

Case Study: Strident Property Services


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ABSTRACT

Alex Jacobs has taken over the family business from his father. The company had grown in size and faced challenges that Alex must overcome for the company to remain a leader in the region. Challenges included working with a management team that was there prior to Alex's arrival, poor customer service, low professionalism, and a divided employee base. His attempts (i.e., identifying problems and informing staff; threats to demote or fire staff) to correct the problems were mostly unsuccessful. The only bright spot was exhibited by Joe Flack, the director of IT, who was able to make successful business decisions with the contacts provided by Alex. Alex needed to act quickly because more and more clients were not resigning contracts with Strident. In fact, the company's portfolio has decreased from over 200 properties to less than 100. Students are challenged to develop workable strategies to overcome some of the problems mentioned in the case, including a strategy for turning the situation around, if possible.

Keywords: Systems Thinking; Motivation; Leadership; Reframing; Team Building; Team Development

INTRODUCTION

 Strident Property Services was a small property management company founded by Bernie Jacobs, located in the suburbs of Baltimore City. The company was started in the early 1990s as a family-run business that consisted of the owner, Bernie Jacobs, four property managers, and three clerks. Strident's mission was "providing outstanding service is our commitment to *our* communities." The company was very successful from the start, primarily due to the huge increase in commercial and residential properties being built in Maryland.

During Bernie Jacobs's tenure, the company was laid back and he was especially flexible with employee work schedules. He felt that if someone had children or some other important obligation that needed attention, it was appropriate to take time away from work to attend to those obligations. He was also lenient with staff attire. While property managers were expected to dress professionally at all times because of frequent client meetings, clerical and administrative staff were allowed to wear jeans and casual shirts to work. Bernie was a people person and made rounds throughout the office daily to chat and give his recognition to the staff's hard work.

The property expansion in the region continued to grow at a rapid pace as did the company. By the early 2000s, the company had over 60 employees, and was divided into four departments: 1) property management (managers), 2) accounting, 3) administrative and clerical, and 4) information technology (IT). With the business expansion was a shift in management at the top. The president of the company was now Alex Jacobs, the son of Bernie, who was given control of the company after graduating with his Bachelor's degree in Business Administration. He was in his early twenties and always had a stern look on his face. He was always business-like and presented himself in a confident and sometimes arrogant manner. Unlike his father, he thought that all employees, regardless of obligation, should be at the office working from 8:30 A.M to 5:00 P.M. He also disliked the dress code established by his father and often expressed his displeasure to individuals who were not in a shirt and tie or business attire. Bernie would now be playing an advisory role in the company that he founded.

KEY EMPLOYEES OF STRIDENT PROPERTY SERVICES

Rebecca Burn was in her mid thirties and was the accounting manager. She was one of the original employees of the company and learned a lot about the property management business while working with Bernie

Jacobs. Bernie always complimented Rebecca on her work and viewed her as a valuable employee. She truly liked this recognition and often commented that it was because of Mr. Jacobs's "trust and recognition for her hard work that made her want to do her best for him and the company." Alex Jacobs, however, did not see her in the same light and the two were often seen arguing or bickering. She felt that he was jealous of her because of her relationship with his father and looked to "nit-pick" everything she did.

Sue Black was in her late fifties and was the director of property management. She was a property manager for over 20 years and was responsible for property manager evaluations, consultations, and any disputes between clients and managers. She was very well respected by Alex Jacobs and he often took Sue with him to meetings with potential clients. Many employees did not care for Sue because they believed she was a (slang) "brown noser" and pushed a significant amount of her work onto the administrative staff.

Marlene Hut was in her late thirties and was the manager of the administrative and clerical department, which consisted of property manager assistants, file clerks, and secretaries. She was originally hired as a property manager assistant and was promoted after a short (roughly one year) time. Marlene was a hard worker, dependable, and well liked throughout the office. She, however, did not care for Sue and often talked about her with her staff. Marlene, on multiple occasions, told her staff "to do Sue's work last because we're not going to do all her work for her."

Joe Flack was in his mid twenties and was the director of IT, the position which he obtained due to his proficient computer skills and his ability to understand the financial software utilized by the business. He was well liked by all parties in the organization and was the only member of the management team that was hired by Alex. Joe liked his job but often communicated with other staff that he was not happy with his compensation. In fact, during a lunch meeting with Rebecca, he said "I've been looking for a new job for a while now. I'm hoping to make more than \$60,000 a year that I presently do." Rebecca attentively listened to him with a smile but was very upset by the information that he made a significantly higher salary than she did. After this discussion, her attitude towards work changed and she started coming in late and leaving early.

THE MEETING

The company was successful when Alex took control; however, Alex Jacobs realized the company was struggling to meet the increasing standards of its growing competition. In a company meeting, he addressed some of the issues he believed were limiting the opportunities of the company:

- "Professionalism is below business standards. You guys are often late and leave work early. Your attire is more appropriate for going out to the bar than it is for a business setting, and there is way, way, way too much socializing and not enough effort being put towards work."
- "This has become a place where cooperation and team work are non-existent. It seems to me that each department is a "clique" and I wonder what it will take to have all of you working together without bickering or so much confrontation."
- He also mentioned that the company's methods were outdated and, as a result, resource intensive. The company utilized paper for all account transactions (property transfers) and needed two full time file clerks to file the paperwork in the appropriate cabinets and folders. The company had two full-time employees who were responsible for opening, sorting, and then posting checks to the appropriate accounts.
- He ended the meeting by saying, "Before this meeting, I got off the phone with Jack Benj (who is on the board and president of Lowes Garden Association, a very large and lucrative client) who told me that he is going to look for another management company because of our declining service. He stated that it takes days to get answers to his questions and that some of our staff was being 'short' with him on the phone. This is unacceptable and now I am doing damage control. I expect you guys to put forth better efforts and start taking pride in your job! If not, you can look for a new one!"

AFTER THE MEETING

Right after the meeting, Alex asked Joe to see him in his office.

I have been in contact with Condo Certification LLC and they have said they are ready to have us as clients. Jack Hand is the president; I want you to contact him tomorrow and begin to work something out. We have already discussed the costs of using them, so I want you to hammer out the details of getting it done. Remember, I want us to have the ability to do all account transfers electronically and I want it done by the end of next month. You think you can do this? I have also been in contact with Jamie Shaper from Midland Bank; she has informed me that they are offering electronic banking, including homeowner check depositing and automatic withdrawals, at no cost. I want this to become a reality and this should be your number one priority. I want this done as soon as possible.

Approximately two months after the meeting, Alex was extremely happy with Joe Flack. Joe was able to get a contract with a software company that would handle all payoff and property transfer requests electronically. This significantly lowered the cost and storage space for paper. Joe was also able to set up electronic banking and payment acceptance with the local bank, which charged no fee for the service as long as the association's reserve funds were handled by the bank. This cut back on mail processing and was a "good sales pitch" [according to Alex] for potential clients.

Alex was not happy with the other members of the management team. The team met at least once a month; however, there was little to no discussion between members of the team, but mainly consisted of Alex asking questions while a particular member would answer. Alex grew frustrated with the group and became increasingly condescending toward the team and often threatened them with demotions if change was not seen more rapidly. He demanded that they "work harder" and "show results."

DECLINE IN THE COMPANY'S BUSINESS PORTFOLIO

Approximately five months after the meeting, Alex, in a closed door meeting with Joe, asked, "Why is no one else in this company responding to my challenges? How do I turn this company around?"

These questions were eating at Alex because the number of company clients was drastically shrinking. What started out as over 200 clients became less than 100. Sue was taking significantly more calls from clients that the property managers were not "doing their jobs." Contractors that had worked with Strident for years began to seek work with other property management firms because their bills were being consistently paid late.

Alex sat in his office alone, long into the night that cold December evening, wondering if it was at all possible to turn around the once thriving business that his father had started.

EPILOGUE

Strident Property Services, under the leadership of Alex Jacobs, continued to decline. By the mid to late 2000s, the company had less than 50 clients and a majority of the staff, including the management team, was no longer employed at Strident. In 2009, Alex, with the consent of Bernie, sold the company to an out-of-state management company. As part of the purchase agreement, Alex remained with the purchasing company as a regional president.

DISCLAIMER

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Authors' views are based on their own professional judgments. The names of the organization, individuals and location have been disguised to preserve the organization's request for anonymity.

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TEACHING NOTES

Strident Property Services

Teaching Suggestions

This is a decision case that can be used in undergraduate and graduate courses in organizational behavior, human resource management, or specialized elective courses focusing on leadership or power and influence.

Learning Objectives:

This case is best used and directed through the suggested Case Questions. After review and analysis, students should be able to:

1. Develop a relevant systems model to explain the problems in the case.
2. Apply a motivational theory to explain the ineffective performance of the key players at Strident.
3. Use a relevant leadership framework to assess Alex's performance as manager/leader at Strident.
4. Explain the value of reframing and describe how it might be effectively applied to improve a work situation.
5. Choose a relevant model of team development and apply it to the team turmoil described in the Strident case.

Research Method

This is a disguised case based on actual events of field data observed by the authors. Both the names and venue have been changed to protect the anonymity of the case players.

Case Questions and Answers

1. Give examples in the case of how Strident deviated from its mission to "provide outstanding service to *our* communities." Explain, using a systems thinking model, how losing focus on Strident's mission caused a decline in business. (Learning Objective 1)

A powerful explanatory systems model can be found in Scholtes (2004). The SIPOC model is an elaboration on Dr. Deming's famous systems diagram that he taught to the Japanese in 1948. SIPOC is an acronym for Suppliers, Input, Process, Output, Customers. Workers at Strident are the suppliers in this model and it was up to Alex to shape the appropriate processes in order for his workforce to deliver exemplary services to his customers. We know that under Bernie, workers were performing at a higher level. Morale in the workplace was low with Alex's ascension to power. He has not clarified his expectations for employees with respect to business attire or work hours or for anything else with any clarity. Employees were still working under older workplace procedures established by Alex's father, Bernie. Employees had little or no input into problem-solving or continuous improvements.

Socializing (this is a process as an aspect of company culture) was a part of the company culture at Strident, but culture was allowed to deviate from providing excellence in customer service; it is characterized as involving bickering and infighting. Poor quality service to customers is illustrated by the negative feedback received from an important customer, Jack Benj. The SIPOC places a significant emphasis on the customer. In fact, Scholtes indicated that "customers must be the focal point of everything a system does" (pg. 72). This is because the customers drive the purpose of the company. Strident's purpose, as originally stated, was to "provide outstanding service to our communities." Because this laser-like focus on mission was deflected over time, Strident was no

longer sufficiently attentive to customer needs. Problems with the company continued because Strident was not providing the outputs that customers wanted or needed.

In order to correct this, Alex should work to help his employees see their work as it connects to the larger system. He needs to clarify crystal clear roles, goals, and expectations as they directly relate to his strategic intent for Strident. Instead of yelling at his employees during meetings, he should clarify the customer needs and the consequences of not having their needs met. By taking this approach, Alex would essentially present the same information in a more positive and process-oriented fashion, as opposed to the demeaning and negative approach he has taken.

In all likelihood, a significant reason for the company's declining performance over time can be attributed to the economy and competitiveness. In such times, loose standards and lack of rigor regarding goals, roles, and expectations by management, as well as a lack of focus on motivation and recognition, will come into the picture as causes for declining employee performance and satisfaction.

2. Choose an appropriate theory to evaluate Alex Jacobs's attempt to motivate his employees. Which approach best describes why Joe Flack was successful while other members of the management team were unsuccessful in achieving high levels of performance? (Learning Objective 2)

An appropriate theory of motivation that lends itself to explaining the behavior observed in the case is goal setting theory (Latham, 2009). In this case, it might be argued that Joe Flack was one of the clearest examples of a good employee in Alex's eyes because he was the only employee given a task that was quantifiable and achievable. Joe Flack was given specific hard goals - "I want us to have the ability to do all account transfers electronically and I want it done by the end of next month...this should be your number one priority." Joe knew exactly what he needed to do to be considered successful in Alex's eyes.

Goals that Alex Jacobs discussed with the other employees were to "work together without bickering" and "put forth better efforts and start taking pride in your job." These goals are not specific. These vague goals lead to everyone interpreting the goals differently. For example, one employee might work a little longer while another might not take as long at lunch. These goals also cannot be measured; how does one tell whether an employee is putting *more* effort or taking *more* pride in their job - what is *more* compared to?

Latham (2009) suggests the High Performance Cycle framework (Figure 1) can be used to understand why employees are or are not motivated.

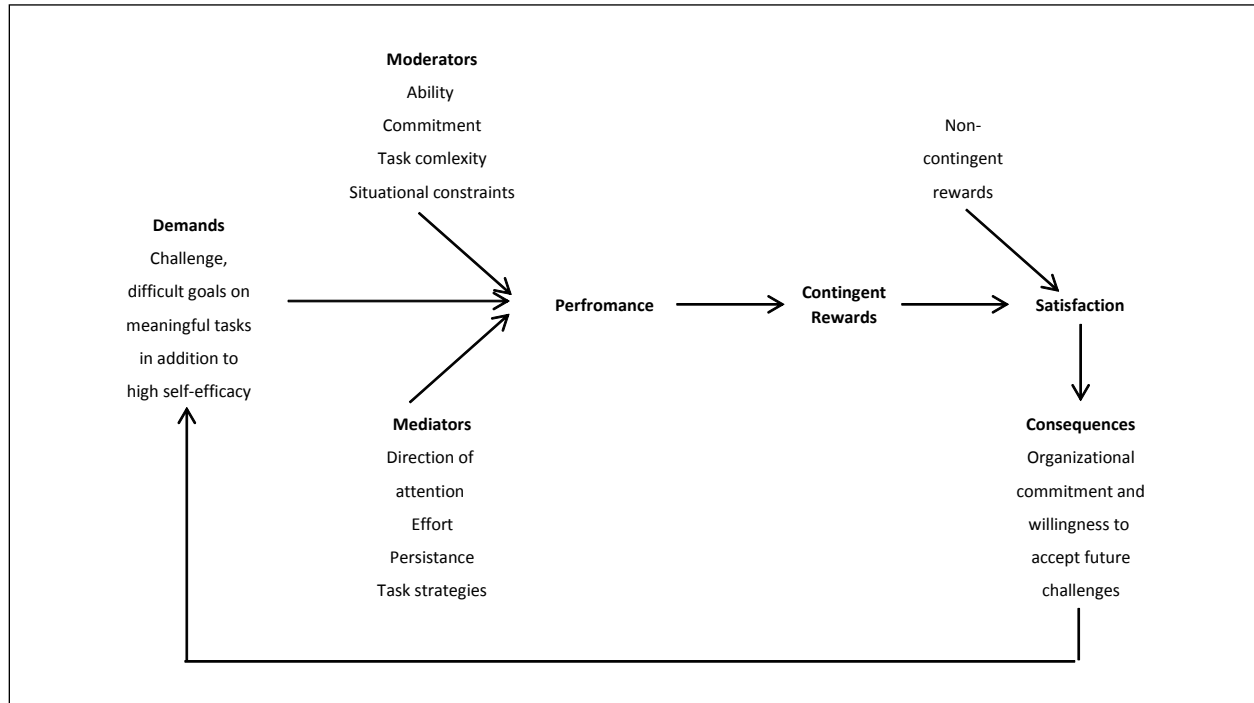


Figure 1: High Performance Cycle (from Latham, 2009, p. 170)

There are four categories to evaluate: 1) Demands, 2) Moderators, 3) Rewards, and 4) Attitudes. Since it has already been suggested that Joe was successful, we will evaluate the other employees referenced in the case (Table 1).

Table 1: Tabular format depicting Questions to ask in Developing the High Performance cycle (After Latham, 2009)

Model Component	Questions
Demands	<ol style="list-style-type: none"> 1. Do people have specific difficult goals? 2. Are the tasks “drudgery” or growth facilitating? 3. Do people have the confidence so that they can attain the goals set (self-efficacy; i.e., the belief one has in their ability to perform a specific task)? <p>Alex would not be able to answer yes to the questions under this category. There were no specific difficult goals, no growth facilitating tasks, and no high levels of confidence evinced by employees.</p>
Moderators	<ol style="list-style-type: none"> 1. Have people been trained adequately? Do they have the ability to perform the task required of them? 2. Are they committed to goal attainment? 3. Do they receive feedback on goal progress? 4. Do they have the resources to attain their goal or are there situational constraints? <p>Employees have the proper training since the case references their long tenure with the company and previous success with Bernie. However, it appears that both commitment and feedback toward progress is lacking. It is not clear whether there were sufficient resources to attain goals even if they were set.</p>
Rewards	<ol style="list-style-type: none"> 1. Are they rewarded for their accomplishments - either intrinsically or extrinsically? 2. Alex abolished some flexible benefits (valued by employees) that were established by Bernie and had been with the company for many years. Recognition, one of the least used and most power motivators available to managers, was prevalent under Bernie’s leadership but vanished with Alex’s ascendancy as president.

Attitudes	1. Are they committed to their organization’s effectiveness? 2. Are they willing to accept future challenges? Many of the employees were not happy with the direction Alex was taking the company. It seemed very unlikely that employees were committed.
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If Alex reflected on his performance as a leader, using the methods outlined in Latham’s chapter, he would realize that he needed to do a better job specifying the goals he would like each employee to achieve. Furthermore, it is essential to reward his employees for meeting these goals. Employees are motivated by both extrinsic rewards - bonuses, casual Friday’s, family-friendly work environment, etc. Furthermore, employees are motivated intrinsically through the sense of meaningfulness or importance of the purpose of their job, sense of choice on how to accomplish their work, sense of competence in the way they are handling their work, and a sense of progress toward a common goal. As a leader, Alex needs to realize that he can make relatively easy changes to his approach to managing to significantly enhance both the intrinsic and extrinsic rewards available to his employees.

3. Evaluate Alex Jacobs’s role as a leader using a Leadership Framework. (Learning Objective 3)

Clawson (2012) developed an approach to leadership called Level 3 Leadership. This means effectively understanding and guiding performance at Level 1 (behavioral), Level 2 (conscious thinking), and Level 3 (Values, Assumptions, Beliefs, and Expectations – VABEs). Underlying Level 3 leadership is a concept known as the Leadership Point of View (LPV) consisting of three elements:

- seeing what needs to be done
- understanding ALL the underlying forces at play in a situation
- having the courage to initiate action to make things better (Clawson, 2012, pg. 5)

Alex Jacobs did have some insight into the problems at Strident. For example, he believed that professionalism, effort, and service were below standards. However, in most cases (except for perhaps Joe in IT), he didn’t have the insight to know what should be done to correct the problems. This is an example of knowing what the problems are but lacking the conceptual understanding on how to solve them and/or how to get employees to buy into the new and improved way of doing things.

Alex Jacobs lacked an understanding of all the underlying forces at play in the company’s decline. While he did have an understanding of some, he failed to identify others that were important. These include the VABEs of his employees and the culture of the company. The employees clearly valued a work life balance, assumed their employer would be understanding toward personal obligations, and expected to leave work as needed to take care of their personal obligations. Under Bernie’s management, the culture of the company was very liberal considering time at work and therefore conducive to the employees’ VABEs. Alex’s attitude toward leaving work early (for any reason) was in direct contradiction to the company culture, shared VABEs (norm). Although he probably understood, at some level, that eliminating employee flexibility regarding workplace rules would be received unfavorably, he had not considered the potential ramifications of disrupting employee culture.

Upon examination of the second aspect of the LPV approach, one might argue that Alex did have the courage to make things better. He had a meeting and addressed some of the issues that he thought were holding the company back. He tried to consistently address performance (behavioral) issues with his employees (arguably using an ineffectual process) to make a change. However, he lacked strategic insight (Clawson, 2012); that is, knowing what to do (technical skills) and how to do it, given an expert understanding of your organization’s distinctive competence as well as the competitive landscape. Like many new managers, Alex was quite adept at identifying workplace problems but lacked insight into what should be done. This observation may be related to the third step of the LPV model - Alex may have lacked courage to do the necessary things that make a difference.

4. While Rebecca Burn had a great relationship with Bernie Jacobs, her new relationship with Alex is contentious. What steps could Rebecca take to reframe the relationship using ideas from Bolman and Deal (2008) with her new manager, Alex Jacobs? (Learning Objective 4)

Bolman and Deal (2008) argue that in order to be effective, managers must deliberately force themselves to view the same situation from different mental models or frames. This allows one to reap the benefits available from insights garnered by looking at the world differently.

Rebecca can begin to reframe the situation from a structural perspective. Reframing from this perspective means clarifying goals and establishing the proper roles and responsibilities for the various members in the organization. In the past, because of her close and good working relationship with Bernie, Rebecca had the ear of top management. With Alex as her new manager, it is important for Rebecca to not overstep her authority simply because of what she had been able to do in the past. Showing greater respect toward Alex and understanding the new dynamic will allow Rebecca to establish better trust between the two and may ultimately lead to a better working relationship. The more Rebecca goes to Alex first, the less likely that Alex will think Rebecca is trying to undermine his efforts to reform the company.

Another reframing approach that Rebecca can use to begin to improve her relationship with Alex is the political frame. Reframing politically means better managing conflict and establishing key ties with leadership of the company. In the current dynamic, Alex had a distrust of Rebecca due to the good relationship she had with Bernie. One way Rebecca could politically reframe the situation and improve the relationship was by impressing upon Alex the strengths she brings to the job. Specifically, if Rebecca showed how her strengths were complementary to the vision of the company that Alex had explicated, she might have become more valuable to Alex. In this case, Alex would be expected to try and salvage the relationship. By showing that she was willing to go along with some of the changes that Alex has proposed, Rebecca would be demonstrating a willingness to give Alex's ideas a chance. This would, in turn, likely soften the rhetoric and division between Alex and Rebecca.

5. Describe why the management team was unsuccessful using any approach developed for understanding teams. (Learning Objective 5)

Lencioni (2003) proposed a five-stage model of team development, which, at its base, involves the establishment of vulnerability-based trust. He argued that based on his experience consulting with Fortune 100 companies, few leaders make teamwork a reality in their organizations; in fact, they often end up creating environments where political infighting and department silos are the norm. Alex should decide whether or not it is strategically appropriate to run his organization with a team focus. If he truly wants his group to be a team, he must be willing to relinquish some control and give his team the power to police themselves. If he wants to continue having absolute control over his employees as he does now, he may not want a team at all, but instead have a system of interacting work groups with him serving as the integrating mechanism. What follows, using Lencioni's approach, is why there was a lack of effective teamwork at Strident.

Amongst members of the management team, there was not a unified focus in pursuit of key performance indicators (Lencioni, 2003). There were instances where Marlene actively told her subordinates to hold off on Sue's work because she thought Sue was taking advantage of the department. Rebecca and Alex did not trust each other, which was evident by their constant bickering and communications with other staff. They needed to have a collective orientation toward results in a working group (team) to be successful. This was a significant reason why the group was not working as a cohesive team toward the goal of turning the company around.

Alex's management team had a lack of commitment (Lencioni, 2003) largely due to the fact that the meetings contained no debate between members, but were more questions and answers between Alex and the other members. He also gave little incentive for other members to voice their opinions because he became increasingly condescending; thus, the dynamic was created that found employees more interested in protecting themselves from ridicule and embarrassment than committing to a plan. Alex should have showed his employees that he truly cared about them so that their commitment would be renewed in Strident and in Alex, addressing their implicit VABE of the need to be respected. He should have acknowledged each person's ideas and contributions in management meetings and treated each contribution with respect before he talked about his own ideas. He also should have recognized that someone else may have a better idea than his. This would renew his group's commitment to the team and to him as a leader because they would feel as though they were contributing to a team that could benefit from their input and a leader that valued their contributions.

In addition to an absence of vulnerability-based trust and lack of commitment, the management group, especially Alex, did not focus on measurable outcomes. What was really the goal of the management group? One might argue that an important goal was to improve the topics that were discussed in the meeting. With the use of appropriate metrics, one cannot determine whether or not the team was improving. A very important measurable outcome could have been the number of associations retained. A similar metric might identify whether their clients were receiving the type of service they were expecting. As mentioned previously, a lack of specific hard goals and accountability hindered team and organizational improvement.