Leadership in organizations and projects, IY2511, fall 2012, MBA part time

# B. Group assignment 1: “The role of leadership when it comes to an organization’s success”

*Readings: DuBrin chapters 5-10.*

*This is a group assignment. Discuss the assignment within your group folder, and write your analysis down by using relevant concepts from chapters 5-10 in DuBrin. (You are of course allowed to use previous chapters if you find them relevant for your analysis.) The recommended number of pages is 4-5. Don’t forget to make correct references to the sources you use! If you are uncertain of reference techniques, see* [*http://tuba.bth.se/lo/reference/index.asp*](http://tuba.bth.se/lo/reference/index.asp)*. Before you start to work with the assignment you should also take a look at this tutorial, which concerns plagiarism issues:* [*http://www.bi.hik.se/Refero\_eng/1intro.php*](http://www.bi.hik.se/Refero_eng/1intro.php)

*For this assignment we use an extended version of the Leadership Case Problem B, pages 344-345, in DuBrin (pages may vary depending on which edition you have, but the text is also available below). Please note that the questions are not the same as in the book: the ones below are the ones that are to be worked with.*

*Choose one person within the group who will be responsible to submit your assignment. Name your file according to your group number and assignment number (example: ‘groupXassignmentY’). Don’t forget to also have your group number, assignment number and names of the members that have been active contributors, within the file. Submit the assignment by clicking on “Submit answer” and attach the file.*

*Deadline: 12th of October 2012*

*Good Luck!*

## Sparking Innovation at Gap

When Robert Fisher was the interim CEO of Gap Inc., he said that the apparel retailer needed to make faster decisions and cut through the bureaucracy if it hoped to hire and retain creative talent to turn the company around. Fisher also said the San Francisco company had relied too heavily on customer research and focus groups, which he said provide helpful feedback but can’t forecast what Gap should produce next.

“Designers need to be in a position where they can think creatively,” said Fisher, a Gap director since 1990, and chairman since 2004. “We almost tried to institutionalize creativity.” He said that the problem wasn’t apparent until he took over as interim CEO in January 2007. Fisher reiterated that he didn’t intent to be a candidate for the permanent CEO job, declining to explain why. “This is a board decision,” he said. “I’m working really hard to fix this business as much as I can” (Wall Street Journal, March 6, 2007, p. B2).

Fisher had to address the high turnover in key positions that plagued the 3,100-store company during 2006 under previous CEO Paul Pressler. Fisher said he would examine whether the company has too many management layers at headquarters. He also said the retailer would return more decision-making power to leaders of the Gap, Old Navy, and Banana Republic brands. “We’ve become too bureaucratic and overly analytical,” he said. “That’s not appealing to the people in merchandising and design” (Wall Street Journal, March 6, 2007, p B2).

Fisher also has to grapple with long-standing problems at the brands that former CEO Pressler took over in 2002, but has never recaptured the excitement of its peak in the late 1990s, when offices were move to casual dress and commercials such as “Khakis Swing” were hits.

“We’ve got to have a clear point of view about who we are,” Fisher said. He said the “clean” department in Gap stores that stocks classic work basics is a good reflection of Gap’s style, and “we’re going to be grounded in khaki and denim, as that’s where the roots of this business are” (Wall Street Journal, March 6, 2007, p. B2).

The Old Navy brand, with 1,008 stores, hasn’t kept up with the relentless progress made by discounters such as Target Corp. that have grabbed market share by making their clothes more stylish while holding down prices. Target adds excitement by hiring high-end designers to create products for its stores that are available for only a short time.

In July 2007, Gap surprised Wall Street by naming Glenn Murphy, a Canadian drugstore executive, as its new CEO. Murphy had been chairman and chief executive of Shoppers Drug Mart. Many observers had assumed the company would recruit someone from the apparel sector, especially given Gap’s long string of fashion missteps.

“One of their key criteria was apparel experience and Murphy doesn’t seem to have that,” said Mark Montagna, vice president of specialty retail for C.L. King & Associates. “He´s walking into a really tough job because here’s the biggest fish in specialty apparel, and he’s got to turn around all three divisions,” says Montagna. “I think the fact that Murphy has worked for mature retailers is a big help because certainly Gap is mature. He has a track record of success so hopefully he can do the same again” (TheStreet.com, pp. 1, 2).

With more than 20 years of retail experience, Murphy has been credited for reinvigorating retail brands in food, health and beauty, and books. “Glenn is known for being a decisive leader with great retail instincts who understands his customers,“ Fisher said. “He has revitalized major retail brands by offering new products and significantly improving the store experience. He’s well qualified to return Gap Inc. to the level of sustained performance we all expect” (TheStreet.com, p. 1).

Howard Davidowitz, chairman of a New York-based retail consulting and investment banking firm, says he is puzzled by Gap’s choice of leadership. “The people who drive companies are fashion geniuses – the people who fall on their face are people who are not,” Davidowitz says (TheStreet.co, p. 2). Other observers mentioned that Gap has strong merchants heading its three divisions.

Questions:

1. What steps do you think CEO Murphy should take to enhance innovation at Gap?
2. Is Fisher thinking too narrowly by insisting that Gap should stick to being grounded in khaki and denim? Explain you reasoning.
3. What is your opinion of the wisdom of hiring a non-fashion executive to revitalize Gap?
4. What is your opinion of the statement that being too analytical and bureaucratic might have interfered with the creativity of Gap?
5. How is Gap doing these days? Does the financial performance of the firm justify having brought Murphy on board? Or is Murphy still around?

Explain you reasoning by using concepts/analytical frameworks from the book.