

# A Day in the Life of an Account Executive

From reading the chapter, we know that a manager's job is varied and complex. Even first-line managers deal with a variety of internal and external situations and individuals. At an advertising agency, the typical workday for an account executive encompasses many managerial functions, roles, and skills. The following is a description of a typical day for Jeff Tremaine, who is an account executive at the Creative Solutions Agency in Cincinnati.

8:30 a.m.	Arrive and organize work for the day.
9:00	Call client and discuss ongoing work.
9:15	Meet with account supervisor to discuss meetings for the day.
9:45	Meet with media department to discuss final revisions in media plan booklets.
11:00	Check with print production manager to see first proof of magazine ad. Discuss modifications to be made by typesetter before showing to client.
11:30	Talk on phone to client. Write memo to financial department about problem in client invoices.
12:00 p.m.	Lunch—at desk. Read latest issue of <i>Advertising Age</i> .
1:00	Talk on phone to radio station representative about merchandising opportunities for client to go along with upcoming media buy.
1:30	Call client to finalize time for meeting the next day.
1:45	Meet with research team to work on preparation of rationale for next year's creative strategy.
3:00	Meet with creative team to review their ideas for a new TV commercial in the present campaign.
4:30	Back in office to work on report recommending client use cable TV.
5:45	Informal meeting with account supervisor and other account executives.
6:15	Make sure papers are ready for tomorrow's meeting with client.
6:30	Go home.

## QUESTIONS

1. Analyze Jeff's activities using Mintzberg's framework.
2. Which of the management skills does Jeff seem to use? How can you tell?
3. Do you think Jeff uses his time well? Explain.
4. What, if anything, do you think Jeff should do differently? Why?

Source: Based on Stephen A. Stumpf, *Choosing a Career in Business* (New York: Simon & Schuster, 1984), p. 127.

## The Queen of Planning for the King of Rock'n'Roll

Contrary to reports in the *National Enquirer*, the legendary king of rock'n'roll is not alive and wowing audiences in a smoky lounge in East Lansing, Michigan. But Elvis's image is still very much alive. And very profitable, thanks to Priscilla Presley!

Now in her twelfth year as chair of Elvis Presley Enterprises (EPE), Priscilla has built an organization that is responsible for making Elvis Presley one of the highest-grossing entertainers ever known. Today the Presley estate is estimated to be worth more than \$100 million, more than twenty times what the estate was worth when Elvis died in 1977. She has taken her deceased ex-husband's image and turned it into a dynamic and closely held family business.

EPE employs around 250 people, with another 250 who work at Graceland, Elvis's Memphis home and tourist attraction during the height of the summer tourist season. The company has three divisions: Graceland; the licensing division that licenses Elvis's name and polices the use of his image; and the music-publishing group that, in conjunction with RCA, oversees the rerelease of most of the approximately 750 songs that Elvis recorded.

The centerpiece of EPE is Graceland, a twenty-three-room Georgian mansion in Memphis, Tennessee where Elvis made his home for the last twenty years of his life. An average of 680,000 guests visit Graceland each year, making it the fourth most-visited house (the White House, Hearst Castle in San Simeon, California, and the Biltmore estate in Asheville, North Carolina, are numbers 1 through 3). Graceland includes not only the mansion, but eight gift shops, the Heartbreak Hotel restaurant, Rockabilly's Diner, an ice cream parlor, a post office (with a Graceland postmark and Elvis stamps, of course), a movie theatre that shows a short film on Elvis's career, and two museums that house Elvis's car collection, his two private jets, and other personal memorabilia. Annual revenues from Graceland are estimated at around \$15 million.

Controlling the Elvis image is of utmost importance to Priscilla since that image is the only "product" that EPE has to sell. From a business perspective that means the company has to be imaginative about making sure his name retains value over the long term and is not overexposed. Priscilla says that one of her most important jobs is overseeing EPE's annual planning process, during which the management team decides which TV shows, videos, and records will be released, and where. She and company CEO Jack Soden have big dreams for EPE. One idea they are tossing around is rebuilding the plaza where the Graceland shops now sit with a convention center, a four-star hotel, and a theatre that would re-create the feel of an Elvis concert. Future plans also include the possibility of a rock-and-roll museum.

With Priscilla's guidance, whatever direction EPE plans to go, the company will undoubtedly find a way to keep the King's name alive!

### QUESTIONS

1. Do you think planning has contributed to the success of Elvis Presley Enterprises? Explain.
2. How could the different types of planning be used in an organization such as EPE?
3. Which contingency planning factors do you think might affect EPE's annual planning? Why?



# Transforming Tata

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Ratan Tata, the 56-year-old chairman of India's largest business group, Tata, wants to transform his widespread conglomerate into a modern global competitor. However, to do so he must pull together forty-six diverse companies that manufacture a wide range of merchandise from steel to tea.

It won't be an easy task for the \$5-billion Tata group. Currently, there is no single management structure to coordinate the empire, and many senior executives run their companies like fiefdoms. These corporate decision makers have operated their companies quite autonomously with little interference or guidance from the home office and with minimal cooperation among themselves. However, with Tata's push to become more of a global force, they may have to change their way of doing business. In addition, becoming globally competitive means Tata will no longer be able to continue paternalistic gestures they once did, such as supplying wells, medical care, and power plants for entire Indian villages where their manufacturing plants are located.

At Tata headquarters in Bombay, Ratan has decided to restructure and streamline the company by focusing on a few key industries and selling off businesses that don't logically fit into those industries. Ratan's vision encompasses becoming a world leader in passenger cars, software design and service, and consulting. To implement this vision, Tata companies that are part of the few core industries already have formed joint partnerships and strategic alliances with a number of well-known global corporate entities including AT&T, Mercedes-Benz, Silicon Graphics, and IBM, to name a few.

As India attempts to make a successful passage into the world economy, Ratan Tata and his Tata group hope to lead the way. However, they still have many tough decisions ahead of them.

## CASE APPLICATION

### QUESTIONS

1. What types of decision problem and decision is Ratan Tata facing? How do you know?
2. In making decisions about the future direction his company should take, what type of decision style would seem to be most appropriate for Ratan Tata? Explain your choice.
3. With such an independent, autonomous group of senior executives in the Tata empire, could group decision making be effective and efficient? Why or why not? What would you recommend?

Source: Pete Engardio and Shekhar Hattangadi, "India's Mr. Business," *Business Week*, April 18, 1994, pp. 100-01.



## Teaching an Old Dog New Tricks—A Success Story from Eastern Europe

In Keckskemet, Hungary, at the Petofi Printing & Packaging Company, employees are learning what it takes to compete in a global economy. And it's not doing things the way they've always been done in the past. Eastern European companies have discovered that the shoddy merchandise they've traditionally produced won't sell in a global marketplace that's extremely demanding about product quality standards. What it took to get employees at the Petofi plant to produce work output at the new levels of quality provides an eye-opening lesson in organizational behavior.

Petofi Printing & Packaging Company manufactures cardboard boxes, wrappers, and other types of containers. Only a few years ago, Petofi's production line employees saw nothing unusual about drinking alcoholic beverages at work throughout the workday. In fact, managers would open the schnapps in the morning and usually by 11 o'clock, according to one source, "everyone was in the bag." It's no wonder that product quality was so pitiful! Flies would buzz in through open windows and get stuck in the paint on the cardboard. Containers were delivered to customers in the wrong colors and sizes. If a customer provided a sample box to use as a prototype model for an order, employees would make something similar to it, but there was no concerted effort to precisely meet the customer's specifications. Workers had high absenteeism rates, and managers stressed "no wasting of materials" even if it meant shipping out junk products. So how did this company turn itself around to the point where it's won awards from the World Packaging Association and achieved quality levels that meet the highest global standards?

The first thing that happened at Petofi was that new top managers were brought in to lead the company. Then, with \$35 million in additional cash inflows provided by various investors, new, state-of-the-art production equipment was installed. The company now has forty new machines, including computer-controlled laser equipment to make prototypes, offset printers, computerized color analyzers, ultraviolet varnishing, and cameras to check for printing imperfections. However, operating this sophisticated equipment requires a sober workforce that takes pride in producing a quality product. And this has been the hardest change for Petofi.

The workforce was whipped into shape by a combination of inducements and threats. The new managers offered workers huge incentives to improve their performance—a 40 percent pay raise (to an average of \$600 a month), year-end bonuses, and better working conditions. They also brought in customers to the shop floor and took employees to trade shows to teach them about the importance of quality. If workers still didn't get the quality message, managers reminded them. If a customer rejected a product shipment, the mistake was traced back to the workers responsible and their wages were docked. If a worker was caught drinking alcohol on the job, a third of his or her monthly salary was deducted. And if an offense was serious enough, the worker was fired, which is a strong deterrent in a city with double-digit unemployment. Needless to say, because workers wanted to keep their jobs and perform them well, only a few of them have actually been disciplined.

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The tactics have worked. Most of Petofi's products are now exported. Some of its customers include such well-known transnationals as Unilever NV of the Netherlands, Sara Lee Corporation's Douwe Egberts unit of Budapest, and General Electric Company and Philip Morris Companies of the United States. Apparently, old "dogs" can be taught new tricks but it takes a real understanding of employee behavior to make it work.

## QUESTIONS

1. What do you think caused the original sloppy behavior described at Petofi?
2. How have Petofi's managers used the process of shaping behavior?
3. Can you see any use of social learning theory in this case? Discuss.
4. Would you expect employees to exhibit higher or lower job satisfaction after the changes than before?

Source: Based on Dana Milbank, "East Europe's Industry Is Raising Its Quality and Taking on West," *Wall Street Journal*, September 21, 1994, pp. A1+.



## **Teams on the Assembly Line— One Company's Experience**

Teams and teamwork are increasingly being used in numerous U.S. and other global organizations. Square D is a major U.S. manufacturer of electrical equipment that's chosen to use employee teams. At its Lexington, Kentucky plant, teams were introduced in 1988 to help improve quality, speed customer orders, and increase productivity. What's been their experience with this approach?

Every day begins with a team meeting. The 800 employees are divided into twenty- to thirty-person self-managed teams. Each team operates like its own little factory within the factory. Team members control their own work and can make decisions without having to check with management first. The employee teams are fully responsible for their own products, from start to finish. One employee describes what a team member's role is like: "Now, if I see something that I'm not satisfied with, I stop the line. Used to be, you didn't. Whatever your boss told you, you did it. But if I don't like it, I'll stop the line."

The decision by Square D managers to introduce teams wasn't made lightly. Management realized that employees would need training in order to effectively convert from a system where workers did narrow, specialized tasks on an assembly line and never saw the finished product they were working on, to being on a team that was fully responsible for its own products from start to finish. Part of that training has included exercises to help employees learn *how* to work as part of a team, learn to solve problems, learn how to handle new technology, and learn how to service customers better. The Lexington plant continues to spend 4 percent of its payroll on employee training.

So has the switch to employee teams worked? The results at Lexington are impressive. Employees no longer have to wait for maintenance personnel when equipment breaks down. They've been trained in maintenance and can fix their own machines. Employees exhibit pride in their work and greater commitment to doing a good job. And management is pleased with the 75 percent reduction in the product reject rate and the ability to process customer orders in an average of 3 days versus six weeks under the old system.

## QUESTIONS

1. Why do you think employees need to be trained to work effectively on teams?
2. What characteristics of effective teams can you see in this Square D example?
3. Not all efforts to introduce teams are successful. Is there anything in the Square D example to suggest why this program is doing so well?

Source: "Assembly Line Teams Are Better Trained and More Efficient," *ABC News World News Tonight*, February 24, 1993.



# The IRS Designs a New Approach

What's your image of the Internal Revenue Service? Do you see it as another one of those cumbersome, inefficient, and standardized do-it-only-by-the-book federal bureaucracies? Well, would you believe the IRS is trying to become less fierce, more understanding, and more flexible in dealing with taxpayers' problem situations?

For some U.S. taxpayers, dealing with the IRS and all its rules and regulations has turned into a real nightmare. Those are the people who owe tax dollars they just don't have. In the past, the IRS's strategy for dealing with these desperate taxpayers has been pretty uniform—harass them even if they couldn't afford to pay. There was no flexibility or attempts to work out a reasonable compromise that would be satisfactory to both parties. However, that approach is about to change. The new strategy is designed to make the IRS more forgiving and more willing to compromise.

The person in charge of IRS collections, Phil Brand, began to notice in the early 1990s with the corporate layoffs and economic recession that sending out demands and threats for money, and tow trucks for hauling off cars of delinquent taxpayers couldn't bring in money that just wasn't there. He says, "We began to look for a long-term solution as opposed to just the immediate solution of pay everything you owe right now, today." That's when the IRS began to change its approach with a program that's been buried in the tax code for years. The program is called an Offer in Compromise. It allows taxpayers who want to pay but who have few assets, to settle with the IRS by paying a part of what they owe if they prove they can't pay their total tax bill. The IRS says such an approach can make good economic sense even by writing off these uncollectible debts and settling for what they can get. For instance, the owner of a Memphis restaurant owed thousands of dollars in back taxes that he couldn't pay. He negotiated an Offer in Compromise with the IRS that allowed him to keep his restaurant open, kept the staff employed, kept him earning a living, and gave him the ability to pay future taxes.

However, the "new" approach of the IRS hasn't been easy to implement. IRS administrators admit that the bureaucracy is slow to change. Some field offices have been more open to change than others. Some IRS field agents, long dedicated to collecting every penny, are reluctant to write off thousands of dollars in tax dollars owed, even it helps both the government and the taxpayer.

## QUESTIONS

1. Would you characterize the IRS with its new approach as more of a mechanistic or organic structure? Support your choice.
2. Describe what you think brought about the change in the IRS's approach to delinquent taxpayers.
3. How is organizational culture affecting the implementation of the change in the IRS?

Source: "IRS Collection Methods," ABC World News Tonight, April 14, 1994.

