

The exley chemical company analysis



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Abstract

The Exley chemical company is a major chemical manufacturer making primarily industrial chemicals, plastics, and consumer products. Company sales and profits have grown, and its ratio of net profits to sales is about average for the industry. However, in the last year, both sales and profits have been disappointing.[G1]The company thinks it is the problem of new products constantly being introduced into the line and methods are changing constantly. This is not the major reason about company lost competition.[G2] [G3]The major problem is internal conflict between team members and departments. Another problem is poor leadership and management of each department. Managers must find and implement ways that allow Exley Chemical Company operate efficiently. Conflict resolution and large group intervention may help the company[G4]achieve the goal.[G5][G6]

Exley Chemical Company

Case analysis

Internal conflict problems are inevitable within an organization no matter the structure. The problems will exist unless company's managers recognize the situation and fix the problems. The cause of these problems is a result of[G7]departments' conflict, unclear goals, disobedience, and lack of communications between each department.[G8][G9][G10]

Conflicts were created with almost all the departments. The product development division using a small force of specialty sales people to conduct

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pilot marketing programs an initiative which was not well received by marketing people. The product division was given responsibility for market research. However, these still remained in the market division. After these things, the company set up a product manager for each group of products. This made company has more problems.[G11]First, the Product manager quarrels with the marketing department. The product manager often visits customers to get feedback while marketing executives are doing the same thing at same time. At this period of time, customers often get confused by this. The marketing vice president thinks that the product development intervenes their work. This should be marketing development's work.[G12] [G13]Second, the calculating sales estimates are causing misinformation to be produced since the norm[G14]al within the company[G15]is to use the total market as opposed to their share of the market.[G16]The product development group did not follow company's guidelines. They were doing this in their own way.[G17]Third, the company ignored the[G18]customers' ideas and competitors in industry. When most customers give advice for the company, they did not give feedback on this. The competitors have a lower price of the similar products compare with Exley. Each division head works on the project that makes the most for their division. They want to[G19] [G20][G21]maximize the potential of their department. This is not the company's goal after examining the environment of Exley's business. [G22]Organizational environments are everything beyond the boundaries of organizations that can directly or indirectly affect performance and outcomes. It includes external agents that directly affect the organization, such as suppliers, customers, regulators, and competitors, as well as indirect influences in the wider cultural, political, and economic context. There are <https://assignbuster.com/the-exley-chemical-company-analysis/>

two classes of environments called general environment and industry structure or task environment. In this case, Exley company's general environment is certain and simple. Technologically, the company is dependent on new products innovation. At industry structure or task environment, as defined by Michael Porter, an organization's task environment consists of five forces: supplier power, buyer power, threats of substitutes, threats of entry and rivalry among competitors.[G23][G24]At this point, Exley Company is moderated competitive and high pressure on profits. The threats of entry are low. It is difficult and costly to enter this market. Chemical industry needs high knowledge research people to keep innovation and equipment is expensive to obtain. The threats of substitute products are high. The competitors always have methods to get more market share with a lower price or new products. The force of suppliers' power is low because the resources are available anywhere. The customers' forces are high. The buyers are willing to pay a low price for similar products. Finally, rivalry among firms is severe. The Exley chemical company current is the average of the total industry which indicates that they have a lot of competitors.[G25][G26][G27][G28][G29][G30]The company is facing the threats from buyer power and rivalry among competitions but none of them get noticed by the company.[G31][G32][G33][G34][G35][G36][G37][G38][G39][G40][G41][G42][G43]

Exley chemical company establish the product development division to manage the increasing number of new products. The product development division was charged with coordinating in developing new products, including recommending manufacturing capacity, sales programs, and so on. The

company has found the problems and conflict in several departments. The role of this division is like OD practitioner.[G44]Based on the book, OD is vitally dependent on effective diagnosis to assess how the organization is functioning and to choose an appropriate change intervention. New product development division has taken on a life of its own, opting to market its new developments instead of passing the new products to the other divisions to handle their usual responsibilities. It is difficult to coordinate the companies' operations under this division. The director of product development division who should have the expertise and experience to work with members on the issues like an OD practitioner but the self-proclaimed independence of this new division is causing conflicts among the other divisions that previously collaborated effectively. New division could not solve the problems of lack communication between each division.[G45][G46]

Exley chemical company's organization structure is also a big problem. The company is a matrix organization. Matrix organizational designs originally evolved in the aerospace industry, where changing customer demands and technological conditions caused managers to focus on lateral relationships between functions to develop a flexible and adaptable system of resources and procedures, and to achieve a series of project objectives. On the positive side, it allows multiple orientations. New products or projects can be implemented quickly by using people flexible and moving between product and functional orientations as circumstances demand. It can maintain consistency among departments and projects by requiring communication among managers. Unfortunately, Exley chemical company did not get any advantage on that organization structure.[G47][G48][G49]There are

miscommunicate with each division's managers and unable to shift emphasis by environment changes. Matrix structures are motivating and exciting for many people. On the negative side, the company without balancing between product and functional forms which lower the overall performance. The crisis management and conflicts under inconsistent demands by this structure. Matrix structures are appropriate under three important conditions. First, there must be outside pressures for a dual focus. Exley chemical company has a unique research department which focuses on innovation new products. They also have different products in several markets. Second, the organization must process a large amount of information. When external environmental demands change, the company should have to make a proper decision. Exley Company cannot process a large amount of information. Most important information from competitors and customers were ignored by the company because of the lack of communications and team collaboration inefficiently in the organization. Third, there must be pressures for shared resources. When customer demands vary greatly and technological requirements are strict, valuable human and physical resources are likely to be scarce. Exley chemical company might fail under this structure if any of these conditions are not met.

Recommendations for Exley chemical company

Based on the analysis above, I would recommend an intergroup conflict intervention and select an OD professional from outside to training and helping organization managers.

Intergroup conflict intervention is designed specifically to help two or more groups or departments within an organization resolve dysfunctional conflicts. In this case, there are conflicts between the different divisions as to who is responsible for what and when. Whether it between the product division and the marketing division, or the sales department and the marketing division, each of them must be able to overcome these problems. According to Blake and his associates, the basic strategy for improving intergroup relationships consists of a ten-step procedure. For Exley chemical company to apply this intergroup conflict intervention, the external OD practitioner should obtain all these department managers agreement to work together. OD practitioner set a time for managers to meet. The next thing is OD practitioner with managers describe the purpose and objectives of the meeting: to develop better mutual relationships, explore the perceptions the groups have of each other and formulate plans for improving the relationship. The OD practitioner lets each group managers answer the questions and describes other managers'. In this case, I would question the managers: " what is your department goal and what is your job?" and " what do you think other department's goal and what is their job?" After they completing their questions, each group managers should present their answers. By this point, the misperceptions and discrepancies have been brought to light. The managers of the company could thoroughly understand each other job and goals. At last,[G60][G61][G62]managers are asked to set a specific plan of action for solving problems and for improving their relationships. There will be a follow-up meeting about how these problems implemented and identify any further problems that have emerged.[G63][G64]Intergroup conflict

intervention will keep the companies goals in mind and everyone working in the same direction.[G65][G66][G67][G68][G69]

Another recommendation is Exley chemical company should find an external consultant or OD practitioner to find and solve company's problems. The current product development division seems like a role of OD but they are not experienced and professional to solve the conflicts among the departments in an organization.[G70][G71]

Conclusion

Matrix structure organization like Exley chemical company has its own advantages and disadvantages. I would not recommend that Exley chemical company restructures the organization.[G72]The major problems of Exley chemical company are conflicts among each department. Lack of communication of departments causes each department just work on their own project.[G73]Intergroup Conflict intervention and OD practitioner will help managers achieve their task and solve organization's problems.[G74][G75][G76][G77]