



Uva Wellassa University
Faculty of Management

Degree of Bachelor of Business Management in Entrepreneurship and Management
THIRD YEAR FIRST SEMESTER EXAMINATION - FEBURARY/MARCH 2012

EMG 352-2 Organizational Development and Consulting



Section - C Essay Questions

Ceylon Metals Inc. (CMI) is a large nickel refining plant located in Sri Lanka. It was created by the parent company called, International Metals, Inc. (IMI). In addition to nickel, the plant produces copper, cobalt, and ammonia sulfate. From last five CMI has shown a profit, losing approximately one million dollars. The poor financial performance has been blamed on variety of factors, including a decreased demand for nickel and copper, the condition of the equipment, and labor problems. Therefore IMI hired BCC Consultants Company to restructure CMI. After making the initial agreement with CMI, BCC started to diagnose the problem. For that purpose, following the initial meeting with the corporate HR manager and CMI's general manager, a series of confidential individual interviews and a plant tour product the following diagnostic information.

Interviews with Top Plant Management

The general manager, plant manager, and director of operations are carbon copies of each other. Each of them was promoted to their current position at the same time about six months ago, and they highly autocratic. They tend to look for technical solutions to problems and expect their managers to be tough on people to get the job done. Not surprisingly, they see the plant's problems in identical terms. Interviews with these three individuals produce the following perceptions of the situation:

- A major reason for the lack of profitability is that the cost of the mat is too high in relation to the market price of nickel.
- Middle managers and supervisors are incapable or unwilling to "get tough" with their people to "make this work".
- The plant could run effectively an deficiently if people would do their job.
- Supervisors cannot be trusted to make decisions. When they are left on their own, the place falls apart.
- The equipment is a problem, but not an insurmountable one. Replacement of equipment is not an option right now, so we have to make do with what we have to do the job.
- The director of engineering has to be replaced. Technically, he is outstanding, but he is much too soft on his people. He is the major reason that the maintenance staff is not responsive to the needs to the production management.

The director of engineering has been with the organization since the beginning and was responsible for the original equipment refurbishment. He thinks the major problem is the management style of the General Manager, the plant manager, and the production manger. He reported that the production supervisors are totally intimidated by their mangers and are oriented to protecting themselves, rather than being focused on correcting production problems. In addition, he believes there is plenty of technical expertise with in CMI that could be used to solve the production problems, but it is not being utilized. And finally, production needs to understand the equipment will not hold up to the demands being placed on it. Production needs

to be willing to slow down the production process on a scheduled basis so that preventive maintenance can be performed.

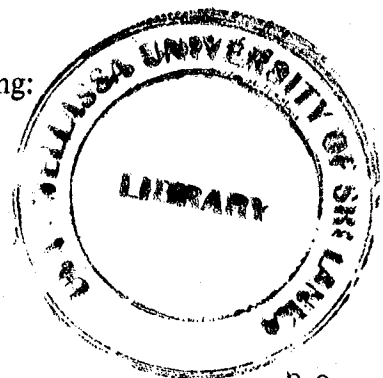
The industrial relations manager has been with the plant for eight years. He has very good relations with the union representatives and feels that he has a good knowledge of what is going on in the plant. He feels that the plant could be much more productive and efficient by giving the supervisors authority and responsibility commensurate with their positions, improving the working relationships between production and maintenance, and allowing maintenance to perform scheduled preventive maintenance to reduce unscheduled work stoppages caused by equipment breakdowns. He was particularly concerned that management was ignoring the resources they have in the production supervisors.

Interviews with Middle Managers and Supervisors

As a part of the diagnosis, BCC also interview several production managers and supervisors, as well as several maintenance managers and supervisors. The production people reported the following:

- "We really aren't managers. We are never allowed to make decisions or change anything. If we change something and it goes wrong, we really are in trouble, so we don't correct problems if it means going against an order. We see a problem coming, but we don't dare do anything about it. Even if we bring the potential problem to the attention of management, we probably will be criticized. All decisions are made at the top"
- "We think we could help a lot. We are all trained and experienced, we are never given an opportunity to contribute".
- We don't want to see the plant close. We don't think it has to. We think it can be salvaged. If management will give us a chance, we will pull it through".
- We never know what is going on around here. Management never tells us anything. We usually find out about things from our direct reports or from other departments".
- The Director of Operations, the Production Manager, an even the General Manager, and Plant Manager give direct order to our people and don't even bother to tell us about it. If they are in the work area and see something they don't like, they just start ordering people around, if we aren't in the area, we don't find out about it until our people tell us".
- "Maintenance is really a mess. They don't know what they are doing. They want to shut down the flow to pull preventive maintenance. We can't do that and meet our production goals. When something breaks, you can never find them. When they finally show up, they don't have the right part or the right tool".

Interviews with the Maintenance Manager and Supervisors revealed that following:



- “Production is screwed up. They think they can run the equipment forever without pulling maintenance on it. If they would shut down for scheduled maintenance, they wouldn’t have to do many unscheduled shutdowns”.
- When something breaks down, production expects miracles from us. We’re not magicians. We don’t know what tools or parts we’re going to need until we get the equipment apart”.
- “Management ought to let the production supervisors do their jobs. We’d be a lot better off if they did”.
- “I wouldn’t trust management any further than I could throw an elephant. All you have to do to get fired is question one of their orders”.
- “We can save this place if management will let us”.
- “This equipment is so old. It’ll never last another two years. We can’t keep up with the breakdowns”.
- “The production operators are so angry at management that they sabotage the equipment or don’t report problems until they cause a shutdown”.
- “The production supervisors are closer to the operators than they are to their bosses”.

1. Questions

- a) Identify the major problems in the Ceylon Metal Inc. (CMI)?
(08 Marks)
- b) What are the Organization Development interventions would you recommend to the general manager? Justify your recommendations?
(12 Marks)
- c) Assume that you are the BCC Consultant, how do you work with the management at CMI to implement a downsizing intervention?
(12 Marks)
- d) What is the significance of Team-building intervention especially for CMI current scenario?
(08 Marks)

2. “Researchers suggest that contemporary workforce characteristics are radically different from what they were just 20 years ago”. Discuss the internal and external pressures of work force diversity, which organizations are currently facing?
(15 Marks)

3. Explain why organizations moving on the Merger and Acquisitions intervention and what are the major application stages they have to follow to implement the above said intervention?
(15 Marks)