

## ESMT Case Study

# Leadership styles

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### **Vignette 1: Fire alarm in Bucharest**

An engineer from the Bucharest office of a global company describes a recently experienced situation.

We were sitting at an extraordinary staff meeting in a windowless office in our company's building in Bucharest. Almost all of the Romanian office people were invited to listen to a big boss from Munich. One could clearly see that our local managers were trying to do everything possible to leave a positive impression with the guest from headquarters. Our local top brass people were smiling and nodding all the time when the visitor spoke, and the Romanian general manager was even taking notes on his tablet computer, something that he never does. The visitor from Munich was talking about the responsibility each of us had for cutting costs. Suddenly the meeting room went completely dark and a fire alarm sounded. Everyone stayed sitting at their places, waiting for instructions. The visitor from Munich went silent, but our local bosses for some reason were silent too. Finally someone from the audience lost patience and shouted: "For how much longer are we going to sit here? Do you want to burn here? It's time to get out." People jumped from their seats and started making their way to the exit. They were stepping on each other's feet and bumping against the furniture. When we were finally out of the building it became clear that a fire had started in one of office's electric rooms, and firefighters were already handling it. Luckily, nobody was injured.

When the situation cleared, the engineer found himself thinking about the behavior of the managers in this situation:

This case study was prepared by Konstantin Korotov of ESMT European School of Management and Technology. Sole responsibility for the content rests with the author. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.

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Since this incident, I have often thought about why our managers remained silent when the fire alarm went off. Usually they have no problem giving orders or telling us how to do things. This time, however, they were quiet and indecisive. Could it be that the presence of the higher-ranking boss from Munich had an impact on their behavior?

## **Vignette 2: “Michael is an excellent analyst. It’s time for him to become a manager”**

Michael heads a team of analysts in the mergers and acquisitions department of a large company. He joined the company 11 years ago after graduating from university. During those years he has earned a reputation as an intelligent and reliable professional who always completes tasks to the highest quality and whose reports can always be trusted. After becoming the head of the analytic team he continued to strengthen his reputation as a reliable employee.

Michael’s team often has urgent and unexpected tasks. When an acquisition target is identified, all the analysis needs to be completed quickly, as competitors often consider the same firms to be acquired and, therefore, support for quick decisions is needed. In such emergency-like situations the analysts, including Michael, often work around the clock.

Following the tradition of working to the highest possible standard, Michael always double-checks the calculations made by his team before passing them onto the management. In difficult cases he runs models and calculations himself.

Michael has a couple of team members whom he considers to be the most reliable workers, and whom he trusts with the major tasks. Recently one such employee broke her leg and had to stay in hospital. Michael considered passing this colleague’s work on to one of the recently hired analysts but decided against it. He chose to do the work of the sick colleague himself, as explaining to the newcomer what he wanted from him would have taken too much time and the result wouldn’t be guaranteed anyway.

Michael recently received the results of a 360-degree assessment mandatory for all managers of his level in his company. Among the qualitative comments that respondents could leave in the process of the assessment he found the following ones:

- Michael is an excellent analyst. It’s time for him to become a manager.
- Michael is constantly on the run. He is always busy. He never finds time to sit down with me and explain what he wants.
- Michael distributes work unevenly. Some people are overloaded while others often sit idle.
- It is high time Michael stopped doing what he likes most, namely models and calculations.

Michael's boss has already told him that he needs to delegate more and find time to participate in cross-functional projects. However, Michael believes that if he does not get personally involved in every task the work quality will suffer.

### **Vignette 3: Conflicts in Prague**

Two managers engage in a dialogue over coffee in a conference room minutes before a weekly management meeting at the London headquarters of a major European company.

- A: I often see you coming to the meeting with a suitcase. Are you travelling again?
- B: Yeah. I have a car booked for the airport at six. There is a conflict again between our production manager and the commercial manager in Prague. I need to go there to mediate their conflict and help them work together. They are like a cat and a dog with each other.
- A: Why not fire both instead, and hire adults who know how to work with other people? It's ridiculous that they can't resolve their issues without involving you. Do you really have the time and energy to chaperon them and keep them from killing each other?
- B: They are good guys. They've just been through too much stress recently. The last several months were very tough. We have just started gaining new orders and attracting competitors' clients. Unfortunately, one of our key suppliers in the Czech Republic went bankrupt. As a result, commercial people sell, but production falls behind due to delays with the supply of components. People work round the clock, and we exercise a lot of pressure on them from here in London, demanding quick results. Sometimes we put too much pressure on them. I think right now we need to show them some support, as they can't take further demands and threats from us.
- A: If you don't threaten them, you'll get no results from these people.
- B: I have analyzed the situation and I understand that they are doing their best, that they know their problems and ways of handling them, and that they are on the right track. They just need a bit of time to get out of the rut. It is important to me to make sure that they don't kill each other right now. I have large hopes for the Czech Republic next year. It's my job to take some time now to help them overcome their low points.

### **Vignette 4: Training lessons that didn't work**

A husband who returned home from work later than promised, tells his annoyed wife at dinner about his experience at work that day:

Just yesterday I was telling you that they had put all of us through a training session where they taught us that managers needed to use a variety of styles depending on the

followers and the situation. I decided to try it in practice today. They told us that if a manager wanted to gain people's buy-in and increase their sense of responsibility for the outcomes he or she needed to put them together, ask for advice, allow for a difference in opinions, run a discussion, and so on and so forth.

We are just facing this topic of the optimization of our supplier relationships. So at the end of today's management meeting I decided to raise it. I thought people could use their brains, feel that we are all in the same boat and show their joint commitment. So I start talking and see immediately that the head of purchasing is getting rather nervous. I guess he thought that this issue should have been discussed with him first. It's ok that he is nervous, as long as other people talk, I thought. And other people do start talking. The head of supply chain management jumped in immediately. He's that kind of a guy - he has an opinion on every topic. Then the head of production joined in, bringing a couple of reasonable points to the table. He recommended a new potential supplier, and the arguments sounded very interesting.

Unfortunately, my boss, the division senior vice president, hates that company. There is some issue that goes back in history, and all I know is that just mentioning that company's name would drive my boss crazy. Under no circumstance would he let us use that supplier. My people don't know that, and I can't tell them so.

Meanwhile, my people are getting very excited. The head of purchasing overcomes his nervousness and joins the discussion, and he is also excited about this potential supplier. People got so engaged that they even failed to notice that we were far beyond the workday limits. Only the HR manager was sitting there with a bored faced, constantly looking at her watch, and the head of accounting was playing with her phone. At the end I had to stop all the excitement and simply say that they shouldn't dream about that new supplier and that we would return to the topic at the next meeting. People's enthusiasm died immediately and they all left quickly.

I'm sitting here now and thinking that if I hadn't listened to the advice of those trainers, I would have come home in time for dinner tonight.

## **Vignette 5: Attracting R&D talent**

Helen, senior VP of human resources at BioFuture, a Basel-headquartered life sciences giant corporation, sat thinking about engaging regional heads of HR in a new employer branding campaign and long-needed efforts of promoting the company and its brand among students and graduates of Biology and Biochemistry programs at universities in various countries. With the growth and diversification of the company's product lines, it has become necessary for BioFuture to invest heavily in proprietary research. With the recently announced increase in R&D efforts and the decentralization of the R&D function with an emphasis on creating centers of excellence in various regions of the world, the company has faced significant talent shortage in many of its countries of operation.

In some parts of the world the few existing experienced R&D professionals were approaching retirement age, while the talented ones among university graduates were choosing different companies to work for or academic research careers. Almost each young scientist at BioFuture's

operations in Asia, Latin America, or Eastern Europe was a valuable resource that was treated as a treasure. An analysis of work preferences of young scientists had shown that their motivation and expectations were significantly different from other categories of employees at BioFuture. Unlike the commercial staff, production personnel, or corporate functions, people in those regions were, as internal research showed, primarily interested in stable jobs with good pay. Young R&D candidates expressed preferences for the freedom of organizing their work, the ability to interact with the academic community beyond BioFuture (which was a big problem for the secretive commercial people), and having a say in the direction of R&D activities undertaken by the company. Many survey respondents said that it would be important for them to know that they were working on ethical research topics, and that their own work at BioFuture could contribute to their subsequent employability in the academic world.

Helen knew that it would be difficult for regional HR organizations to recruit and hire the necessary R&D talent. Traditional recruitment and selection approaches that still worked well for the production and commercial sides of the business - and that local HR managers knew well - wouldn't work for young scientists. The HR group at headquarters developed job description templates, compensation package guidelines for various countries and regions of operations, and general recommendations for developing relationships with key universities. Helen was very proud of this work done by her team in Basel. Now it was time for the HR functions in various countries to understand the importance of the new efforts and accept the recommendations and guidelines prepared by the central HR. Helen also knew that the local HR heads would need the full support of their direct bosses - country level general managers, all of whom grew from the commercial or production parts of the organization.

## **Vignette 6: Developing employees**

Margarita firmly believes that any manager should be evaluated by his or her ability to grow and develop subordinates. One of her direct reports, Nicholas, is a great example of a return on investment made by the boss. Margarita singled out Nicholas from his early days of employment in her department. Nicholas was always ready to take responsibility, asked for additional assignments, and sought advice on professional literature for further development. Margarita started to expand the circle of Nicholas's professional responsibilities. At times she would establish the deadlines for the completion of tasks delegated to Nicholas a bit before their actual due time in order to fix potential problems, if any arose. A couple of times she had to spend long hours with Nicholas reworking the reports and presentations prepared by him and exploring ways of correcting the mistakes made.

Once she asked Nicholas to take her place and present at an important meeting. Margarita had to live with her own boss' commentaries that half an hour could have been saved during the meeting had the presentation been done by Margarita herself, and not an inexperienced young person. Margarita took the time to explain to the boss why she wanted to give Nicholas a chance and that his first-time presentation was good enough for the circumstances. Of course, she had

to handle a pretty tough post-mortem discussion with Nicholas after that presentation grilling him over every point that could have been done better. A month later, however, she put him in the presenter position once again. This time there were no negative comments from her boss.

Margarita can't help comparing Nicholas with another employee of hers, Eugene. She tried to expand Eugene's circle of responsibilities, but always heard back from him how busy he was and why it was impossible for him to take on additional tasks. With any criticism, Eugene would immediately become defensive and find a thousand external reasons rationalizing why he couldn't do things differently. Eugene completes standard tasks with due quality, but he is not ready to go an extra mile for anything that goes beyond his job description. He tries not to stay at work a minute longer than the standard hours, because in the evening he is busy in the regional chapter of one of the political parties. Sometimes Margarita hears stories about the pro-bono projects Eugene is busy with as part of his political party activities. Her rage overwhelms her when she thinks that this apparently talented and energetic young man doesn't want to use her support and achieve more at his workplace.