Terracog

Terracotta management failed to respond to competition in its market. Although competitor introduced a new GAPS with satellite imagery to the market, Terracotta team dismissed the threat and decided not to take a responsive action. However, quickly the new GAPS succeed and gained a significant market share. Eventually, Terracotta president decided to pursue a development of a directly competing product, and named the project Aerial. Unfortunately, the projected high costs of this project questioned its profitability and doubt its wisdom.

The key managers of the company were not able to decide whether to execute the project or not, and Emma Richardson, the new executive vice-president, needed to push the group toward a decision. The analysis we have done indicates that Terracotta case is an outcome of two major problems. The first problem is the existence of a poor decision making process, and the second is the lack of departmental cooperation and harmony. Alternative Courses of Action: We believe that Richardson should postpone the launch of Aerial, and focus on creating a more efficient decision making process and increasing departmental cooperation.

Since time is crucial in this case, we see a need to decrease the time of decision making process and re-definingcommunicationchannels between the departments. We also argue that the size of this team as well as the fact that the teammates came from four different departments created complex communication channels that slowed down decision making. In this case, small groups can undertake better the urgent tasks. Hence, we think that Richardson should break the complex process of launching a new product into micro-processes.

We believe that by brainstorming with the heads of every department separately, defining criteria and performance tankards, and listening to each team's requirements and reservations, Richardson will be able to clarify for the teams their importance to the company and motivate them to act toward the company's goal. Commitment to a common goal is more easily achieved if the number of team members is small (Essentials for an Effective Team, To keep the work on track and to increase departmental cooperation, 2006).

Richardson should conduct update meetings every other week with all the departments' heads. The agenda of these wide department meetings should be clear and exclude decisions making. The different decisions should be made within smaller groups that include only the relevant teams. To increase harmony among the departments, Richardson can open department wide meetings with a short speech about similar past experiences of the company to remind the teams how they worked well together and performed successfully when they cooperated.

Recalling past experiences may increase sense of belonging and help to put the big picture in mind before discussing current issues. Moreover, Richardson can invite the teams' mangers to have lunch together before department wide meetings. Socializing with each other right before getting to business can cool things down, ease the tension, and increase departmental cooperation. We believe that if the heads of the different departments will understand the importance and the needs of other departments, working together will become easier and more efficient.

Another way to increase departmental cooperation is by sharing information on the processes each department went through. For example, while discussing the price of a new product, Tony could provide specific details regarding production's costs to explain why further lowering of costs is impossible. While this alternative might be time consuming, sharing information can help the teams to understand better the different points of view of the different departments. Recommended Course of Action: We believe that a combination of the alternatives above would be the best way to address the situation in this case.

First, we recommend postponing the launch of the current prototype. Launching Aerial on its current form will damage the company's reputation and can lead the company to a big loss. We assume that if Aerial wont provide its users a significant advantage, customers wouldn't pay more than the Bird's price to buy it. Second, in order to accelerate the decision making process, Richardson should redesign the current communication channels in the company. Decisions need to be made in smaller teams, and wide department meetings need to be designated for updates only.

Third, to increase departmental cooperation and harmony, Richardson should establish a process of sharing information between the departments. Furthermore, structuring time for socializing can ease thestressand increase harmony among the departments. We believe that this alternative course of action will lead to minimum damage in Terracotta position, ND allow the company to improve its productivity and ability to respond faster to competition in the future. Implementation: First, Richardson should invite all

the people who were present in the last two meetings to announce her decision.

This meeting should be friendly and short, and most important, clear and motivating. Richardson should open the meeting with demonstrating an appreciation for thehard workdone by all the departments. Then, the announcement of her decision to postpone the launch of Aerial should be followed by a short explanation about the upcoming changes: From now on, once a week, every department should email a rife description of the progress they made at the past week to the entire company.

This weekly update emails will enable an efficient way to share information between the departments. In addition, wide department meetings will take place every other week, and once a month these meetings will include a friendly lunch prior to the meeting. After the meeting, Richardson should meet with the heads of design and development department. In this meeting, they need to agree and define the requirements to develop a product that is superior to the Birds, on minimum costs and time, and draw a realistic schedule to move forward.

Now, when the new product is in its first stages of creation, and there is a general idea of what specifications and characteristics it will have, as well as an expected time for launching, Richardson should meet with the UP of Sales, to create marketing plan for the new product. The production team will work alone on costs estimating for the new product, and the sales team in consultation withfinancedepartment will determine a pricing and develop a

" go- to market" plan. Moreover, Richardson should set clear limits to the continuance of commitment to the project for every department.

Determining what criteria and performance standards Justify continued investment in the project can help the team avoid escalation of commitment (Team Decision Making Pitfalls and Solutions, n. D). Whenever disagreements on to what level the teams should commit to a specific task will arose, they could refer to the performance's standards and make a decision accordingly. The process will be managed by Richardson from the top, and the heads of every department will make decisions that are relevant to their departments' areas of knowledge andresponsibility, and report to Richardson, who ill manage the whole process.