

Ob : all the wrong moves

Experience, Human Nature



ORGANIZATIONAL BEHAVIOR-I CASE ANALYSIS All the Wrong Moves

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Pandey 2012051 Introduction: This case is about a company ' Nutrorim'

which was founded in 1986 by an organic farmer and his wife.

Nutrorim manufactures various lines of vitamins and nutritional supplements. The case is about the flaws in decision making process of the company. Don Rifkin is the main character of the case who tries to correct the decisions made by the company at the time of crisis or otherwise. The employees of the company give mixed and different reviews over the same discussions. Don the CEO of the company tried to find out the feedbacks with the help of consultants. While going through the case we tried to find out the main reasons for poor decision making of the company and tried to find the solutions for the same.

Background: Nutrorim which was founded in 1986 by an organic farmer and his wife had been at the top of its field. Nutrorim's products had gained national attention and the company's organic, performance-enhancing supplement powder Charge Up had gone through the roof due to an endorsement by a famous Olympic athlete. This led the Nutrorim to hire hundreds of new employees, expand its production facilities and acquire two vitamin firms. Nutrorim went public in the year 1997 and by 2002 Changeup was the best-selling performance-enhancing sports powder on the market.

Don Rifkin who joined Nutrorim as CEO in 1989 had tried hard to foster a happy, participatory, democratic culture at Nutrorim. Steve Ford was the head of the R&D section of Nutrorim. But during the past one year, Nutrorim had suffered from a spate of bad decisions. A consultant was hired to review the company's decision making processes that had individual interviews with senior managers. Objectives: * Understanding the importance of objective analysis and oversight at strategic level decision making in an organisation
Necessity to have a firm and clear hierarchy within an organisation for effective decision making in face of crisis. * Understand need for a Leader to identify the expertise that his subordinates have and assigning them responsibilities accordingly for running an organisation effectively. * Understanding the ineffectiveness arising out of decision making process in an organisation if it is too democratic at strategic level. Analysis: The said company was presented with an accusation that their product was making people sick.

The company's options were to keep the potentially dangerous product on the shelves, which could turn into a law suit, or to accept the costs and do a recall. In meeting of the top managers there were huge disagreements on who should have the most power in the decision-making process and there was little organized discussion and not all the voices were being heard. There was a lack of centralized leadership that was able to weigh all the voices and make a more discerning decision. The committee members were not unified on what should actually be done.

Employees in positions of power did not ask the right questions to make well-informed decision. The decision to recall Charge Up was made under a lot of

uncertainty and as the facts were not analyzed thoroughly before taking decision. The company knew the consequences of recalling or leaving the product on the shelves. This decision was a non-programmed decision that should be made by top managers. The situation was brought to a local radio station and the company began to panic that the information would go public ruining the company's reputation.

There are too many people giving their inputs and many took the accusations personally which limited objective, productive discussions on what was the best action for the company to take. The company needs to name a person or a small group of people that are able to take charge in times of crisis in order to manage discussions better and make the ultimate decision. The leadership should be able to question or conduct research of cases surrounding their dilemma. The Leadership here wasn't effective in identifying the expertise of its members which at times created conflicts within the team.

Solutions: * Nutrorim lacked a definite plan for taking actions when decisions are to be taken especially when a time was a constraint. * Don was correct when he wished to have a little democratic approach to taking decisions but relying completely on consensus resulted in beating around the bush too often and wasting a lot of time. Taking multiple perspectives of looking at a problem and finding its solution can be done systematically by the process of one by one feedback but the final decision must rest on the C. E.

O and the concerning department head as a decision taken by a majority vote may not be correct as the domain expertise of employees participating in the meeting shall be vivid (It depends on the area where the problem is

arising). * In this case when Nutrorm was accused of causing gastric problems to its customers; a timely action was imperative as the name of the brand was at stake. Calling multiple meetings was a waste of time and actions should have been taken by Don as a leader himself after listening to every one's views. He should have instructed PR Director to immediately revert to the calls she got from the media person (radio station) to let the public know that since such an investigation is taking place the company gives maximum priority to its customer's health and it shall even consider a recall till the time the investigations were completed by the health department. This action would make the public aware that the company was not trying to hide something under the carpet and it was cooperating with the health department. A decision has to be taken with all the facts and perspectives in mind and not just taken because it's to every one's taste. Once the rationale is clear behind the plan of action for addressing the problem at hand, the chair shall immediately ensure its timely execution. * Corporate culture was not sound. Steve's behaviour towards Nora was inappropriate and his behaviour should have been condemned and sorted out by Don. It's very essential for employees to work cordially for healthy functioning of an organisation. Presence of a Knowledge department in the company keeps a record of effective course of actions taken by other companies at the time of similar crisis in the past helps to take timely measures effectively. Learning from others helps in decision making. Theoretical Relations: * Bounded rationality: He could perceive that recalling the product is the only plan of action. He didn't explore other options. * Rational decision making: He measured the options, took feedbacks from the

other employees, and did a thorough study before taking a decision. Pro-active personality: He takes initiatives, has decision making abilities. * Employee engagement: He engages all the employees of the company in decision making process. * Workforce diversity: There is diverse workforce in the company. Managerial learning: * A manager should understand skills of each team member and assign them responsibilities according to their areas of expertise. * Controlling power: A manager should have firm control over the decision making process in the organization and should also be an effective team leader. Coordination: A manager should be able to establish coordination among the employees. There should not be conflicts among the employees if any then manager should intervene and resolve the same. * Balance between democratic and dictatorial approach: A manager should not be too democratic as well as dictatorial in decision making. REFERENCES United States Edition , entitled Organizational Behavior, 14th Edition, ISBN: 9780136124016 by Robbins, Stephen P. , Judge, Timothy A. , published by Pearson Education Inc. , publishing as Prentice Hall 2011