Managing a Company Cultural Shift

Steve first met Jack Sessions at the Leadership Roundtable, a local organization oriented toward providing an opportunity for leaders to interact and support each other. In addition, Jack also recently began attending Steve’s church and morning men’s fellowship. At the last fellowship meeting, he spoke to the group on the challenges of a believing leader of an organization that is undergoing significant change. While he did not talk specifically about his company, everyone was aware of Jack’s new position.

The board of directors of H&L Inc. recently elected to hire Jack as its chief executive officer with one real goal in mind – accelerate company revenue growth through entering new markets. H&L is a mid-sized privately held company with a primary interest in manufacturing replacement parts for road construction equipment. The company has established a strong reputation in this industry by concentrating its resources almost exclusively in this one market. While the industry has grown consistently over the past decade, foreign company competition has taken significant market share from existing domestic manufacturers including H&L. The unique aspect of the Jack’s hiring is that he has built a strong reputation in leading manufacturing companies similar to H&L away from a traditional limited focus into new markets.

Jack faces a real challenge in his new position. One reason for H&L’s loss of market share has been that the company has been operating near physical capacity. Furthermore, as a privately-owned firm, its use of outside financing has been historically very limited. The company’s board prefers not to increase its outstanding debt or raise added equity capital. Historically, H&L has been able to generate positive cash flow because of a well-managed organization and the historic foresight to build its plant and equipment so that it could meet the manufacturing demand from growing sales volume. However, in the past eighteen months, the company has been operating at capacity. Thus, while the expansion into new markets is projected to be very profitable, the required additional physical infrastructure growth needed over the next few years is likely to not only use up the company’s liquidity reserve but also force management to identify other sources of cash savings.

From his experience in managing other companies, Jack is well aware that additional savings can only come through a focus on streamlining the company operations. In terms of personnel, this translates into ‘doing more with less.’ This action will necessitate both a personnel reduction and elimination of the various forms of incentive compensation. The dilemma Jack faces is that H&L has long prided itself as an organization that has extremely low personnel turnover. That stability of employment has been a primary source of high morale among both management and hourly staff. The success that H&L has achieved is evidence of the
effectiveness of the existing personnel philosophy. Jack is aware that this high morale will be key to his success in reorienting the firm. Therefore, he must be perceived as supporting the existing culture while, at the same time, downsizing the management team. He has not faced this dilemma in his previous positions.

Following today’s men’s fellowship meeting, Jack takes Steve aside.

Once Steve and he are alone, he says, “You know the talk I gave to the group on the complexity of being both a believer and a leader. My current position at H&L is taking this complexity to a new level. You have managed your firm for a long time. I would really appreciate our sitting down someday soon to hash out my situation. There is obvious insight that we both have developed through our management training and previous experiences. I really would like to know what specific Biblical insight is available to lead me through the difficult decisions that I must soon make. On the one hand, the board is very clear that they wish to improve the performance of H&L; on the other hand, to conform to that goal, I must alter the culture that has proven itself over a long period of time.”

Steve responds, “As I understand it, you want to know if the Bible provides any perspective in this very difficult leadership issue that you and I don’t already have from our training and previous experiences?”

Jack, “Precisely.”

Steve, “Let me think about this. Let’s get together next Monday for lunch. I really appreciate your asking me. Despite being a believer for a long time, I have not honestly considered scripture as a unique source for my decision making at my company.”

ASSIGNMENT

What scripturally based advice should Steve give to Jack on how to manage the company which needs to undergo significant change?
My Scriptural Research:

Group Scriptural Research:

Decisions / Recommendations:

Primary Scriptural References: