

CLASH IN BRUSSELS EUROPEAN OPERATIONS MEETING

This international management short case study is intended to initiating a discussion on business cultures.

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Monday, 10 am, 8 executives are meeting at the Brussels airport Sheraton

Ron Whisker landed two hours ago from Chicago O'Hare.
The seven country general managers arrived on Sunday night.

Don has just been appointed CEO of a global manufacturer of components and parts for heavy trucks and earth moving equipment. He was previously COO North American Operations, travelling to Europe every year to visit a trade show. He is meeting his European country managers in Brussels for the first time in his quality of CEO. They were so far reporting to a VP Europe who just went into early retirement.

Ron,

Hi guys, how are you doing this morning?

Let me go straight to the point, our shares are down 17% since January, the Wall Street gurus do not get a clue of what we are doing and they will harass us as long as we do not show that we can turn this concern around. I gonna remain 4 days in your country and you have 36 hours to come up with a 5 to 10% fixed cost cutting plan. I will discuss it individually with each of you from Tuesday pm on and by Monday next week my PA will issue a press release to straight the record. I know it's a little bit tough, but this is our ball game and since we are so far meeting most budget goals this should not be a big issue, right?

Manager 1,

Thanks Ron for this information. First of all we should make sure that we all together review precisely and thoroughly the consequences of this project before rushing to conclusion and premature actions. Once our group of manager will come up with a reasonable and effective plan, genuinely matching the company goals, we shall proceed according to good corporate practices and local labour laws.

Manager 2,

Ron, I sympathize with what you try to achieve, but your predecessor committed to let me manage the operation in my country without unnecessary intervention. We are currently in line with budget and doing far better than last year. The cost cutting program you contemplate will be a distraction and hinder our fast recovering operations. I have no intention to proceed as long as we meet the forecast.

Manager 3,

OK Ron, well understood! I will gather my managers first thing tomorrow and we'll review every possible option. My first guesstimate is we can indeed shrink our costs by making between 5 and 11 people redundant; I'll see that with my production manager, we'll sit with the trade union's steward and call for volunteers. The cost will be depending on their time of service. I should be able to send you a revised budget and a new profit forecast by the end of next week. Also ...

Manager 4, (interrupting manager 3)

Well Ron, what do you want to achieve? Do you want a cosmetic plan or do you want recurrent profit up? This cost cutting project is irrelevant and you'd rather hire a good PR person in New York City. I'll pass on to you some names. It is important we spend some time together though and get to know each other better before we move on.

Manager 5,

Ron, let me tell you that I fully support this cost slashing project and frankly I do not understand why we did not carry it out before. This is an opportunity for our European operations to allocate the resources where they are the most needed to strengthen our growth. Since my country has the biggest growth potential I will rather add resources to speed up its development.

Manager 6,

Before my colleagues and I start working on this project, please Ron, have your staff issuing a revised budget, define the new priorities and carry out a sensibility analysis. Allow me, to respectfully state that we cannot afford at all to compromise on R&D. The excellence of our sales network should be kept intact too. We shall review and assess the remaining options and come back to you in 6 days.

Manager 7,

Well Ron, try to think a little bit out of the box for a while? Do you honestly think that slashing costs will boost profit? Come on ... Let's accelerate the new SST product development, taking advantage of the incredibly cheap source of titanium I have been able to secure thanks to my connections in Russia. I will send you by Thursday a full business plan and this is an offer you can't refuse. Then come back along with a bunch of bespectacled analysts over here and I'll make sure you all like what you'll see and get a big shot of optimism.

QUESTIONS:

Where in Europe are managers 1, 2, 3, 4, 5, 6, 7 from?

France Germany Italy Poland Spain Sweden UK

Why?