Kharazmi University

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Case Study:

Warner Cable

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Course:

Human Resource Management

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Abstract

Warner Cable Company was one of the companies that was formed in the cable TV industry and along the way it has been accompanied by problems and ups and downs. The company was well-known and leading in its industry and was run by James Gray.

As one of the sub-groups of this company, the Medford Group faced many problems that required detailed planning in the human resources department with a systematic approach. The problems of this group, from the low morale of the employees to their low performance, had caused much dissatisfaction from the customers. Although this group had the largest market share in its field of work, due to the lack of job promotion and the right manager, it had many problems that seemed unsolvable until the arrival of the new vice president McKinnon.

Bruce McKinnon, who was born in Boston and the only child of a military family, graduated from Harvard University with a degree in management and had caused a lot of dissatisfaction in the Medford complex with his dry work style.

McKinnon paid attention to outside the organization to hire the top ranks of the organization, and most of those he hired were former colleagues or residents of Boston. The same issue had intensified the dissatisfaction, but due to the lack of a proper education system in Medford to train efficient managers, these decisions seemed inevitable. Bruce McKinnon also greatly improved the company's performance by increasing supervision and restructuring the lines, sometimes by force, although he always had opponents.

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1- An overview of the problem

The cable TV industry was born in the 50s and was not very important until the 70s, when it became very prosperous, and many companies and stakeholders were unable to reach a common solution for providing cable TV services, including installation and maintenance, and after-sales services. They were helpless. In the 70s, this industry flourished and different companies were established or grew one after the other. In the 80's the industry declined and many wanted lower prices. Companies also competed for broadcasting rights, videotapes, and the number of subscribers.

Warner Cable Company was one of the companies in the field of providing cable TV services under the management of James Gray. At the beginning of its establishment, the company was associated with good profitability, but after a few years, it faced challenges that caused this profitability to fluctuate. However, new laws had been passed in the United States, by which the price increase limit had been removed, and this matter helped to increase the company's profitability. The headquarters of the company was located in the city of Columbus, Ohio, and the metropolitan area was located in the city of Bluebell, Pennsylvania.

In the early days, the company was known as one of the leading companies. By 1983, the company was losing $100 million a year. Warner Cable was facing problems both at the operational and management level and had acquired the franchise rights for several metropolitan areas such as Pittsburgh and Milwaukee, but with new contracts, the number of channels in Milwaukee was reduced and the Pittsburgh system was sold. Although 100 million dollars were invested in this system, the company was able to get rid of these unprofitable assets and pay off its debt of 750 million dollars.

In 1984, according to the new laws and the increase in prices, the company got a good profit, and with 1.3 million subscribers, it was the sixth in the country. With the purchase of American Express shares in 1986, permission was obtained to grow the business through investment.

Share	Number of special channels	Main subscribers	1985 System
43%	47888	66575	Akron
46.4%	59177	65515	Columbus
54.3%	59784	64374	Medford
57.7%	26392	55209	Canton
56%	22403	48511	Bakersfield
85.1%	17884	40075	Fort Walton
91.9%	6544	32481	Altoona
64.1%	24836	32427	Hampton
Share	**Number of special channels**	**Main subscribers**	**1988 System**
49.9%	65297	79090	Akron
52.3%	65287	78420	Columbus
57.3%	95596	76710	Medford
33.5%	150944	72944	Brooklyn/Queens
59.8%	37601	61008	Canton
58.3%	65297	54542	Bakersfield

Figure 1- Comparison of Warner's non-metropolitan systems in 1985 and 1988

1-1- Medford Group

Medford group included 4 sectors:

1. Business sector including financial processes and data processing
2. Customer service department including telephone operators
3. The sales department includes direct sales and telephone sales
4. The technical operations department includes installation, maintenance, and construction of MDUs (multiple residential oases such as apartments), a warehouse, and a converted store.

Most of the installation work was done by contractors.

Four other divisions reported directly to the headquarters in Columbus, Ohio:

1. Sales and advertising
2. Project management
3. Social Affairs
4. Marketing

2- Questions raised

In this section, the questions raised about this case mining are raised and analyzed.

1. What was the reason for McKinnon's work style and the use of force?
2. In general, how was Bruce McKinnon's personality?
3. What was the origin of the formation of such a character?
4. From the point of view of human resources, what were the problems in the Medford complex?

3- Analysis

The problems of the Medford complex can be classified into several groups:

1. Staff problems

For example, low work morale, dissatisfaction with wages, theft of equipment

2. Customer problems

It is the dissatisfaction of customers.

3. Medford system problems

For example, lack of training system and low job promotion. These problems require interactive planning (systematic approach) considering the effect of other problems as well as enough time to reduce functional and system gaps.

In summary, the changes MacKinnon made are as follows:

1. Increased monitoring
2. Changing the recruitment system
3. Reconstruction of lines
4. Reward and penalty system
5. Increasing the level of wages
6. Assigning cross tasks

Some of the results were good and some were bad:

1. Increasing profitability
2. The institutionalization of the concept of quality
3. Increasing job turnover
4. Increasing dissatisfaction and feelings of bullying

1987	1986	1985	1984	1983	1982	1981	year
132475	118697	118502	113127	113017	104476	104276	The number of subscribed houses
74043	68448	64347	61747	59345	41748	48597	Main subscribers
89296	71263	59784	55563	44427	-----	-----	Number of special channels
24621$	16679$	17184$	13745$	11783$	9369$	7734$	Revenue
11079$	8253$	7371$	4967$	5239$	4058$	3455%	Net operating profit
45%	42%	43%	36%	44%	53%	45%	Profit as a percentage of revenue

Figure 3- Seven-year comparison of the Medford group

It can be seen that McKinnon's system has less fluctuating profitability, indicating the institutionalization of a specific program in the form. This profit is also consistent with the average profitability of the industry.

To solve the problems, interactive programming is suggested as follows.

1- Disorganization Formulation

- Low morale
- Theft
- Low salary level
- Low job promotion
- customer dissatisfaction
- Customer dissatisfaction
- Theft of equipment
- salary
- Profit
- Working style of managers

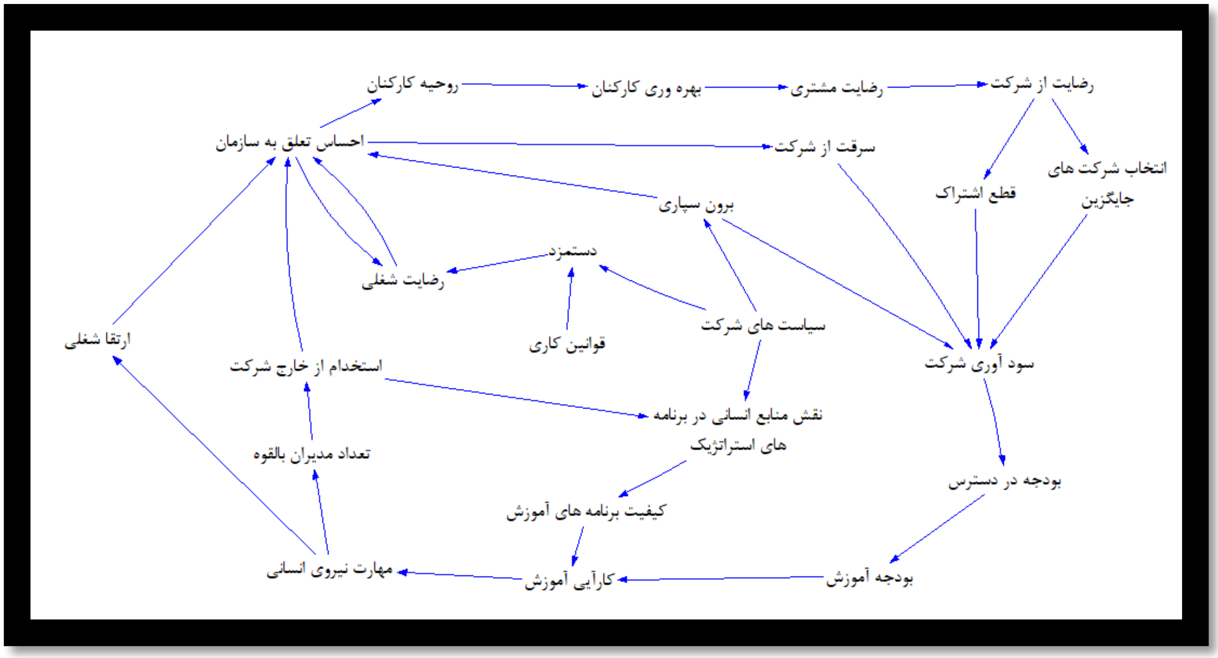

Figure 4 – Feedback loop of Medford problems

2- Planning goals

- Having the right human resources (potential managers)
- Increasing commitment and job satisfaction
- Increase revenues and stabilize it
- Increase customer satisfaction
- Reducing customer debts

3- Tool planning

- Increasing importance of human resources
- Training and evaluation
- Recruitment planning and forecasting
- Quality and cost evaluation of outsourcing

4- Resource planning

Company's retained earnings

Knowledge of contractors

Experienced managers

Consulting companies:

- Centers Of Expertise
- Corporate

5- Planning and execution

In this step, it is necessary to evaluate the pre-planned and post-implementation measures to solve the problems according to the gaps, needs, goals, and tools to evaluate their effectiveness and reduce deviations.