Name = Casual Togs Inc.

Business Type = an apparel producing company for women (products primarily being shirts, blouses and some knit dresses).

Headquarters = Midwestern City

President/Owner name = Cy Geldmark

Administration Vice- President name = Judy Geldmark (Cy Geldmark sister and 12% stockholder)

Treasurer = Stan Seeburg (Cy Geldmark nephew)

Market Analyst = Stan Levine

Sales-Forecast/Budget Manager = Andy Johnson (Held a bachelor degree in business and served company for last 15 years but not related to Cy Geldmark).

Sales- Forecast/Budget Assistant Manager = Bill Smith (Held an MBA).

Internal Accounting and Sales Manager = Sol Green

Some other management members include Regional Vice Presidents, Sales Vice-President, Regional Sales Managers, Designers and Field Salespeople.

Casual Togs organizational structure is functional, is primarily staffed with relatives and friends.

The company operates on “mix and/or match” coordinate idea of fashion.

Sales composition = 80 percent of the production is sold to large and middle- size department stores and 20 percent is sold to small womens speciality shops.

Casual Togs hold prominent position in the industry and has expanded to seven southern states by setting up production plants in last five years and these facilities are leased.

The company had also set up a production plant in Arkansas to capitalize on low wage rates in those areas.

To coordinate production and delivery, the company is constructing a multi-million dollar central distribution plant at the home office location.

As the fashion industry is characterized by five distinct selling seasons, therefore garments at Casual Togs need to be ordered, produced and delivered within a short period time.

Pilot Sales during first two weeks of each season are used to forecast the production, i.e., quantity and styles for the entire season.

A computer printout of each days sale was reported by telephone by field salespeople which was initially distributed to the president, vice-president of sales, the sales forecast manager and the eight regional sales manager.

Almost all vice-presidents and departmental managers meet Cy Gledmark (the owner/president) daily and discuss the progress of current fashion seasons products, despite being the fact that Cy has given them the right to act and make decisions freely even without consulting him. Therefore, Cy made most of all the important daily decisions in each fashion seasons modifications and level changes.

Judy Gledmark, the vice-president in charge of administration and Cys sister was always successful in getting backed her decisions by Cy Gledmark.

The treasurer Stan Seeburg who is also president Cys nephew was not allowed to approve any expenditure over $1000 without Judy Gledmarks informal approval.

Andy Johnson, sales forecast, budget manager remained Cy Gledmarks chief source of sales data and forecast for many years and possessed a rapport with him.

Bill Smith was appointed as Andy Johnsons new helping hand in sales forecast and budgets after Sol Green (Andys former co-worker) was promoted to internal accounting and sales manager.

Cy Gledmark hired an experienced market analyst, Stan Levine who had a strong computer-oriented background to solve the dilemma of increasing returns.

Stan was given the authority to affect any changes he wanted to. And he changed the printout format and started publishing recap of the printout everyday in addition to Andy Johnson.

Soon after several new designers were hired, salespeoples commission schedules were changed, many regional vice-presidents were put on the road “temporarily” and the budgets of all departments were cut by 15 percent.

# Problem Areas:

“Mix and/or match” coordinate idea was not patented and competition has developed from larger as well as from new, smaller companies.

The number of merchandise being returned from customers has increased due to later than scheduled deliveries.

The five season cycle produces unusual production and forecasting problems.

Forecast errors or pilot sales being not indicative for rest of the season, makes the company saddled with stock which then is sold to off-price outlets.

Cy Gledmark was too lenient with all the management and staff members and relied on the feel of situation and has given all the decision powers to the management.

The daily meetings held were informal and non-scheduled. Disagreements between different departments personnel often led to shouting matchs.

Cy was an easy mark for suppliers, who had some previous ties or were remotely related to someone in Cys family. Even if their prices were higher than competing suppliers, they were assured of getting some orders.

Judy Gledmark whose decisions were always backed by Cy Gledmark, initiated changes in every department and often had objection to proposed changes. She would fire and hire personnel even without a department managers knowledge.

Andy Johnson who is been with the firm for 15 years had never been promoted despite his knowledge.

The pattern of meeting remained same or even worse with emotional arguments punctuated by fist-pounding and door-slamming.

The problem of returns became more intense with 40 percent of all shipments being returned on an average.

Managers had different viewpoints regarding reasons for merchandise returns.

Andy Johnson became egoistic with Stan Levine who was hired in order to combat this problem.

Andy Johnson backed by Cy, cut all departments budgets by 15 percent when the company was in the middle of a 12-month budget period.

## Four weeks after these changes were made, the problems became worse and the following consequences arouse-

* Returns increased to a higher level.
* Many customers had stopped ordering because of the poor quality and late deliveries
* Distribution centre construction was halted as the company didn’t had any supervisor
* Nine plant centres fell on average 15% under previous established goals
* Judy fired the new vice-president of industrial relation after he had been on job for 4 weeks which costed the company $180,000 as he held a three-year contract for $60,000 per year
* Andy Johnson, Sol Green and Stan Levine didn’t speak to each other
* Stan required the computer services department to produce a daily selling forecast by week, month and season which made their workload too great to handle and they complained to Cy Gledmark.

# IDENTIFICATION OF CENTRAL PROBLEM(S)

* Cy Gledmark being too lenient and reliant on feel of situation
* Informal meetings often lead to aggressive disputes
* Cy Gledmark always backing his sister, Judy Gledmark decisions
* Judy Gledmark being so interfering and hiring and firing employees without department heads knowledge
* Employees being unhappy with Judy and her abrasive image
* Employees not performing up to their fullest
* Increasing rate of merchandise return
* Managers having different viewpoints for the cause of returns
* Cy Gledmark in a dilemma about the reason for returns
* Stan Levine being hired and Andy Johnson being egoistic with him
* Several changes were made and the consequences were even worse

Solution list related to central problem:

Cy Geldmark being too lenient and reliant on feel of situation

1. A strict schedule with date and time should be made for meetings.
2. Cy Geldmark should treat everyone equally to promote equality. He should listen to other employees as well.
3. Cy should train Judy for the head department position.
4. Cy should tell Judy that she should not be rude with employees. She should be friendly with them.
5. Cy should start some motivational workshops to motivate their employees to work hard. He should also give them some sort of rewards to encourage them toward more productivity.
6. Cy should check employees time to time to see if they are working or not. He should encourage them to create less errors.
7. Andy Johnson should be promoted for being in the same company from last 15 years.

Examination of cause and effect relationships:

Relationship #1

Stan Levine being hired and Andy Johnson being egoistic with him

Several changes were made and the consequences were even worse

* Stan Levine is an experienced market analyst. He made many changes in the company and he also changed the printout format of the handwritten recap written by Andy. So, Andy start quarrelling with him.
* Relationship #2

Cy Geldmark in a dilemma about the reason for returns

Stan Levine being hired and Andy Johnson being egoistic with him

* To solve the dilemma, Stan was hired by Cy and due to some changes by Stan, Andy starts being egoistic with him. Andy showed this type of behaviour because he had not been promoted from last 15 years and Cy did not give him reward to appreciate his work.
* Relationship #3

Cy Geldmark in a dilemma about the reason for returns

Managers having different viewpoints for the cause of returns

* Cy is in difficulty as some managers have different reason for merchandise return.
* Relationship #4

Managers having different viewpoints for the cause of returns

Increasing rate of merchandise return

* Merchandise return rate increased to 40% and some managers think that late deliveries is not the reason for the returning. This is because of the inaccuracy of style lines which leads to bad production scheduling and some thought that it is due to poor coordination between production centres and shipping department.
* Relationship #5

Increasing rate of merchandise return

Employees not performing up to their fullest

* Large amount of merchandise return because employees do not pay attention to their work.
* Relationship #6

Employees not performing up to their fullest

Employees being unhappy with Judy and had an abrasive image of her

* As Judy is Cy’s relative, employees do not listen to her. They think that she is annoying. Moreover, employees are not motivated to work.
* Relationship #7

Employees being unhappy with Judy and had an abrasive image of her

Judy Geldmark being so interfering and hiring and firing employees without department head knowledge

* Cy gave Judy complete freedom to handle the business. So, she started interfering, hiring and firing employees which affected her image. This made her very bad in front of other employees.
* Relationship #8

Judy Geldmark being so interfering and hiring and firing employees without department head knowledge

Cy Geldmark alwas backing his sister, Judy Geldmark’s decision

* Judy always interfere in other managers work, sometime hire and sometime fire employees without any advice. She always makes changes in the company and Cy always support his sister’s decision which negatively affect another employees work.
* Relationship #9

Informal meetings often leads to aggressive disputes

Cy Geldmark always backing his sister, Judy Geldmark’s decision

* The meetings are not scheduled properly as groups timing did not match i.e.; they meet at different times. These meetings are informal which results in dispute between employees. Whenever Judy make some decisions, Cy always support her.
* Relationship #10

Informal meeting often leading to aggressive disputes

Cy Geldmark being too lenient and reliant on feel of situation

* Cy was too lenient and careless about his company. Whenever there is meeting, they are not properly scheduled. Sometime timing of these meetings does not match with the employees timing which results in disputes.

**EXAMINATION OF THE CONSEQUENCES OF EACH ALTERNATIVE SOLUTION**

1. **Strict schedule with date and time should be made for meetings**

Advantages:

* Different groups of the company can meet at specified time with Cy Geldmark
* The meetings will be formal and scheduled
* Meetings will be according to the functional areas (for e.g. all departmental managers will have meeting with Cy at same time)

Disadvantages:

* There will be lots of meetings
* There will be delay in the decision-making process
* It may be possible that all the people may not attend the meeting at the scheduled time

1. **Cy Geldmark should treat everyone equally to promote equality he should listen to the other employees as well**

Advantages:

* Equality will be promoted in the company
* Employees will feel motivated and this will increase their morale
* Each and every employee will try to participate and give their opinion

Disadvantages:

* Employees may be self conscious about what they say
* Formal communication will be tough to implement as they will directly go to Cy Geldmark to talk
* This can even increase the unnecessary competition among the employees

1. **Cy should prioritize the skills rather than family relations for a position**

Advantages:

* The person who is more talented and highly skilled will get the position
* Personal and professional relation will be kept separate
* Fresh and new talent will get a chance to enter in the company
* There will be a better decision-making process and professional behavior will be promoted

Disadvantages:

* The relatives will try to pull down the new person who will enter the company
* It will disturb the working environment
* It will increase the hiring and training cost of the new employees
* The position will remain vacant until the suitable candidate is selected

1. **Cy should tell Judy that she should not be rude with employees**

Advantages:

* Judy’s image will be improved among the employees
* She will not hire and fire any employee without any specific reason
* Professional behavior will be promoted
* There will be no unnecessary interference by Judy in each and every task

Disadvantages:

* Employees will take Judy too lenient

1. **Cy should start some motivational workshops to motivate their employees to work hard. He should also give them some sort of rewards to encourage them towards more productivity**

Advantages:

* Employee engagement will improve
* This will improve the motivation equation
* New skills among the employees will be developed. They will engage themselves in leaning the new things
* It will increase the productivity of the employees and the profits will likely to increase

Disadvantages:

* Workshops and unnecessary rewards will increase the cost of the company
* Motivation and skill training will take a long time to implement
* The main objective of the company i.e. profit earning will be sideline

1. **Cy should check employees time to time to see if they are working or not. He should encourage them to create less errors.**

Advantages:

* Less errors will be committed
* Employees will start working as per the expectations of the company
* There will be a complete supervision about what the employees are doing
* Employees will start working as per their capabilities

Disadvantages:

* Supervisory cost will be increased
* This will develop dissatisfaction among the employees as they will hesitate to give their opinions because of the fear of being fired

1. **Cy should opt a suitable measure to find out the real reason of product return**

Advantages:

* The actual reason behind the return of the product will be disclosed
* Suitable measure can be adopted to overcome the problem of product return
* This will also help in increasing the sales of the company
* Sufficient profits will be earned by the company

Disadvantages:

* Difficult to implement
* This will increase the cost of marketing research
* This may involve a lot of time to find out the actual reason

1. **Cy should hire an assistant to make his work easier in this type of situation**

Advantages:

* Delegation of Authority will be there
* Division of work will result in smooth running of the business
* Cy can concentrate on most important things
* The services of the expert will be enjoyed

Disadvantages:

* Cy’s control over the company will be reduced
* The new hired assistant can misuse his power
* There can be lack of interest by the newly hired person

1. **Andy Johnson should be promoted for being in the same company from last 15 years**

Advantages:

* Andy’s knowledge will be used for the higher position
* New talent will be given a chance to fill his position
* It will improve the organizational structure of the company
* His experience can be use for the betterment of the company

Disadvantages:

* After promoting also, Andy’s egoistic behavior will not be changed
* Higher position will make his behavior more worse
* He will be more bossy and will try to control each and everything

1. **The new changes and decisions should be made in a systematic way**

Advantages:

* The things will start getting improved
* There will be better coordination among the people
* The company’s performance will start moving towards the right track

Disadvantages:

* The existing members will start creating problems
* It may also lead to conflict among all the members of the company

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| --- | --- | --- | --- | --- | --- | --- |
| Solution | 20.00% | 20.00% | 40.00% | 20.00% |  | |
| Implementation  cost | Implementation  time | Profits | Impact on employees  skills | Total  value | Solution  rank |
| 1 | 4 | 7 | 8 | 2 | 5.8 | 8 |
| 2 | 10 | 9 | 5 | 4 | 6.6 | 5 |
| 3 | 8 | 8 | 10 | 10 | 9.2 | 1 |
| 4 | 10 | 10 | 4 | 6 | 6 | 7 |
| 5 | 2 | 2 | 8 | 10 | 6 | 7 |
| 6 | 6 | 5 | 9 | 9 | 7.6 | 4 |
| 7 | 2 | 3 | 10 | 6 | 6.2 | 6 |
| 8 | 5 | 4 | 10 | 10 | 7.8 | 3 |
| 9 | 4 | 4 | 5 | 5 | 4.6 | 9 |
| 10 | 8 | 8 | 8 | 8 | 8 | 2 |

**SOLUTION SELECTION AND ACTION PLAN FOR IMPLEMENTATION**

Top 3 solutions to be implemented

* Cy should prioritize the skills rather than family relations for a position

CY will be involved in the implementation plan. Not much sources will be required to implement the solution but separate department is required for the recruitment and selection of suitable candidates. Increase in profits as well as correct forecasting of future sales will identify its implementation success. Moreover, the obstacles that may be encounter during the implementation process are family relations and setting up separate departments for recruitment of new personnel. This solution will result in right person at right place and every work will be done by experts.

* The new changes and decisions should be made in a systematic way

A committee should be set up to study the major changes required to be made. Decrease in returns and improving performance of the company will denote the successful implementation of this solution. The implementation of this solution will result in making only required changes eliminating the unnecessary activities. The existing poor performance of the company may make it difficult for the committee in introducing the changes in the company.

* Cy should hire an assistant to make his work easier in this type of situation

Cy should hire a new person who can share his responsibilities. Finding a person and having the require abilities may be costly as well as time consuming. The work load of Cy will be divided. The unprofessional behavior of Cy and habit of taking all the decision-making powers in his own hand may act as an obstacle during the implementation of this solution. Right decision at right time and quick decision-making will act as a symbol of successful implementation of this plan. The decisions will be prompt and there will be increase in sales as well as profits of the company.

# JUSTIFICATION AND EXAMINATION OF THE EXPECTED CAUSE AND EFFECT RELATIONSHIPS

* **Solutions that can be used to substantiate the future success of the organization**

1. **Cy should prioritize the skills rather than family relations for a position**

* Opportunities for the fresh blood in the organization.
* Every project will be assigned in a professional manner.
* Deserving employee will get the job they deserve according to their skills.
* Better environment will be created during the projects.
* Work will be done equally with no ego or being the superior person.
* Reduction of stress and rise in productivity of an employee and organisation.
* It keeps everyone motivated in an organisation.

1. **The new changes and decisions should be made in a systematic way**

* A clean and well-kept workplace makes a strong impression on how employees view their jobs.
* A clean, tidy working environment can make a positive change in employee morale.
* A tidy, organized office and work atmosphere creates a sense of professionalism for both your employees and your client
* A clean, safe and organized workplace will help reduce workers' compensation claims.
* An organized workplace encourages workers to be productive and stress free

1. **Cy should hire an assistant to make his work easier in this type of situation**

* Hiring a personal assistant is a great way to develop management skills.
* Cy will get more free time to do other important works.
* Cy will get a person to whom he can trust blindly.
* close working relationship.
* Extra skills and knowledge