

The turnaround at sunbeam

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What were Al Dunlap's contributions to financial and public relations embarrassment at Sunbeam that caused investors and the public to question Sunbeam's integrity

Financially, Al Dunlap manipulated sales figures for the third quarter. Sales of electric blankets were unusually high at this time. Sales of grills were also unusually high during the fourth quarter. These financial bungling unfolded the actual state of affairs in Sunbeam.

Al Dunlap's four-step plan impacting financial, personnel, core business, and strategy of Sunbeam had elements of controversy. The changes they brought about were fundamental and drastic. They failed to foresee the long term impact of their actions. They did not cater to the rule that balance is the key to most successes.

As for public relations, Al Dunlap's arrogance that his Mean Business policies were accountable for Sunbeam's turnaround caused investors and the public to question Sunbeam's integrity. Dunlap aired his views that his " Dream team" sees opportunities where others see impossibilities.

Identify ethical issues that Al Dunlap's management team may have created by using a short-run focus on financial performance. What lessons could be learned from the outcome

Al Dunlap's management team performance was flawed from the beginning. They failed to: (1) consider that cost-cutting on a mass scale is counterproductive, (2) realize that cutting down such a huge amount of jobs is actually downsizing business, and (3) categorize core business as profit-making exercise rather than link each product with Sunbeam and sell off those that did not fall within the five categories of the core business.

The lessons that could be learned from the outcome are that one must

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exercise more caution and care in turning around companies. It is all right to cut costs but the manner of executing job cuts and the elimination of unneeded factories and warehouses must be professional and time-oriented. The development of human resources is an important factor in a turnaround. The enthusiasm for turn around must be tempered with accountability and dynamism in the human resource.