

WCM 610 Final Project Case Study One

Phone Systems Inc., an international company that manufactures telephone accessories, has four locations in the United States: Syracuse, New York; Minneapolis, Minnesota; San Antonio, Texas; and Tampa, Florida. It also has facilities in Great Britain, Germany, and Mexico. Phone Systems Inc. values diversity in its workforce, innovation in its processes, and profitability in its products. The president of the board has been overheard saying, “You can’t please all of the people all of the time. Sometimes profits come before personnel.” Phone Systems Inc. is contemplating opening a new facility in India and has initiated the formation of a virtual team to evaluate this decision. An outcome of this project, as directed by the company’s board of directors, is one of the facilities in the United States would be closed to fund the creation of the new facility in India.

Below is a summary of the four sites.

Location	Year Established	Number of Employees
Syracuse, NY	1955	450
Minneapolis, MN	1968	250
San Antonio, TX	1995	650
Tampa, FL	2001	500

Syracuse, NY: This site is also the company’s global headquarters—the site where the company started. It recently celebrated 60 years of service in the United States, and received a presidential citation from President Obama for its dedication to keeping jobs in the United States. This site has an average years of service of 25 years, and the average employee age is 50.5 years old. While this site has the longest history and tradition, it also scores lowest in internal employee satisfaction surveys.

Minneapolis, MN: This site has undergone three downsizings in the past decade, reducing from 775 employees in 2005 to 600 employees in 2008 and 500 employees in 2010. It most recently underwent a considerable restructuring in 2013 to its current head count of 250 employees. The jobs were transferred to the San Antonio, Texas, site and Tampa, Florida, site due to lower labor costs and higher levels of efficiency at both of these sites. The site pursued a grant through the State of Minnesota for skills retraining, and was awarded a state grant of \$300,000 to fund retraining its incumbent workforce from 2015 through 2020. The company would be required to repay the State if any employees were laid off from this site prior to 2020.

San Antonio, TX: This site is the “cash cow” of the company, as it has the highest level of efficiency, is the company’s lowest-cost facility, and has the best overall record of performance. Its cost of operations is the lowest of all sites in the United States. However, the site is currently the target of a union-organizing drive by the Communication Workers of America. Employees pushed for an increase in wages, which was denied by management as the result of an analysis of wages in the area for employees in similar industries. This prompted some employees to pursue joining a union. Any attempt to curtail operations at the site, such as a union-busting move by the company, could create a potential legal challenge with the international union.

Tampa, FL: This is the company’s newest site, and is second to the San Antonio site in cost and efficiency. It has a very low level of attrition, and has the highest scores in the employee satisfaction survey. The site has received awards for its solid performance in minority hiring, and has also been positively recognized as a leader in the local area for its excellent diversity hiring practices.

A cross-function team comprised of three senior managers—plant manager, plant controller, and plant human resources manager—from each of the four sites in the United States has formed to develop the strategy for the creation of the new facility in India. One outcome that is non-negotiable by the company’s board of directors is one of the four sites in the United States would have to close to fund the asset-reconfiguration project.

The group has met twice but cannot reach consensus on their objective. However, they have discussed a shift in the project objective, and requested that the board of directors instead close the facility in Mexico. The site leaders agree a site needs to be closed, but all are adamant that their respective sites should not be closed due to economic, political, technical, and loyalty issues. Conflict among the team members involves the following issues:

- Representatives from the Syracuse, New York, site are adamant that the site cannot close, as it is the world headquarters site and each member of the board of directors lives in the Syracuse area.
- Several members of the committee appear to be ethnocentric, vocally disagreeing with the company's decision to open a site in India predicated on closing a site in the United States.
- A fair degree of finger-pointing has occurred on the committee, with members focused on finding weaknesses at each site other than their own, rather than focusing on the objectives the committee was challenged to resolve.

The facility in Mexico was established in 2008 and has a very low labor cost; its employees are very energetic and excited to be part of Phone Systems Inc. Its leadership team is comprised of 90% Mexican nationals, and its plant manager describes the environment at the site as "Change Disneyland." Employees welcome change, and are highly passionate about their company.

The board of directors was not pleased by the proposal from the project team to close the site in Mexico, and has brought you in to take over leadership of the team. The board has requested you develop a strategy to bring this project to a successful conclusion, with the following objectives:

- Lead the team to the desired conclusion with the majority of the team reaching consensus on which of the four existing sites in the United States would close.
- Summarize the key challenges in moving forward with the recommendation.
- Present the process by which you will lead the team to a successful outcome.