

The Case of the Mexican Crazy Quilt

CASE



"The mission of the project which you will head is to get our new Mexican subsidiary ready for take-over by Mexican managers. My hope is that you will be able to do this in about two years," explained Robert Linderman, president of Linderman Industries, Inc., to Carl Conway, newly appointed manager for "Operation Mexicano." Conway had been hired specifically for this assignment because of his experience in managing large defense projects in the aerospace industry.

"The first thing that I will have to do is put a project team together," said Conway. "I imagine that you have in mind my drawing people from the functional divisions."

"Yes, I have already sent memoranda to the division managers informing them that you will be asking for some of their key people to work under you for about two years," said Linderman. "In addition, I have advised them to be prepared to process work orders from Operation Mexicano with the personnel and equipment of their organizations. Later on in the project's life, you will begin to get Mexican personnel, both managers and technicians, in to your organization. These people will have Mexican supervisors, but

until the mission is accomplished, they also will report to you. I will have to admit that you are going to have some complex authority relationships, especially as you personally will be responsible to the president of the subsidiary, Felix Delgado, as well as to me."

Conway began to make his plans for the project team. The plant building was available and empty in Mexico City, and it was important to get equipment purchased and installed as soon as possible. A plant layout would have to be prepared, but before that could be done there would have to be a manufacturing plan. Therefore, he needed to recruit an industrial engineer, a production planner, and an equipment buyer. They, in turn, would have to build their own staffs.

He made an appointment with Sam Sargis, corporate manager of industrial engineering. "I have had a preliminary talk with Bob Cates about his joining Operation Mexicano, and he is quite interested," Carl said. "Will you release him to me?"

"Why, I'm grooming Cates to take over my job when I retire," replied Sargis. "He is my best man. Let me pick someone else for

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you, or better still, you just tell me what industrial engineering work you want done, and I will have it done for you."

"Sorry, I want Cates," said Carl firmly. "And besides, you are not due to retire for five years. This will be good experience for him."

For production planning, Carl had in mind Bert Mill, an older man with extensive experience in managing production operations, but Mill rejected his offer. "I talked it over with my wife," he said, "and we feel that at my age I shouldn't take a chance on not having a job to come back to when Operation Mexicano is finished."

Carl next talked to Emil Banowetz, who was assistant to Jim Burke, the vice president for manufacturing, and Banowetz decided that he would like to join the project team. However, Burke told Conway that if Banowetz were forcibly taken away from him, he would give Mr. Linderman his resignation, so Carl decided to back down. He finally accepted a man that Burke recommended.

Filling the equipment buyer's slot was easy. The director of procurement phoned Carl and said that a senior buyer, Humberto Guzman, had requested permission to ask for the assignment, and that he strongly recommended him. Guzman has been purchasing agent for a large mining company in Mexico for about 10 years.

Carl had about the same experiences in getting the people he wanted for the functions of engineering, quality control, cost, marketing, and advertising as he did for the first three positions; in other words, he won some confrontations with the division managers and lost some. For personnel, he got Dr. Juan Perez, who was slated to be personnel director of the subsidiary company, to affiliate temporarily with the project team.

The first brush that Project Mexicano had in getting a functional division to do work for it came when Carl's engineering man, Frank Fong, reported to him that the engineering vice president, who was formerly Fong's boss, refused to authorize top priority to the changing of dimensions in the production drawings to the metric system. Carl had to take this issue to Linderman, who ruled in his favor. The defeated vice president, of course, did not take kindly to the decision.

The next incident revolved around Carl's desire to have a pilot run of products made with metric measurements for shipment to Mexico. The purpose was to test the market acceptance of the Linderman articles. Jim Burke stated flatly that there was no way that his production workers could be trained to work with metric drawings. Carl quickly saw that this was an issue that he was not going to win, so he had his buyer, Guzman, work with the newly appointed manufacturing manager for the subsidiary in getting a run of the products subcontracted in Mexico City.

Bob Cates made a special trip from Mexico City to present Carl with an interesting problem. The Mexican industrial engineer, whom Bob was supposed to be training, had his own ideas about plant layout. When they differed from Bob's as they usually did,

he would take his complaint directly to Felix Delgado, the president of the Mexican subsidiary. Because Delgado's competence was primarily in finance, he would not know how to decide the argument and would simply table it. Carl took examples of some of the disagreements to Bob's former boss, Sam Sargis, who quite unexpectedly ruled against Bob's proposed methods. Carl saw that there was bad feeling by Sargis against Bob for leaving his department, which boded ill for Bob's return. To solve the immediate problem, however, Carl asked Dr. Perez to try to reconcile the situation in Mexico City.

Despite these problems, and many more of a similar nature, Project Mexicano was successful, and the transition to Mexican management was made in just a little over two years. By a curious twist, through Dr. Perez's intercession Felix Delgado became very impressed by Bob Cates and convinced him to accept the job of director of industrial engineering for the Mexican company. Humberto Guzman also stayed on to head the procurement operation.

Other members of the project team were not so fortunate. Linderman Industries was laying off personnel when the project ended, and only the project production man was able to get a job in the company at as high a level as the one he had when he joined the team. The cost expert elected to leave Linderman because he said the glamour of Project Mexicano had spoiled him for any routine job.

Carl Conway had a difficult decision of his own to make. Robert Linderman said that he was extremely pleased with his performance and that something good would open up in the company for him soon. In the meantime, there was a staff assignment available for him. Carl had seen enough project managers in the aerospace industry who had figuratively rotted on staff assignments when their projects were completed to be somewhat wary.

Questions

1. Was Linderman Industries' adoption of project organization an appropriate one for getting the Mexican subsidiary started?
2. In consideration of Robert Linderman's letting the division managers know that the project manager would be asking for some of their key people, why would Conway have any difficulty in getting the ones he wanted?
3. Would you expect that many people would turn down a chance to join a project organization, as Bert Mill did?
4. Why would Conway take his problem with the engineering vice president to Linderman and have it resolved in his favor, yet back down in two disputes with the manufacturing vice president?
5. What could Linderman Industries have done to assure good jobs for the people coming off Project Mexicano, including Carl Conway, the project manager?

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