

AGRAWAL, SHASHANK SHEKHAR
BHAT, SANJAY ANANDRAM
GAJEELEE, DHIRAJ
RÜECK, GABRIEL

CASE CATHERINE DEVEREAUX

RESUME OF OUR CASE EXAMINATION



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DESCRIPTION

CAAR is a research institute dedicated for improving relations between American and Asian business leaders. It evolved in 1983 from a series of seminars done at Sanborne University. Initially, a major oil company funded CAAR, but over the period of time that started drying out, hence CAAR looked for other ways to generate money. Executive seminars were the answer to their problem and now they have a strong focus on developing more Executive Seminars.

Walter Barnes was the first executive director of the organisation. CAAR expanded greatly under him and he helped raising much of the needed revenue. Then George Stewart took over, however Walter continues to run the show by developing more seminars. George brought Catherine Devereaux into the fold of CAAR.

Conference Promotions (CP) is the only marketing and logistics provider of CAAR's seminars. Its chairman, Sam Gallagher, uses his monopolistic situation to the hilt. Sam is a *Divide-and-Conquer Negotiator*. He plays CAAR's faculties against each other for his benefit.

Catherine has a feeling of guilt for not raising substantial funds for CAAR. So when an opportunity arises to satisfy her in that aspect, she becomes over-possessive of getting a fair price for her seminar. George follows a hands-off approach and Sam, in cahoots with Walter, offers a price, which Catherine doesn't feel to be fair to her. This leads a conflict, which is diagnosed in the following section.

DIAGNOSIS

Since it is group interaction, we have found it useful to use the progressive model of development to explain the failure of the seminars. The first stage is the orientation stage, which looks at the task and identifies the information needed to perform it. Here, the task is the setting up of the seminars and the raising funds. To achieve it; the roles should be distributed to the different actors. Catherine was assigned the responsibility of conducting negotiation with Sam to fix the fees for CAAR. We find that this process is completed and the group moves to the next stage of the model which is the forming stage.

The forming stage redefines the task based on the information collected in the precious exercise. The roles are redefined and a ranking of priority is assigned to each sub-task. We found that this stage is not completed successfully as it meets a dead-end. Instead of moving forward to the next stage, the intense intragroup conflict between the members namely Catherine, Walter and George leads the task to a complete failure. The objective of raising fund is not achieved.

SOURCES OF POWER USED BY VARIOUS ACTORS

In analysing this case, we found that there has been extensive use of power and we are now going to look at the different sources of power used by the different actors. We have identified the sources of power and classified them under the four types of power which are namely **position power**, **personal power**, **info-based power** and **linkages**.

Catherine having been given the responsibility to fix the fees charged by CAAR, **controls the rewards** of Sam and the latter is thus dependent on her for that. *Catherine* also exerts **coercion power** towards *Sam*.

However, *Sam* being the only marketing agent with whom CAAR deal has the **unsubstitutable power** and can dictate his fees without CAAR vetoing it. But this applies only in the short term as

Catherine is already on the move to look for another marketing agent. *Sam* has also the **expertise power** since he has been marketing the seminars of CAAR for quite sometimes.

Just like *Sam*, *Walter* is also seen exercising his **expertise power** over *George* and the whole organisation. Having been the former executive director, *Walter* knows perfectly well how the organisation works. So he literally took control of CAAR and *George* helps him with his lack of involvement in the running of CAAR. *Sam's* **charismatic personality** also contributes to his dominating the organisation.

Between *Sam* and *Walter*, we find more an **alliance** rather than a hierarchical relationship. There is an exchange between them since *Sam* is giving private consulting to *Walter*, as a staff of CAAR, while the latter is favouring CP. We also note that both *Sam* and *Walter* enjoy **centrality**. Most of the different types of power are concentrated on these two actors. They have accumulated power throughout.

TACTICS AND INFLUENCES USED BY VARIOUS ACTORS

We find in this case, *Walter* and *Sam* are most actively and effectively using various tactics to exert influence. Also, this development is forming an informal organisation within the formal structure.

George is completely passive as a boss and he perfectly plays a **figurehead**.

Walter is very successful in exerting **Lateral influence** through his **expertise** and **charisma** on *Catherine* and makes her more dependent on him.

Sam perfectly understands this imbalance of power and exploits the situation by using the tactics of **coalition and exchange** with *Walter* and tries to impress *George* with an **upward appeal** against *Catherine*.

Catherine, in the middle of this whirlpool, tries to use tactics of **coalition and consultation** with *Walter*, **rational persuasion** and a little bit of **coercion** with *Sam*, **rational persuasion** and **upward appeal** with *George* as well as the advisor, *Richard*.

But the outcome of this power play is that *Walter* and *Sam* turn out to be the most powerful actors, and *Walter* especially is able to manipulate everyone in this network for his benefit.

ANALYSIS OF BEHAVIOURS AND TRANSACTIONS

Let's first look into *George*, the director of CAAR. He is completely ineffective as a leader and comes out purely as a *figurehead*.

Walter currently holds an important position within CAAR. As we study the underlying currents, it makes us feel that, if *Walter* allowed *Catherine* to raise funds and be successful, his position and influence may weaken. So it is in his interest to ensure that *Catherine* gets the smaller piece of the cake.

Catherine is too preoccupied with her former "failure" in raising research funds and she is completely focussed on making up for this. This is clearly a self-imposed task set by *Catherine* and she is subjecting herself to a severe *role pressure*. As a result of role pressure, *Catherine* misses the game and does not realize what is going on around her. Hence all her tactics to secure her power and achieve her goals misfire. And *distributive bargaining* carried out by *Catherine* with *Sam* further aggravates the conflict.

Sam recognises excessive dependence of CAAR on his organisation and realizes that he can have a bigger share when he negotiates directly with *Catherine*. He is taking advantage of the confusion at CAAR and also due to his alliance with *Walter*.

The unclear role distribution at CAAR and the fact that more than one person at CAAR wants to sell to *Sam*, puts him into the favourable position where he can negotiate better conditions for himself with the weaker members of CAAR.

PRESCRIPTION

DISTRIBUTE AND INTEGRATIVE BARGAINING

What could *Catherine* have done in a different way? This is not a question to be answered easily, since many people who face conflicts have difficulties to view the whole issue “from outside the arena”. Nevertheless, *Catherine* is a specialist in cross-cultural communication, and we expect her to have the capability to adjust her own behaviour to the needs of the situation.

The way *Catherine* conducts negotiations with *Sam* illustrates **distributive bargaining** (“Who gets the biggest share out of the negotiations between *Sam* and *Catherine*?”) rather than an **integrative bargaining situation** (“How can we market the seminar in order to maximize profit from it for all the players?”), and this is one of the reasons for the resulting quarrel. Quite close to this issue comes the recommendation to use a collaborative approach to manage conflict. The case states that the “discussion between *Sam* and *Catherine* was quite tense” [1], and this is surely not the suitable ambience to achieve a win-win solution for both negotiation partners.

SOURCES OF POWER

We feel that *Catherine* should use some sources of power extensively. We identify four sources of power, in specific, which could turn out to be beneficial for *Catherine*.

Centrality as a source of power means that other people link to you because you are a central element in an organization, and *Catherine* does not exploit the centrality of her position at the moment.

Expertise is something that *Catherine* surely has in the field of her seminars, but it is not sufficient to have it. She should market it appropriately, so that the expertise is well positioned. When this level is achieved *Catherine* naturally gets more attention and importance by key members of CAAR.

Alliances become extremely important sources of power. *Catherine* tries to form alliances with *George* and *Walter* but she is not effective in doing so.

TACTICS

Here we see two major tactics that *Catherine* should have emphasized more, namely **Coalition** and **Consultation**. *Catherine* tried to use these tactics with *Walter*, but she failed. There are essentially two possibilities for this: Either she took a wrong approach or *Walter* did not give her a chance at all. This is something that we cannot evaluate completely from the information available in the case study.

We do not feel that any tactics with *George* would have shown effect unless *Catherine* had motivated him to show managerial capabilities that had never been displayed before, but this is highly improbable.

Catherine could however, have tried at least these tactics with *Sam* who is her business partner in selling her seminar. While pursuing a challenging negotiation, one should not only employ rational persuasion tactics but also build up trust and strengthen the relationships with the other party.

GROUP DECISION MAKING TECHNIQUES

The case *Catherine Devereaux* shows that there are misunderstandings within the group, for example, in the issue of the faculty compensation. This is due to the fact that there had never been done something like a “group contract” which determined how to sell the seminars. Hence we recommend that **Group Decision Making Techniques** such as **Nominal Group Techniques** or **Brainstorming Techniques** are employed so that group members express themselves better.

One more suggestion to CAAR is that, they should have discussed both projects first internally and settled down precisely their bargaining position and strategy before negotiating with *Sam*. Nevertheless, Group Decision Making Techniques do not completely eliminate conflicts or different interests that exist in an organization, they are just a way to diminish politics in an organization, and, of course, they work best in conjunction with a methods that discourage politics in an organization.

ORGANIZATIONAL CHANGES

The case *Catherine Devereaux* requires more than a mere behavioural change of the actors, and fundamental changes in the organization of CAAR are necessary in order to provide a sound fundament for successful future operations.

THE MANAGER AND LEADER

One of the major problems is *George*, the Director of CAAR. While he may be an excellent researcher and probably a skilful publisher of CAAR's *Journal of Cultural Communications*, he does not show the required characteristics of a manager or even a leader. To head an organization, one needs to have strong management, administration and leadership skills.

George is neither an effective leader nor an effective manager. We feel that this is the root cause of the problem.

A leader of an organization defines a *vision* and a *long-term strategy* of the business, which means that he sets the direction to where the organization is moving. Leader does not get in to nitty gritty of the business, whereas a Manager really has to bother about running the organization in an efficient way. Once, he has defined the task match your staff to those roles and tasks. To help them fulfil tasks, Managers also have to ensure that the employees have the necessary equipment, procedures, power and tools.

Finally, a manager has to constantly monitor whether the business is running as intended and modify ways of running it if necessary. Managers are more occupied with the present and the near-term future. Ideally, the head of an organization is a combination of both manager and leader. [2]. *George*, however, does not have any of these characteristics, and therefore, he is certainly the wrong person for the position, which he is holding as director of CAAR.

Hence we strongly recommend replacing *George* with a more suitable person for this position.

GOALS

Equally important are the goals of the organization. Every organization that interacts with other external organizations and enterprises has to have a clear definition of its goals. What does CAAR want to be? Does it want to be an editor of a journal, or a scientific research institute, does it want to market seminars, and does it want to be a Cost Centre or a Profit Centre? The case study does not give us any information about the goals of CAAR, and we even have to fear that there is simply no clear definition of goals. To be successful and to be able to pursue what you want (once you know that!), it is absolutely imperative to define goals and orientate your actions so that they are inline with your goals. At CAAR, it seems that this is something like a loose club where people of common interests meet together and not an efficient organization at all.

ROLES

Roles of people in an organisation should be very clear in an organisation. At CAAR, there is confusion because *Catherine* and *Walter* both try to perform the same role – developing seminar content and fund raising. This ambiguity in roles creates not only **role pressures** but also gives an opportunity to *Sam* to exploit. It would be much more efficient if there was one person had the task of selling CAAR's seminars so that power of centrality could be fully exploited to CAAR's advantage.

But now, *Sam* has an advantage in trying to set the prices to suit his needs and objectives. Since he has very close relationships with *Walter*, *Walter* gets a better deal than Catherine does. Such situation can be avoided if CAAR allows only one person to lead the business initiative.

PROCEDURES AND GUIDELINES

Last but not least, the behaviour of the CAAR members shows that there is a complete lack of defined procedures and guidelines at CAAR, and our group recommends a series of changes in order to enhance efficiency and discipline.

First of all, in order to achieve reasonable and realistic revenues for their seminars (products), CAAR should always **short list at least two marketing agencies**. This will avoid excessive dependence on one agency and checks vendor behaviour. We also recommend a detailed Vendor Selection Procedure for CAAR.

Secondly, CAAR should develop a detailed **costing guidelines and procedure** for their seminars. This will avoid arbitrary pricing decisions by people to pursue their vested interests.

Thirdly, a **Code of Conduct** has to be installed. What does that mean? We can identify a number of conflicts of interests in the CAAR case. We see that *Walter* has a questionable relation with *Sam* besides the legitimate business relationship. This is clearly unacceptable. While you might allow your employees to pursue their personal interests outside your business arena, you must prohibit them from abusing their powers while on duty. In absence of code of conduct, we saw *Walter* tempted to trade off interest of CAAR over his own interests. Further, our group thought that by rigging a higher price for his own seminars, *Walter* tries to secure his power and influence at CAAR. He wants to manoeuvre himself into an irreplaceable position by projecting an image of major fund-raiser of CAAR.

This calls for three measures.

1. **Ensuring Integrity** in CAAR by fostering a culture of firmly dealing with lack of integrity.
2. **An incentive system** where employees who are directly responsible as well as those employees who are indirectly responsible get a proportional incentive from the revenues of seminars.
3. In a similar approach, CAAR should **introduce performance evaluation** of its members, both from superiors and peers. This might provide a feedback mechanism for the individuals and 'early warning signals' to the management, pointing out a potential conflict. Our group considers **Peer Reviews, 360° Feedback and Periodic Appraisals** as suitable methods to be applied at CAAR.

LITERATURE

- [1] Jeanne D. Stanton & Deborah M. Kolb: **Catherine Devereaux**. Simmons College Graduate School of Management.
- [2] John P. Kotter: **What Leaders Really Do**. Harvard Business Review.



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