**The Paradoxical Twins:**

**Acme and Omega Electronics**

**John F. Veiga**

**Part – I**

*In 1955, Technological Products of Erie, Pennsylvania was bought out by a Cleveland manufacturer. The Cleveland firm had no interest in the* ***electronics division of Technological Products*** *and subsequently sold to different investors two plants that* ***manufactured printed circuit boards****. One of the plants, located in nearby* ***Waterford, Pennsylvania, was renamed Acme Electronics****, and the other plant, within the city limits* ***of Erie, was renamed Omega Electronics****, Inc.* ***Acme retained its original management and upgraded its general manager to president****. Omega hired* ***a new president, who had been a director of a large electronics research laboratory****, and* ***upgraded several of the existing personnel within the plant.***

*Acme and Omega often* ***competed for the same contracts****. As subcontractors, both firms benefited from the electronics boom of the early 1960s and both* ***looked forwarded to future growth and expansi****on.* ***Acme had annual sales of $10 million and employed 550 people****.* ***Omega had annual sales of $8 million and employed 480 people.******Acme was consistently more effective than Omega*** *and regularly* ***achieved greater net profits****, much to the chagrin of Omega’s management.*

**Inside Acme**

The president of Acme, **John Tyler**, credited his firm’s greater effectiveness to **his managers’ abilities** to run a “tight ship”. He explained that he had retained the **basic structure developed by Technological Products** because it was most **efficient for high-volume manufacture of printed circuits and their subsequent ass**embly. Tyler was confident that had the **demand not been so great, its competitor would not have survived**. “In fact”, he said, “we have been **able to beat Omega regularly for the most profitable contracts, thereby increasing our profits**”. Acme’s basic organization structure is shown in **Exhibit 1.** **People were generally satisfied with their work at Acme**; however, some of **the managers voiced the desire to have a little more latitude in their jobs**.( PROMOTION CULTURE) One manager characterized the president as a **“one-man band**”. He said, “While I respect john’s ability, there are times when I wish I had a **little more information about what is going on**”.

President

Vice President Marketing

Controller

Vice President

Operations

Vice President

Personnel

Plant manager

Production

Industrial Engineering

Mechanical Engineering

Electrical Engineering

Drafting

Purchasing

Shipping & Quality Control

**Inside Omega**

Omega’s president, **Jim Rawls**, did not believe in **organization charts**. He felt that his organization had departments similar to Acme’s, but he thought the **plant was small enough that things such as organization charts just put** artificial barriers **between specialists who should be working together**. **Written memos were not allowed,** since, as Jim expressed it, “the plant is small enough that if people want to communicate, they can just drop by and talk things over”. (COMMUNICATION MANAGER ROLE) Other members of **Omega complained that too much time was wasted** “filling in” **people who could not contribute to the problem solving.(RECRUITMENT OF RIGHT SKILLS)** As the head of the **mechanical engineering** department expressed it, “**Jim spends too much of his time and mine making sure everyone understands what we’re doing and listening to suggestions**”. A newer member of the **industrial engineering department** said, “When I first got here**, I wasn’t sure what I was supposed to do**.(ROLES AND RESPONSIBILITES ARE NOT CLEAR) One day I worked with some mechanical engineers and the next day I helped the shipping department design some packing cartons. The first months on the job were hectic, but at least I got a real feel for what makes Omega tick”. **Most decisions of any significance were made by the management team ( NO TRANSPERANCY)** at Omega.