

Rudi gassner case study essay



**ASSIGN
BUSTER**

1) What should Gassner and the Executive Committee do about modifying the business plan and bonus targets of each country ?

The management committee planned a bonus plan for each region that depended upon a number of things . Some of the performance objectives are notified here . The objectives to be met are 1) achievement of targeted adjusted earnings per share or the “ EPS Target ” for the particular region (2) realization of a objective sales revenue growth in local currency of the region or the country where the operations area being carried out . This is also known as the “ Revenue Target , and (3) accomplishment of a target research and development work and the reinvestment rate of the company in that region over employees and products.

This has been termed as the “ RD Reinvestment Target ” by the management team. Adjusted earnings denote that the per share of the company means the Company ' s per share net earnings from the present or existing operations in a particular region will be adjusted to remove the effect of definite particular events or items . The reward group recognized that the additional benefit band would be funded at 80 of target bonuses if the company achieves the EPS Target with an additional 10 of target bonuses funded for achievement of the Revenue Target and 10 of target bonuses funded for achievement of the RD reinvestment Target .

2) How effective has Gassner been in managing the Executive Committee ?

While BMG international has gone through a number of changes during the last decade , the company has experienced a decent amount of growth Sony experienced tremendous . Rudi Gassner had brought about a number of

changes within the organizational structure which had become largely fragmented . Gassner had carried out this task with a limited incorporation and cooperation . Most importantly , BMG suffered from a encrusted and weighty decision-making formation that showed the way to incompetent and inefficient business resource allotment and noteworthy redundancies . In 1990 Rudi Gassner, president of BMG International and was in direct charge of Bertelsmann ' s music business .

He said “ Our priority is signing acts on a worldwide basis exclusive to BMG for worldwide exploitation . But at the same time there are a number of problems for us because of the currency constraints . We will not make money immediately and we will not be able to take money out . But I feel that long term we should be there and be one of the first , if not the first , for political and strategic reasons” Rudi brought about a number of fundamental changes within the organization which more streamlined than before and abolished the system in favor of a centralized network within the group . This major structural transformation was intended to get rid of the trade that had prevented the company from focusing capital on their most competitive products and to foster a more coordinated , efficient and rapid decision-making process.