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### **Erik Peterson Case Study Analysis**

#### *Introduction*

Cellular Communication Services, Inc (CelluComm) is a major cellular telephone provider, licensed for cellular telephone services in major metropolitan areas such as Tampa, Florida and Sacramento, California. Founded by Ric Jenkins, CelluComm was started as a small provider of cellular telephone services in California and quickly grew to one of the top twenty providers in the industry. During expansion, CelluComm was initially able to win some of the major metropolitan licenses, however they were unsuccessful in gaining any rural licenses. The rural licenses were auctioned to small entrepreneurs in 1989 in order to promote competition between local businesses and the local telephone companies, which were typically operated by the Bell system. CelluComm was eventually successful in buying into twelve rural license markets, nine of which were currently operational and three were still in the pre-operating stages of development.

Green Mountain Cellular Telephone Company (GMCT) was one of the rural licensees bought into by CelluComm. GMCT was still in the pre-operating stages of development and was intended to service approximately 400,000 customers in the area from Dartmouth College in Hanover, New Hampshire (where GMCT's offices were located) through the Burlington, Vermont market. GMCT was in existence legally for one and a half years prior to being bought into by CelluComm.

## *The Central Problem Facing Green Mountain Cellular Telephone*

The main problem that has been plaguing GMCT since its acquisition by CelluComm is the fact that the project is severely behind schedule. There are several key issues that have been causing the delay, namely personnel issues and equipment purchase delays.

One of the first problems identified is the fact that both GMCT and CelluComm are having issues with the staff hired and the lines of communication. For instance, the newly hired General Manager of GMCT, Erik Peterson, does not report directly to the president of CelluComm, Ric Jenkins, rather he reports to the Director of Budgets and Plans, Jeff Hardy. Hardy has no prior experience in operations and is not able to offer advice to Peterson when it is needed. The Chief Engineer for the GMCT project, Curt Andrews, also has no cellular telephone startup experience, thus he is not properly planning for equipment and supply orders.

Another problem being faced by GMCT is the fact that they are not generally allowed to make decisions on their own, rather they must clear all proposals with the CelluComm corporate office prior to proceeding. This was especially true when it came to hiring the contractor to construct the cellular towers. CelluComm had hired a company based in Oklahoma to perform the actual construction. It was clear to Peterson, when he began to work for GMCT that the outside contractor was not going to work out, due to the fact that construction was already behind schedule and he had received several complaints from local residents regarding the contractor's tree cutting on privately owned properties.

The last major problem facing GMCT is the fact that their parent company, CelluComm, is making decisions based on what has worked in the past in major metropolitan markets but not adapting their views to fit other markets. A good example of this can be seen with CelluComm and how they are handling the budgeting aspects of the GMCT project. Peterson

was planning on offering GMCT's product as tools to improve communication between and within the various public departments of target communities, such as giving cellular phone equipment to fire and police departments of the towns where cellular towers were to be constructed.

### *Possible solutions*

One possible solution to alleviate the problems within GMCT and CelluComm would be to have CelluComm rework GMCT's entire organization into something that would work better for CelluComm as a company. This could include hiring an outside consultant to come in and analyze how GMCT is doing business and how things could be done better, or it could include a complete rebuilding of GMCT's structure from the ground up. This would most likely be a very costly solution to the problem, it may not guarantee success, and it could also lead to a negative image of GMCT and CelluComm in the local media. Since GMCT is a new cellular telephone provider, great care has to be taken when it comes to the public image of a new company. If there is a negative image of the company from the start, potential customer may not buy into the company's concept and end up using a competitor for their services.

Another possible solution to alleviate this problem would be to replace Chief Engineer Curtis Andrews with a more proven chief engineer who has a track record of keeping construction projects progressing within established timelines. In order to hire a new Chief Engineer, CelluComm would need to be willing to offer a salary that would be attractive to engineers in the area of Hanover, New Hampshire. The only potential problem could be finding a qualified candidate who was able to understand cellular technology at the salary being offered.

It is clear that the issue in most need of addressing within GMCT and their parent company, CelluComm, is that of communication and who is authorized to make certain decisions. Both communication and lines of decision making are both extremely important within any organization and without one, the other can't effectively be had. Currently the chain of communication within GMCT and between GMCT and CelluComm are not the most clear or appropriate. For example, as mentioned in the case for Erik Peterson, as well as in the Central Problem section of this analysis, GMCT General Manager Erik Peterson is reporting to the Director of Budgets and Planning at CelluComm as opposed to directly reporting to CelluComm's President. The case points out an example of the cellular system startup in Sacramento not meeting CelluComm President Ric Jenkins' expectations. In order to solve this problem, Jenkins opted to hire a new manager for the project and to have that manager report directly to him.

The first step in solving this problem would be to have the General Manager of GMCT report directly to the President of CelluComm. This would be beneficial for both GMCT and CelluComm since communications between the two entities would be direct as opposed to going through several channels before being passed on to the appropriate parties involved. Because the Director of Budget and Plans has no experience in operations, he ends up being unable to offer pertinent advice toward the start up of GMCT's operations. CelluComm President has proven track record of taking charge and making sure his subsidiaries meet his expectations as well as the expectations of the areas in which they are located. Having a direct line of communication to the President of the company would provide invaluable advice to GMCT's general manager with regards to what could be done to improve operations within the GMCT subsidiary.

Once the lines of communication are established, the next step would be to assign decision-making authority to the appropriate parties. Currently, most major decisions are being made by CelluComm with little or no input being considered by GMCT. In order to improve decision making, it is recommended that both CelluComm and GMCT work together in order to follow the Rational decision making process. According to page 37 in the book *Essentials of Organizational Behavior* by Stephen P. Robinson and Timothy A. Judge, the six steps to the Rational Decision Making Model are as follows:

1. Define the problem.
2. Identify the decision criteria.
3. Allocate weights to the criteria.
4. Develop the alternatives.
5. Evaluate the alternatives.
6. Select the best alternative.

CelluComm seems as though they are making decisions prior to taking in all relevant information and considering solutions that are outside their normal operating procedures. By implementing the Rational Decision Making Model and involving GMCT with the decision making process, both companies will be better prepared to move forward in future construction.

Lastly, GMCT would most likely benefit from hiring a person who specializes in employee relations in order to handle issues that pertain to the individuals themselves as opposed to the company's start up timeline. Having somebody within the company handle employee issues would greatly alleviate employee relations pressures placed upon GMCT President Erik Peterson so that he is able to focus on more pressing matters regarding the start up operations.

By implementing the above recommendations, GMCT will place themselves in a much better position in which to reach their start up goal dates.

## REFERENCES

Judge, T. A., & Robbins, S. P. (2009). *Essentials of Organizational Behavior (10th Edition)*. Alexandria, VA: Prentice Hall.