

Case 2: Enron

Before the fall

	Why this dimension?	Examples to support
First dimension	<ul style="list-style-type: none"> • Authority power – the structure exemplifies the authority Ken Lay & Jeff Skilling has over the whole organization • Group support – Ken Lay and Jeff Skilling are able to arouse group support • Referent Power – both leaders play a large role in inspiring employees to think differently • Information Power – Skilling wipes out management and hires traders who are bold, hungry & creative and who knew how to make money 	<ul style="list-style-type: none"> • Communication is shaped top-down, culture is authoritarian with no opinions being expressed upwards • Employees had unquestioning faith in both leaders, they were considered as transformational leaders, given nicknames such as ‘Darth Vader’ • Skilling uses his charisma to establish rapport: “Jeff was like a prophet, the excitement was palpable. You cannot imagine how proud we all were to be there, having a leader who imbued us with a sense of confidence” • Employees who perform well (having information power and knowledge to do their job well) gets kept and ones who don’t get fired

After the changes were happening

	Why this dimension?	Examples to support
First dimension	<ul style="list-style-type: none"> • Expert power – both leaders have a track record of reaching goals and bringing the company to new heights • Authority power – Ken Lay used his formal position to try and assure employees that the company was going to be okay • Other resources of power are not being used efficiently, for example information power, group support 	<ul style="list-style-type: none"> • When the changes were happening, people like Jayne still believe in Ken Lay’s expert power • He did not mobilize his authority power to address Skilling’s leave. Amy and Gary emphasized they couldn’t ask questions because they felt they were challenging the CEO’s authority • Information power needed for clarifying what the vision will be for Enron; group support power needed to help implement necessary changes before moving on

Recommendations on the use of power

	Recommendation	Limitations
First dimension	<ul style="list-style-type: none"> • Ken Lay to use his authority power to legitimize the decision that Enron needs to change, e.g. potential risks staying at the current state (accounting frauds), environmental demands, industry/market competition, etc 	<p>Continuous input of resources to maintain power, i.e. must monitor results and have reward system for excellent work, but is this feasible with the current loss? Enronians</p>

	<ul style="list-style-type: none"> • Budgets & Equipment power – Each department needs to revise their budget and use the existing employee talent to make a plan of future activities. Accounting frauds reveal they are making a loss, so to fix this top management and departments need to consider realistic numbers for operations to continue • Establishing trust between managers and employees – Referent power, to reduce speculation and more actions being made. Ken Lay needs to communicate more clearly and effectively, using more feedback, to reduce confusion and stress in the environment 	<p>have always thought of rewards in monetary form, so will other methods of rewards work as efficiently?</p>
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Case 3: Solaris & Supernova

Solaris

Strategy	Structure
<p>Cost leadership & differentiation but targeted at a niche market; handling more complex calls, longer and more loose calls with less supervision, customers that need more customization to their problem</p> <p>Analyser: Solaris competes by achieving low labour costs and customer service quality, but they also pride on innovation and flexibility of problem solving with their calls</p>	<p>Functional structure, but more decentralized: Teams report to team leader and project leader, but layout of the company suggests more loose and informal structure, which helps with increasing collaboration</p>

7S Framework: how has strategy & structure explain successes/problems at Solaris

- **Strategy** – Solaris opted to try and improve their customer experience by managing the culture; this is a clearly defined and executed strategy, which has helped them secure customers base and achieve low turnover in the long run.
- **Structure** – The decentralized structure seems to work well with enabling collaboration and communication, the functional nature doesn't seem to have created conflict among departments, however they could potentially run into problems as they merge with SuperNova and expand their services range.
- **Systems** – There is a clear standardization of culture and norms at the workplace, but this may not have been coordinated very well, in that people like Charlene are resisting to it as they cannot find common ground to achieve mutual adjustment
- **Staff** – Staff are mostly content, there is effort in trying to use the decentralized structure to motivate staff, e.g. on the spot prizes

- **Style** (culture) – the culture is very managed and engineered, this was good for the short run but has ran into long term problems, like employees segregating themselves from the culture because they find it non-genuine
- **Subordinate goals** – There is somewhat an alignment of goals with top management, i.e. to deliver good quality service. However they may have other goals, e.g. to stay in the organization, to form cliques, etc. that may not contribute to the organization's long term stability
- **Skills** - There is adequate skills and training available to new and old employees to equip them to deal with multiple situations

Recommendations to solve the problems

- Need to have more supervision to adjust the level of coordination, and to make the culture more embedded rather than engineered
- Training will be needed to ensure smooth transitioning with the acquirement of SuperNova and their different services - **limitations: may be costly and time consuming**
- Continue using decentralized structure and current engaging strategy to help staff transition better with the new SuperNova, plus it will increase collaboration between the two firms