

Airstar case study

Education



Abstract: Airstar's organizational design is outdated. Former president and actual president have been managing the company under the assumptions of a predictable environment. Airstar is having problems with communication and job-description along the company. Tasks have been assigned superficially and job responsibilities are not descriptive enough. The cross-functional communications among managers is not working effectively and employees have been working up their own job description. Because of that, goal accomplishment is fast becoming obsolete and decisions are being made on the basis of practicality. Also, the company is facing external threats from major competitor such as General Electric and Pratt & Whitney. The stagnation from top managers is causing chaos internally, because business environment is constantly changing and most managers have been in the company for more than twenty years. So, for maximum efficiency, Airstar needs to guide their employee with standards and written guidelines in order to succeed and move forward.

Introduction: Airstar Inc. manufactures, repairs, and overhauls pistons and jet engines for smaller, often previously owned aircraft" (Daft, 2008, p. 84). It has a solid history and its strength comes from the fact that it is well known in the market and employee loyalty. However, the rapidly changing industry parallel with the change in the presidency is causing problematic factors for Airstar. A company that has been in the market for twenty years producing customer and employee loyalty now has threat with new arriving business competition and the ever-changing business environment.

Unfortunately, Roy Morgan, the president, assumes that he could continue to run the company as it had been twenty years ago. In the past, decisions had

been made on the basis of practicality. However, the current environment is in need of changes in duties and management practices. The lack of ample communication concerning duties and how to restructure them for better efficiency is causing internal chaos. So, communication appears to be the Aquiles problem of Airstar. Problems The first significant issue for Airstar is the threat of the changing environment.

As Walmart founder Sam Walton said once that advantage competition is not just continue to develop but to stay ahead of competition and the learning curve of its environment (Walmart, Inc. , 2010). To continue to exist, the organization needs to not merely adjust to, but also to influence the changing environment, and in consequence, creating a company worth for its stakeholders. According to the case study, there is a major lack of leadership and coordination. The second significant issue for Airstar is that the current system is neither cooperative, nor strategic intent.

Strategic intent means that “ all the organization’s energies and resources are directed toward a focused, unifying, and compelling overall goal” (Daft, 2008, p. 60). It shows that the values established by the founder were never reviewed for the purpose of internal and external changes. The company vision and mission statement are worthless if there are not communicated throughout the various hierarchies of the company. Also, Airstar current system has shown overlap responsibilities between employees. Specific tasks should be assigned to employees that are better suited for these tasks.

Another significant issue for Airstar is the instability of its external environment. This problem could provoke stressed employees and in

consequence, a less effective performance (Rolfe, 2005). Managers should not only communicate effectively, but also listen to employees and be responsive of the way they experience different factors within the company. Such consideration will bring better management strategies not only in assigning the most appropriate duties, but also in managing the stress factor related to required structural adjustments.

The last significant issue is the threat created by new competitors.

Competitors, who are new to the market, will make every effort to follow solid business principles to attract value customers and gain market share. Airstar is no longer the sole service provider of its industry, and finds itself in an environment that is quickly changing. Here is where the mature organization comes to play. Airstar has been known for its safety, superior quality, and customer service. These are strengths that can be hard to conquest and could possibly allocate Airstar ahead of its competitors.

Interventions

Jim Robinson, vice president of manufacturing, pointed it out six principles that appear to focus on internal changes and could provide Airstar with a better position to handle external environmental changes and a stronger internal structure. First, formalization is lacking because of the long lifetime of the company without written rules and regulations. It is recommended that Airstar begins its internal renovation process by creating a list of recommended rules, regulations, and policies. Second, these initiatives are communicated in writing, so it can provide managers and employees with the opening to comment.

Then, after being implemented in writings takes place, meetings could be held to discuss comments. Third, it is recommended that Airstar creates a mission statement, a number of goals for future that relate to it, and strategies to arrive at these goals. Then, after implementing the goals and tasks to achieve internal productivity, Mr. Morgan should assign appropriate personnel members to avoid the overlapping that has been occurred in the past. Furthermore, the external environment requires to be monitored on a frequent basis so that indispensable responses can be implemented in a timely manner.

The monitoring procedure can also be allocated to specific personnel members, who should communicate with top managers via meetings. Fifth, the hierarchy of authority should be established and updated according to the variety of tasks and strategies within the company. As Robinson refers, Airstar's internal structure should be kept to a minimum. It is a sound standard keeping the internal structure of the company as simple as possible in order to center on goals rather than on endeavoring to manage extensive personnel members and their many duties.

Conclusion Airstar has proven to retain a quite considerable, although somewhat lesser, customer base. I believe the company has the potential to recover itself with internal structural changes, as recommended above. Mr. Morgan attitude is very optimistic towards implementing adjustments for the benefit of his company. His willingness to hire a consultant and put into operation suggestions shows that he is serious about fetching his company up to date with the external environment. However, it is important that Mr.

Morgan and his entire management team do not make these decisions on an isolated foundation, but that employees should be incorporated in implementing some of the changes. References Daft, R. (2008), Organizational Theory and Design, 10th ed. Mason Ohio, South-Western Cengage Learning. Rolfe, Foreman and Tylee, 2005, Welfare or Farewell? Mental Health and Stress in the Work Place”, Issue 268. Retrieved from Academic Search Complete Walmart, Inc. (2010). Walmart Corporate. Retrieved November 16, 2011, from Walmart Annual Report: <http://walmartstores.com/sites/annualreport/2010/>