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HBR CASE STUDY

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How should the CEO  
respond to his top  
manager's tantrum?

## Bob's Meltdown

by Nicholas G. Carr

*Your best manager just lost his cool and humiliated a colleague in public. Now what?*

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# Bob's Meltdown

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**Annette Innella, Vice President, Knowledge Management:** It was the most humiliating experience of my life. I knew Bob Dunn didn't see eye-to-eye with me, but I would never have imagined he'd attack me the way he did. I felt completely exposed and violated. Even now, nearly two days later, I'm angry and upset—I can hardly concentrate on my job.

The morning had actually started off quite well. Alex Brigham, one of the most respected consultants on knowledge management, had flown in from San Francisco to meet with me and go over our situation here at Concord Machines. It was an extremely productive meeting—Alex was surfacing all sorts of out-of-the-box ideas—and we decided to continue it over lunch. We had just come into the company cafeteria when out of nowhere someone starts yelling. At first, I had no idea what was going on. Then I realized that it was Bob Dunn—he was at a table by the door, just a

few feet from me—and that it was me he was screaming at. I was stunned, speechless. I just stood there while he went on and on, ranting about how I didn't know anything and how I was wrecking the company. It was very personal. Then he stood up and threw his lunch tray against the wall and stormed out, passing within a foot or two of me. I was scared. I sincerely thought he might do something physical.

Needless to say, I couldn't eat after that. Alex kindly escorted me out of the cafeteria and back to my office. The rest of the day is a blur. At some point after Alex left for the airport, Nathan Singer, the head of HR, came by and talked with me for a long time, and then Jay Nguyen, our CEO, called me from Toronto, where he was attending a conference. But to be honest, I can't really remember much of what either Nathan or Jay said. Obviously, though, they were both extremely upset by Bob's outburst.

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*HBR's cases, which are fictional, present common managerial dilemmas and offer concrete solutions from experts.*

I knew when I started here six months ago that I'd have a tough time. Concord Machines is an old-line manufacturer that's very set in its ways. They don't really understand that we're in a fundamentally new economy now and that a company's knowledge is its greatest competitive asset. Everyone here is still locked in their business and functional silos; there's no cross-unit teaming, no sharing. Jay told me he wanted me to shake things up, and that's what I've been trying to do. The Friday before this happened, Jay had okayed my proposal to establish a knowledge management committee—the Knowledge Protocols Group—that would bring together the best and the brightest from every unit to create a strategy and set an example for the rest of the company. I guess that's what set Bob off. He must have viewed it as an encroachment on his turf—his precious little Services Division.

I've come to believe that there are two types of people in business: the constructive and the destructive. Destructive people can succeed for a while if they're smart and competent and energetic, but in the end they'll do far more harm than good to an organization. I sensed from the start that Bob Dunn was a destructive person, and now I'm sure of it. He may be an important part of Concord Machines' past, but he's certainly not part of its future. I don't think Jay has any choice at this point but to let him go. I know I can't stay if he stays.

**Robert Dunn, Senior Vice President and General Manager, Services:** I'm not making any excuses—what I did was totally unacceptable—but you have to understand I'd been under a heck of a lot of pressure. We were two weeks into the fourth quarter, the company was behind budget on both revenue and income, and so of course everyone was looking to Services to make up the shortfall. They still call Concord Machines a manufacturer, but it doesn't make money on product sales anymore. All of our margin and most of our growth are coming from service contracts and spare parts sales—thanks to me and my people. Three years ago, when they put me in charge of the unit, we barely even had a services business; it was an afterthought. I cleaned the organization out and rebuilt it from scratch. I overhauled all our processes, brought in and trained a cracker-jack sales force, expanded successfully into

Europe and Asia. This year, Services will bring in nearly half of the company's revenue and virtually all of its profit. Hell, Services is Concord Machines.

At the start of the quarter, Jay called me into his office and laid it on the line. He told me, first, that I was going to have to beat my revenue target and, second, that a hiring freeze had been put into effect and, third, that they were going to take a quarter million out of my marketing budget. So I was in a vise, as usual. But I didn't whine about it. I just said, "Okay, I'll get it done." First thing I had to do was clear: rally the troops. I hopped on a plane, and I did the circuit—London, Paris, and Munich; then Taiwan and Singapore; and around to Phoenix and Dallas. I got home, and before I'd even had a chance to kiss the wife, the guys in London call me back. A big client in Glasgow is wavering about signing a contract extension, and they need me to help clinch the deal. Fine. I take the next flight. Then, while I'm in Scotland, I get a hysterical message from my wife. Our son, Gregg, has been in a car accident. Everyone's fine, but my car—a new Explorer—is totaled, and Gregg's been arrested for driving under the influence and possession of alcohol as a minor. It's a nightmare. When I finally get back, last Friday night, I have to deal with that. I'm the last person to use my personal life to make excuses for my job, but face it: Stress is stress. I'm human like everybody else.

Then comes the last straw. I get into the office Monday morning at seven, and I've got an e-mail from Annette Innella—this woman that Jay brought in six months ago to be in charge of "knowledge management," whatever the hell that means—saying that she's launching something called a Knowledge Protocols Group. And, get this, she wants each department head to assign two of their "most talented lieutenants" (that's a direct quote) to this KPG team. She says that they should be freed up enough from their operating duties to devote at least half their time to KPG. I nearly threw my computer through the window. I mean, they're squeezing my division to save the company's butt, and then they throw this nonsense at us. Give me a break.

So when Annette came into the lunchroom with another of her high-priced consultants and gave me that patronizing little smile of

*So when Annette came into the lunchroom with another of her high-priced consultants and gave me that patronizing little smile of hers, I just lost it.*

hers, I just lost it. I mean, she knows nothing about this business. She's a waste of space—a corporate black hole. I really have no idea why Jay hired her in the first place. It was a huge mistake. So, yeah, I'm sorry for blowing up; it was a truly stupid move. But I'm carrying this company on my back, and that has to count for something.

**Nathan Singer, Senior Vice President, Human Resources:** We have a set of values in this company that we spent a lot of time creating, and I take those values very seriously. One of our values is entitled "Respect." This is what it says: "We value the unique and diverse talents of our coworkers, and we treat them at all times with respect and consideration." Say whatever you want about Annette—I personally think she's a breath of fresh air around here—but one thing is crystal clear. Bob Dunn acted in a way that was totally inconsistent with our company values. Screaming at a colleague in public and acting in a violent and threatening manner is outside the bounds of acceptable workplace behavior. If Bob is allowed to get away with this, it will undermine our values completely. I mean, who is going to take them seriously if he gets away with just a slap on the wrist?

Frankly, Bob Dunn has never taken this company's culture seriously. He wasn't on-board when we developed our mission and values, and I'd go so far as to say he treated the entire process with contempt. Of course, that's typical for Bob. He runs Services like it's his own private kingdom, like it's separate from the rest of the company. He routinely ignores or even insults the other executives here, particularly those in corporate roles like myself. He hasn't even returned my calls about this incident. He's just not a team player, and as Jay has made clear on many occasions, everyone in this company is part of the team. I know Bob gets results, but results aren't the only thing that matters. Bob's a dinosaur, when you get down to it, and though I'd like to give him the benefit of the doubt, it wouldn't surprise me if one of the reasons he attacked Annette is because she's a woman. I think he feels threatened.

**Paula Chancellor, Graphics Specialist:** I was sitting in the cafeteria eating a salad when Bob Dunn came in and sat down at my table. We all love Bob. He's gruff and has a temper, but he's a great guy. I mean, no other

big shot at this company would even think about sitting down and having lunch with me—I'm just the anonymous person who cranks out their PowerPoint slides. Bob, though, makes it a point to know your name and to always ask how you're doing.

Anyway, I could tell he was in a bad mood that day. We said hi to each other, and then we just ate our lunches quietly. I was flipping through a magazine, kind of in my own world. Then all hell breaks loose. I hear Bob say, really loud, "You've got to be kidding me, right?" I look up, and at first I think he might be yelling at me—his face is bright red, he's really steaming, and I'm thinking, "What the heck did I do?"—and then I realize he's talking to that new knowledge management person. Her name's Annette, I think. There was a big memo about her when she joined.

Anyway, Annette—she's with this other guy I'd never seen before, with these trendy little glasses—she stops and just glares at Bob. "Excuse me?" she says. "Are you talking to me?" She is just totally shocked.

"This knowledge group thing," Bob says. "That has to be the stupidest idea I've ever heard in my life. It's totally nuts. Do you have any clue what we do here? Have you looked at the numbers at all? You're going to screw up my whole damn operation when we can least afford it. You know what? You don't know the first thing about this company." Then he gets up and basically throws his lunch tray at the garbage can. There's food and trash all over the floor. He stomps out the door, and Annette's just standing there, in complete disbelief. It was crazy. People have been talking about it ever since. Everybody's wondering what Jay's going to do.

**Jay Nguyen, President and CEO:** What a mess. Bob Dunn's the best manager I have. Hands down, the best. He understands the business, he works tirelessly, and he gets his people to do unbelievable things. His people adore him, in fact—at least, those that have had the stamina to stick with him. This company would fall apart in five minutes without Bob. I know it, and he knows it.

But screaming at a colleague in the cafeteria? Throwing your tray? That's too much. I don't know where you draw the line, but that's definitely over it. The ironic thing is, I was probably just as angry about Annette's memo as Bob was. I hadn't given her a green

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light on setting up that group; I had just said it looked like a promising idea. And even that was an exaggeration—the last thing we need right now is for people to take their eyes off the bottom line. Now I'm really in a box. If I ask Annette to postpone the initiative, it'll look like I'm sanctioning Bob's behavior. And that's a message I can't send. Heck, I'd probably end up getting sued or something.

I brought Annette in because I was convinced that the company needed some fresh thinking. And I'm still convinced that's true. Our products are commodities at this point; we have to keep cutting manufacturing costs just to stay even. Bob's unit is making all the money, but that's eventually going to start flattening out, no matter how good a manager Bob is. We've got good people here, but we're not capturing their ideas. We need new products, new services, new strategies. I have

my doubts about Annette—I'm not sure she fully understands the realities of the business we're in. But I have no doubt about the need to tap into our people's knowledge. No doubt at all.

I just don't know what to do. In some ways, I even feel I'm a little to blame here. I've been pushing Bob relentlessly. He's always seemed to thrive on pressure—the more work you give him, the more he wants. But maybe I went too far. Everybody has a breaking point.

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