

MANAGEMENT INCIDENTS

The Scenarios

SAGUARO COMPANY

Background:

Both persons work at the Saguaro company. Saguaro is a small importing firm which specializes in landscaping accessories, such as fountains and patio and lawn ornaments. The company imports primarily from Mexico and targets the higher socioeconomic vacation home owner market. Role 1 is the company's accountant and Role 2 is Saguaro's owner.

Saguaro's most popular items are Greek statue fountains, although the company stocks approximately 100 items, ranging from Aztecan art objects to zodiac sundials. The company regularly tries to attract new business, as the demand for import items is very volatile. Occasionally, Saguaro's owner will accept a special order from purchasers for the "at-cost" price (i.e., items are sold for Saguaro's cost without any markups). These deals are rare because they do not cover the item's share of the company's overhead costs. Such "deals" are usually associated with a convention or promotional event. Recently, the owner has authorized a series of these "at-cost" orders for item #602: a one foot tall cast-iron figure of a swan.

• Role 1: Accountant

⇒ This is me

You are the company's accountant and have worked on a contract basis for Saguaro for three years. You are familiar with the occasional "at-cost" deals that the owner provides for customers. Your boss believes these deals are good for business and has practiced this approach since you have been with the company. S/he has always done quite well with this import business and you admire her/his business finesse.

This month's books indicate that profits have decreased even though total units sold has increased 11%. This situation is very puzzling to you. After some analysis, you notice that the boss has been selling unusually large quantities of item #602 for the "at-cost" price. The result is that total overhead costs, which have grown due to local tax and utility rate increases, are not being covered and the company is losing money.

You felt that you needed to discuss this situation with the boss right away, so you left a request to meet with the owner as soon as s/he returns from a buying trip. It is now time for that meeting.

In general, the goal of role 2 is to allow role 1 to take the lead and to challenge role 1 to exhibit effective communication behaviors. Maintain a serious demeanor, respond appropriately to role 1's efforts and questions but also try to present them with something that they may not expect. The guidance below is provided to help you do this without having to spend a lot of time preparing. Read through your role and this guidance. You can bring this sheet with you.

⇒ This is The Boss respond

Saguaro Role 2 Boss/owner:

Role 1 is your employee/accountant. Role 2 is the boss/owner of Saguaro. It is a small company but you are the owner.

To play this role effectively, below is a list of behaviors to consider which will prompt Role 1 to use specific communication strategies.

- If they make small talk, respond but give the impression that you are in a hurry to catch up on work.
- When asked about the swan sales, act like you do not remember or that it wasn't important
- If they press without establishing safety, get defensive and point out that you are the owner and are they accusing you or something.
- If they establish safety/mutual purpose (initially or after you get upset) Explain the 2 large sales and how you thought the second is an opportunity
- When they point out that the sales are losing money, ask them why you haven't heard about the overhead cost increases before now.
- If they don't take responsibility press them a bit more about not doing their job.
- If they take responsibility and establish mutual purpose, then thank them for bringing this to your attention and be appreciative of their vigilance.

Role 1 should do the following:

- Listen to you and let you know they understand your busyness
- Be very respectful of your position and creation of company
- Stress that their purpose is to see the company remain successful
- Seek to understand about the sales before bringing up the losses