

Performance Plus

“What happens over the next four months is vital to our division,” said General Manager Steve Cook in January. “We missed our financial targets last year—not by much, but enough to get the corporate folks nervous. Now I’ve promised the market that we’re going to have this new package of offerings for book publishers with a lot of new capabilities. There are some exciting growth opportunities for us here. And believe me, there are some big competitors out there who would be only too happy to see us fail.”

Still, Cook insists, quality is his number one priority. “We may not be the biggest, he said, “but we’ve developed an excellent reputation. I would never do anything to sacrifice that reputation. I’d rather miss my deadline than come out with a substandard product offering, believe me.”

New Product Development at the Company

Maine Papers is a century-old developer and manufacturer of specialty papers. After several years of declining performance in a general industry recession, new corporate leadership had succeeded in turning around the Maine Papers’ performance. Corporate leadership had announced, as part of its strategic renewal, a desire to increase the revenues from internally developed new products.

Maine Papers currently derives 30 percent of its revenues from products generated within the previous five years, and the CEO has announced his intention of reaching 60 percent in three years. That announcement has placed considerable pressure on each of the divisions to improve their new product development processes.

Book Publishing Division

The Book Publishing Division, of which Steve Cook is general manager, is subdivided into three units:

- *trade books*—both best-sellers aimed for a mass market and professional books designed for practicing specialists like managers, doctors, or scientists, distributed through mega-book stores like Barnes and Noble and Borders and Internet providers like Amazon.com
- *textbooks*—intended for classroom use and sold through college bookstores
- *auxiliary materials*—workbooks and teachers’ guides distributed directly to teachers using compatible textbooks

The Division also includes Finance and Marketing (see [Exhibit 4-8](#) for a partial organization chart). Manufacturing is a centralized corporate function that is shared among the Maine Papers' eight divisions.

As Cook reflected on the new product development process within the book publishing division, he realized that changes would have to occur:

The world of book publishing has changed recently. It used to be that trade books, professional books, and a textbook were different markets. We had difficult production values for each, even different marketing people.

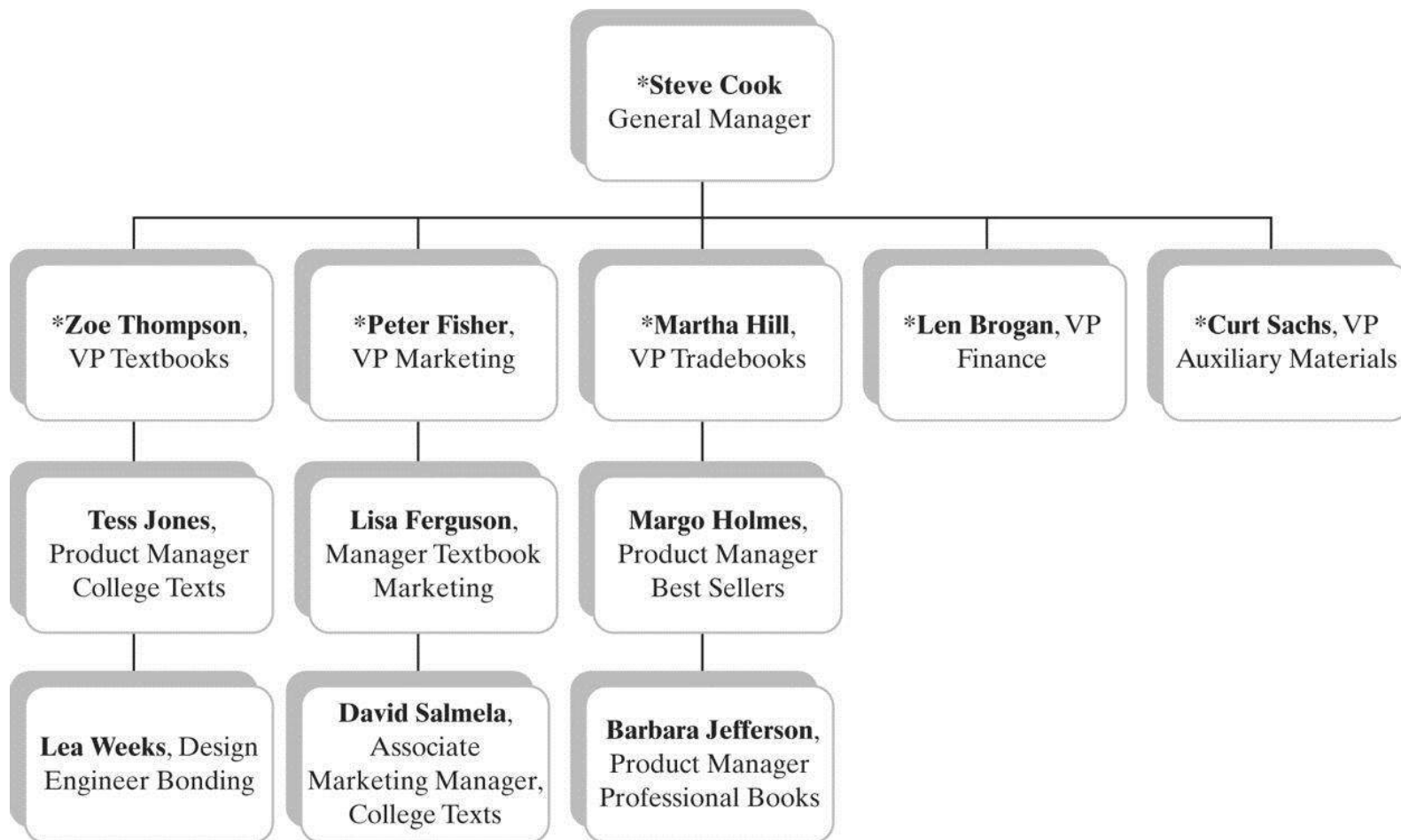
Cook noted important changes that, he believed, had rendered the Division's past approach unsuitable for the future:

There's been so much consolidation in the publishing industry that there's no such thing as a separate trade and professional and text book market. These giant publishers do everything, so they're looking for opportunities to cross-sell. The Internet has worked to consolidate distribution channels. Everyone—from the casual reader who likes to follow the *New York Times* best seller list to the practicing physician to the college students—gets his books through [Amazon.com](#). Finally we see a lot of books that used to be classified as trade books being used in college classrooms. Take a look at an outline for a course in a college of business. You might not even see a traditional textbook anymore. The same management book or CEO autobiography that was on the bestseller list last week might be in a college course tomorrow.

With the approval of his top management team, Cook announced a goal of introducing a full-service program, Performance Plus, that would have a robust functionality and meet the needs of the trade, professional, and textbook market. To achieve that goal, he had organized a cross-functional Performance Plus team. Says Cook:

The world has changed, and we have to learn how to respond. Plus, we have to get a lot quicker at getting new products up and running. Everyone in this Division has heard the CEO say we need to reach that 60% goal. So the Performance Plus team is an opportunity to learn how to do product development quicker and better and also giving our customers the opportunity to find all their solutions right here with us.

EXHIBIT 4-8 Partial Organization Chart—Book Publishing Division.



* Indicates Management Committee member.

Performance Plus Team

Just over a year ago, Cook had pulled together the Performance Plus team to develop a product that would appeal to all book markets. He asked Tess Jones (product manager, college texts) to act as a project leader. Her tasks include coordinating meetings, requesting resources,

and keeping the management committee informed on team progress. All team members retained their “normal” job responsibilities while meeting with the team every Tuesday afternoon after lunch. While Cook had made no change in the formal organization chart, he did understand that management styles, including his own, would have to change.

Individual team members offered quite different perspectives on the workings of the Performance Plus team. Lisa Ferguson (marketing manager, textbooks), for example, has assumed a great deal of personal responsibility for the project:

Because I’m in marketing, I feel responsible for the overall; success of this new service program. To be honest with you, I wasn’t entirely convinced we should be going to market with a single program aimed at these different customers. But once that decision got made, I understood that it was my job to make sure we go to market with the right product so that our customers are happy and I can show a profit. So I guess I kind of consider myself a mini-general manager overseeing the project.

Tess Jones has been designated project manager:

This is a big deal for us. Performance Plus should replace about 30 percent of our current revenue and offer great growth opportunities. It’s my job to make sure all the right pieces come together at the right time.

Lea Weeks (design engineer, bonding) is particularly keen on adding a newly developed feature—Strong Bond—to the finished product:

One of the biggest complaints about college texts is that the binding falls apart before the end of a term. Students don’t take especially good care of their books and within a couple of months they have pages falling out. This has become a greater problem as the cost of text books rise. More and more colleges are using the same texts for a year: in some programs, a text might be used over two years and then be replaced. We have got to go to market with Strong Bond—it’s state-of-the-art.

Not everyone on the team shares Weeks’ enthusiasm. Says David Salmela (associate marketing manager, college texts):

I don’t know that the Strong Bond is all that important to our customers. Remember, our book publishers really don’t mind when a book becomes obsolete after a year. They don’t want a lot of used books cluttering up the market place. So maybe Strong Bond is something to look at down the road, but I don’t want to miss our May deadline.

Barbara Jefferson (product manager, professional books) is especially concerned with meeting deadlines:

We’ve spent time and money on developing Performance Plus. The Company has models that show us that going 50% over budget during product development to get a product out on time reduces profits by only 4%, but staying on budget and getting to market six months late reduces profits by 33%.

Margo Holmes (product manager, best sellers) is concerned about potential delays caused by the as-of-yet unresolved debate over Strong Bond:

Look, we're not manufacturing's only product. They have to schedule us into a tight schedule. To us, Performance Plus is a big deal; to them, it is just one product among many. We're running this company lean and mean these days. So we've got to resolve this Strong Bond question one way or the other.

Looming Deadline

It is January, and Performance Plus is behind schedule in terms of both design and production. The team continues to work to meet the May deadline. Steve Cook is aware of the difficulties:

I know the team is having some problems right now and I fight the temptation to jump in and resolve the problems for them. But I believe I've got the right people, they're moving in the right direction, and they'll come up with the right answer. I need to show them that I have faith in them.

He knows, of course, that if production does not start soon, he risks missing the promised launch date. And he knows that the market expects not just a new product, but one that bears the traditional quality of Maine Papers. (Spector 102-106)

Reference

Spector, B. (2009). *Implementing organizational change: Theory into practice, 2/e for EDMC* (2nd ed.) Pearson Learning Solutions, 2009-02-20. VitalBook file.