

Discussion question

Business



Discussion Question Discussion Question The company that will be discussed in this essay is Rubbermaid, specifically during the time when it was under the helm of CEO, Wolfgang Schmitt. The downfall of the company was attributed to several wrong decisions made by its top management.

Foremost among the factors mentioned about Rubbermaid's failure is the decision-making style of Schmitt. According to Eric Jackson, Schmitt " was fond of demonstrating his ability to sort out difficult issues in a flash" (Jackson, 2012). Schmitt is an example of a leader who thinks that he has all the answers; thus, will not listen to other people's point of views (Jackson, 2012). He has an autocratic style that created an environment of fear among his managers which resulted in high employee turnover (Kapner, 1998). A former manager of the company described Schmitt as one who " destabilized the company and surrounded himself with Yes people. All the entrepreneurial spirit left" (Kapner, 1998).

Some investors and analysts have faulted Schmitt because of his inability to react immediately to the changes in the marketplace (Kapner, 1998).

Michael Hamilton, a portfolio manager at Invista Capital Management stated that Rubbermaid " lost control of the brand and expenses" (Kapner, 1998).

Given the above scenario of Rubbermaid during Schmitt's time, it would have been for the good of the company if Schmitt was more open to the opinions and suggestions of people who are more knowledgeable than him in certain aspects of the business. Major strategic decisions cannot be made with a snap of a finger; it should be discussed thoroughly and comprehensively. In an organization as huge as Rubbermaid, Schmitt cannot solely rely on his abilities to come up with major decisions. Schmitt can definitely learn a lesson from Howard Schultz, CEO of Starbucks who said, " I

think its very difficult to lead today when people are not really truly participating in the decision. You wont be able to attract and retain great people if they dont feel like they are part of the authorship of the strategy and the authorship of the really critical issues. If you dont give people an opportunity to really be engaged, they wont stay" (Vogan, 2006). This statement from Schultz is certainly the wisdom behind the amazing success of Starbucks.

References

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