Case study: WILLIAMS MACHINE TOOL COMPANY

For 85 years, the Williams Machine Tool Company had provided quality products to its clients, becoming the third largest U.S.-based machine tool company by 1990. The company was highly profitable and had an extremely low employee turnover rate. Pay and benefits were excellent. Between 1980 and 1990, the company's profits soared to record levels. The company's success was due to one product line of standard manufacturing machine tools. Williams spent most of its time and effort looking for ways to improve its bread-and-butter product line rather than to develop new products. The product line was so successful that companies were willing to modify their production lines around these machine tools rather than asking Williams for major modifications to the machine tools.

By 1990, Williams Company was extremely complacent, expecting this phenomenal success with one product line to continue for 20 to 25 more years. The recession of the early 1990s forced management to realign their thinking. Cutbacks in production had decreased the demand for the standard machine tools. More and more customers were asking for either major modifications to the standard machine tools or a completely new product design.

The marketplace was changing and senior management recognized that a new strategic focus was necessary. However, lower-level management and the work force, especially engineering, were strongly resisting a change.

The employees, many of them with over 20 years of employment at Williams Company, refused to recognize the need for this change in the belief that the glory days of yore would return at the end of the recession.

By 1995, the recession had been over for at least two years yet Williams Company had no new product lines. Revenue was down, sales for the standard product (with and without modifications) were decreasing, and the employees were still resisting change. Layoffs were imminent.
In 1996, the company was sold to Crock Engineering. Crock had an experienced machine tool division of its own and understood the machine tool business. Williams Company was allowed to operate as a separate entity from 1995 to 1996. By 1996, red ink had appeared on the Williams Company balance sheet. Crock replaced all of the Williams senior managers with its own personnel. Crock then announced to all employees that Williams would become a specialty

Machine tool manufacturer and that the "good old days" would never return. Customer demand for specialty products had increased threefold in just the last twelve months alone. Crock made it clear that employees who would not support this new direction would be replaced.
The new senior management at Williams Company recognized that 85 years of traditional management had come to an end for a company now committed to specialty products.

The company culture was about to change, spearheaded by project management, concurrent engineering, and total quality management.
Senior management's commitment to product management was apparent by the time and money spent in educating the employees. Unfortunately, the seasoned 20-year-plus veterans still would not support the new culture. Recognizing the problems, management provided continuous and visible support for project management in addition to hiring a project management consultant to work with the people. The consultant worked with Williams from 1996 to 2001.

From 1996 to 2001, the Williams Division of Crock Engineering experienced losses in 24 consecutive quarters. The quarter ending March 31, 2002, was the first profitable quarter in over six years. Much of the credit was given to the performance and maturity of the project management system. In May 2002, the Williams Division was sold. More than

80% of the employees lost their jobs when the company was relocated over 1,500 miles away.

Questions
Prepare a Report on the following discussion items

1. What can you determine about the corporation culture from the fact that they waited so long to consider the development of an enterprise management methodology?

2. You have to show as a new CEO how you would run this project properly from the beginning based on Crock Engineering' vision.

3. What were other operative and strategic actions, not mentioned in the case, which might have been executed?

4. What role did project management play?