



Datavision (A)

Datavision, a small computer company, had grown rapidly since its birth in 1985. By 1993, the organization was a leader in the process control monitoring industry. Despite the fact that Datavision's business was flourishing, its president, Dr. Larry Campbell, was concerned with some existing and potential problems inherent in rapid growth situations. He was particularly concerned about Datavision's high turnover rate, the lack of collaboration between functional areas, and "morale" problems within the organization. In general, Campbell was disturbed by a lack of vitality both in the executive wing of Datavision's office building and across the organization. To deal with these issues specifically and to improve their ability to manage organizational issues generally, Campbell and his vice president of finance, Matt Leona, enrolled in a two-week executive education program held in August 1993 at the Harvard Business School.

At the seminar, participants met in large classes as well as in small, 8- to 10-member action planning groups. By the end of the two weeks, Campbell and Leona had gained perspective on Datavision's needs and identified an appropriate course of action. The focus of their plan was to set in motion a process designed to get problems out on the table, increase the executive group's ability to communicate, and plan more effectively. They had no clear ideas about what particular changes in management, in managerial roles, or in organizational structure might result from this process. At the suggestion of other managers in their action planning group, they planned to use an organizational development consultant to play a catalytic role in their effort to identify and address issues.

Datavision's Business

Datavision Incorporated is an organization involved in the design, development, manufacturing, and marketing of process control monitoring systems that provide real-time visual feedback of process type manufacturing operations. Datavision has pioneered the use of interactive graphic displays in process monitoring. Their advanced workstation-based systems replace older minicomputer-based monitoring methods.

Process control monitoring systems are used in a number of different industries. Datavision has directed its marketing and sales efforts toward large companies in the chemical processing, food processing, and utility plant industries. A Datavision system sells for approximately \$250,000.

Research Associate Gregory C. Rogers prepared this case under the supervision of Professor Michael Beer as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. It was made possible by a company that prefers to remain anonymous. Company data have been disguised. This case is based on an earlier version written by Research Assistant Emily Stein.

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History of Datavision

Datavision began in 1985 when Larry Campbell, Walter Jackson, Luther Beale, and Paul Winter—four engineers from Lincoln Labs at MIT—decided to go into business for themselves. Campbell became president; Jackson, Beale, and Winters became vice presidents; four other people were hired, and headquarters was set up in Campbell's living room. Datavision's engineers worked closely that first year and in 1986 introduced the first workstation-based system with interactive graphic process monitoring ever to appear on the market. The systems were well received, particularly in the food processing industry, and by 1988 Datavision was growing at a rate of 50% per year. But by 1993, Datavision was a very different organization than it had been initially. Campbell and Jackson were still involved in company management; Beale, however, had returned to MIT in 1988, and Winters had gone to work for another computer company in 1992. In the spring of 1993, the company employed a total of 470 people.

Despite rapid growth and profitability, the company was not without problems. In an industry where the average turnover rate is from 12% to 15%, Datavision's turnover was 30% in 1991 and 1992, and in 1993 it was still a troubling 18%. Although the top management team was stable, engineers, programmers, technicians, and marketing people would come and go quickly.

Datavision's business is characterized by high technology that changes rapidly. Thus, turnover can be a serious problem because qualified people are in high demand but limited supply, so that recruiting, interviewing, and hiring them costs the company both time and money. The industry is also highly competitive. Datavision has a 31% share of the current workstation-based graphics processing market. Its five major competitors have 37%, 14%, 9%, 3%, and 6% of market share, respectively. To continue to grow, gain market share, or simply maintain its position in the marketplace, Datavision must actively market its product to generate sales. Active marketing is also important to build up order backlog. The organization aims for a steady \$5 million backlog of orders. In addition, the company must constantly develop more efficient, more advanced, and less expensive products. According to one manager:

This is a highly pressurized and competitive industry. To survive you have to be one step ahead of everyone else. Every six months there is a significant change in our marketplace. That kind of activity puts a lot of pressure on everyone, engineering, but particularly sales. People simply don't wait in line to buy a \$250,000 computer.

Business Status

Since 1989, net sales at Datavision have grown at a compound rate of slightly less than 50% per year (see **Exhibit 1**, Consolidated Statements of Income, 1989-1993). When Campbell and Leona left their offices to attend the executive seminar, results of the first quarter of fiscal 1993 were in. (See **Exhibit 2**, Consolidated Operations Report.) Actual total revenues were less than predicted. Income before taxes, however, was slightly higher than predicted for that time of year. By the time the seminar had ended and Leona and Campbell had returned to Datavision, there was decided concern about the financial situation. According to Finance V.P. Leona:

In April 1993, we had just finished a very big year. By August, though, we were behind our predictions. We hadn't thought the summer doldrums would affect business that year but apparently they did. We had to readjust our thinking and cut down our forecasts for fiscal 1994. We had originally predicted a year with \$25 million in sales at that point in time [August 1993]. We had to cut that forecast down to \$22 million.

Datavision's managers were also concerned with company financials. According to a manager in the manufacturing department:

We all know in an industry like this that we need a backlog. By the end of the summer of 1993, we had really eaten away and were continuing to eat away at the backlog we had. At that point, our backlog was only \$2 million to \$3 million and, from what I understood, we just weren't getting orders.

The Organization and Communications

Twenty-nine of the 470 employees at Datavision were executives and managerial staff. The organization was housed in six separate buildings in an area north of Boston, Massachusetts. Five of the six buildings were within walking distance of each other. The sixth (a manufacturing building) was only 15 minutes away by car. The president and vice presidents of finance, engineering, and marketing and their staffs were in one building; manufacturing was in three others; customer service was in the fifth; and sales, the sixth.

President Campbell was responsible to a 12-member board of directors of which he and the other vice presidents were members. Reporting to Campbell were five functional managers. (See organization chart and personnel profile, **Exhibits 3 and 4.**)

To maintain contact and disseminate information about departmental and company activities, Campbell's staff met weekly for several hours. Typically, Campbell ran the meeting. He'd ask for informal reports of department activities and problems. Then he would present an idea and ask for input, which he would use to make decisions. According to Campbell:

I generally make most of the organizational decisions around here. When we first started the company, I did everything. I made all the decisions and didn't really explain to anybody why I made them. I was in a position though to have a very complete picture of the organization and was the only one in a position to make good decisions. Things have changed since the beginning though, and there are just too many decisions to make. I've been adapting to our growing organization and trying to change. I let certain people make decisions but I don't feel right now that I can delegate all or even most of the decision making. I tend to be a bit of a perfectionist and expect an awful lot. I feel as though I'm a little ahead of the organization in terms of knowing or thinking about where we are going, where we ought to be, and what ought to be done. I have a tendency to figure things out, make assumptions, and make decisions. That confuses people sometimes but I think it's what we need right now. I use the information I'm given at executive meetings but really make final decisions mostly myself.

Following Monday staff meetings, each vice president met with his own department managers to communicate organizational plans, decisions, or discuss company or department activities. Such meetings gave managers the opportunity to meet formally and communicate with their area vice president and with each other.

The monthly written report was another important communication tool used at Datavision. Each vice president was responsible for preparing a monthly activity report for the president. Once the president received all five reports he consolidated the information into one report for the board of directors and each vice president. In order to best prepare such reports, Larry Campbell met with each vice president and his managerial staff for several hours during the week before the reports were to be written.

The atmosphere at Datavision was friendly, though at the same time a formality was emerging. In early days doors were always open. Managers felt comfortable dropping in to chat with vice presidents and the president. As the organization grew, the atmosphere changed and,

although managers usually met their vice presidents whenever necessary, Campbell was seen by appointment.

The Intervention

On September 16, 1993, approximately one month after completing their executive seminar, Campbell, Leona, and personnel manager Harold Wheeler had a luncheon meeting with Dave Brennan. Brennan was an organizational development consultant recommended to Campbell and Leona by both a seminar faculty member and fellow participant. (See his personnel profile, **Exhibit 5**.) Larry Campbell explained:

We attended MOE [Managing Organization Effectiveness] generally because there was a feeling on the part of some people that our hang-ups (turnover, morale problems, people feeling overworked) were organizational, and somehow we weren't managing the organization to be effective. As a result of our seminar experience, we decided to hire an organizational development [OD] consultant to come in, do some work, and help us bridge the gap between many different parts of the organization. We expected he would do that by talking to different people, sensing feelings and attitudes, and bring them forth in a way that doesn't offend people. We had had a sense of this OD need before going to that program, about a year earlier, and in fact hired someone who came on for a day. Anyway, after the summer program we, Matt and I in particular, were really motivated to do some OD work. Brennan seemed like the right guy.

During their three-hour lunch, Brennan explained himself and his ideas to Campbell, Leona, and Wheeler. He outlined a possible action strategy for Datavision. Brennan recalled:

I spoke with the three of them back then and told them that I was interested in new and developing organizations. I've done a lot of work with high technology in rapid-growth situations where there are very bright people, usually engineers. I thought that I could help the vice president group work together more effectively. Larry and Matt referred to that as "team building."

As a result of that meeting, Brennan was hired to help Campbell's staff work more effectively as a managerial team. Brennan planned to begin the "team building" effort in three phases. First, he would interview each member of Campbell's staff individually. Next, on November 3 and 4, he planned to meet with Campbell and the staff at a resort in Newport, Rhode Island, for an off-site session. Finally, Brennan suggested that after Rhode Island he hold a meeting with company managers who reported to the staff. Brennan planned to meet with those managers, about 25 in all, by himself and then have Campbell and the vice presidents join the session for a question and answer period.

Interviews with Top Management Group

On October 18, Brennan spent the day at Datavision interviewing the top staff. These interviews served two major purposes: (1) By introducing himself to the staff, Brennan was able to explain his goals, Campbell's goals in hiring him, and his plans for carrying out the team-building task. (2) In addition, by questioning each manager, Brennan could learn more about the operating environment at Datavision. He reported:

I started all my interviews by saying, "I'm Dave Brennan. I'm here to interview you but before we can do that I need to know what kind of expectations you have and what you've heard about me." I got five different stories from those five different guys. The theme was basically that Larry had gotten ahold of me because he went to Harvard, he [Larry] thought I could help them work together

better, and that they needed it. Although initially people were a bit formal and stiff, I was received very well.

The idea of a consultant was not new to Datavision executives. About a year before Brennan, another OD consultant came to Datavision, interviewed executives and managers, and made some recommendations to Campbell. Datavision executives were also used to off-site, two-day meetings. Each quarter the executives and their spouses went to a resort for a combined business meeting and social gathering. One vice president commented:

We were relieved to meet Dave. We all felt that Datavision needed something. We'd probably all mentioned our interest in having outside help to Larry independently. We hoped Dave would give us what we needed. I wasn't so sure that anything would change, but I was willing to give it a try. If nothing else, I was sure he could act as referee when we started yelling at each other at the off-site meeting. We were in the habit of getting pretty excited at those sessions.

After introducing himself, Brennan asked questions about Datavision's strength and weaknesses and about Campbell and their fellow vice presidents. He was particularly interested in assessing problem areas that might be preventing the top management group from working together as a team. As a result of his interviews, Brennan identified six key issues:

1. Lack of trust among the top-level people and across the organization;
2. Confusion about company goals;
3. Poor decision-making policy and too much decision unmaking;
4. Lack of clarity regarding organizational structure;
5. "Cronyism";
6. Conflicting management styles at the executive level.

Brennan drew up a flip chart presentation that included a list of the six problems and illustrative quotes gathered during the interviews. He planned to use the charts to introduce the issues and help promote discussion in the two-day session. His agenda included convening on Thursday the 3rd at 8 a.m., working until noon, and working again from 4 p.m. to 8 p.m. The purpose of the first day would be to raise problems and "clear the air." For Friday the 4th, Brennan scheduled meetings from 8 a.m. to noon and 3 p.m. to 6 p.m. He expected that on Friday the group would be ready to devise strategies for dealing with Datavision's weaknesses.

The Off-Site Meeting: Thursday

On Thursday morning, Brennan began the session by explaining his agenda and the ground rules for the two-day meeting. According to one vice president:

There were several rules Dave suggested we follow. First, he said that we should try to stay on the topic of conversation and not bring in other issues when we were concentrating on one issue. Next, he suggested that if we were discussing or criticizing the behavior or style of a particular person, then we had to look that person in the eye. Also, you had to give the person being discussed a chance to talk and respond. Finally, the receiver of criticism also had the power to control the flow of conversation. If he or she was upset, offended, or uncomfortable, he or she had the option to say "Stop—I'd like to discuss something else."

As part of the ground rules, Brennan also described the role he would play at the meeting: an unbiased outsider whose primary function was to help people listen, talk, and hear each other more effectively. According to another vice president:

To be honest, when we were beginning that meeting in Rhode Island I was thinking to myself, we've been trying to get along for years, we've had a consultant, we've met together at off-site gatherings. I was discouraged and didn't think it would work. I was also convinced, though, that I would try, and because Dave had come across so straightforward and capable, I had a glimmer of hope. I trusted him and wanted this to work out for us. I felt willing to do what had to be done and even put myself on the line.

Another vice president recalled:

I thought that we all really had a good feeling at the start of that session. Larry was behind the effort. I really thought it could work.

After setting up the rules, Brennan unveiled his flip chart presentation. The first chart included a list of all six problems and quotations illustrating each issue. He focused on each problem one by one, trying to elicit additional comments and discussion. Participants were hesitant initially, but began to contribute by clarifying the ideas on the list.

1. *Trust* was a major concern around Datavision. Nearly each vice president had criticized other executives. According to one vice president:

We've developed strict territories around here; we stay out of each other's departments mostly because we don't trust or approve of what the other person is doing. I'd like to question someone on their department's activities but I'd have to let them do it to me and I'm not sure I want that.

Apparently, these feelings were particularly true between marketing and engineering. It was not unusual for Walter Jackson (vice president, engineering) and Bob Fowler (vice president, marketing) to argue and blame each other for missed deadlines. Fowler was quite vocal in blaming the slippage in orders on the inadequacies of the engineering department. Each vice president took great pride in his own department and seemed to feel that "things are operating well in my department. If everyone else took care of his or her area like I take care of mine, things would be terrific around here."

Another problem related to trust was that no vice president seemed to feel he or she could confront another vice president, or could discuss negative feelings about another vice president or manager openly to Campbell. In some ways, they didn't feel that Campbell would listen and in other ways they didn't want to diminish another's reputation.

2. *Confusion* about company goals was related to the trust issue. One commonly held feeling was that no one around Datavision was skillful enough to plan for the company's future. Each vice president had confidence in the organization's technical competence but felt that no one was really in touch with the marketplace and realistic enough to make some good planning decisions for the business. One vice president explained at the meeting:

We are all, except Scott [vice president, manufacturing] relatively new at managing. We are probably all experts in our own areas, but because we don't really trust each other, we don't pool our information. That kind of coordination isn't the norm around here. Another reason for the confusion is that the company may have outgrown whatever managerial skills and planning skills some of us had.

One major criticism about planning was the marketing department. Participants recalled:

There are many places our system can be used. We haven't figured out what's happening in the marketplace. Our competitors seem to know. We are, or have become, very weak in that area. Our sales are dropping and we've been eating away at the backlog. There are some real doubts about the skills in that department. The vice president in marketing had made some particular blunders we all knew about, blunders that especially affected the engineering and manufacturing

departments. He'd talk to a customer, find out what the customer wanted, and promise a system. That would have been a good move except sometimes the product wasn't designed or produced yet.

To a lesser extent the engineering department was criticized for not developing products quickly enough or not effectively designing a less costly product. During the session, vice presidents initially became defensive when criticized this way, but learned, as the session went on, to listen to the criticism and try to deal with it constructively. Brennan commented:

They were all putting a great deal of effort into working hard at listening and abiding by the ground rules. Bob Fowler, who took the most criticism, tried especially hard to sit quietly and respond rationally.

3. *Decision making and "unmaking"* was related to the goal issue and a source of complaint. Several vice presidents commented to Brennan, "It seems that no one is willing to take a stand on long-range goals." Not only did the vice presidents worry that no one, particularly Larry, was willing to take a stand on long-range goals, but sometimes when a stand was taken it would be reversed quickly. Several of the vice presidents had mentioned this during their interviews and again during the Thursday session:

Sometimes these Monday staff meetings we had were more confusing than not having them at all. Sometimes we'd talk for eight hours straight and leave without having a real sense of what had gone on. Other times, Larry outlined some very definite plans and ideas. We left the meeting assuming our policy was one way. You'd tell your managers and make sure the policy was understood. Soon you'd get a memo that the policy was changed. Larry did that all himself. That kind of change of plans was very confusing and irritating for Datavision employees. It was also pretty embarrassing for the vice president who made a statement that was reversed or negated a week later.

During the meeting, several vice presidents were irritated, recalling how they could leave a meeting committed to implementing a marketing, engineering, or manufacturing plan that would then be changed when the finance department discovered a new piece of data. One vice president commented, "It is apparent when Matt [Leona] goes to Larry with some new information, because we are all told to stop what we are doing and proceed a different way." The vice presidents felt that this type of situation was frustrating and costly. Engineers who had to stop one activity and get geared up for another lost valuable thinking time. Manufacturing also became angry when they set up shop to proceed one way and then had to close down to restructure activities.

During Thursday's meeting, several vice presidents confronted Campbell with comments like "Sometimes it seems you make decisions for reasons of your own, unmake them for reasons of your own, and don't bother to communicate to us why or what is going on. You make decisions without involving people who have a right to be involved."

Voices became raised during these kinds of confrontations, though participants consciously tried to control their tempers. Brennan contributed only to add a comment like "Well Larry, did you understand exactly what Bob was saying? Why don't you rephrase that?" "Does anyone else feel the same way? How about you, Scott?" Through such questions, Brennan helped Campbell, the vice presidents, and Customer Service Manager Tom Sisco better understand the criticism and avoid one-to-one hostile confrontations.

4. *Lack of clarity related to organizational structure* was also a problem. Participants recalled feeling angry as the group began to discuss this topic. The consensus among the vice presidents was that Campbell made all the organizational decisions and in many ways those decisions didn't make sense. "One day a certain service group is a member of one department, and the next day it's been moved and reports to another department." One particular irritant to several vice presidents was the fact that Sisco reported to Campbell. The vice presidents were angry because Sisco had been elevated to an executive level and had managers reporting to him. During their interviews, several vice presidents told Brennan that they felt Sisco didn't have the title or experience to be a member of the

top staff. At the meeting, they confronted Sisco with these feelings. Sisco remembered that at the off-site meeting:

I was really shocked to hear that people, Matt in particular, doubted my credibility. I had trouble relating to them, but I just thought that was because I was a friend of Larry's.

5. *Cronyism* was the fifth problem Brennan found to be recurrent. In thinking back about the meeting, one vice president expressed the sentiments of the rest when he reported: "Tom Sisco didn't belong there. We told him we tolerated him but didn't trust him in the company and didn't trust him to be there. He was a tennis buddy of Larry's, which is why he was there in the first place."

Active discussion took place around the cronyism issue. The vice presidents felt that the friendship between Campbell and Sisco stood in the way of business because around the company, people felt that you got promoted if you were Campbell's friend. Sisco recalled:

Those kinds of feelings were surprising to me because I really thought we played down our friendship. It was good to get it out in the open though because I knew where I stood, we all did, and that was good.

When first discussing these five issues the group had been somewhat subdued. As the hours went by they grew more willing to participate. Leona, Jackson, Fowler, and Campbell were the most vocal participants. Sisco and Palmer were fairly reserved. Brennan attempted to include them and elicit their comments when they were "watchers" for too long. When introducing the sixth issue, however, Brennan had a difficult time getting anyone to comment right away.

6. *Conflicting management styles* was an issue that each staff member discussed with Brennan during their respective interviews. As a result, Brennan was keenly aware that Fowler's (vice president, marketing) management and decision-making style was completely different from those of the other vice presidents. Fowler himself was aware that he had a different approach and a different philosophy than his peers. Fowler described himself as "the kind of person who is caring, feeling, people oriented and intuitive. I have a gut feel for a project or procedure and am often right. No one else around here feels that way. Campbell and Sisco in particular are logical and analytical; it is a very different style."

Dave Brennan remembered that, after interviewing the staff:

It became obvious that Bob was perceived as the center of many of Datavision's problems. Before the meeting on Thursday, I had breakfast with Bob. I wanted him to be aware before the session that his management style was seen, not only as different from, but in conflict with, the management styles characteristic of other Datavision executives. He was upset about that, didn't like it, but said that he wasn't surprised. When we got to the issue in the meeting, people started denying it. At that point, I had to confront them and said, "Bullshit, these are your quotes right there. I said let's not monkey around, we've only got two days and there's a lot of hard work to do. I really need your help." After being straightforward in that way, a couple of the guys admitted to their feelings and their quotes. After that point, for the rest of that day the discussion centered around Bob.

At this point, Jackson and Sisco, in particular, became vocal. Even Palmer jumped into this part of the discussion. Each saw Fowler as having a caustic, hostile, angry approach. Palmer expressed the opinions of Jackson and Leona when he commented, "We all felt that Bob was into winning and losing. He was confrontational and angry. He raised his voice and was very aggressive. That was just not necessary to get the job done. It wasn't our style here."

At the session, Leona remembered expressing the idea that

Bob and I had a very different approach to decision making. I knew he was certainly aware of it. He just fought me on it all the time. I believe in reality; facing

it, living with it, and making well-thought-out logical decisions based upon it. Bob couldn't give me data to back up his ideas, or wouldn't, and that annoyed me, and at the meeting I let him know how I felt.

Another serious criticism directed at Fowler related to his "empire building" and salesmanship attitude. More specifically, Fowler was seen as someone who needed to feel important and powerful and would approach customers as if he were in control of everything at Datavision. He promised customers products and then would ask engineering to develop them. He'd promise customers deadlines that were impossible for manufacturing to meet. Scott Palmer recalled:

It really boiled down to a lack of trust in Bob. At the meeting we all took turns and confronted him on these issues. He didn't seem to be getting the marketing job done. Our sales were down, we were eating away our backlog. He was probably feeling some pressure but as a result he'd take things out on Jackson, or try to put blame somehow on engineering or manufacturing.

Once issue number six had been raised, all subsequent discussion became focused on Fowler. Every other issue was related back to Fowler's inabilities and personality style. Although Brennan helped maintain calm, and the criticism was delivered constructively, Fowler was subjected to several hours of direct confrontation. Jackson commented:

For a long time, Bob and I had had problems. This was a forum for expressing my feelings about those problems and getting them out on the table. We all tried to explain ourselves pretty calmly. He may have perceived it as an attack.

Fowler said later that he had perceived the session to be an attack. At the time, he did not react defensively or with hostility. Although he admitted feeling initially that the whole session was a set-up to confront him, he listened to everyone's comments and tried to understand them. He also redirected some of the criticism if he thought he was being unfairly blamed for something or that others could benefit from similar criticism.

Scott Palmer stated:

Because Dave was there, I guess we were able to voice complaints we had never voiced before. For the first time, I was able to tell Bob that it really irritated me that he never listened. That kind of honesty caught on and Bob and Larry went back and forth about individual management styles and things about each other that bothered them. Bob said Larry always turned around his [Bob's] decisions. Larry expressed the feeling that Bob was too dogmatic. It was refreshing in a way because people had things buried for five years and they were able to express them. As positive as it was, though, in some ways it was brutal. Bob sat there through criticism that was mostly directed at him and maintained his cool. I give him a lot of credit, we all did. He was open and made no attempt to stop the flow of conversation. We all learned a lot about each other during that time. We all wanted this thing to work and all appreciated Bob's willingness to listen and take criticism pretty calmly.

Larry commented:

You could almost see the improvement. Bob was really trying. He did quiet down and acted much calmer. He tried not to raise his voice and seemed to really hear what everyone else was saying.

As the first day ended, people were both energetic and exhausted. Participants remember having positive and negative feelings about the day. They were relieved to get their feelings about issues, particularly Fowler, out into the open. However, it was upsetting for most of them to imagine what Fowler must have been going through during the day. All credited Dave Brennan for being an effective coach, moderator, and guide. They perceived Brennan as helping keep decibels down, fists

from flying, and the conversation flowing. When the meeting adjourned, the group went to dinner feeling that they worked hard and made some good progress.

The Off-Site Meeting: Friday

Although the schedule for Thursday did include a four-hour break in the afternoon, the group had stopped only two hours for lunch. They were just as energetic Friday morning. Friday's meeting was to run from 8 a.m. to 6 p.m., with a quick break for lunch in the middle of the day. Campbell and his staff agreed that corporate planning would be the topic of discussion for day two. The group discussed how they planned to make efficient use of their meeting time, how to communicate individual department needs, what ground rules they would use for meetings.

Campbell ran most of the meeting on Friday and together the group developed a planning procedure for Datavision. The plan excited everyone because it seemed to integrate functional area needs. Overall, Palmer and Sisco remained less vocal than the rest of the group but seemed as enthusiastic about what they were accomplishing. Jackson recalled, "Our feelings were very different on Friday than they were on Thursday. We seemed more committed on Friday. Campbell was listening more carefully and Fowler was almost low key. He only spoke his fair share of the time."

They worked steadily, all day. They seemed committed to preparing planning strategies together. Brennan was less involved Friday than he had been Thursday but, apparently, his presence was a catalyst for discussion. One vice president recalled:

On the second day, Brennan had the effect, even when he didn't say anything, of helping us talk without ignoring each other or becoming argumentative. He wasn't involved as an obvious leader but he did promote honesty and openness on our parts—the first day especially, but even the second day. Even when he was quiet we did need him in the room. That became obvious when he left to make some phone calls in the afternoon on Friday. After a few minutes, I guess when we realized he was gone, no one said a word. Apparently, we needed him there to really help us communicate, team build, or whatever.

At about 5:00 in the afternoon, Campbell suggested cocktails, which had not been served Thursday or before 5:00 on Friday, and started up a feedback session. He wanted to hear perceptions of his behavior for the two days and asked Leona, Jackson, Fowler, Sisco, and Palmer to take turns commenting. They mentioned strengths like "you seemed to be listening more," "you seemed to take our suggestions seriously," "you were trying hard to get our input." They also asked him to try to maintain some of these behaviors back at the office. Campbell enjoyed the feedback process and suggested they continue to comment on each participant. On the whole, the feedback was positive, applauding their listening skills and their honesty. The group seemed proud of itself. At 6 p.m. the meeting ended, and because he had plans Friday night, Campbell headed back to Boston. Those who stayed on had an informal post-meeting dinner.

After the session, participants thought about what had been accomplished and what might be accomplished as a result of their efforts. Feelings about the meeting ranged from very positive to very negative. Tom Sisco said:

I came out of that meeting feeling very high. So many things came out in the open as a result of those two days. I felt we could all be much more open and honest with each other, and I had a very good idea about who the vice presidents were and where they stood on certain issues. I learned a lot about Walter and Matt. I felt I could work with both guys much more efficiently as a result of those sessions.

Another positive, though less enthusiastic, opinion shared by several staff members was:

When we first heard about going to Newport, we all had a certain amount of skepticism about being able to work together well and about our planning capabilities. We had consultants before that; we were used to off-site meetings. I wasn't convinced that this guy [Dave] on this team thing would be any different for

us. The first day was very encouraging though. We didn't have fistfights and didn't yell too much. We had all been so open that there was a collective feeling that things might really change. We were all hoping for it anyway.

There were a couple of participants who, despite overt enthusiasm, were doubtful that the session had changed anything or would act as a catalyst for future change. Their comments were:

We have a pattern of leadership, decision making, and management style here that we are used to. We've had consultants before who pointed out the same problem issues to us that Dave did now. We didn't listen a year ago, why should we listen now?

The question now facing Campbell and Brennan was what steps to take next in moving change along. Brennan's original idea was to meet with the top 25 managers to discuss what had gone on in Newport and then to bring in Campbell and the vice presidents. Was this still a good idea? Their main objective was to carry ahead the movement begun at the two-day meeting into the company. What was the best way to do this?

Exhibit 1 Datavision Incorporated and Subsidiary, Consolidated Statements of Income
for the Years Ended April 30, 1989-1993 (\$000s)

	1989	1990	1991	1992	1993
Net Sales	\$3,457	\$7,265	\$9,461	\$10,183	\$16,640
Cost of Sales	<u>1,976</u>	<u>4,236</u>	<u>5,759</u>	<u>5,661</u>	<u>9,471</u>
Gross profit	<u>\$1,481</u>	<u>\$3,029</u>	<u>\$3,702</u>	<u>\$ 4,522</u>	<u>\$ 7,169</u>
Operating Expenses:					
Engineering, marketing, general, administrative and other	<u>\$1,280</u>	<u>\$2,609</u>	<u>\$3,309</u>	<u>\$ 4,254</u>	<u>\$ 5,253</u>
Income (loss) from operations	\$ 201	\$ 420	\$ 393	\$ 268	\$ 1,916
Interest Expense , net of interest income	<u>12</u>	<u>87</u>	<u>230</u>	<u>302</u>	<u>265</u>
Income (loss) before provision for federal and state income taxes	<u>\$ 189</u>	<u>\$ 333</u>	<u>\$ 163</u>	<u>\$ (34)</u>	<u>\$ 1,651</u>
Provision for Income Taxes:					
Federal	\$ 76	\$ 123	\$ 59	\$ (12)	\$ 860
State	<u>17</u>	<u>21</u>	<u>4</u>	<u>-</u>	<u>-</u>
Income (loss) before extraordinary credit	\$ 96	\$ 189	\$ 100	\$ (22)	\$ 791
Extraordinary Credit —Federal income tax reduction resulting from net operating loss carryforward	-	-	-	-	-
	<u>76</u>	<u>123</u>	<u>-</u>	<u>53</u>	<u>-</u>
Net income	<u>\$ 172</u>	<u>\$ 312</u>	<u>\$ 100</u>	<u>\$ 31</u>	<u>\$ 791</u>
Net Income per Common Share:					
Before extraordinary credit	\$.09	\$.15	\$.08	\$ (.02)	\$.50
Extraordinary credit	<u>.07</u>	<u>.09</u>	<u>-</u>	<u>.05</u>	<u>-</u>
Net income (primary)	<u>\$.16</u>	<u>\$.24</u>	<u>\$.08</u>	<u>\$.03</u>	<u>\$.50</u>

Exhibit 2 Consolidated Operations Report—Quarterly Comparison

Revenues	First Quarter FY 1994			First Quarter FY 1993		
	Budget	Actual	Percent	Budget	Actual	Percent
System and Upgrade Shipments, Customer-Funded Engineering						
Shipments						
Less discounts:						
- System and Upgrade Shipments						
- Customer-Funded Engineering						
Net Shipments,						
Customer Services,						
Application Development and						
Other Revenue						
Total Revenue	\$5,014,000	\$4,721,764	100.0%	\$3,324,857	\$3,397,296	100.0%
Cost of Sales						
System and Upgrade at Standard, Manufacturing Variances, Color Plotter Development, Customer-Funded Engineering, Customer Services, Application Development						
Total Cost of Sales	2,797,932	2,503,704	53.0	2,019,429	1,980,898	58.3
Gross Profit	2,216,068	2,218,060	47.0	1,305,428	1,416,398	41.7
Operating Expenses						
Engineering, Marketing, Corporate Administration, and Other	1,621,770	1,602,761	33.9	1,115,161	1,143,888	33.7
Income from Operations	594,298	615,299	13.0	190,267	272,510	8.0
Interest Expense	60,000	37,305	0.8	78,000	83,677	2.5
Foreign Currency Exchange	-	2,768	-	-	-	-
Income Before Tax Provision	\$ 534,298	\$ 575,226	12.2%	\$ 112,267	\$ 188,833	5.5%
Provision for Income Taxes	283,000	335,000	7.1	60,000	85,000	2.5
Net Income	\$ 251,298	\$ 240,226	5.1%	\$ 52,267	\$ 103,833	3.0
Net Income per Share	\$.14	\$.14		\$.04	\$.08	

Exhibit 3 Organization Chart

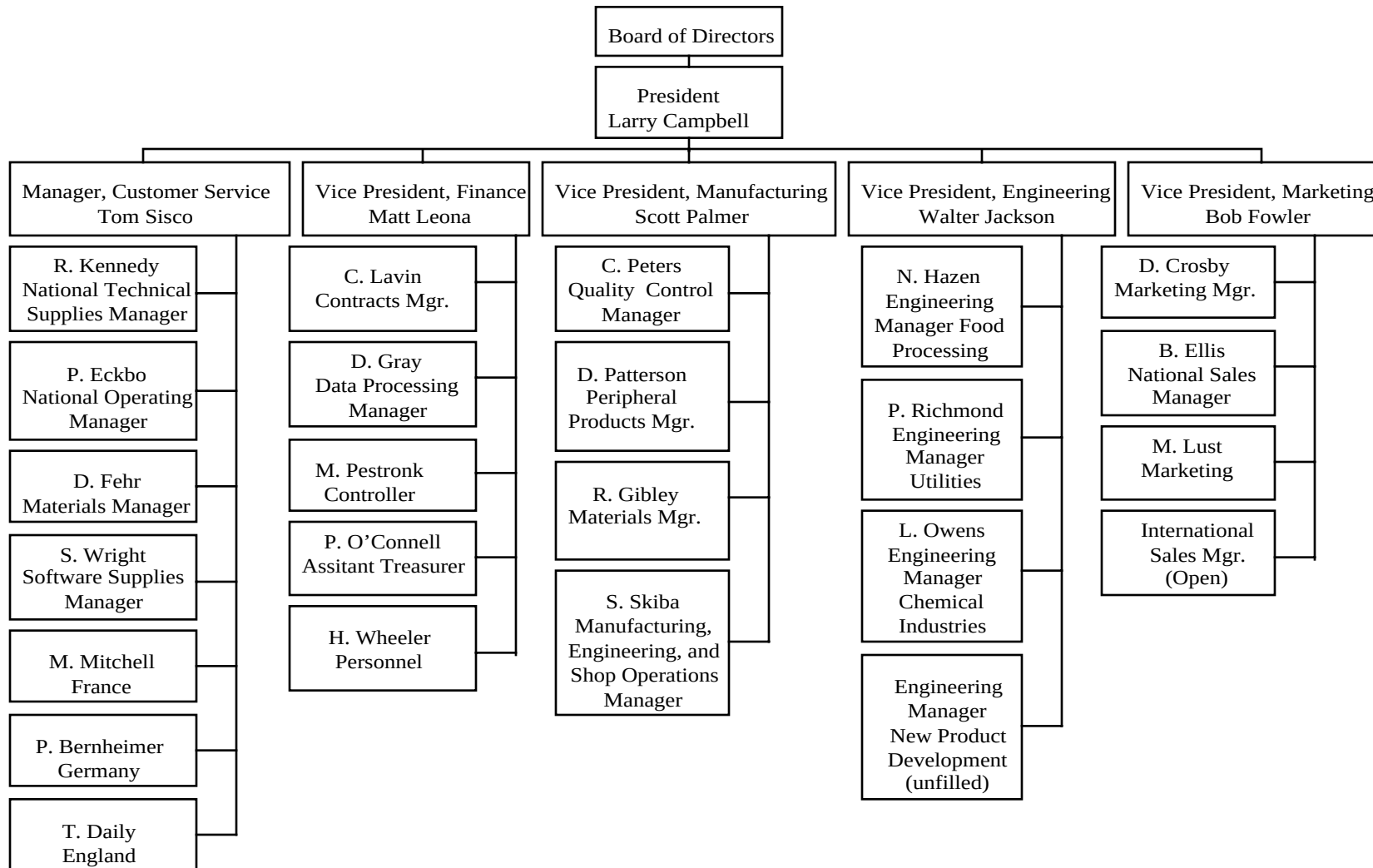


Exhibit 4 Personnel Profiles

Larry Campbell: President, 38 years old. Dr. Campbell received a BS, MS, and Ph.D in Engineering from the University of California at Berkeley. During his graduate studies, Dr. Campbell consulted for several organizations in the area of process control. After a brief period as a professor at Cal, he went to work in research at Lincoln Labs at MIT. He worked there for two years and founded Datavision in 1985. Dr. Campbell is a member of Datavision's Board of Directors.

Bob Fowler: V.P., Marketing, 37 years old. Fowler received an undergraduate degree from Fordham and an MBA from New York University. After his graduate education, he went to work for Exxon, then Pitney Bowes in Sales. He was recruited by a search firm and came to Datavision in 1988. Mr. Fowler is also a member of Datavision's Board of Directors.

Walter Jackson: V.P., Engineering, 36 years old. Jackson received a BS in Engineering at the University of Arkansas. He continued his education in engineering at the University of Illinois and received a Ph.D. After finishing his doctorate, Jackson went to work at MIT, stayed there for one year and left to begin Datavision in 1985. He is a member of Datavision's Board of Directors.

Scott Palmer: V.P., Manufacturing, 38 years old. Palmer received a BS in Engineering at the University of Rhode Island. He continued his education at Wharton and earned an MBA. After graduate school, Palmer worked for General Electric for 10 years in manufacturing before being recruited and joining Datavision in 1989. Palmer is also a member of the Board of Directors.

Matt Leona: V.P., Finance, 39 years old. Leona earned a BS in Electrical Engineering from Case Western Reserve and an MBA from Harvard. He went to work for IBM directly out of Harvard, in finance and pricing. He stayed with IBM for several years before working at an investment banking firm for one year. His next job involved venture capital work at General Electric. While at GE he invested GE's and his own money in Datavision. In 1991, he left GE to join Datavision and became a member of the Board of Directors.

Tom Sisco: Manager, Customer Service, 34 years old. Sisco earned a BA from St. Anselms College, went to work in the Peace Corps and then spent eight years as a manager at the United Parcel Service Company. Sisco and Dr. Campbell are neighbors and friends. Sisco was personally recruited to Datavision by Campbell.

Exhibit 5 Personnel Profile

R. David Brennan: Consultant, 38 years old. Dr. Brennan received a BA in psychology at the College of Wooster, an MS and a Ph.D from Case Institute of Technology. His Ph.D is in Organizational Behavior. In 1982, he began working as a self-employed consultant in the area of organizational training and development. He has worked in a variety of settings including large and small businesses, government and community agencies, and educational and health institutions. Simultaneously, since 1983, Dr. Brennan has been on the faculty of the Whittemore School of Business and Economics at the University of New Hampshire. He has taught a variety of courses in the organizational behavior area. In 1993, he was promoted to full professor. At that time he decided to work primarily as a consultant but is still affiliated with the university as an adjunct professor. Between 1989 and 1991, while on leave from UNH, Dr. Brennan was employed by Digital Equipment Corporation in Switzerland as the European personnel manager.