

Bad leadership-xerox

[Business](#), [Leadership](#)



The fall of Xerox market share can be blamed on many factors; for starters it could have just been the economy. Another reason that could explain the fall of Xerox could be that Xerox did not fund its R&D programs well enough to secure their future in sales. One other reason for their fall could be that Xerox depended on current products to do well indefinitely. All these factors contributed to the fall of Xerox, however Xerox management also played a role in the loss of 38 billion dollars in shareholders wealth in two years according to a Bloomberg Businessweek article (Businessweek 1).

For starters both of the leaders at Xerox were in fault, Paul A. Allaire who had started at Xerox in the mid 1960s eventually moving up in command to CEO, in 1991. Allaire failures as a leader was not leaving the company in 1999 when a new CEO was hired G. Richard Thoman. Allaire never lost power in the company, because he only changed his title to Chairman, running the board of directors, and according to a Bloomberg Businessweek article “Allaire never left, breaking one of the cardinal rules of succession” (Business Week 1).

This was a failure by Allaire because he broke the rule of consistency that Cropanzano talks about in the article The Management of Organizational Justice. The normal practice would have been for Allaire to leave the company, and Thoman to take his position as CEO. By Allaire staying in the company, it was unfair to Thoman who never really had a chance to succeed or have complete power of Xerox. This lack of Organizational Justice also lead to employees being confused to who was really in charge, leaving breaks in the communication process.

However the fault can't completely fall just on Allaire shoulders, Thoman was hired because he had experience as a leader, and he should have made sure that Allaire was leaving before taking the position. In Gary Latham article The motivational benefits of goal setting, under conditions for effectiveness, barriers must be removed in order to accomplish the objective, and if Allaire was in the way Thoman should have never accepted the position under those circumstances. Another management problem Xerox encountered was accuracy, another aspect of Cropanzano article about organizational justice.

When Thoman took over in 1999 and started looking over the data about competitors he was surprised by the old data Xerox was using from 1994. The ex CEO Allaire, was basing company decision from the old data of 1994, which according to Businessweek article written by Bianco Xerox didn't even have all the current competitors in the market. This was a definite failure by Allaire, because it gave the competition an advantage of being under the radar; by Allaire using inaccurate data his decisions as a leader were also inaccurate (Bianco 2001).

Another management problem at Xerox was the morale. Richard Thoman believed that if Xerox reinvented themselves they would be better prepared and ready for the upcoming digital age which would have lead the company to future success. However Thoman and Xerox did not succeed and the reason they did not succeed was because the strategic plan Richard implemented was unsuccessful. Furthermore, when Thoman took over as CEO the whole organization was demoralized, so he then was let go and the organization and Richard Thoman was pronounced a failure.

When Allaire was replaced by Thoman, he never had the full support from the board of directors or the employees to take over as CEO, and this led to Thoman being frustrated and eventually the whole organization was demoralized. Thoman felt as if he had no control of the organization according to a Bloomberg Businessweek article “ Thoman contends that he never had the authority he needed to be an effective leader because Xerox' board, dominated by Allaire, denied him the crucial prerogative of assembling a full management team of his own (Businessweek 1). Basically, Allaire was not able to understand that there should have been only one leader.

Thoman was brought in the organization because of his energy, his intensity and his experience so Xerox thought he could bring them a different perspective. Thoman also was knowledgeable about what it takes to run an organization. However he was unable to bring that same energy into the organization because of Allaire. Thoman biggest mistake was when he let Allaire remain on the board, as chairman. Allaire then let his best buddies Buehler and Romeril join the board as well.

According to a Bloomberg Businessweek article, Thoman said "I felt I couldn't say no. I really thought this was Paul's way of making sure everyone felt O. K. with my promotion. Of course, it straight-jacketed my ability to make changes. (Businessweek 1). ” Allaire start treating Thoman as a puppet because he had him doing things that he wanted to do when he was the CEO of Xerox. Paul Allaire was able to make a lot of decision because he had control over the board. One major thing Thoman did that made him lose his employees was when he cut staff.

Unfortunately out of that, 10 percent of Xerox workforce was let go, which led to 9, 000 jobs being eliminated (Deutsch 1998). This very event was the main cause that led to the company low morale, which led to the employee not being productive and effective in the workplace. If organization morale is low the employees begin to lack belief in the organization which leads to employees not achieving their company's goals. Job security is a major factor in enhancing company morale and creating organization morale and since Xerox cutting staff the company was unable to pull together consistently and persistently towards the company's goals.

Once the low morale was established in the organization the environment the employees were in was not conscientiousness and therefore not motivated. And as stated in the Murray Barrick and Michael Mount article if one is high on conscientiousness they will perform better on the job and if one is Conscientious they tend to be achievement oriented , hard working, dependable, persistent, responsible, organized, careful and reliable. And these traits are what the employees at Xerox were beginning to lack and those very traits are fundamentally related to motivation at work.

The moral at Xerox was not only low but the atmospheres of teams were also affected. At Xerox, upper management did not work effectively in teams which also led to decline of the company. Everyone in upper management including the CEO knew that change was needed but the lack of willingness to work effectively in the team got in the way of change. As things got worse and worse for the company, Richard Thoman and Paul Allaire constantly spent more time blaming each other instead of working together to fix the issues at hand and lead the company to success. (Anthony ;.

Moore 4th paragraph). This throw each other under the bus type behavior was counterproductive and led to nothing but a negative impact on the company. The executives needed to focus on the main goal which was to lead the company to success. Xerox was not able to work effectively in a team because they did not feel like they were in a team. Many people in the company did not even have confidence or trust in Richard Thoman (CEO) and wanted him to resign at one point (Anthony ;. Moore 1st paragraph). Xerox continued to go into decline because of “ accounting irregularities” (Business All).

There was also a huge amount of currency losses that were left in Brazil, which was a mistake that should have never happened. (Anthony ;. Moore paragraph 9). Upper management basically wanted to show high earning anyway they could even if it meant inflating sales figures. This all continued until the US Securities Exchange commission charged the top executives working for Xerox including CEO Richard Thoman , Paul Allaire, Barry Romeril, Philip Fishbach , Daniel Marchibroda , and Gregory Tayler with fraud which definitely was not good for the company in any way.

The complaint stated that the top executive ordered others in the company to, overstate profits anyway they could including using undisclosed accounting devices (SEC) This had a major negative impact on everybody involved in the company from the employees, stock holders and even customers. The accounting irregularities were a huge sign that something was not right but employees really could not do anything because of the fact that they did not feel psychologically safe. People working at Xerox's

accounting department just did what they were told and did not question anything.

They most likely had the feeling that if they said anything to anyone, they would lose their job which they probably were not willing to risk. The main problem that led to people including the CEO not being psychologically safe is the fact that the former CEO Paul Allaire was still really in control of everything and even influenced the decisions of the Richard Thoman the current CEO. Richard Thoman in particular wanted to get rid of Romeril who had an ongoing negative impact on the company but was not successful in doing so. (Anthony ;. Moore paragraph 9).

The main reason for this is because of former CEO Paul Allaire told him the board would not even approve of it which probably made feel like he was not psychotically safe. (Anthony ;. Moore paragraph 9). If people are psychologically safe they will learn faster, encourage innovation, and things will get done. At, Xerox, there was a lack of innovation, and communication which led to issues never being resolved. This resulted directly from the fact that people did not feel psychologically safe to question, or communicate with others about their concerns. (Edmondson, Pizano, ; Bohmer p. 0). Overall Richard Thoman was a poor leader and should have never been CEO.

He lacked many characteristics a successful leader would have. As we discussed in class a good leader is trustworthy, leads by example, communicates effectively, and is observant. The fact that Richard Thoman got fined by the SEC for fraud set a bad example for everybody working under him. He failed to lead by example because he was doing things wrong.

(McNulty, Eric p. 2) Nobody really could trust him any longer which really made everybody feel like they were not really in a team.

He was not trust worthy from employees or stockholder because he lost all trust when he got in legal troubles with the SEC. He lacked effective communication skills because he knew there was a problem but instead of taking steps to lead to company upward, he spent most of his time blaming others. Another major reason Xerox failed was distrust between management teams and their employees and also among top management. Once Xerox tried to move forward and succeed in their business, all plans and strategies were made by top management, ignoring employee's opinions.

Xerox was highly centralized, hierarchical levels of control, formalization, and boundary roles were few. It is important that this kind of giant company has few boundary roles. Management teams should deal with these parts to make all department run smoother and integrate better with each other, but since management team were in conflict due to having the ex-CEO in the company, employees get confused who is in charged so that it didn't go around correctly. It is true that these mass production company needs high level of hierarchical levels of control, but new CEO in Xerox tried to make decision without discussion with their employee.

We can assume that it is highly related with organization's culture. Before, Thoman hired ex-CEO Allaire was respected and had confidence to revamp organization's structure. After Thoman become CEO in Xerox, he had low credibility and acceptance in Xerox corporate culture. His leadership was arrogant and makes employees think that he is unpleasant person. One of

example is that he fired employees to make up company's deficit which should be implemented in Allaire's era. In my experience, there was distrust relationship between my boss and his employees include me.

I used to work at Japanese restaurant, and we had meeting every time before starting each shift. Our boss mainly told us what reserved customer supposed to come in today and what were the problems or mistakes dealing with serving. He gave us time to express our ideas to make improvements in the restaurant, but our opinion never gets accepted. His main replying was we didn't understand Japanese culture, so it wouldn't be helpful for our business. First time he said that we didn't feel much disappointment, but once our opinion was rejected all the time, we lost morale and stopped giving our opinions to the organization.

We had to follow the direction that we were taught, and this was not appropriate in dealing with customer. Because of this the organization started seeing higher turnover rates, the main reason being that employees were dissatisfied with this work environment. This example of my personal experience is very similar to the failure we seen in the Nut Island case where employees told management about the problems, and management ignored them, and after some time employees just didn't say anything to management any more.

As I mentioned in my experience, having trust is really important part of an organization. If it fails, most employees lose their confidence, and also lose their motivation to contribute to the organization. Xerox should be more cooperate between their top management team and their coworkers. Their employees should follow top management's direction toward development of

organization, but also top management team should listen and take some of their ideas to get improve their success.

When many people hear about the lack of organizational justice, Xerox demoralized, the major factors that led to low morale and the legal troubles many people ask “ What happened with Xerox’s after the CEO Richard Thoman resigned (fired) in May of 2000? ” In August 2001, Paul Allaire gave the new CEO position to Anne Mulcahy, a 24 year old veteran with Xerox and turned the company around. In 2004 “ Business Week” included Ann Mulcahy as one of the best managers that year. “ Pushed for faster decision making and instituted lean Six Sigma to improve efficiency.

Cut Debt and boosted cash flow, to an estimated \$1. 5 billion in 2005, while maintaining research and development spending” (Business Week) When you look at Richard Thoman’s credentials of having a doctorate in Economics with three masters (Marketing, Fiscal Affairs ; Manufacturing) and was a prior CEO of Nabisco International and American Express and was the COO (2nd in command at IBM) and he was not able to turn the company around one may ask “ What kind of credentials did this lady have that was able to turn this troubling company around?

Ann Mulcahy received a BA in English and Journalism from Marymount College in Tarrytown NY and started with Xerox in 1976 as a field sales rep and then continued to rise through the ranks to VP of HR to chief staff of office. In fact many people believed her English and Journalism and her ability to communicate effectively is what contributed her success to turn the company around.

When you compare between the two leaders and by reading the articles in class, we immediately thought of the article of “ Welcome Aboard (But Don’t Change a Thing” article by Eric McNulty where you have a new CEO Cheryl Haistrom wanted to make some major changes at Lakeland Wonders and the past CEO Walter Swensen had to give her some advice of “ you may need to pull people along more slowly to make sure you don’t end up tearing the place apart” That is exactly what Richard Thoman was doing. He was moving way too fast in a very short time frame.

He started to restructure how the sales force operated, he immediately started cutting jobs and people started to lose trust, morale went down, and he was “ tearing the place apart” instead of building the place up. Another comparison between the two leaders is their communication style. When Thoman came in, he just started to make the changes without everyone knowing exactly on how he plans to restructure the company where Mulcahy communicated a lot better for example “ She talked about how together, they could fix the company’s problems, painting a picture of how the new Xerox would look like.

When I spoke with Xerox people, it was always about what the company was going to look like when we came through the turnaround”. (Susan Caminiti NYSE) By communicating what the company was going to look like she was following the Kotter Model with phase one of getting started and create a vision of what the organization will become. Phase two of involving everyone. She was meeting with customers and employees from one on one meetings to town hall meetings and communicated her vision often and in a variety of ways and third phase was Ongoing Improvement.

When many people were telling her not to invest in the R; D department she invested 5% of the company's revenue and by doing this was keeping the interest and efforts on further improvement of the organizations. Also, in doing the research on Robert Thoman for when leaders fail to effectively Manage Behavior in their Organizations and why? I look at Paul Allaire as the main reason why Xerox was in such bad shape.

He was the one who hired a new HR and started hiring people who were not in the same culture as Xerox use to be. Especially after reading the California Review " Leading by Leveraging Culture" and how the first tool to use is Recruiting and Selecting People for Culture Fit. " But corporate giants like Xerox, which has more than 90, 000 employees, do not suddenly reverse themselves – no matter how good or bad their CEOs may be.

Like huge ocean liners, it takes time to turn a large company around –or run it aground. Indeed, current and former Xerox executives, and others in the know, say that while Thoman's tenure as CEO had its failings, Xerox's problems many of which have their roots in HR began long before he signed on. (Robert J Grossman HR Magazine) Finally, when you read the " Female Leadership Advantage and Disadvantage: Resolving the Contradictions" article by Alice H. Eagly Ann Mulchay leadership style was excellent to have followed Richard Thoman because she was able to use Transformational style which really was a big impact on the organization and helped in increase the companies financially, improve product design and increase the morale of the employees in fact here are some accolades that she have received: Business Week – One of the best managers in 2004, Wall Street Journal – One of 50 women to watch in 2005, Forbes magazine ranked her at

the sixth position among the most powerful women in America 2005 and U. S. News ; World Report as one of America's best leaders in 2008

In conclusion, what we have learned with the research and studying Richard Thoman and comparing to Ann Mulcahy you need to make sure that you are able to communicate effectively. We also learned that sometimes leader have to forget about their advanced degrees and actually think if their decisions make common sense. For Example, when Allaire was CEO making company decisions based on five year old data, does that really make common sense when the company you're running is in the technology business.