

# San diego state university

Business, Company



## San Diego State University The Cousin's Tournament A Case Study

Introduction Grandview Industries, the Blanchard family's crown jewel and legacy since 1934 is about to enter into its third generation of leadership. Unfortunately the second generation leader, Al Blanchard, at age 67, has done very little preparation in planning for a successor and wants near immediate exit. The 200 million dollar company employs 2,000 people across California with distribution abroad. Morris, Al's brother, five years younger would be a natural successor if he was a bit younger and without heart problems. Morris proclaimed to Al that it was time to hand it over to one of their sons, though he would serve as interim if Al chose to step down quickly. The two brothers decided to set up a committee to find the best successor to Grandview Industries, but because of so many unspoken family tensions and rifts, it is proving to be more difficult than anticipated.

Biographies George Blanchard- Founder of Grandview Industries in 1934, father of five with wife Molly. Grandview started as a small automotive motor component company but diversified into an array of electrical systems for both automobiles and aircraft. Died at age 73, leaving son Al in charge with equal ownership among the five children Molly Blanchard- Wife of George, mother of the five. Died one year before George. Al Blanchard- Current CEO of Grandview Industries, age 67. Enjoys brandy and cigars. Has "had enough" of the toll of leading a 200 million dollar family business. Joined Grandview at a young age and was quickly seen as the future leader. Hardworking, tough, and affable were words people used to describe him. His younger brother was often dissatisfied with his conservative leadership style. Morris Blanchard- Age 62, grew up with a much different style and

view than his older brother and his father. He took his talents abroad to develop new customers for the company. Very energetic and had the eye of expansions and new markets. In recent years he has been getting along with Al much more and have been gaining appreciation with one another. Always wanted to be the CEO, and has always thought he would have brought the company to greater heights than Al had. Sarah Chafee- Sister of Al and Morris, age 61. Has had a troubled relationship with the family and company due to her husband, Sam Chafee leaving the company in 1977. Was a local talk show host for some time but has since maintained a low profile.

However when the story of naming a new successor arose, takes a keen interest. Sam Chafee- The company's controller for some time. Was successful but wanted a better role and felt like Al and Morris held him back. Al helped him find another job, but the entire situation left Sarah's relationship with her brothers strained. Germaine Blanchard- The second Blanchard sister. Has a son in junior management at Grandview.

Understands that sister Sarah's son Edward would be the best CEO if he was given the shot. Arnold Blanchard- The eldest son, yet least involved in the family and the affairs of the business. Also has a son in junior management. Peter Franklin- Owner of a large freight shipping company, college friend of Morris. Was the first family friend to be elected to the board in 1980. He becomes the chairman of the succession committee. Does a good job at seeing the whole picture and reads the family extremely well. Also cares deeply of the future of Grandview. Sees how far behind they are on the succession plans. Joe Blanchard- Age 42, the eldest son of Al and the eldest member of the third generation. An engineer, he has been in production but

has recently begun to take on a management role well. He is well liked, always performed well but is also not regarded as a strategic thinker or very charismatic. One of Peter's standout contenders. Bill Blanchard- Age 41, Morris' eldest son. Hard-nosed trouble shooting manager and Grandview. Graduated from business school, known to be demanding, reorganized and cut payroll at a subsidiary abroad. Only cousin with international business, a huge market for the company. Has a little riff with cousin Joe because he is abrasive. Said to not have the trust of more than one cousin. Bill is the second standout contender of Peter. Mary Blanchard- Age 32, daughter of Morris, talented leader, chemist, and metallurgist working in research and development at Grandview. Peter views her to be a viable candidate, but she has not expressed interest and the family seems like they would not be keen on a female leader. Believes her father would have done a better job than Al all along, causes tension in the committee. Edward Chafee- Age 40, eldest son of Sam and Sarah. Peter's most admired cousin of the family. Built a successful company in the bay area through leveraging his stock. In a magazine as a " Young President to Watch. " He is very popular among the cousins. Peter also understands that the second generation men want their sons in the CEO role, not Edward. Though Peter wants to convince him to get in the running to become the next CEO. Andy Chafee- Son of Sam and Sarah, a member of the committee. Proclaims that they are not ready to appoint a successor and wants Al to hang on to it longer. Timeline 1934- George Blanchard starts Grandview Electric, which becomes a \$200 million dollar company by 1993 under the name Grandview Industries. 1960s & 70s- Grandview grows and triples sales. Early 1980s- Al brings in a board of

directors and takes company public, keeping family control. IPO a wild success. 1977- Sam Chafee angrily leaves controller position at the company, creates rift. 1980- Peter Franklin added to board, first nonfamily member to join. 1990- Now there are six third generation family members inside the business 1993- Al proclaims to younger brother Morris he is tired and wants to step down as CEO; deadline is two months. Key Issues 1. Al and Morris' pride about their eldest sons. They are viewing them as who they are, their eldest sons and think their son will do the best job, though it seems to be untrue. 2. The Chafee family fallout. When Sam left the company in 1977 it left the Chafee family slightly scorned from the rest of the family, leaving the best candidate Edward to not be viewed as a successor among the Blanchards. 3. The family's division of loyalty. The sons and daughters of Morris have some animosity toward Al and his leadership. Let it simmer inside until Mary expresses her distain at a committee meeting. 4. The inability to recognize Edward as the prime candidate. He is clearly the best man for the job, under multiple people's statements. Already started and is leading a very successful Silicon Valley firm. Calvert Consulting Plan To address Peter's laid out issues of what he should do: 1. The process of choosing the next president needs to be one with less emotion and be more systematic. The committee needs to be reformed to give Al and Morris their opinions, then have them both leave the committee and have no further influence on the decision that is to be made. The committee needs to bring on more top level employees of Grandview that are not members of the family and have knowledge of which candidate is best. 2. Having Morris serve as the interim CEO will be an adequate decision. It is his opportunity to

do as he always wanted and run the company to the best of his ability. Al brought this situation on himself and has no reason to fret. 3. Since Edward Chafee is the obvious best replacement, Peter and Germaine need to do what it takes to have the committee meet him and review his accomplishments. Edward does not have the same pitfalls as Joe and Bill do, once the committee grasps the full 360 of each option, Edward will be Grandview's next CEO. Blanchard Genogram [pic] \*\*Edward is not seen to be a candidate within the Blanchard's eyes; however, Peter needs to do his duty and make sure his is considered. ----- Leaders CEO Candidate CEO Candidate CEO Candidate\*\*