

PROBLEM SOLUTION: RIORDAN MANUFACTURING

PROBLEM-SOLUTION SCENARIO

RIORDAN MANUFACTURING

TRENT RHODES

Problem Solution: Riordan Manufacturing

The manufacturing industry went through a transformational change with the advancement of technology. IT sped manufacturing processes and communications, evolving organizations and the industry with new capacities of automation and development. Assembly lines no longer have to be maintained by human hands, monotonously performing mundane, repetitive tasks; automated machines now calculate and move parts down the processing line. With the use of IT, project managers can now conduct business operations from the comfort of their homes or interface with several corporate partners about the infrastructure of a new design. Knowledge of IT expanded the range of employee skill sets and needs, from managerial and sales stock to trade skills and original manual laborers. How these various employees are attracted and retained within an organization is determined by an organization's human resource policies and programs.

Global plastics producer, Riordan Manufacturing, faces visible and unforeseen challenges due to its inability to successfully retain its diverse employees. Within the last two years, the company achieved decreased sales and scattered profits; both realizations influenced Riordan's tactical moves towards implementing a CRM system. In addition, sales teams were created to service clients more effectively, replacing individual salespeople. These teams each were to focus on a particular market segment.

Despite these attempts to change for survival, Riordan remains experiencing internal pressures that can permanently affect the course of the organization's strategy, including employee dissatisfaction with rewards and compensation, as well as limited opportunities for growth.

The author's research provides selected sectors of Riordan Manufacturing for analysis, creating awareness of a number of major issues and opportunities facing the organization.

Situation Analysis

Issue and Opportunity Identification

Employees working within the Research and Development Department were assigned the task of assisting the newly formed sales teams, designed to coordinate to provide clients with a more efficient source of customer service. Conflict among the employees of R&D began when several members protested at not receiving compensation for assisting the sales teams. They understood themselves to be a part of the sales process, and those deals which were successful were to have commissions shared among both departments. Kenneth Collins, Senior Vice-President of R&D expressed his concern regarding this matter; months from now he will have to present two projects successfully completed and fears he may lose his most valuable employees due to lack of compensation; Mr. Collins' staff is facing an equity issue, concerned that the efforts they exerted for the success of the company has not been met with adequate output. Opportunity exists for Kenneth Collins to interview his staff and discover the values his employees seek to retain them.

In addition to R&D's compensation challenges, Maria Trinh's IT department also includes unsatisfied staff. Maria had an opportunity to speak personally with a number of her employees, who informed her they were not pleased with the level of compensation for their type of work. They expressed opportunities from other organizations were within reach and each would provide greater compensation. Awareness was brought to Maria's attention that headhunters, recruiters who offer appealing job opportunities were in contact with her staff. While she managed to retain them, this may not always be the outcome. Opportunities exist for Maria to coordinate with the Director of Human Resources and analyze how the IT department meets, lags or leads the industry in job design and compensation. If it is shown Riordan's IT

compensation lags or just meets the labor market, other forms of reward and value would have to be presented for retention.

Several changes within Riordan Manufacturing has created an organizational climate of demotivated employees were dissatisfied with compensation. Ultimately, this has led to an environment that has produced low worker productivity. This is shown in the sales data; within the past two years sales have decreased, and an extension of that may be in the decline in customer satisfaction. These signs indicate that the morality employees have weakened, and this energy has an effect on the entire organization. The numbers on turnover have not been shown within the scenario however, the other projects that the rate of turnover is soon to increase due to these rapid changes within the organization. Among the facets of low employee productivity is the relationship between rewards and employee output. Several employees have expressed dissatisfaction in how growth opportunities are presented, and the amount of training and coaching and overall support given. From an employee perspective, there is not enough training and coaching, and the growth opportunities arrive too slowly, especially for those who are deemed the most talented. Because this issue is of such a large scale, the opportunity for resolution is just as large. Management, namely Human Resources, must take a more in-depth look and gain an understanding of the motivations of their employees. As the situation has become already sensitive, taking minute details into account before making a decision is going to be necessary. Methods of feedback directly from employees to management will be vital in understanding what their motivations are. If there continues to be a sense of disconnect or apathy from management over the rewards for these employees, the author anticipates a rising rate of turnover.

Each department appears to the author to have significant influence in the movements of policies and procedures and programs that involve employees directly. E-mail correspondences as well as personal meetings take place without the inclusion of one of the most important figures within the Riordan scenario, Yvonne McMillan. Yvonne, as director of human resources possesses the vital responsibility of being the liaison between management and employees. These powers have been subtly removed or ignored by the other chief officers. Yvonne suspects that her neglect is the result of her being a woman and an executive of high status. Nonetheless, her lack of input and the value that the other executives place on her position have shown the results, which provide the issues within the scenario. Due to HR's absence in devising these policies and procedures, the organization faces a weakened culture of consistency. The culture mentioned revolves around all of the programs, procedures, and policies human resources established. With HR out of place, executives have the opportunity to take impulsive action and take over jurisdiction not originally in their domains. This provides an opportunity for Yvonne to take an initiative to establish her place as the connection between employees and management satisfaction. Through presentations, benchmarking, and raw data, Yvonne may be able to sway the mind of CEO Michael Riordan, gain his attention and most importantly support.

Barbara Masterson's final research revealed a number of challenges for Riordan Manufacturing is facing at the employee level. Of the many areas of opportunity, Barbara presented the importance of relational returns. Several employees when interviewed expressed their interest in receiving a higher compensation package, as well as receiving a share of profits from successful sales. But these only demonstrated a component of a larger concern for the organization. Employees sought more intangible values from the organization, including opportunities for growth within the company to be more frequent, as well as the attention to

coaching and development of those with potential to be taken into account more often. A formal recognition, preferably public, was also a desire of many employees. Barbara's research revealed that this was the opportunity for the organization to change direction. The issue remained with CEO Michael Riordan, who believed the level of expectation of the employees was too high at this current time. He believed these employees to be ungrateful for the opportunities they currently have; Riordan believed that they expected too much. This becomes an issue for Barbara as well as the author because the main executive within the organization does not support the opportunity.

Stakeholder Perspectives/Ethical Dilemmas

As with any organization that sells products or services, customers and clients on the receiving end of the services and products desire to engage with the highest quality and they can find. Their motivations may be dubious but the expectation is clear: obtain the highest quality product or service at the lowest possible price. Loyal customers will be willing to invest their time and money into products that satisfy their needs and wants. These customers also have an interest in associating with brands that are accepted as high-quality by society.

Management has a vested interest in seeing the organizational changes come through successfully; their focus must remain on meeting or exceeding the above-average returns. In this particular lifecycle for Riordan Manufacturing, its executives and interests remain with rebuilding the product line and establishing the sales teams to provide optimal service to customers. The interest in the satisfaction of employees seems minimal.

In this scenario, employees seem to have the most at stake. Their concerns in this work environment revolve around the proper compensation package, including benefits and relational returns such as recognition, status enhancers, growth opportunities and exposure to several aspects of the business. Employees also have an interest in understanding what is going on strategically within the organization; they do not enjoy being oblivious. They also have an interest in working with an organization that will respect their contributions as well as their talents.

Problem Statement

Riordan Manufacturing will strengthen organizational commitment by empowering its Human Resources Department through strategies to readjust compensation and develop employee collaboration.

End-State Vision

Once an organization facing severe internal conflict, Riordan Manufacturing became a powerhouse of employee success through its implementation of directives charged by its newly-focused Human Resources Department. Members of the organization connect and share ideas through its Career Resource Team, providing a consistent, innovative flow of ideas throughout the chain of command. Ambitious employees seeking advancement capture advantages for growth by completing in-house certifications, which signal opportunities for increased compensation. Retention of talented members of the organization, through their work environment, productivity and motivation rested within the responsibilities of HR, Riordan Manufacturing now dominates its industry in product development and employee productivity.

Alternative Solutions

Issue: Departments Have Conflict Regarding Compensation

Opportunity: To Open Communication Channels for Departments in Work Distribution

Alternative Solution: Create Cross-Department Collaboration

Issue: Employees Experience Limited Opportunities for Advancement

Opportunity: Provide Employees Training Leading towards Higher Compensation

Alternative Solution: Create In-House Certification Programs

Issue: Employees Experience Restricted Value Contribution in the Organization

Opportunity: Method for Employees to Propose Innovations within the Organization

Alternative Solution: Establish Career Resource Team

Issue: Employee Temptation to Leave for Higher Salaries and Competitive Benefits

Opportunity: To Retain Talented Employees

Alternative Solution: Adjust Compensation Levels

Analysis of Alternative Solutions

The author's recommendation focuses heavily on employee-centric models due to the many issues faced by Riordan Manufacturing at the employee level. With Human Resources in possession of minor influence in the organization, the challenges presenting themselves have been sourced as HR-focused. A central headquarters is lacking within the company which would support or mediate several of the conflicts; this is the reason the author ultimately supports reviving the powers and responsibilities of Human Resources.

Solution to adjust the compensation levels within the organization holds the heaviest weight at 4.31, as it has a primary influence on each aspect of the end goals. With power restored to HR, actions could be taken which would prompt a reevaluation of the labor markets. HR and members of management must understand at a deeper level the changes happening in their industry. The question of compensation covers salary, bonuses as well as benefits, and several employees expressed dissatisfaction with the current compensation package. These employees have been approached by headhunters who focus on providing appealing alternatives to current job positions. If these employees leave, it could spur an increased level of turnover, as well as create calamity as projects must be completed within a designated period of time; these talented employees will be needed for successful project completion. In order to conduct these activities, authority would have to return to HR; this creates an opportunity for the department's Director to demonstrate competence and the value of the department's contribution in the success of the organization.

Cross-department collaboration received an average weight of 4.0. Internal conflict among departments exists and shows potential for escalation in the scenario. As an example, IT employees are dissatisfied with not receiving a portion of profits they assist the sales department

in gaining. The CFO currently takes on responsibilities and decision-making of HR. Developing cross-functional teams will work towards alleviating the conflict among employees in different departments. Each sector will have an opportunity to understand the responsibilities and challenges faced by the other. The author promotes blending of work teams so each sector can absorb and then expand how each department functions to add value to the organization. Appreciation would be a natural response, and this would become the initial step to strengthening organizational commitment.

Opportunities for advancement have been a recurring complaint from employees, as evidenced by the outside consultant's research. Poor motivation resulting from this could affect the productivity of the organization, its brand image and tempt the highest qualified among the workforce to seek alternative opportunities. In combination with adjusting the compensation levels, developing certification programs rate as a 4.0 on the scale. These certifications would be offered in response to increased skill and provide opportunities for employees who want to excel in their particular field and achieve higher compensation levels. The accolades work to motivate employees towards increased success and develop a sense within the organization that opportunities for advancement do exist.

Creation of a Career Resource Team received the lightest weight at 3.71 due to the order of implementation. In order for such a team to be established, the previous initiatives described by the author would have to come to fruition. To provide employees with a more direct method of providing feedback and seeing that feedback used, the team would meet periodically to share ideas, news, challenges and innovations from each department. These exchanges keep departments updated on the happenings within the organization, and recognition can be given when a particular contribution was acknowledged and put to action.

Risk Assessment and Mitigation Techniques

The author perceives relatively low resistance to each of the solutions proposed; each focuses on a sector of employee motivational support.

Potential risks associated with developing cross-department collaboration include any resistance to working in blended teams. The probability of this occurring is rated low due to Riordan's employee need for voicing and having contributions recognized. Should this resistance manifest, consequences could include strengthened internal conflict among employees. Already feeling challenged regarding compensation, these elements could escalate and further the disharmony Riordan Manufacturing currently experiences. Turnover would increase and the severity of these actions would high. For mitigation against this, the author proposes HR to present benchmarking data on the benefits of team collaboration. Feedback gathered from these team projects and meetings will be vital, and will assist in gradually normalizing these types of teams.

Probability of risks involved for the creation of in-house certifications is low; employees expressed dissatisfaction with current opportunities or lack of, thus the offering of programs for further development would be expected to raise morale and work productivity. A risk to be considered, however, is negative reception of these programs. It is possible the damage to employee morale has become too severe and irreversible. HR's investment in these programs could churn no return on investment in worker productivity if employees fail to participate and reject the programs. The severity of this scenario is high, as it would have burned financial resources and potentially motivated employees to leave the company more speedily. Mitigation centers on emphasizing the value of furthering training and development, and connecting these

development levels to the newly-adjusted compensation system. This places responsibility in the hands of employees; those with initiative create their own opportunities for growth.

Creation of the Career Resource Team the author perceives to have low risk. The team creates an environment to share ideas, feedback, challenges and innovations, and this process would be unsuccessful only if employees develop conflict in the process. Consequences from conflict not resolved professionally could result in employee and organizational resentment; long-term effects include weakened productivity and increased turnover. An assigned mediator can work as a form of mitigation against brewing conflict, working to ensure clashes do not intensify and are handled in the proper manner. In addition, providing recognition throughout the organization if a recommendation is put into action also works against the sense devalued contributions.

Adjustment of compensation levels may hold medium risk due to the sensitive nature of competitiveness. With employees prepared to leave for more enticing packages, management risks presenting a delivery not appealing enough for talented employees to remain with the company. Losing the best in the organization would make a powerful impact on the company's success and force management to expend innumerable funds to source, attract and retain new employees of great talent. Mitigation against this turnover requires continuous conversations with the selected employees to understand their motivations, needs and the types of packages they desire. Utilizing the new programs as leverage, management will provide these ways towards advancement, showing employees how they could directly affect their own level of compensation.

Optimal Solution

The optimal solution regarding Riordan Manufacturing's internal challenges center around the value placed on Human Resources to implement programs. Once this element is achieved, the rest of the initiatives can work in favor of employees and the organization. A combination of advancement opportunities, compensation rectification and a deeper understanding of employees from all departments is necessary for Riordan to achieve its desired growth and employee commitment.

Implementation Plan

Each implementation is recommended to be put into action no later than 2 months; the current situation at Riordan Manufacturing is critical and could become most severe at any time. Benchmarking research on certification programs used by other companies in the industry is given a period of two months, headed by Research and Development. Creativity is encouraged by the author, where successful programs may be found in organizations outside of the manufacturing industry. Research and Development will also be tasked with conducting further research on the labor markets; if headhunters have been contacting employees offering greater opportunities, it is vital that management discover what those packages consist of to continue competing. A period of 2 months is given towards this project.

Job satisfaction surveys and other forms of employee feedback will be given 1 month to create and implement. Management requires a clearer understanding of the reasons behind employee dissatisfaction.

Finally, all departments will be responsible for the creation of inter-department teams. This project is effective immediately, and will require the cooperation of all sectors to be successful.

Evaluation of Results

Measuring the strength of organizational commitment, several elements can be measured in addition to the job satisfaction surveys given quarterly. The focus of the author centered around programs towards employee involvement. Measuring this degree of initiative can also signal to management whether the goals are being met.

Redesigning the compensation system will have to be met with measurements regarding employee retention. Every six months, retention percentages can be measured towards a pattern of employees being retained or being lost due to factors under investigation at that time.

Ultimately, none of the goals the author presents will be achieved if powers and responsibilities of the Human Resource Department are not transferred from the CFO. To measure HR's potency, the number of plans created and implemented successfully can be tracked. A ratio of the number of plans created versus those effectively used can form the basis of the performance of the reestablished department.

Conclusion

As Riordan Manufacturing reaches a critical stage in its survival, key members of management will have to decide how to approach the internal chaos developing from weakened motivation, weekend culture of consistency, concerns of equitable treatment, as well as facing competition in the external market. The task of consulting has been complete, and it is up to management to decide whether to implement the recommendations, hire a new consultant for a different point of view, or remain stagnant.

References

Dougherty. Dreher. (2001). Human Resource Systems. Reward and Compensation Systems.

New York: The McGraw-Hill Companies.

Dougherty. Dreher. (2001). Understanding Behavior in Organizations. Some Basic Theory

About Ability, Motivation and Opportunity. New York: The McGraw-Hill Companies.

Milkovich. Newman. (2004). Front Matter. The Pay Model. New York: The McGraw-Hill

Companies.

Table 1

Issue and Opportunity Identification

Issue	Opportunity	Reference to Specific Course Concept (Include citation)	Concept
<p>Several departments within Riordan Manufacturing have conflicts with the compensation systems in place. Specifically, the Research and Development department believes it should acquire a portion of profits from sales due to its contributions to the sales team. The Information Technology department believes that it should be compensated higher; several members of the department, highly qualified, believe that they can locate opportunities outside of the organization that deliver higher compensation. The Chief Information Officer is highly concerned after speaking with members of her department that turnover may increase, at a time when major projects have to be completed, and the IT employees' expertise is needed.</p>	<p>To provide an open forum or means of communication for employees to verbalize their concerns and interests. The flow of communication is currently tangled and addressing these concerns can be an initial step in creating a clearer flow of communication.</p>	<p>"Focuses on the idea that an employee, as a member of a work organization, is willing to exert effort to achieve (or to restore) a perception of fairness or justice. Equity theory is concerned with distributive justice, which means the level of rewards that are just repeated the employees are perceived as just" (Dougherty, Dreher, 2001, p. 41)</p>	<p>Equity Theory</p>
<p>The information technology department has a main concern of compensation. Several members of the staff believe they can require higher paying jobs at other locations; brief interviews informed CIO Maria Trinh of headhunters actively pursuing employees at Riordan.</p>	<p>Management needs to reevaluate the company's position as far as compensation packages are concerned it has a chance now to evaluate how it meets, leads or lags its particular industry to</p>	<p>"The market is defined as the average pay level offered by companies competing for employees with similar skill profiles. Managers typically consider the pay of other employers in the area of industry" (Dougherty, Dreher, 2001, p.</p>	<p>Meet Lag Lead</p>

	retain its most talented employees.	79).	
<p>The rapid changes at Riordan, including the change from single salespeople to sales teams servicing clients and is satisfaction across several departments contributed to an overall sense of demotivation among the employees. Consequently, employee retention numbers have declined the main focus of this demotivation resides in benefits and compensation.</p>	<p>To use the feedback provided by employees to reevaluate the compensation plan, and understand the motivations behind why employees currently work at Riordan. Additional benefits, non-compensatory in nature can also be evaluated to locate those additional values employees can receive.</p>	<p>"The source of the lack of motivation could be (1) low expectations if for performing the behavior, or (2) a lack of high instrumentalities for (or connections to) outcomes, or (3) a lack of outcomes with high enough positive valence, or (4) <i>all</i> of these problems" (Dougherty, Dreher, 2001, p. 37).</p>	Demotivation
<p>Among the many departments involved in the major changes happening at Riordan, the HR department is the one sector that lacks strong influence. Yvonne McMillan, Director of Human Resources is experiencing a lack of support and nearly absent influence regarding the changes occurring at the employee level. Most disturbing is that the HR department is responsible for the support and development of employees; this is not the case with Riordan.</p>	<p>Yvonne McMillan can begin to assert herself after she mean capital management's consulting evaluation creates awareness about the importance of HR in this process. An overhaul of policies, programs and rewards can shape the new</p>	<p>"Clearly, employees often perceive situations (e.g., inputs and outcomes) quite differently from management. Managers must strive not to provide all employees with the same level of rewards, but to create a culture of consistency. That is, managers must strive to apply HR policies, programs, rules, and rewards</p>	Culture of Consistency

	<p>organizational structure for the retention of the best and brightest employees.</p>	<p>in a way that will produce employee perceptions of consistency, and thus equity” (Dougherty, Dreher, 2001, p. 43).</p>	
<p>Barbara Masterson was hired as a consultant to evaluate Riordan's organizational structure. Her goal was to assess the current situation, the current work environment, and make recommendations from an organizational standpoint about how to change the structure to maximize productivity. One of the repeating themes she noticed in her research was the dissatisfaction of rewards and compensation among employees.</p>	<p>Since compensation does not seem to be the issue in merely financial terms, there may be meant as a reward and recognition to be implemented for employees' sense of satisfaction and value within the organization.</p>	<p>"There is no doubt that non-financial returns from work have a substantial effect on employee's behavior. Other relational forms might include personal satisfaction from successfully facing new challenges, teaming with great coworkers, receiving new uniforms, and the like. Such factors are part of the total return, which is a broader umbrella than total compensation” (Milkovich, Newman, 2004, p. 11).</p>	<p>Relational Returns</p>

Table 2

Stakeholder Perspectives

Stakeholder Perspectives	
Stakeholder Groups	The Interests, Rights, and Values of Each Group
Management	Insuring both average returns for the organization; ensuring internal productivity is maximized; values the value system of the organization over the interests of the employees; interested in a swift solution to the internal challenges facing the organization
Employees	Interested in greater opportunities for growth; value respect; would like to have their voices heard through feedback; enjoys working with Riordan but seeking greater compensation elsewhere; interested in understanding the strategies of the organization;
Clients/Customers	Can they seek consistency and customer service; Association with a high quality, well recognized brand; seeking the highest quality products at the lowest priced possible; willing to invest more money in the product if the quality suits;

Table 3

Analysis of Alternative Solutions

[Click twice on table to change, see instructions on next page. The alternatives and their ratings as well as the goals and their weightings shown below are for illustrative purposes, you should enter your own. Delete this paragraph when done.]

Alternative Solution Evaluation Matrix						
	GOALS					Final Rating
	Strengthen Organizational Commitment	Redesign Compensation System	Return Powers and Responsibilities to Human Resources			
Relative Importance (Weight)==>	4	4	5			
ALTERNATIVE SOLUTIONS	Primary Alternative Solutions					
	A) Create Cross Department Collaboration	5	3	4		4.00
	B) Create In-House Certification Programs	5	3	4		4.00
	C) Establish Career Resource Team	4	2	5		3.77
	D) Adjust Compensation Levels	4	5	4		4.31
	E)					-
	Secondary Alternative Solutions					
						-
						-
					-	

SCALE==>	5 = High
	4 = Middle to High
	3 = Middle
	2 = Low to Middle
	1 = Low

Table 4

Risk Assessment and Mitigation Techniques

Risk Assessment and Mitigation Techniques			
Alternative Solution	Risks and Probability	Consequence and Severity	Mitigation Techniques
Create Cross-Department Collaboration	<ul style="list-style-type: none"> Employees do not respond to blending department knowledge Probability: Low 	<ul style="list-style-type: none"> Deeper disconnection among employees and management Increased turnover Severity: High 	<ul style="list-style-type: none"> Provide data on benefits of collaboration Obtain collaboration feedback periodically
Create In-House Certification Programs	<ul style="list-style-type: none"> Morale may be too low to respond to these programs Probability: Low 	<ul style="list-style-type: none"> Increased turnover Employees not valuing programs and leave to competitor compensation Severity: High 	<ul style="list-style-type: none"> Demonstrate importance of furthering training Link value of certifications to compensation
Establish Career Resource Team	<ul style="list-style-type: none"> Disputes among departments arise Creates tension among employees receiving different compensation Probability: Medium 	<ul style="list-style-type: none"> Increased turnover Develops resentment within the organization Severity: High 	<ul style="list-style-type: none"> Utilize a mediator to consult during meetings Emphasize the importance of becoming an ore integrated organization
Adjust Compensation Levels	<ul style="list-style-type: none"> Adjustments does not encourage employee productivity Enhances employee competitiveness Probability: Medium 	<ul style="list-style-type: none"> Employee conflict develops Increased turnover External competitive landscape intensifies Severity: High 	<ul style="list-style-type: none"> Reevaluate job responsibilities Conduct labor market research Maintain employee feedback regarding unsatisfactory elements

Table 5

Optimal Solution Implementation Plan

Deliverable	Timeline	Who is Responsible
Benchmark Certification Programs	2 Months	R& D
Create Team of Inter-Departmental Employees	Immediately	All Departments
Research External Labor Markets	2 Months	R&D
Create Job Satisfaction Surveys	1 Month	Human Resources

Table 6

Evaluation of Results

End-State Goals	Metrics	Target
Strengthen Organizational Commitment	Job Satisfaction Surveys	Quarterly Surveys Issued
Redesign the Compensation System	Retention Levels	Employee Retention Percentages Reviewed Semi-annually
Return Responsibilities and Powers to Human Resources	Plans Enacted by Human Resources	Number of Successful Plans Implemented by the Department per Quarter