

Management
challenges the four
ceos faced as they
took control of
managing their ...

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The four CEOs took office during the hardest financial times when a record 1,482 CEOs stepped down, resigned or retired from public and private companies. At this time, success was very unlikely and the board members and shareholders kept a close watch on the managers' activities. Despite the hurdles, the four companies survived and gained competitive advantage. John Donahoe of eBay was facing the challenge of building competitive advantage. The company was not strategically positioned to compete with its fast growing rivals Amazon. com and Craigslist. The CEO had to find ways of keeping the customers. He had to do what he believed was right for the company - make changes that were unpopular in the short term - and resist attacks of the critics.

James A. C. Kennedy of T. Rowe Price was faced with the challenge of learning new areas of business and balancing the demands of the office and home. He had to learn to cope with the demands of the challenging role in the sixth-largest mutual fund manager in U. S. Besides, there were dangers of mortgage-backed securities during his time.

Diane M. Irvine of Blue Nile became the CEO immediately after the company experienced extremely low sales during the previous holiday season. Her challenge was innovation. She had to come up with a plan, and very fast. She had to go on the offensive by investing and expanding.

Peter Swinburn of Molson Coors was faced with the challenge of coordinating the 15,000 employees from three different continents to think as one.

Ways through which the managers respond to the challenges

In response to the challenges, all the managers employed successful approaches. Donahoe took a reorganization approach. First, he carried out

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layoffs. Then, he reorganized the web site to give less visibility to some small sellers, and acquired a consumer credit business. His approach was based on “servant leadership”. Donahoe thinks of the company’s customers first and then visualizes what he can do to deliver what the customers need. He encourages the managers to strive towards building customer loyalty by tying their compensation to customer loyalty.

Kennedy employed a cost-cutting strategy. He was able to cut the costs such as advertising, hiring, and IT expenses which allowed T. Rowe Price to bounce back on growth more successfully than its peers. He also made time for his personal life and stressed the importance of remaining calm and confident.

Irvine employed innovation and creativity as a strategy that would help in bringing new customers. She created a new web site which included the new search and filtering options to help customers. Besides, the web site was changed to accept 23 different currencies.

Swinburn employed a turnaround management approach to ensure better use of the company’s human resources. He made sure the employees had better tools of interacting with each other. Through Yammer, the employees were able to work together on ideas.

How the managers and their companies are currently performing

The strategy of Donahoe has been greatly successful and eBay has hit its goal – to grow at least as fast as e-commerce (Channel Advisor, 2011). As at June 27, 2012, the company had outperformed the market. The company has highly improved its performance since 2009 and analysts advise investors to

hold their positions in the company. The average share price is 45.00, an increase of 7.12% from the last price of 42.01 (Financial Times, 2012). Just as eBay, T. Rowe Price has greatly improved in performance. As of Jun 29 2012, the company had a 52-week high share price of 66.00. The performance of Blue Nile has also improved. On Jun 29 2012, the company closed at 29.71, an increase from a 52 week low of 25.59. Molson Coors Brewing Co has also reported remarkable improvement in performance. Jun 29 2012, the company closed at 41.61, an increase from a 52-week low of 37.96.

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