

easier to do nothing than to change! But that's a relatively weak factor. There are much more powerful restraining factors. For example, a lot of retailers are afraid of giving away their secrets.

**I:** Really?

**G:** Oh, yes. Many retailers think they're taking a big risk if they tell supply chain partners how their business works. Actually, they couldn't be further from the truth. When suppliers really understand how the retailer's business works, they're usually delighted to go out of their way to help.

**I:** I see. And what other restraining factors are there?

**G:** Well, other issues are not quite as strong as secrecy, but a couple of common ones are related to investment: being afraid of not investing in the right technology, for example, or simply worrying about not getting a good return on investment.

**1:42-1:49**

**1**  
OK, Maria. The reason why I want you to hold a brainstorming session is to encourage people to stop burying their heads in the sand. We all need to step back so we can see the big picture and develop a really clear vision of where we want this company to go.

**2**  
At this stage, you should encourage staff to tackle problems themselves. It's them that need to be empowered to make change work. Give them autonomy, and then make sure you catch them doing something right, and congratulate them!

**3**  
Well, Maria, you've done a great job. What's essential now is to re-freeze things, to consolidate the changes so they really stick. We don't want people to dismiss CPFR as just the flavour of the month, do we?

**4**  
Now, the thing that people need to take on board is that this is really urgent. What they don't realize is that if we don't unfreeze the situation fast, your supply chain is going to start falling apart!

**5**  
As the next step, Maria, what you should do is get all the staff on board. It's them that should take ownership of the project, so you need to communicate so well that they really buy into making this thing work.

**6**  
Another thing you have to bear in mind is that if you let up, people can very easily slip back into old habits. So let's build momentum by rolling out the changes in waves, OK?

**7**  
I suggest we hold a team-building day. What's really critical at this early stage is to engage the hearts and minds of the team who are going to guide the project to success.

**8**  
Right now it's getting into the habit of winning that counts most. What would be really good would be to get everyone together every Friday to celebrate each week's progress. Or every two weeks if you want, but what's important is that it's short term.

### 3.6 Case study WEF Audio

**1:50**

**Bettina:** Hi George. This seat free?

**George:** Uh huh.

**B:** Thanks. Good Schnitzel?

**G:** Mm. Excellent. The food's really improved here recently.

**B:** Yeah – Eva's latest strategy to reduce staff turnover. Doesn't seem to be working, though.

**G:** No. People here just don't like change, even when it's for the better.

**B:** Have you seen the latest scorecard?

**G:** Yes. Not great, is it? Too much competition from China and Hong Kong.

**B:** Well, I'm not sure that's really the problem. OK, the Chinese are a lot more efficient than we are, but sales are pretty good, and still rising.

**G:** Hm – for the moment, but I reckon the writing's on the wall. Our core business is stagnant. It's the new products that are boosting revenue; they already account for nearly 40% of turnover. The thing is, they only contribute 10% or 12% of profits. With our traditional methods, we're just not competitive. Our margins are just too small.

**B:** I'd agree that we've been too focused on product development for the last two years, when we should have been worrying about profitability.

**G:** That's exactly what I'm saying. Look at inventory – the products are becoming more and more sophisticated, so we're tying up more and more cash in stocking components. Not to mention returns. We've never had that problem with the 'Emotion' speakers. And we need to hire more and more workers, but we can't even keep our skilled people happy because of the extra workload from increased sales! It's a vicious circle!

**B:** Hm. More water?

**G:** Please.

**B:** So what are you saying? We should drop the new products?

**G:** No, we have to think of the future. But we need to introduce Just-In-Time. Streamline the process, cut production costs, increase productivity and cut delivery times. Today's market wants product on demand. I know Karl would like to try it.

**B:** Maybe he would, but the old man would never agree to it! Quality is everything for Franz, you'd never persuade him we'd maintain quality levels with Just-In-Time. And what you mustn't forget is that if you don't hold inventory, then your suppliers have to increase theirs, so that's likely to push costs up.

**G:** Mm. Can you pass the bread, please?

**B:** There you go. What I say is we should outsource all the new products, and just focus on the high-end speakers. Offshore contractors can produce much more cheaply than we can. They'd handle returns too, and we could forget all the staffing headaches.

**G:** You think Franz would trust them? And what about Karl? The new products are his baby – I can't see him telling a Chinese subcontractor all his secrets! No, it's too risky, it could very quickly damage our

reputation. And apart from anything else, we've already invested a lot in production here in Austria.

**B:** Hm. I'm not sure that would count for much. You going to eat that dessert?

**G:** Be my guest, I'm supposed to be on a diet.

**B:** Waste not, want not, I always say. Mm! So, have you heard the latest rumours about Eva and Karl?

**G:** What do you mean?

**B:** Well, you know, their marriage has been on the rocks for a while now, even though Franz is keen to keep them together. I've heard that Eva wants to relocate the new products to North Africa. OK, she'd have to find premises, but apparently you can build a factory really cheaply over there – and, of course, the salaries are far lower than they are here!

**G:** Well, it might cut costs – but the logistics would be complicated, and the unions would go ballistic! But what's it got to do with Karl and Eva's marriage?

**B:** Can't you see? Eva doesn't just want to relocate production to North Africa – she wants to relocate Karl!

**G:** Hm!

## 4 Managing conflict

### 4.1 About business Management style

**1:51-1:55**

**1**  
There are a great many models for describing management style and conflict management, but many of them are based on McGregor's theory x and theory y. Like the horizontal and vertical axes on a graph, McGregor's theory confronts opposing views of human motivation. The theory x manager assumes that people are lazy; they need to be cajoled, threatened or even punished in order to get the work done. The theory y manager, on the other hand, believes that workers can be creative, self-motivated and autonomous; the role of the theory y manager is to help people obtain satisfaction from a job well done. Type x and type y workplaces are sometimes referred to as 'hard' and 'soft'.

**2**  
Building on McGregor's work in the early 1960s, Robert Blake and Jane Mouton devised a managerial chart which defines five leadership styles, as illustrated by the five squares on their chart. Although it's hardly cutting-edge, this model is still considered to be very useful today, and forms the basis of several more recent conflict style inventories. This time the x axis is expressed as 'concern for production', and the y axis as 'concern for people'. Each axis has a scale of nine points, from low to high. The results of a questionnaire on attitudes and opinions are used to plot a manager's position on the grid. For example, a person who scores 'nine, one' – that's to say nine on the x axis and one on the y axis, is defined as having a 'Produce or perish' style. This type of manager is obsessed with achieving goals whatever the human cost, and may seem autocratic and abrasive. Other positions on the grid are the 'country club' style, with a 'one, nine' score, where the manager values the security and comfort