

Case Study

Imagine you've been appointed the CEO of this Company

- This is an industrial Company that has been a market leader for over 100 years!
- In the recent past, the company got into a turbulent season in its life cycle? In response,
 - ✓ It merged with two other companies, but the cultures never got to be integrated
 - ✓ It inherited huge liabilities (running into billions of dollars) related to environmental pollution in addition to its own liabilities
 - ✓ Despite this, the company has continuously missed its revenue targets and over the past 5 years has done write-offs of bad debts of US\$ 8 billion

Upon your appointment, you've instituted key changes in the business model, including:

- Streamlined book-keeping and addressed the environmental liabilities
- You've created new products and services, and expanded abroad
- You've reviewed recruitment policy for top management – about 90% of top vacancies are now filled internally compared to 50% previously
- You've succeeded to create a new business culture build on:
 - ✓ Good business acumen
 - ✓ Listening to your customers
 - ✓ Doing what you say you are going to do

In return, the market has rewarded your efforts and there are real dollars to show for it???

- Your revenues from foreign markets now account for 54% up from 41% previously
- Your investors and lenders have come back and re-established their credibility with you
- Your share price have doubled in the stock market and you've earned your seat in the S&P top 500 companies in the world!
- Then trouble strikes again, the world enters into the “worst” recession ever in history, your country is hardest hit.....and customers order lines have suddenly gone silent and some existing ones cancelled!!
- In your industry, there are two main costs:
 - ✓ Raw materials (direct costs)
 - ✓ People costs (account for between 30% -40% of total costs)

Discuss your response to this new crisis – be sure to give the merits and demerits of your decisions