Overseeing a Company Change in Strategy

Dave never anticipated the dilemma he now finds himself in. The Addison Company, a modest size manufacturer, had hired him last year as the chief financial officer. It is a position that Dave, now 43, had always aspired to since he became a CPA shortly out of college. However, this euphoria has been short-lived.

A major rift in the Addison management team has developed due to the controversial company plan implemented last year by Steve Wilson, the firm’s chief executive officer. Dave has so far been able to remain detached from this controversy. He will likely not be able to stay neutral much longer. Steve has organized a management retreat for next weekend to review his strategy for the firm. In the memo, he said that he expects a full participation of all of the team. However, it is well known that he firmly believes that his approach remains the best alternative for rebuilding the company’s competitive position.

Over the past month, the chairman of the company board of directors has been vocal in his disappointment with Addison performance under Steve’s direction. The board had hired Steve last year to revive the lagging success of Addison. Steve had built a reputation around his ability to implement turnaround strategies for companies such as Addison. However, his major weakness is his lack of background in the industry. For the five years prior to his hire, the company’s revenues and earnings had stagnated in an industry where Addison’s competitors were doing very well as evidenced by their financial performance and resulting high stock prices. The strategy Steve made public early after his hire was one based on a narrowing of the company’s product mix and the linked downsizing of the company staff. Early on, investors appeared to approve of this approach. The Addison stock price reached an all-time high. However, in recent weeks, the stock price has settled back to pre-Steve Wilson levels.

The apparent difficulty is that Steve’s strategy has not been fully understood and implemented by the management team. The industry is known to be both mature in that only modest revenue growth is likely and is also cyclical following the general economic cycle. For his strategy to be successful, both the strategic reorientation and employee downsizing had to result in better company performance. Steve’s strategic focus emphasizes operational efficiency. His first objective was to “stop the bleeding” with a general across-the-board cutback in size and costs. Having accomplished most of that goal, Steve was now focusing on the second phase – streamlining the now leaner company. This involved both reducing unneeded overhead and to making the company’s operating units cost-effective. All the management team realized the need for and agreed with the first stage. It was in this second stage that the controversy began. The focus was now on quicker decision making rather than the cumbersome formal meeting orientation the existed before Steve arrived. In contrast to
the previous CEO, he also is a very hands-on manager who involves himself in divisional decision making. All this has resulted in a management team that has thus far not been an active part of the company decision process.

Dave was hired by Steve and feels an allegiance to him. However, he also feels that Steve is making some operational mistakes in attempting this turnaround strategy. With the upcoming likely contentious retreat, he realizes that his input may be critical for a successful outcome. At the extreme, his options are to back his superior or conform to the management group that opposes Steve and appears to have the backing of at least some on the board of directors. What makes matters worse is that Steve is not one open to Dave giving him personal advice.

Pete and Dave have been members of the same Bible study for several years. Over coffee this morning, he says,

“I am really worried. This retreat could be a major factor in directing my career. How should I handle this? You know, we have never searched the Bible for insight into a topic like this. What do you think?”

Somewhat taken back, Pete responds, “I really don’t know. Let’s both take a couple of days and do some Bible research to see what may apply.”

**ASSIGNMENT**

Dave faces a difficult decision in planning for the upcoming management retreat. What scripturally based advice should he focus on in his relationship with Steve in advance of the retreat?
My Scriptural Research:

Group Scriptural Research:

Decisions / Recommendations:

Primary Scriptural References: