

JOHANNES VAN DEN BOSCH SENDS AN EMAIL

Professor Joe DiStefano prepared this mini-case as a basis for class discussion rather than to illustrate either effective or ineffective handling of a business situation.

The mini-case reports events as they occurred. The email exchanges in both cases are reported verbatim, except for the names and dates, which have been changed. Professor DiStefano acknowledges with thanks the cooperation of "Johannes van den Bosch" in providing this information and his generous permission to use the material for executive development.

After having had several email exchanges with his Mexican counterpart over several weeks without getting the expected actions and results, Johannes van den Bosch was getting a tongue-lashing from his British MNC client, who was furious at the lack of progress. Van den Bosch, in the Rotterdam office of BigFourFirm, and his colleague in the Mexico City office, Pablo Menendez, were both seasoned veterans, and van den Bosch couldn't understand the lack of responsiveness.

A week earlier, the client, Malcolm Smythe-Jones, had visited his office to express his mounting frustration. But this morning he had called with a stream of verbal abuse. His patience was exhausted.

Feeling angry himself, van den Bosch composed a strongly worded message to Menendez, and then decided to cool off. A half hour later, he edited it to "stick to the facts" while still communicating the appropriate level of urgency. As he clicked to send the message, he hoped that it would finally provoke some action to assuage his client with the reports he had been waiting for.

He reread the email, and as he saved it to the mounting record in Smythe-Jones's file, he thought, "I'm going to be happy when this project is over for another year!"

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Message for Pablo Menendez

Subject: IAS 2007 Financial statements

Author: Johannes van den Bosch (Rotterdam)

Date: 11/12/08 1:51 p.m.

Dear Pablo,

This morning I had a conversation with Mr. Smythe-Jones (CF0) and Mr. Parker (Controller) re the finalization of certain 2007 financial statements. Mr. Smythe-Jones was not in a very good mood.

He told me that he was very displeased by the fact that the 2007 IAS financial statements of the Mexican subsidiary still has not been finalized. At the moment he holds us responsible for this process. Although he recognizes that local management is responsible for such financial statements, he blames us for not being responsive on this matter and inform him about the process adequately. I believe he also recognizes that we have been instructed by Mr. Whyte (CEO) not to do any handholding, but that should not keep us from monitoring the process and inform him about the progress.

He asked me to provide him tomorrow with an update on the status of the IAS report and other reports pending.

Therefore I would like to get the following information from you today:

- *What has to be done to finalize the Mexican subsidiary's IAS financials;*
- *Who has to do it (local management, B&FF Mexico, client headquarters, B&FF Rotterdam,*
- *A timetable when things have to be done in order to finalize within a couple of weeks or sooner;*
- *A brief overview why it takes so long to prepare and audit the IAS f/s*
- *Are there any other reports for 2007 pending (local gaap, tax), if so the above is also applicable for those reports.*

As of today I would like to receive an update of the status every week. If any major problems arise during the finalization process I would like to be informed immediately. The next status update is due January 12, 2009.

Mr. Smythe-Jones also indicated that in the future all reports (US GAAP, local GAAP and IAS) should be normally finalized within 60 days after the balance sheet date. He will hold local auditors responsible for monitoring this process.

Best regards and best wishes for 2009.

Johannes