

Problem: braintee industries

Business, Management



As Morton Hall, what steps would you take to determine whether or not the organizational structure was at the heart of the company's rapid decline? With how the dialogue of the management team went, it is not surprising that Braintree Industries is in an 18% decline following a 10% decline the previous year. The management were guessing about the cause of the decline and does not know how the company should deal with it. At some point, they were even comforting themselves that their products were well received and their pricing is okay. With a successive decline of 10% and 18% respectively, management should admit that there is a problem and it is their job to do something about it.

To determine the cause of the decline, I will first make an organizational assessment to determine why the company's sales had declined. I would have asked one of my managers to conduct a study to determine whether the organizational structure was the heart of the company's rapid decline, but I do not think that I will get an objective report of the company's real stature because it will be likely that they will just "sugarcoat" the company's performance to make themselves look good as indicated with their dialogues in the case. Instead, I will hire an independent consultant to conduct a study that will determine whether the company's sales decline was caused primarily by the company's organizational structure.

2. What are some of the possible changes that may have occurred over the past few years that would have led to Braintree Industries organization being out of step with the marketplace?

If indeed Braintree Industries still uses the basic structure it had eleven years ago, then it is already being out of step with the realities of the market.

Eleven years ago, information technology was still at its nascent stage and had not yet fully integrated IT in the operation of companies. Today, information technology is part and parcel of every organization and it revolutionized how things are done in organizations and made it more efficient and competitive.

Also, the supply chain and even the work chain have already been broken up in recent years to save on cost to make the company more competitive by reflecting the operational savings in the prices of its final goods. Before, everything were done in one roof. Today, functions are outsourced to those who can do it better at a cheaper cost. Even supply chain management has been revolutionized. Parts are no longer manufactured by the company but rather by outside vendors who have the specialisation to do it at a lower cost. Most likely, Braintree Industries have not adapted to these changes yet and it has a higher overhead than the competition and its pricing is no longer competitive which is why its executives were defensive about it.

3. What are the pros and cons of making major changes to a well established organization?

Implementing a major change to well established organization calls for an effective Change Management. Change maybe necessary in an organization but when it is handled poorly, it will have disastrous consequences.

In the case of Braintree Industries, change is already necessary because it still uses the same basic structure it used 11 years ago. Change will enable the company to become more responsive to the realities of the market and may enable it to be back in a steady growth again.

But management has to anticipate that in implementing change, resistance

is often common. Resistance however fizzles out when the change is properly communicated among the employees. Second, the organization itself may not be able to adapt to the new system that is being introduced by change. Such, retooling may be necessary to enable the workforce to adapt to the new organizational change. This can be done through trainings and workshops. A follow through is necessary to ensure that the introduced change will be embedded as a new organizational culture. Reinforcement mechanisms must also be in place that will facilitate the assimilation of the change in the organization.