

# Engstrom Case Analysis

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# Agenda



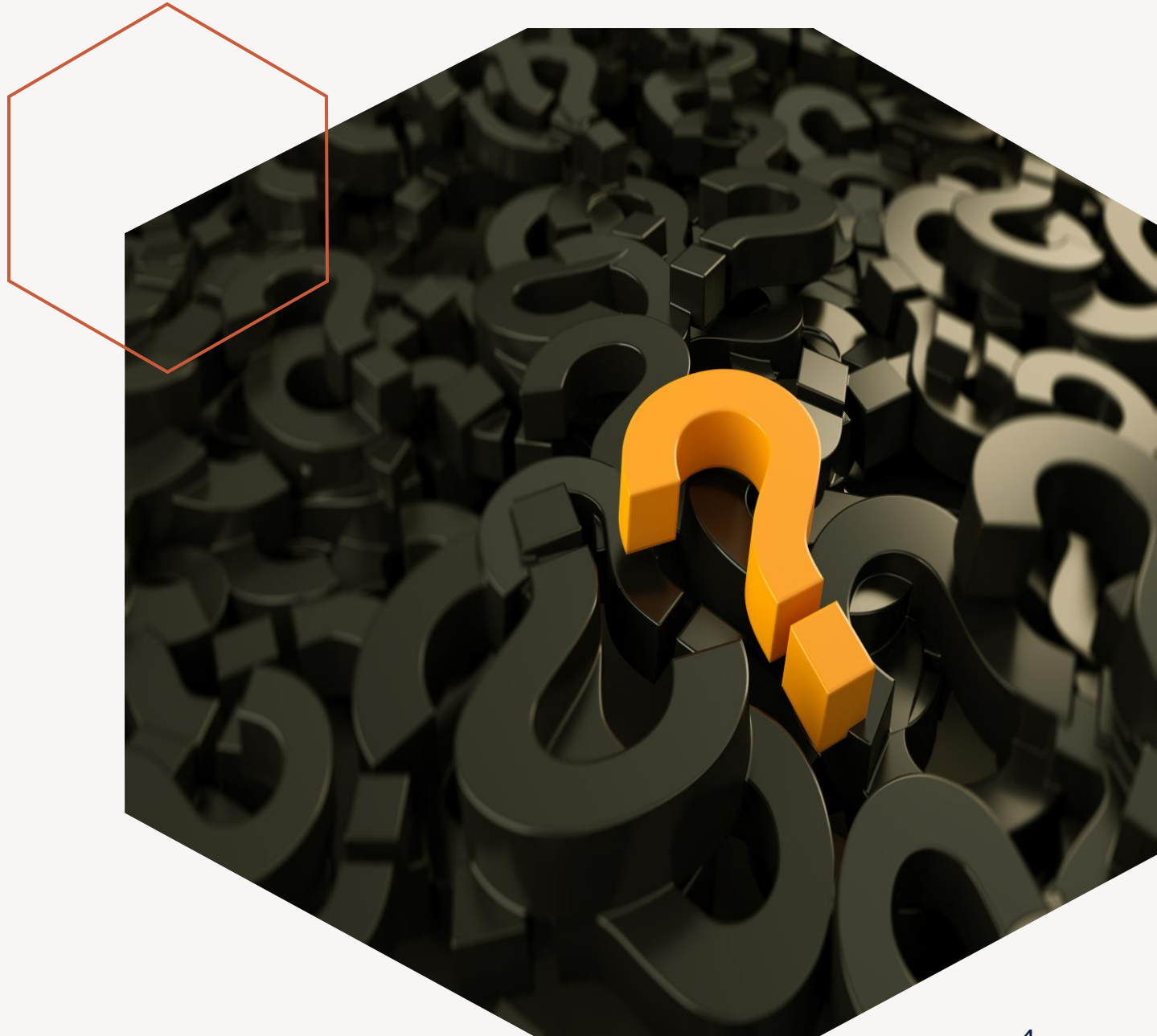
# Scanlon Plan Background

- Oldest incentive plan still used
- Organizational performance-based incentive plan
  - Allowed payroll (% of sales)-actual payroll=bonus pool
- Engstrom saw more motivated employees
- Effective for a 7-year period



# Problems Engstrom Faces

- Sales decrease in 2005
- Bent laid off 20% of workforce
- Decreased productivity, employee morale, and product quality
- Ineffective Scanlon Plan leading to decrease organizational trust (bonuses stopped 2006)





# Motivation

- Extrinsic motivated company
- Employees worn out because they are not hitting goals
- Bad communication from leaders
- Recent change in leadership
- Recent economic downturn
  - Employees worried about future at the company

# Org Culture - Zach



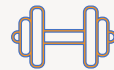
## Before Productivity Problems

- Effective Communication
- Risk Taking and Innovation
- Management Style



## During Productivity Problems

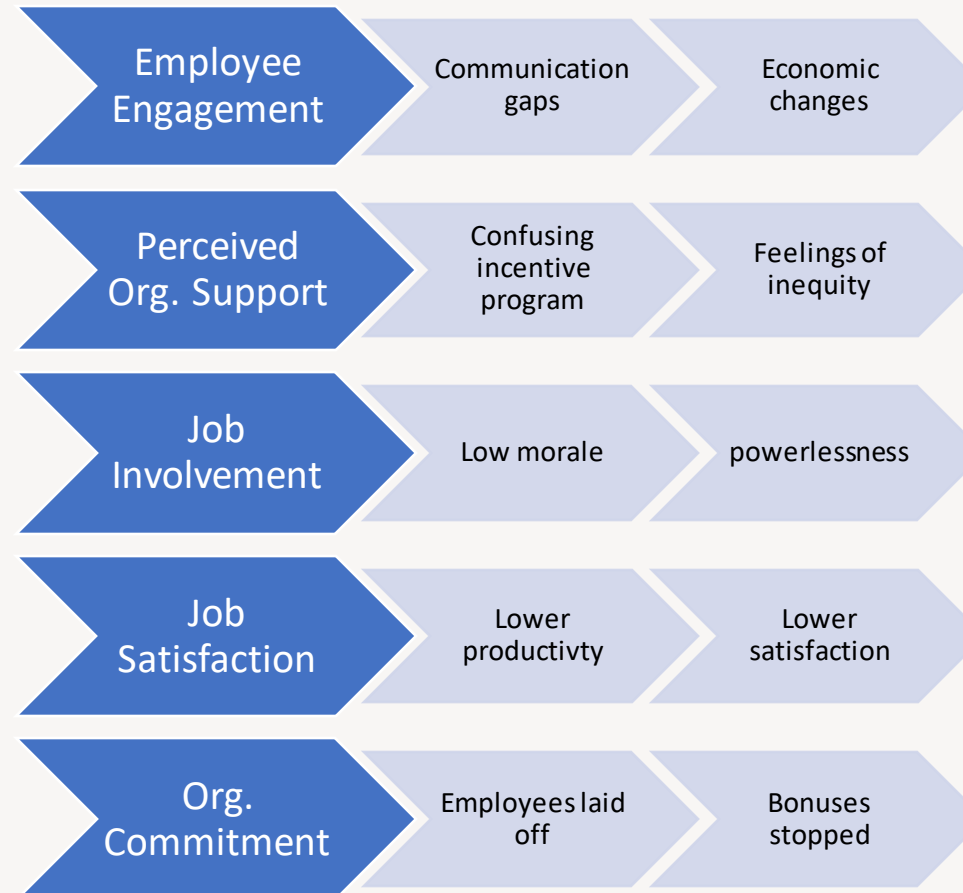
- Lower Risk Taking and Innovation
- Poor Managerial Communication
- Unfit



## Weak Culture

- Attention to Detail
- Inefficiency
- Laziness

# Attitudes and Job Satisfaction





# Decision Making

## Decision Making Strategies

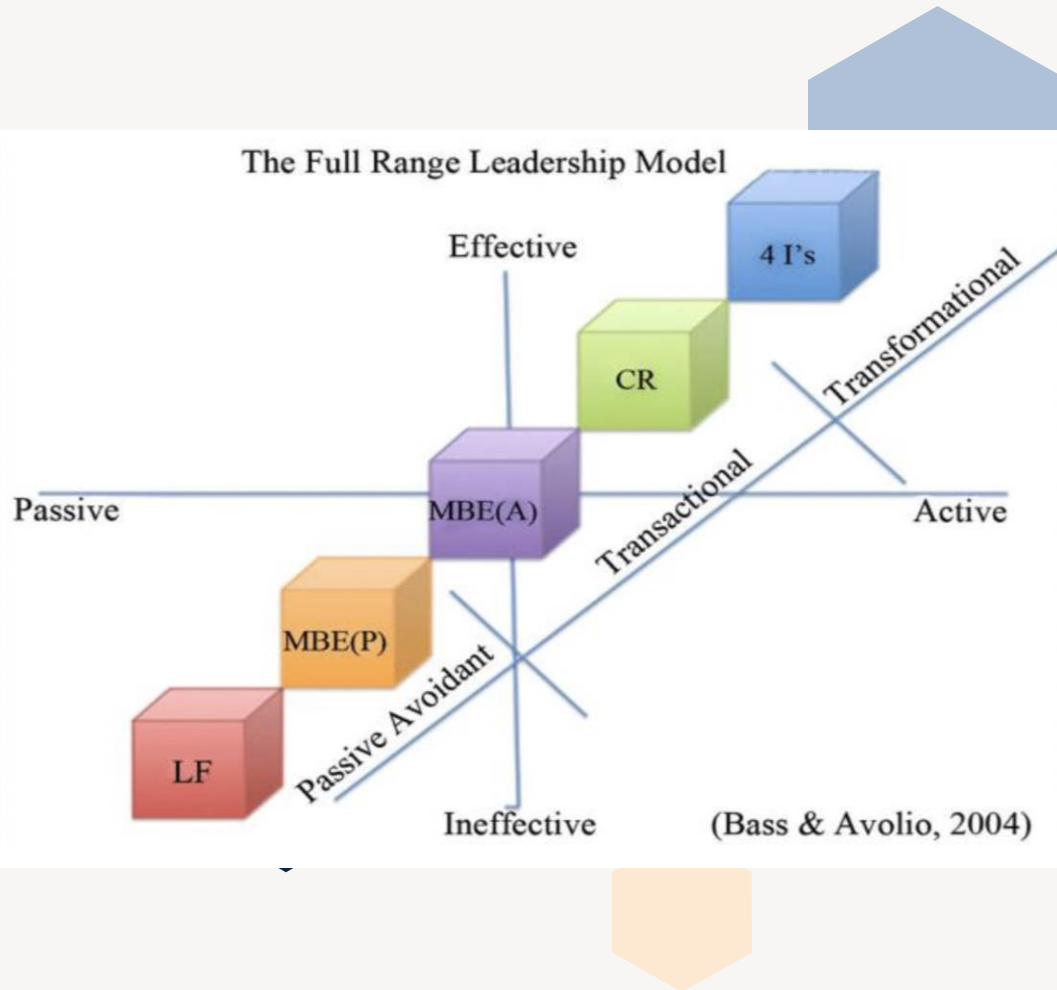
- Encourage Diverse Perspectives
- Promote open communication
- SWOT, decision matrices
- Embrace feedback / continuous improvement
- Establishing clear objectives

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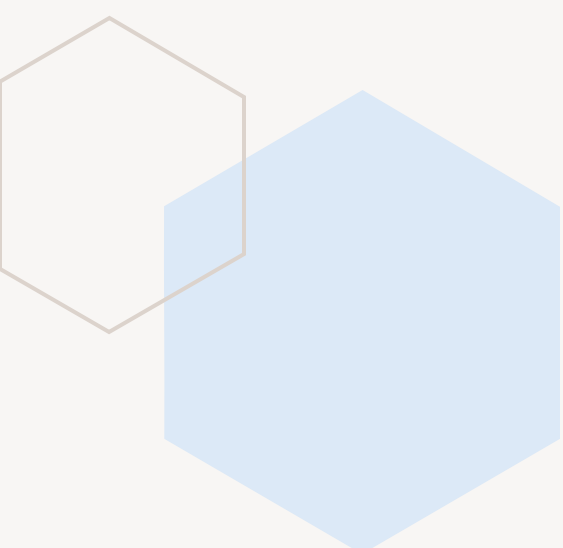
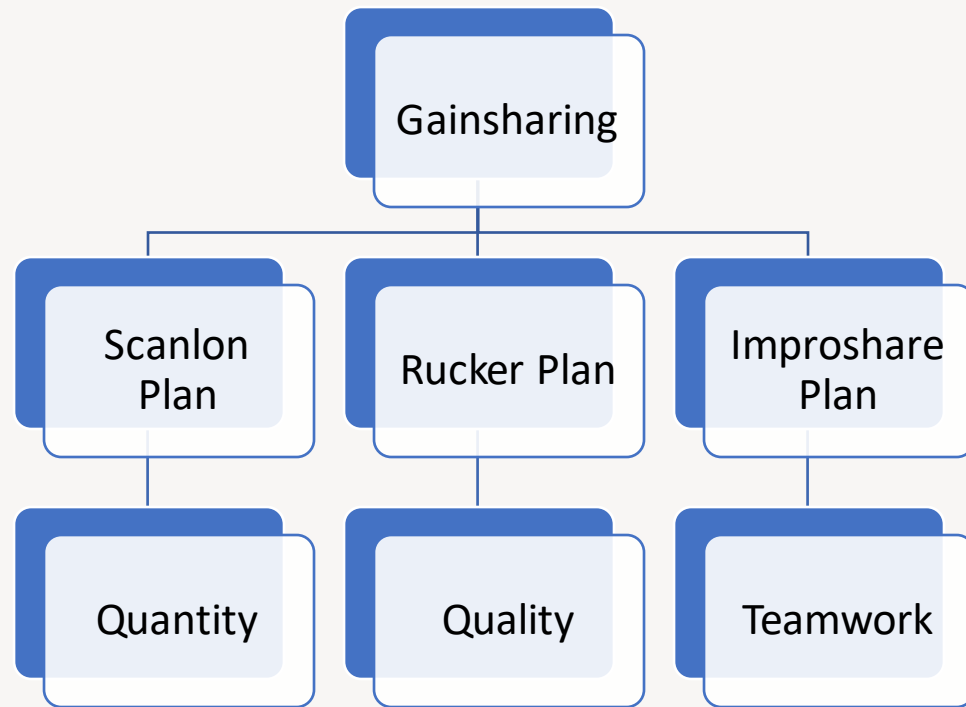


# Leadership



- Plant Manager Ron Bent + Assistant Joe Haley
- Continues to push for Scanlon Plan
- Transactional leadership vs. Transformational leadership
  - Short-term goals
  - Long-term goals
  - Performance standards
  - Creativity + Innovation
- Strong leadership → strong organizational motivation

# New Plan



# Implementing Plan



Unfreeze

- Leadership – Monitor change
- Decision making – Watch and give feedback

- Highlight need for change
- New incentive plan
- Establish clear goals

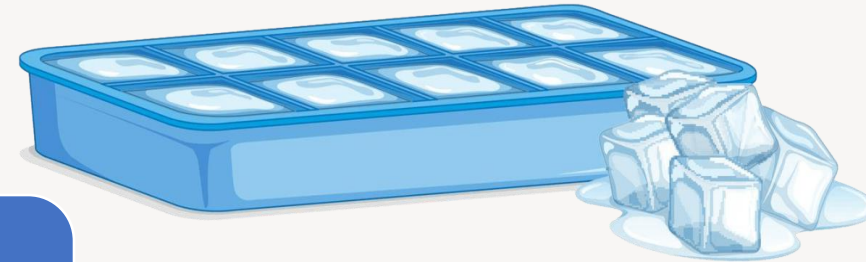


Refreeze

- Implement Rucker Plan
- Emphasize value of new plan

Transition

- Weekly meetings



# Questions

