

## Global Business Benchmarking

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### Abstract

Benchmarking research is an important step to developing alternative solutions for Global business competitiveness. In this paper there is a collectively compiled benchmarking example of several companies that have faced or are facing business dilemmas that has to do with competitiveness issues and global expansion. This benchmarking research includes key data such as identifying the issues faced, discussing how a company responds to such issues, and the outcome of a company's response. The approach for the benchmarking research completed for this paper summarizes the key findings through compare and contrast the practices of each company relate to those concepts. Some of the key concepts here is to analyze a business opportunity, using problem-solving techniques. Organizational communication is "the process by which information is transmitted and understood between two or more people" within an organization. This key concept includes barriers to effective communication, the perceptual mode, and interpersonal barriers. Emotional intelligence is "the ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion on oneself and others". This key concept includes the dimensions of emotional intelligence, emotional dissonance, managing emotions at work, and emotions in the workplace. The compare and contrast concept stress on how organizational communication is a vital part of any business. The benchmarking research found that this key concept has played an important role in many other business scenarios. The dimensions of communication include barriers to effective communication, interpersonal barriers, and the perceptual mode.

**Keywords:** Global business; Benchmarking; Global expansion; Emotional intelligence; Organizational communication

### Key concepts

Let's assume that BZZ, a fictitious company, is a global communications company that is faced with extinction if they don't make some serious changes in their plan of action to survive as a telecommunications industry leader. Unfortunately, their plan of action excluded a major player relative to their company, (the union), and as a result BZZ has compromised its integrity with its employees. Much the same as Hewlett-Packard (HP) did when detectives were hired to investigate employees suspected of leaking board secrets. This act from upper management was unacceptable and could have resulted in demise for HP. HP made the decision to fire some of its leadership team involved and actively implemented damage control with their employees to save the reputation of their company. BZZ has an opportunity to work with the union to accomplish the same results.

### Introduction

#### The situation

When it comes to global business there are challenges to overcome. In this benchmark exercise organizational topics from corporate culture to teamwork were reviewed. Each example shows what issues or concerns the organization has faced, how the organization responded to the issue, and the outcome of said problem.

Organizational culture is the overarching system of values and beliefs and includes the actions, artifacts and behaviors of the corporation; we can define it as well as the "personality" of the company. These values and beliefs should be the basis when making corporate decisions. To ensure decisions are consistent with said corporate values, management must make sure these are widely known and enacted, not just espoused [1-5]. A strong corporate culture will provide the frame-work for spreading knowledge of the values throughout the organization.

Teamwork is a goal that many companies strive to achieve. Some do this with more success than others. Teams working together can accomplish a great deal more; a "can do" and supportive attitude on teams can go a long way toward helping achieve goals.

Researching the different organizations has led us to conclude that many companies are connected by the same concepts. In order for the organizations to survive as well as maintain like Global Communications (GC) they must continue to follow the concepts.

Change is another area of resistance for BZZ. They have been operating without an updates for entirely too long. Now the company wants to make some serious changes to be able to compete both nationally and internationally. Unfortunately, the leadership team had denied all team members the opportunity to voice their ideas and have also developed a very narrow scope for change. Disney took a much different approach to industry change. When the company discovered that the industry was quickly becoming digital and they were at risk for losing contracts, Disney chose to institute change on every level of the organization. Managers from every department were empowered to implement changes as they saw fit.

Developing a creative solution to maintain perception as industry leader is a shortcoming of BZZ's plan of action.

Although BZZ is committed to maintaining their name as an industry leader, they are not taking into account the various ways to communicate and implement the capabilities they offer. SunCom Wireless Holdings, Inc. and T-Mobile found a merger acquisition the answer to gaining a competitive advantage. Careful planning and company agreement are two key ingredients for mergers and acquisitions.

Strong corporate values and culture are two assets encompassed by Medtronic and Mayo Clinic. From targeted recruiting to training to socialization, constantly reinforcing the culture is a top priority of these organizations. At Medtronic "the company's recruitment material is geared to attract those believing in full life and good health", they focus on hiring employees whose values are aligned with those of the company. Orientations and training programs at Mayo extend not just to nurses who have constant contact with the patients but also to divisions that do not traditionally have patient contact such as janitors, patient services managers, and accountants. The actions of all employees, even ones without personal patient interaction affect the patient so it is important to ensure all employees understand these values. Customer testimonials provided additional feedback and motivation toward ensuring the continued application of these values; Medtronic goes so far as to invite patients and physicians to their annual Christmas party so the employees can see the effect they have on the patient's lives [6-10]. At each of these companies enacting and not just espousing the corporate values is sending a strong signal that these values are the culture they want the company to uphold. They practice communications and ethics within these environments.

In today's world what makes a business succeed are motivation, commitment, ability and skills, a good business idea, organization and resources. General Motors (GM) and FedEx Corporation exemplify all of these attributes. GM, once an industry leader needed to adopt change to create and maintain a competitive edge. They made the decision to slowly turn over their logistics department to an outside vendor that could deliver quickly and reliably, helping to reduce the amount of capital that GM is currently sitting on and in the future responding to anticipated consumer demands. FedEx has been able to stay ahead of the transportation industry by implementing such acts as expanding cross-border solutions to facilitate trade along the Mexico-U.S. border. This enhanced solution will simplify the supply chain process by managing the transportation, brokerage and distribution of shipments that cross the Mexico-U.S. border on a regular basis. Both GM and FedEx have taken into account the need for increased profitability by incorporating their strong company values.

Recapping, BZZ must first fine tune their leadership practices with more competencies that focus on integrity in leaders and teamwork relationships. This would allow them the ability to conduct business with truthfulness and translate words into deeds. In addition, let their leaders individually be self-confident but achieve objectives together from their synergistic and collective leadership abilities.

Many opportunities exist at BZZ. Through a generic benchmarking process eight companies were analyzed for best practices that could help BZZ become a leader in the Communications, and Information Technology Industry. Corporate culture was discussed in the Mayo Clinic and Medtronic analysis, while successful teamwork and team building was the basis of the Disney, SunCom, T-mobile, GM and FedEx summaries. In addition, HP, GM and FedEx also offered great insight into their commitment to company mission and values. These companies are from a wide variety of industries, with different markets, business practices, and organizational values. However, the

core business concepts of teamwork and organizational culture, along with ethics apply across all industries and can be used to help any organization achieve future successes.

## Research approach and structure of the article

The research approach is very straight forward. Several corporations will be studied and their practices highlighted as benchmarks. Benchmarking research is an important step to developing alternative solutions for any organization that wishes to extend its Global reach. The author has collectively compiled benchmarking examples of 10 companies that faced similar situations as the fictitious BZZ. The benchmarking research includes key data such as identifying the issue that the company faced, discussing how the company responded to the issue, and the outcome of the company's response. The benchmarking research completed for this paper was compiled along with summarizes the key findings. This compiled information will compare and contrast the practices of each company relate to BZZ.

## Multiple benchmarking

**Volkswagen AG:** Volkswagen is one of the leaders of the automotive business worldwide. The company had an increase in 2005 of 7.1% in revenues totaling €95, 268 million. The operating profit also saw an increase of about 54.3% totaling €3, 143 million and finally net profit saw an increase of 60.7% totaling €1, 120 million in the 2005 fiscal year.

The issue was that IG Metal the trading union, is seeking a 4% increase in pay and a commitment of the company for employment guarantees. This agreement would include all six VW's facilities in Germany. In the other hand VW is seeking a reduction of labor costs in Germany of about 30% by 2011, a €2 billion saving in order for the company to stay in a profitable way. It offered a zero wage round and for 30% of future pay to go to a variable element to make up for the money. Another offer of the company was to turn the current bonus payment into a flexible bonus, linked to company results. Finally VW stated that the working time accounts hold a 400 hours instead of the 200 hours to leave the possibility of working more time to win more investments, and that the training, meeting and brakes go unpaid [11-15]. An agreement between the two parties was reached and was sectioned into five main areas: job security, investment, pay, pay structure, and working time. In the matter of job security the deal states that all 103,000 VW employees will keep their jobs till December 2007. Investment, states which individual facility would receive new jobs from VW. According to the pay agreement there would be a pay pause for 28 months, and a new system bonus linked to result, will start in 2006. In pay structure the parties reached that the new structure would have between 10 and 14 grades instead of the 22 they have in place, also Pay will be calculated between 28.8 and 35 hours a week with an established base salary. Finally the working time theme would be handled with a credit and debit hour system, if the employee has the account full (400 hours) after 35 hours a week a premium pay will take effect, when the account is not full the premium pay will come after the 40 hours a week.

The Union was happy with the agreement considering their main focus was to secure the jobs. They will receive a 2% raise instead of the initial 4%, which will save €1 billion, but the €1 billion deficits will come through future negotiations with the Union.

This case scenario states the importance of keeping jobs secure. This case would have been very useful to BZZ in the Global Communication Scenario. This scenario show excellent communication skills between the two parties, company and union, and how both of them received something out of the negotiation.

**Continental Tire North America Inc:** Continental AG based in Hanover, Germany is a leader in the automotive business they currently employ 79,900 worker mainly in Europe and United States. They manufacture tires, brake systems, vehicle stability control systems and rubber parts. The company in 2005 had an increase of 9.8% in revenues totaling €13,837.2 million; the profit also saw an increase of about 30.2% totaling €1, 507.1 million and finally Net profit saw an increase of 28.8% in the 2005 fiscal year.

Continental Tire North America is willing to cut costs, production and employees at the Charlotte facility, a facility that has 850 union employees. The company is also announcing an investment of 60 to 70 million in Mount Vernon, a facility that has non-union workers.

The issue of the Charlotte facility according to Alan Hipe, president and CEO of North America business is "Manufacturing costs in our Charlotte facility are higher than any other Continental tire plant worldwide, and we have been very clear from the start that we cannot continue in our current situation." The company is seeking a 35% reduction in their wages and benefits package, to reduce by 32 million the cost in this facility. This would keep the Charlotte factory a valuable part of the company's North America operations [16-20].

The company is trying to keep the Charlotte facility competitive worldwide and the cost reduction is undeniable. Continental has a contract until April 30 2006, and the date is closing in. The union is arguing that the solution is not cutting wages that the problems are being caused by other problems within the Charlotte facility. The union is stating that other continental facilities had gone with the demands of the company on this type of issues and they were still closed down.

Continental decided to end the manufacturing of tires in the Charlotte facility. The United Steel Worker (USW) appealed to the U.S. National Labor Relations Board (NLRB) related to an unfair labor practice charge. Continental announced that he U.S. National Labor Relations Board concluded that the company decision on closing the Charlotte facility was lawful and complied with all the rules and obligation to the United Steel workers union.

Siemens Aktiengesellschaft (Siemens) is a German engineering conglomerate, focused on electronics and electrical engineering businesses." Siemens mainly operates in Europe and America, having presence in Africa, Middle East and Asia. Siemens employs 475,000 people and reported revenue of €87,325 million Euros for 2006. The company is divided in six major businesses, Automation and Control, Power, Transportation, Medial, Information and Communications and Lighting.

Siemens Telecommunications Division is part of the Information and Communications Business. The Telecommunications Division, considered one of the most problematic divisions within the group, is under constant pressure "by technological developments such as the growth of internet telephony and increasing competition from Asian companies." In September of 2006, the division employed 4,600 people, making it the largest division in the company.

The division lost 70 million Euros in the quarter ended in June '06, and continued losing money in July and August. The division had to

make drastic changes, the intention was to cut 2,400 jobs in the division to stop the bleeding and hopefully, turn the situation around.

Siemens began negotiations with IG Metall, the metalworking trade union, to come to an agreement on how to reduce the workforce in the division. "On 22 September, the company announced that it had reached agreement on a package of measures to reduce the workforce in the division." The agreement consisted of a reduction of the working hours during the week, 30 hours instead of 38.5 hours with the respective cut in pay, "partial early retirement, voluntary severance, and retraining to help people find work in other Siemens divisions or in other companies."

**Siemens' telecommunications division:** BZZ Global Communications is facing the same issues that Siemens' Telecommunications Division, both companies have to reduce their workforce to regain profitability. One would recommend that BZZ Global Communications openly to discuss the current situation and the possible scenarios that company faces with the different decisions both the union and BZZ can take. BZZ may need to offer training, reduction of the working hours, early retirement and voluntary severance the union will have to understand and hopefully, help BZZ make the operating restructuring they need.

**L.M. Ericsson's Infocom systems division:** L.M. Ericsson Telephone Company (Ericsson) is a telecom infrastructure vendor, specializing in developing and supplying solutions, systems and services for mobile and fixed line communications."

Ericsson has operations in Europe, Asia Pacific and America. The headquarters are located in Stockholm, Sweden and has 63,781 employees. The revenue for '06 was \$24,154 million USD. The company is divided in 3 Business Areas, systems, phones and other operations [21-24].

Ericsson's System Division "concentrates on advanced telecom management solutions based on both Ericsson and compatible integrated equipment, including frame-relay systems, the public intranet network and asynchronous transfer mode switches." Back in 1998, Ericsson's Systems Division planed to lay off 10,000 employees worldwide. The impact of this downsizing was calculated in \$260 million USD in saving.

Ericsson and the union started layoff negotiations and at the same time, they began relocating some of their employees within other Ericsson's divisions and business partners, reducing the number of employees who will their jobs. This maneuver from Ericsson shows good will and eases the layoff negotiations by showing the union that they care for the employees and are willing to do everything within their reach to reduce the number of people affected.

BZZ and Ericsson's System Division are in a very similar situation in which both companies need to lay off people in order to remain competitive. Ericsson is doing a very good job and showing good emotional intelligence by handling the relocation within the company and business partners to reduce the number of affected people. The relocation efforts will payout by having the union on their side and having them help Ericsson implement the layoffs as painful as possible.

BZZ should search for positions for the employees they are about to let go, as well as, foster a Job Fair that would allow their employees to interview with other companies, and hopefully find a new job sooner. Actively helping their employees find another job before they get laid off will send the right message to the employees and the union, hopefully, making the layoff negotiations go smoother.

**WNBA:** It all began on April 24, 1996 when the NBA Board of Governors approved the plan of the Women's National Basketball Association (WNBA) league. The WNBA started off promoting their new season with a commercial during the NBA televised games; their slogan was "We Got Next."

They decided that this was the best slogan for the new upcoming season and it would catch viewer's attention. It was discussed and decided that it was best to have the games in the summer as opposed to having them during the fall or spring. The reason the games were tipped off in the summer was because it would not be a good idea to put the WNBA against the NBA, NCAA, nor any of the other sports leagues. Since, the majority of other sports leagues do not play in the summer; it would allow the WNBA game to be televised live.

The WNBA signed a deal with NBC, ESPN, and Lifetime Television to hold live televised games. On October 23, 1996 Sheryl Swoopes was the first woman to be signed to the WNBA, Val Ackerman became the first WNBA President, and the first eight teams were announced. There were four teams per conference, New York Liberty, Charlotte Sting, Cleveland Rockers and the Houston Comets (Eastern Conference). This is in addition to Phoenix Mercury, Los Angeles Sparks, Utah Strazz and the Sacramento Monarchs (Western Conference). The WNBA league kicked off its first season in June 1997.

The difference between the WNBA and the NBA are the following; the WNBA plays 20-minute halves instead of quarters, they will have a 30-second shot clock instead of a 35-second shot clock, and the ball will be a smaller size 28.5.

"The first WNBA season was a huge success, and after just two years of winning the hearts of women's basketball fans, WNBA games were made available in 125 different countries" (WNBA Basketball League History, 2007, p.1). Even though most of the people attending the games were women and children the television viewers were equally men and women. Since, the league was so successful during these years, it was decided that more teams could be added to the league. The Detroit Shock, Washington Mystics, Orlando Miracle, Minnesota Lynx, Seattle Storm, Indiana Fever, Miami Sol, and Portland Fire have all been added since the 1998 season; and ESPN2 joined the other networks in 2001 televising the games. "The schedule has changed from 28 games in 1997, 30 games in 1998, 32 games in 1999, 2000, and 2001" "In 1999, the WNBA averaged over 10,000 fans per game, far exceeding many expectations". The WNBA has come a long way and is still growing and getting better because it gives young women athletes a chance to follow their dream.

Even though the WNBA is doing a tremendous job adding teams and players, getting spectators to the game, and watching it on television, they are not successful in areas of labor negotiations. "Women's pro basketball may be about to match the men, at least on the labor front". Negotiations are in the processes between the WNBA president Val Ackerman and David Stern concerning an increase in salary, free agents, retirement benefits, marketing opportunities, and contract length. If they don't come to an agreement, the WNBA will go into a lockout like it did on February 5th. It's very important that the negotiation meetings operate smoothly and quickly, since, the pre-draft camp is in March, the draft is in April, and the season is right around the corner.

The players are not happy for many reasons. The league is saying they don't have enough money to give them increase in pay. It's a big issue that the women are getting about 1 1/2 percent of what the men

are receiving. "Certainly no one is saying the women get what the men get" (Growing Pains, 1999, p.1). Something doesn't seem right that the league is pleading poverty but they are not backing it up with financial data. At this point the veteran's are receiving a minimum of \$40,000 to \$42,000 salary while the rookies receive the minimum of 30,000 salary but the players are asking for the veteran's to change the minimum to 48,000 and the rookie's to get a salary cut to 25,000. The league only wants the veteran's minimum to be 41,200.

Instead of increasing the pay and retirement benefits, the league is trying to negotiate increasing the player's benefits. "Includes year-round health and dental benefits, pension and maternity benefits, life insurance, and creation and advisory panel to give players input into league operations".

Since, the WNBA only requires a four month commitment for the season the WNBA will allow their players to play anywhere they want during the off season.

The players want to let the "players with six years of service in 2003 become restricted free agents. In 2004, players with six years of service become unrestricted and five years of service become restricted. In 2005, player with six years service are unrestricted and four years of service are restricted". The league doesn't want to allow this they want to only give free agency to player with 10 years of service. However, there was one thing the league and the players easily agreed on. That was to lessen the marketing restriction on the players.

When it came down to it, they decided to "Disagree to Agree," which means they couldn't meet eye-to-eye, so, one had to compromise more than the other. Clearly, it was up to the players to fold more than the league, and that is what happened. The length of the contract was for five years, unrestricted free agency is 10 years, and restricted free agency is in the seventh year. Veteran players receive a minimum salary of \$41,200, the rookies get a minimum of \$25,000, the leagues salary cap will be at \$616,000, and they will still receive the year-round health and dental benefits, pension, maternity benefits, life insurance, and are allowed to have input on the league's operations.

The league didn't want to increase the salaries, not only, because they said they didn't have it, but they were a little concerned that the WNBA might end up like the ABL and go out of business. However, the WNBA is trying to manage their money better; so, the WNBA will be around for a long time. Even, though, the players were not happy about the deal they were happy to be playing.

In order to help the league financially, the WNBA should use the generic benchmarking approach when trying to be more profitable. They should look at the NBA and check out some of the things that they are doing to get more fans, merchandise and tickets sold. They can research the NFL, MLB, and the NCAA. Each of these companies bring something special to the table, they all bring different ways at looking at what to do to get more profit coming in. The WNBA should be able to research these teams without any problems, since; they would not be taking away from their business or the money they are making. By doing this research and finding out the best ways to increase profit, it will take care of a great deal of problems the company has, such as, the increase in pay and free agency.

Two good example of emotional intelligence that the WNBA showed was when one of the Houston Comets point guard (Kim Perrot) was diagnosed with lung cancer and brain tumors. Kim Perrot didn't have insurance at that time because the league only had players covered during the season. Instead of Kim worrying about the bill and

how it was going to put her in debt for life the WNBA took care of it. They realized her situation and wanted to show her and the players that they take care of their own. Especially in rough times like hers, this was another reason the WNBA wanted to give them a better benefit plan, that is, so, players wouldn't worry about health issues when off during the season's end.

The WNBA is trying to help the American Basketball League because players in that league lost their job in December, when they went out of business. Some of these players are going to be put on some of the WNBA teams. "Ackerman said the WNBA would like a maximum of four ABL players on the rosters of the 10 existing teams, with the expansion teams from Minnesota and Orlando allowed to carry six each'. So, the Minnesota and Orlando teams picked up four players each while the other teams didn't pick any up, but was allowed to protect six of their players, then they could not lose more than one teammate.

The WNBA has been very successful, but like any other business it has its problems. These are problems that can be resolved by each party in having an open mind to both sides of the story. In some cases, one party will have to compromise more than the other, and unfortunately, not everyone is going to be happy.

**Chrysler corporation:** Walter P. Chrysler started the new corporation in 1925, where he decided to buy the Maxwell Motor Corporation of Detroit and used that as the main place for the company. Three years after the company started it had the reputation for having advanced engineering. In the first few years the company was doing tremendously well. Walter was able to start expanding the company by buying Dodge and creating the DeSoto and Plymouth divisions.

Between the 1930's and 1960s Chrysler became one of the top companies in the automobile industry. Chrysler came out with quite a few designs and plans for the new cars; for example, they introduced the revolutionary Airflow, Hemi V8 engine, the new design for their Chrysler classic Town, Country, 300C, new technologies and the outbreak of working with NASCAR. Even, though, the expectations of the revolutionary Airflow did not do well in the marketplace, and it was said that it was a bit ahead of its time, Chrysler recovered from lack of sales. The revolutionary Airflow was "powered by a front-mounted inline eight, the car was one of the first designs with aerodynamics in mind, and featured swooping lines and prominent grille". Hemi V8 engine offered a 180 horsepower instead of the 135-hp V8. The new design for the Chrysler Town, Country and 300c became a classic model in the 1950s. New technology was under way Chrysler created a new unibody construction and changed the generators to alternators. After seeing all the new changes NASCAR allowed the Chrysler Corporation to produce performance-oriented cars.

Who new right around the corner the next decade for Chrysler Corporation was going to be rough times? "Due to the oil crisis, new government regulations, changing consumer taste and a costly ineffective overseas expansion hurt the company". At the end of the 1970s Chrysler was in a financial disaster. To save the company they took out a 1.5 billion dollar loan with the government. In the 1980s the debut of the K-car and the modern minivan remarkably increased profits, so, much, that the company was able to pay back their loan early. Soon after they paid back their loan Chrysler bought the American Motors Corporation and joined team with Diamond Star

Motors. With the joint of the two company's Chrysler Corporation became known as the DaimlerChrysler, they shared equal partnership.

Chrysler has a tendency to keep running across the same problems. Not long after the merge, Chrysler's went into another financial crisis. That's when Daimler began to implement its power in the partnership and take over the company.

The new company faced the option of begin sold and having to negotiate union contracts. For the past couple of years the Chrysler part of the partnership has been like a roller coaster. Dieter Zetsche the chief executive of Daimler Chrysler doesn't want to sell the company, but realizes that he has no choice. So, on May 16 he held a meeting discussing the reason behind selling the company and the option of splitting the merger between Daimler and Chrysler. He stated that "by last fall, when Chrysler's sales deteriorated and the carmaker tumbled into losses it start to become clear that there was no longer a case for keeping Daimler and Chrysler together".

Mr. Zetsche had to fight with his emotions because he considers Chrysler his home, and to workers his family but he has to do what's best for the company. After the meeting Mr. Zetsche gathered his emotions and felt at ease with his decision. He made his decision from good ethics and what will better the company. He sold the Chrysler part of the company to Cerebrus Capital Management. Chrysler and Daimler still have their merge but Daimler will still hold the most power in the partnership.

Now that Chrysler is under new management they have to come to an agreement with the union on some their contract. The main focus is on the healthcare plan. The healthcare plan that they will get will be one that will not take money away from the company. "The company's main goal is to have a short term cash flow, which means the number one objective is to maximize short term returns on a minimum investment". "The terms of the agreement, Chrysler will give employees 70,000 early retirement packages aimed at helping the company meet workforce reduction targets through attrition and voluntary layoff".

Overall, this company is in a rebuilding process and will be using the generic benchmarking to resolve their problems. They will be using this method to learn from the last owners and from other companies that will be willing to give advice. When using generic benchmarking they will keep in mind the following solution:

1. Research a company that has little to do with their company(s), by doing this the company will be, more, willing to help in their situation. They will try to help in the best way possible, since, that company is not a competitor.
2. Learn from a non-competitor. During time with the company(s) being researched, listen and learn.
3. be able to observe and uncover the best practices. Focus on the solution will discern the best way to solve the problem.
4. Go the distance and go beyond one company. The more companies that are researched the more ideas will be produced to take back to the business.

Even, though, presently Chrysler is going through a tough time and different changes, they will overcome. Chrysler has been around, too, long not to be able to learn from their mistakes and make a big come back.

**Fiskars Brands Inc:** Fiskars Brands is a world-wide company specializing in house wares, outdoor recreation supplies, garden tools and accessories, and most well know the high-quality orange handled scissors. Currently they have a very parallel situation to BZZ; they have to reduce product costs, and increase margins. The leadership team of the organization has decided to source all products manufacturing to China to reduce overhead, and improve sales margins. Increased costs in product production, export and import costs, changes in the VAT tax from China, and overall employee overhead has caused Fiskars unable to compete with other vendors in product price.

Because of the high product prices and small margins, product placement was dwindling. Without quick and efficient action, the company would face large company-wide closures.

The company worked closely with Union managers, upper and lower managers and supervisors to develop a plan and execution strategy to move all products to China and reduce USA staff. In short they would complete a workforce reduction through attrition, re-assignment, early retirement, and voluntary severance collection. HR was instrumental in communicating with all levels to ensure that everyone was on the same page for this necessity of these changes. Large team meetings, small group meetings, employee newsletters, and one-on-one communication sessions were used. They worked hard to understand the emotional intelligence of the situation and the employees.

The organization was extremely successful in their planning and execution. Many employees accepted roles in distribution, source-management, and shipping and receiving. A small number of employees accepted early retirement. The remaining employee positions were not replaced or rehired (the positions had been open prior) and one accepted the voluntary severance collection. In summary, Fiskars was able to complete their workforce reduction, source all products to China, and increase product price margins. One year later, the company has hit high sales marks. Clearly the leadership had an excellent handle on communication to the employees.

**The Walt Disney Company:** The Walt Disney Company is a large, diverse, multi-faceted organization with tentacles into every portion of the business world. A majority of their business operations focus on the travel/entertainment related business: theme parks. The theme park division is managed at the corporate headquarters in Burbank, CA with a Theme Park Operations President heading the division. Theme parks are located domestically and internationally, and maintain the same quality and expectations of any Disney attraction. Because of this centralized management function, it became obvious that within organization communications were a challenge as some theme park locations failed to uphold the Disney quality standards. As an organization that focuses significant energy and importance on a consistent brand Disney began to see a slip in market share due specifically to quality and brand issues. Consumers reported poor guest service situations, unclean park locations, and branding (experiences) that were not consistent with domestic parks. As a large organization, it was clear a change was necessary and imperative.

Clearly Disney was fighting poor organizational communication and leadership. The global theme park leader sat and worked from an office in California, while only two of the theme parks resided in the US. It was necessary for managers to get more involved with overseas operations, and spend more time on-location at these venues. Disney's leadership team learned that MBWA (managing by walking around) was a necessity both domestically and internationally. It was clear that

ground managers in Europe had different ideas, training, and skills that their US counterparts. Expectations from the global headquarters were unclear, poorly communicated, and misunderstood. Management took a hard look at their communication styles, and embarked on a significant restructure of theme park leadership team. Vice President Positions were incorporated into the structure at each theme park location, and communications department was formed to ensure that rules, regulations and policies were communicated clearly and effectively between properties, and senior leaders made a strong effort to visit and work from all locations throughout the year.

Within six months of implementation, Disney customer service surveys showed a revolutionary change. Strategies had worked, and conditions and guest experiences had improved. In addition, senior leaders began to see a shift in efficiencies in domestic parks based on specific operations standards found in Europe. Senior leaders spent larger amounts of their time on the ground at each location, walking, talking, and meeting with all employees. In addition to an amazing turnaround of brand position and quest service/experience quality, Disney officials reported an increase in employee morale. Clearly the tactics used in this situation improved not only the original problem areas, but improved areas that were not even the target.

**Motorola Inc:** Motorola Inc has three main business divisions which includes mobile devices, network and enterprise, and connected home solutions. The mobile devices segment designs, manufactures, sells, and services wireless handsets and licenses intellectual property. Their network and enterprise segment designs, manufactures, sells, installs and services cellular systems, radios, voice and data communication products, and provides wireless broadband systems to worldwide enterprise markets. The connected home solutions segment designs, manufactures, sells and services cable television, internet, digital video system solutions, and IP-based data and voice products. The company has enjoyed financial success in recent years. In fact, the company "recorded revenues of \$42,879 million during the fiscal year ended December 2006, an increase of 21.6% over 2005" (datamonitor.com).

Motorola, Inc. sold more volume cellular-phones in 4th. quarter, fiscal year 2006, however, because of decreases in price, Motorola's profits plummeted down 48% from last quarter. The total net income of Motorola dropped \$676 million dollars in 4th. quarter. All these financial troubles are despite the fact that volume sales are up 17%, and annual sales went up from \$35.3 billion to 42.9 billion. They cite the problem as the fact that Motorola is selling more handsets, but making less on each of them. Their strategy of price cuts hurt their profits, but did increase their market share. Additionally, Motorola has just acquisitioned Symbol Technologies, and must work to integrate the company into their current strategy.

Motorola cut 3,500 jobs, as a cost-cutting measure to make up for the lack of profits. They are focusing their layoffs in the mobile devices segment of the business. Industry experts are suggesting that Motorola has too much on its plate right now, and they believe that "the competitive dynamics will weigh more on the company's financial structure than will internal costs and processes that the company can control" (business source complete, p.1).

Details of any negotiations were not released; however, PR that resulted indicated that Motorola Inc. just acquisitioned a new company and was looking for ways to merge their resources and products into their business strategy. The company was also looking for a way to recover from a drop in 4th. quarter profits. The strategic

leadership team at BZZ may want to consider the company's financial structure and internal costs. For the sake of argument, the union would know that the leadership team considered all their possibilities prior to creating their new cost-cutting strategy to become a future global resource.

**Bridgestone Corporation:** Bridgestone is a Japanese manufacturer of tires and other related products. The company focuses most of its resources and efforts into the production and sale of their tires and tubes. Bridgestone Corporation carries brand names such as Bridgestone, Dayton, Firestone and Fuzion. Their competitors include Goodyear Tire and Rubber Company, Michelin, and the Toyo Tire and Rubber Corporation to name a few.

Bridgestone was having many financial difficulties with Firestone, one of the company's major brand names. In 2003, approximately 14.4 million wilderness AT and ATX tires were recalled, due to a tread-separation problem that could be linked to approximately 203 deaths. The majority of those recalled tires were made in the Decatur, IL tire manufacture plant. These recalls resulted in recall-related costs of approximately 1.3 billion. Additionally, "for the first half of the year (2003), sales of Firestone-brand tires were down 50% from the first-half last year, prior to the recall" (kellogg.northwestern.edu).

Bridgestone/Firestone made the decision to close the Decatur plant, in an effort to maintain their financial stability. The Decatur plant closing resulted in the loss of 1,920 jobs. The president of the United Steelworkers of America Union local said, "We are going to turn over every rock to keep this plant open."

Financial and economic reasons dictated that costs needed to be cut. Therefore, the decision was made to close the Decatur plant and layoff the employees. This decision was made when Bridgestone was in a vulnerable situation, considering that a strike would add more financial strain, which could have resulted in losing the Firestone-brand tires. Details of the union negation were not released; however, PR that resulted indicated that Bridgestone Corporation used several strategies that are similar to those discussed in the BZZ scenario. First, the President of Bridgestone said that he would try his best to find new jobs for the laid off workers at the plant, or transfer them to other plans if there were openings. This was the same "job placement" idea that may be a viable option that they will want to further explore. The financial controller for Bridgestone/Firestone, kept his focus on the future growth that could result from their layoffs. He said, "Our entire company is committed to rebuilding this organization and the Firestone brand. To keep that promise, this company must be financially strong and viable. This (plant closing) is a necessary but painful step to ensure our continued financial health and viability."

Details of the union negation were not released; however, PR that resulted indicated that Bridgestone Corporation used several strategies that are similar to those discussed in the BZZ scenario. First, the President of Bridgestone said that he would try his best to find new jobs for the unemployed workers at the plant, or transfer them to other plants if there were openings. This was the same "job placement" idea that Sy discussed in the scenario, and may be a viable option that they will want to further explore. The financial controller for Bridgestone/Firestone, kept his focus on the future growth that could result from their layoffs. He said, "Our entire company is committed to rebuilding

this organization and the Firestone brand. To keep that promise, this company must be financially strong and viable. This (plant closing) is a necessary but painful step to ensure our continued financial health and viability." The BZZ Global Communication's strategic leadership team must take their time to plan their negotiations.

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