

Tucker company

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In 1978 the Tucker Company underwent an extensive reorganization that divided the company into three major divisions. These new divisions represented Tucker's three principal product lines. Mr. Harnett, Tucker's president, explained the basis for the new organization in a memo to the board of directors as follows: The diversity of our products requires that we reorganize along our major product lines. Toward this end I have established three new divisions: commercial jet engines, military jet engines, and utility turbines. Each division will be headed by a new vice president who will report directly to me.

I believe that this new approach will enhance our performance through the commitment of individual managers. It should also help us to identify unprofitable areas where the special attention of management may be required. For the most part, each division will be able to operate independently. That is, each will have its own engineering, manufacturing, accounting departments, etc. in some cases, however, it will be necessary for a This is necessary because the complete division to utilize the services of other divisions or departments. servicing with individual divisional staffs would result in unjustifiable additional staffing and facilities. The old companywide laboratory was one such service department.

Functionally, it continued to support all of the major divisions.

Administratively, however, the manager of the laboratory reported to the manager of manufacturing in the military jet engine division. From the time the new organization was initiated until February 1988, when the laboratory manager Mr. Garfield retired, there was little evidence of interdepartmental

or interdivisional conflict. His replacement, Mr. Hodge, unlike Mr. Garfield, was always eager to gain the attention of management.

Many of Hodge's peers perceived him as an empire builder who was interested in his own advancement rather than the company's well-being. After about six months in the new position, Hodge became involved in several interdepartmental conflicts over work that was being conducted in his laboratory. Historically, the engineering department had used the laboratory as a testing facility to determine the properties of materials selected by the design engineers. Hodge felt that the laboratory should be more involved in the selection of these materials and in the design of experiments and subsequent evaluations of the experimental data. Hodge discussed this with Mr. Franklin of the engineering department of the utility turbine division. Franklin offered to consult with Hodge but stated that the final responsibility for the selection of materials was charged to his department.

In the months that followed, Hodge and Franklin had several disagreements over the implementation of the results. Franklin told Hodge that, because of his position at the testing lab, he was unable to appreciate the detailed design considerations that affected the final decision on materials selection. Hodge claimed that Franklin lacked the materials expertise that he, as a metallurgist, had. Franklin also noted that the handling of his requests, which had been prompt under Garfield's management, was taking longer and longer under Hodge's management. Hodge explained that military jet engine divisional problems had to be assigned first priority because of his

administrative reporting structure. He also said that if he were more involved in Franklin's problems, he could perhaps appreciate when a true sense of urgency existed and could revise priorities. The tensions between Franklin and Hodge reached a peak when one of Franklin's critical projects failed to receive the scheduling that he considered necessary.

Franklin phoned Hodge to discuss the need for a schedule change. Hodge suggested that they have a meeting to review the need for the work.

Franklin then told Hodge that this was not a matter of his concern and that his function was merely to perform the tests as requested. He further stated that he was not satisfied with the low-priority rating that his division's work received. Hodge reminded Franklin that when Hodge had suggested a means for resolving this problem, Franklin was not receptive. At this point, Franklin lost his temper and hung up on Hodge. Questions: 1.

Sketch out a simple organization chart showing Tucker Company's three divisions, including the location of the laboratory. Why would the laboratory be located in the military jet engine division? 2. Analyze the conflict between Mr. Hodge and Mr. Franklin. Do you think the conflict is based on personalities or on the way in which the organization is structured? 3. Sketch out a new organization chart showing how you would restructure Tucker Company so that the laboratory would provide equal services to all divisions.

What advantages and disadvantages do you see in the new structure compared with the previous one?