

Case 275

Technology, Innovation



Solomon Garber BPL 5100 - Prof. LaManna - Individual Case Study Case# 275

Interboro, once a small manufacturer of scalpels and other surgical equipment, became the world's best-known maker of prosthetic limbs and surgical implants under the leadership of Jack Dodson. The structure of the company, under Dodson, was very unique. As CEO, Dodson would routinely conceive new product ideas, go directly to his R&D department and see the product through from inception to completion. In the following case study analyses, I will analyze what went wrong with Interboro, as well as advise Ms.

Francesca Fortas on the appropriate direction to take the company as she takes over from Mr. Dodson. Interboro's weaknesses under Dodson's leadership were very apparent. For starters, Jack would completely bypass his senior team on new product initiatives and how those products would fit into the broader strategy of the company. From this, we can infer that the company had a very passionate CEO who prided himself on product innovations, while simultaneously neglected other crucial areas necessary for continued success. Marketing was perhaps the company's biggest incompetency.

Soon thereafter, the company lost its innovating edge, one of its major initial strengths. Interboro's external environment started to become a serious threat. Competitors were developing products that went beyond Interboro's patents and designs. The competition within the industry was growing and their products outperformed the incumbents'. Based on my analysis of the company's strengths, weaknesses and external environment, I can confidently say that the company was in dire need of a savior and could no longer operate the way it was.

I have illustrated the situation below: There is a very unique correlation between the company's strengths, weaknesses and external environment. The lack of communication between Jack and his team, a weakness, directly leads to the company falling behind the competition, its external environment. The company's corporate level strategy is in shambles. When the CEO secludes himself from the rest of his team and only focuses on one aspect of business level strategy, product innovation, the company will not operate at full capacity.

Interboro's business level strategy can be summed up in the following quote by its head of production, Frank Tambor: " he didn't have much faith that anyone in the company could come up with ideas, so he didn't really develop the capability. " When analyzing this quote, we can conclude that there was close to zero employee participation in Interboro's day to day operations. My biggest recommendation to Francesca Fortas, the new CEO set to take over the reigns from a deceased Jack Dodson, is to recreate the Jack Dodson model of strong leadership. Francesca must adopt a hybrid model, one that uses Jack's confidence as CEO, and his efficiency to bring new products to market, while also getting employees involved and actually implementing employee suggestions. According to Ernesto Poza, a leading business consultant, making the employees involvement is a hallmark of good business. Making a larger percentage of manager's compensation based on sales and profits is the first strategy that should be adopted. It is easy to institute and drives immediate action and results.

Francesca is not suitable to oversee an entire reorganization of the company, rather, by utilizing her technological skills and business savvy, and adopting

this hybrid model of strong leadership by employee involvement, she will likely champion Interboro into a new era of profitability. It is possible to adopt this hybrid model; it has been done before, most notably by Jack Welch, former CEO of GE. Mr. Welch was going to quit his first engineering position at General Electric because he was dissatisfied with the bureaucratic ways in which the company operated.

He was persuaded to stay and eventually was promoted to VP. He used his new position to simplify the management structure while at the same time vouching to be #1 or #2 in the industries GE participated in. This is precisely what Francesca must accomplish. Simplify the management structure, as opposed to an entire reorganization, while being as aggressive as Mr. Dodson was at getting products to market. The bottom line is that more people need to be involved in the entire operation, from product brainstorming and design to manufacturing and market.