Read the Part IV Case Study beginning on page 567 after Chapter 14. Write a 250-500 word paper using APA format including the following:

- Identification and summary of the key organizational behavior issues evident in the case
- Reflection on the identified issues along with recommendations or potential solutions to identified issues

A SEA CHANGE IN STAFFING AT leapfrog innovations, inc

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Court Chilton listened patiently to Dick Eaton's rundown on the potential staffing options at Leapfrog Innovations, Inc. (LFI), a small, Boston-based firm that Dick had founded ten years earlier to provide training to other companies. They had been friends since college. Dick hoped Court would provide advice on how to manage the imminent exodus of all three of LFI's full-time employees by drawing upon his MBA degree and work experiences as a consultant and a former employee of one of the largest training firms in the U.S. Dick's co-founder, Julia Douglas, had left to start her own consulting firm. The other two full-time employees had also announced their departures, one due to pregnancy and the other to attend graduate school.

Dick was unsure what role to take on partly because the three departing employees had handled oversight of the daily operations and coordination of LFI's training programs. He had absented himself from most management duties in order to focus on tasks that drew upon his creativity. Because he had worked very hard to build the firm's brand, he rejected outright the id of selling LFI. It crossed his mind run the company virtually and c source all the work to facilitat and consultants. However, the m raightforward solution—or so it ›emed—required him to get more volved and hire all new employees.

For months, Dick had put off de- ding LFI's future and his role and ›w Court pushed him to address it mediately. He looked at Dick and iietly said, "If you're going to make s thing work, you're going to have *lean in.*"

Dick reflected that this phrase ›ant devoting his full-time effort *running* LFI—something his co- ınder had always done. He re- ted, "I don't want to do that … ıt's not my plan."

At least, it hadn't been his plan to that point. He had always ›rked off-site, limiting the scope his role, typically visiting the of- › only once a week for meetings. ing replacement workers into the ne three jobs the employees were ting could keep his role from ınging. Alternatively, he could try ake LFI to a new level of growth taking on more management re- nsibilities and hiring people into ›ly designed jobs that comple- ıted his own. He looked to Court ıe considered the options.

!004, team building, leadership ›lopment, and training programs ›tituted a $13.3 billion dollar in- ry in the U.S.[1] Several hundred sand firms competed in this mar- ranging in size from individual ractors to companies with over housand employees. The amount of business that firms in this industry secured depended partly upon economic conditions in the industries of their client firms. For example, during the Internet boom years of 1999 and early 2000, many technology firms hired trainers to provide their employees with team-building programs geared toward the developmental needs of rapidly expanding companies. The firms used additional programs as rewards and to reinforce fun and upbeat work environments. When the economy slowed in 2000, tech firms increasingly viewed such programs as extravagances, and cut them from their budgets. The 9/11 attacks accelerated this trend, as firms cut travel to the minimum for several months. As a result, training firms experienced a slowdown in their business in 2001 and 2002, and some laid off employees. Many independent consultants struggled to get clients, and ultimately sought employment in established firms.

Dick Eaton and Julia Douglas founded Leapfrog Innovations in 1994 as a teambuilding and leadership-development firm. LFI earned a reputation for delivering high-quality programs ranging from one-time team-building experiences to coaching and consulting for improved firm performance. Julia and Dick worked closely to create a boutique training company with high-energy, high-involvement programs. The firm designed its own programs so that Dick and Julia would have complete creative control over the customization and delivery of its programs and thus its brand. Their first programs focused largely on culture building, by creating fun learning environments that allowed participants to enhance relationships and improve communication. Julia handpicked facilitators after extensive interviews and participation in numerous LFI programs to help her deliver programs at either a client's firm or off site.

LFI's programs were distinctive because they were developed from scratch. Dick generated the concepts, by brainstorming with Julia. She then converted these into a learning experience by identifying the materials to use, the steps facilitators would follow, and how the debriefing session should unfold. In later years, all of LFI's employees and key facilitators gathered around a conference table with Dick's outline and elaborated on, debated, fleshed out, and tested new ideas until they developed a viable program. They would tweak the core program to tailor it for different clients. LFI's employees saw Dick as a creative genius who came up with complex programs that embedded experiential learning with opportunities for participants to connect with each other. Dick noted, "The programs had an electricity to them. They moved people outside their comfort zones into situations that were too big to get their arms around. It's like real work, even though it's just a metaphor."

LFI helped client firms identify their needs (e.g., desire to renew employees' energy, create more effective working relationships, increase self-awareness, etc.) and then tailored a program specifically to meet those goals. LFI offered three types of programs (see **Appendix 1**). Corporate culture programs created closer workplace relationships through fun, dynamic team bonding events. An example was The Mad, Mad, Mad, Mad Hunt™, a fast-paced urban scavenger hunt for teams. Leadership development simulations and experiential learning initiatives focused around a client firm's objectives, e.g., improving the quality of supervision. An example was Novotran™, which had teams work on complex problems (e.g., designing and building a race car out of PVC piping). The debriefing focused on the emergent strategies, teamwork, and leadership behaviors. The third type of program, Total Team Performance Solutions™ (TTPS), led to soft-skill development (e.g., communication, decision-making, meeting management). Julia worked closely with clients during the TTPS program design to develop one- or two-day workshops that combined individual assessments, team development improvement initiatives, and the teaching of models and skills. She worked with clients to roll out TTPS programs incrementally in order to create real, sustainable changes in workplace behavior. After each coaching session or workshop, clients applied the learning to actual challenges they faced. Intensive follow-up meetings insured that changes were implemented effectively over time. (See **Appendix 2** for a partial model of how LFI's service model worked.)

Successful program delivery required extensive logistical preparations prior to the actual event: sites were identified, travel reservations made, support staff hired, facilitator outlines developed, participant materials assembled, and a debriefing presentation was built around the client firm's needs. While reusable program materials were stored at LFI (e.g., markers, plungers, rubber chickens, balls, etc.), supplemental materials had to be purchased for large clients. Nearly half of LFI's programs were delivered outside of New England, which necessitated shipping these materials to arrive on-site before the facilitator. LFI hired energetic and socially adept facilitators to run its programs and debriefings. They represented LFI to the client firm's participants, as did the temporary staff that assisted on-site.

Similar to its competition, LFI experienced a decline in business in 2002, but weathered it in part because of its strong reputation in the market for original programs and superior customer relations. LFI ran a lean business, with inexpensive office space and training done at client-arranged sites. Employees received low base pay and a significant percentage of the profit-sharing. Dick shared a tip he had learned from his father: "We attended to cash flow." LFI's competition billed clients after delivery of a program and then waited for reimbursement, while LFI billed 50–75% of the fee in advance so as not to carry a balance for the purchase of materials and travel, and the hiring of facilitators and support staff. Clients accepted this arrangement because of the reputation LFI had developed for high-quality programs. Also, LFI had earned the right for the arrangement because of the time they invested developing the business relationship and demonstrating the value of the program to be delivered. At LFI provided deep discounts in to stay within a client's budge

LFI had an edge when it to the training products they c to clients: they custom designe grams for each client firm to company-specific learning goal then "executed them nearly lessly," according to Dick. "I to tential clients, 'I *hate* team bui And I didn't like it when I worl Proctor & Gamble, either. I rep the introverts at your firm. Juli resents the outgoing employee: design programs that engage groups." Dick and Julia drew o own corporate experience wh signing programs. They spent of time talking with the clie determine what employees n to learn or change. Dick furth plained that by starting with the ing goals, LFI worked backwa design the correct sequence o tivities and discussions that ultimately make up the trainin gram in order to get at "the he the outcomes [the executives] w from the training program." Le was first to market with man program ideas. Rather than programs from the public d (e.g., ropes courses) that eve else was using, they deconst why such programs were effec fun. Taking insights about thes damental components, Dick dre up never-seen-before programs as having employees build a ature golf course to learn tear leadership skills, an experienc achieved the same, if not bett sults as other programs. Julia that LFI sold clients on the ide never have experienced this ." Two to three years after cing a radically new type of m, LFI would hear that other g firms or local consultants len and modified the concept. anges were usually minor, e most facilitators competing I weren't experienced with They were more experienced ing Outward Bound and/or ourses, both of which were ly designed for students, not ce complexities, and usually neric debriefings.

OG'S REMAINING FOUNDER: TON

on's philosophy of manage- d company culture was a of his work experiences as his father's influence. His fa- owned a public relations firm shared many stories with his rom these, Dick learned the ce of treating everyone as regardless of job title. His sted dinners at their home for l CEOs, explaining to Dick reated them no differently one else: "They all look the ng on the can." In one of his s a Proctor & Gamble man- rainee, Dick had felt "an un- le fit from the start." Though d a lot and was promoted e manager after two years aged four people who were age," he hated each day. input into his job, he did nabled to help his clients: ited to mold me into their nking" and expected jobs e in a prescribed manner esy" style.

Dick yearned for more say in the decisions of his day-to-day work and to be more intimately involved in the development of the products he sold. He left and got his next job at an advertising agency. To his surprise, two months later when his client cancelled its marketing budget, the agency retained Dick on its payroll. This decision soon paid off as the agency landed a large account with Finast Supermarkets and needed someone to manage it. Their commitment to him as an employee made a positive impression on him. Not long after, the president of Finast left to start his own company and hired Dick as the first director of marketing for what became Staples, Inc. As the position evolved, Dick and the executive team realized that his advertising skills hadn't prepared him to do direct marketing, and he was a poor fit with the values of the executive team and the emerging corporate culture. As a result, he was asked to leave:

> Money was not my number one driver. I wasn't in a mode where I was interested in working a hundred hours a week. I had gone to search for more quality. [The executive team] had the intention of making a mark on the world, which I admired and wanted to be part of but I didn't have [that goal]. I was reducing my traditional ambition. I was going the other way in terms of fame and fortune. The traditional definition of it was not in concert with what I was feeling and seeking.

Dick then founded the Urban Outing Club and ran it out of his condo, relying on the word of mouth of his members as its only advertising. It was a membership-based adventure and social club for people seeking community and quality of life, but were too busy to plan their own fun. Dick designed and offered creative activities and interactive experiences that "broke down barriers and let members connect with one another." Though not driven by profit, Dick had a family to support and to do so adequately would have meant increasing membership exponentially beyond its four hundred members. However, he believed that commercialization would destroy the club's unique culture so he opted to turn it over to its members. Dick took his creative ideas and began planning a for-profit firm that would offer some of the same types of team building programs to corporations. He toyed with the idea of opening a few businesses, and for each, hiring people to run them.

Dick met Julia Douglas in December 1993, and they launched the initial incarnation of Leapfrog Innovations in February 1994. Early in their discussions, Dick told her:

> We are going to do this together. If we have a cash shortfall I'll be responsible for that. But anything outside of the financials, the buck stops with you. If you hire a facilitator who doesn't show up, then the call will go to you and not to me. Basically you're in charge of the day-to-day and I'll be your partner in helping to make things work but I'll only be available about half my time. So the essence of it is that if I choose to take a six-month sabbatical the business shouldn't falter.

Julia agreed to this arrangement and left IBM in Canada to move to Boston. She took a small base salary with high profit-sharing potential, and planned to work at LFI for three years while simultaneously earning a master's degree in cross-cultural consulting. After that, she planned to open her own consulting firm.

From the beginning, LFI's employees could choose from among several combinations of compensation regarding their level of base pay and how much they shared in the company's profits. To adjust for changed personal circumstances, some employees switched to a higher base pay and less profit-sharing combination. This worked well as LFI hired "really hungry, relatively young people who wanted to learn a ton and make their mark. To them, the company was more of a mission or a calling than a job," Dick observed. They loved LFI and enjoyed their colleagues.

In LFI's first ten years, there were never more than five full-time employees, even when business was at its highest level in 2000. During peak times, Julia and the other employees worked long hours to sell and deliver programs. When the economy weakened, the types of programs companies requested changed to ones where participants brought learning back into their workplaces. This shift led LFI to develop long-term client relationships and to construct customized programs to meet those clients' needs.

THE EMERGENCE OF DIFFERENTIATED ROLES AT LEAPFROG

Though a self-admitted introvert, Dick was an excellent networker. Both he and Julia could develop rapport with anyone. Their interpersonal skills not only sold clients on the firm, it shaped their company's culture. Dick viewed LFI as a fertile ground where employees explored their skill sets, got mentored, and developed their whole selves. In this vein, he crafted a schedule for himself that included time for personal pursuits: painting, Reiki (a Japanese spiritual healing practice), community service, and his family. He went to LFI's office once a week for the staff meeting. He preferred to maintain a private office off site where he generated client leads, negotiated large client contracts, and developed new program ideas. Julia noted that "Dick had capabilities to do more than that, but he focused primarily on building client relationships and developing marketing and product ideas."

Julia noted, "I considered Leapfrog *my* baby because Dick was in the distance. While he called it a means of 'early retirement' for himself, I wanted Leapfrog to thrive, not just survive." It wasn't the pay that motivated her, because she had "one fantastic year out of ten." Instead, it was the opportunity to learn an extraordinary amount. Her future goal had always been to build her own firm when she felt ready. Julia didn't want to risk going solo until she had experience and maturity, and building and managing LFI from scratch helped her do just that. She took a lot of pride in her accomplishments at LFI. She managed day-to-day operations, sold programs to clients, handled all the logistics for getting a program prepared and delivered to the client, and usually facilitated them herself. She handled the development work (turnin concept into a documented gram) without Dick, because ' ing out how to work with hir an art." As a big picture think got mired in details, slowed the ess, and made it overly complic Given her workload, she could ford any delays in the process

From 1995 to 1999, LFI various people to handle sale: program logistics (see **Append** seeking employees who were c by LFI's mission. Many were ref from Dick or Julia's networks o ple they met through LFI's prog LFI hired them if there was a tween the individual's perso and the firm's culture.

Job titles were generally avc particularly on the sales side c business because Dick believec would suggest that LFI was a cal training firm that sold g products. Like many start-ups, i ployees willingly took on multip sponsibilities. Matt, the first emp focused on making new sales- the understanding that he h make most of his income th commissions. Together, he anc generated more business than This created capacity challeng managing and delivering so programs, so Steve was hir handle program logistics. Julia aged to keep the company aflc juggling sales, managing the c tions, delivering programs, an motivating the others. Matt wc on salary, which removed the sure to sell every minute and al him to assist with program de He noted, "Dick was great abo ing chances and building on pe