

CASE 10

Global Multi-Products Chile

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Introduction

As he drove to his office in Providencia, a modern commercial and residential area in Santiago, Bob Thompson, Managing Director of Multi-Products Chile, was eagerly anticipating the upcoming week. He had spent a pleasant weekend with his family that had started well on the previous Friday afternoon with what he saw as real progress at work.

He had received an e-mail from one of the sales representatives in the North branch office reporting the minutes of the first branch sales meeting ever held in the company. Among other items, the minutes stated that the team had identified six accounts on which they were going to work together under the Integrated Solutions program and that they had chosen a team leader.

Thompson was surprised but delighted. The sales reps never knew what this type of meeting could accomplish or what they could do as a group. He had not expected these teams to function so well from the beginning. Maybe making changes in the organization would not be as difficult as he first had thought.

Upon entering his office, Thompson learned that two of his Business Unit managers were anxious to see him. The first, to whom the formally designated Integrated Solutions Manager reported, commented that he was just checking about the e-mail with Thompson and politely asked, "Have you seen the e-mail from the North? What's your opinion about the comments about Integrated Solutions? Isn't this our responsibility?"

IVEY

Dan Campbell prepared this case under the supervision of Professor Harry Lane solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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The second Business Unit manager was more concerned and was disturbed with the tone of the e-mail: "What do you think about the note? These comments go way beyond the responsibilities of the branch people."

His earlier mood of satisfaction had turned to consternation. It appeared to him that his top executives, members of his Management Operating Committee, were suggesting a stop to his changes before they got out of hand. He found himself starting to have doubts about what he was doing. Maybe this wasn't going to be so easy after all. Should he keep pushing ahead with change when his senior management team did not appear to support it? He began to reflect on events that had led to this point.

Background

Multi-Products Inc. was founded in the early 1900s to manufacture abrasives. The company's creation of the world's first waterproof sandpaper in the early 1920s, followed by numerous other new products, established the company's identity as an innovative, multi-product, manufacturing company. By 1998, the company manufactured and distributed over 50,000 products for a diverse range of applications. Some products were brands found in households and offices all over the world. Others became components of customer products such as computers, automobiles, and pharmaceuticals. Many became the standards in their industry. All these products were the result of combining the company's core technologies in ways that solved their customers' problems.

In 1996, international sales totalled U.S.\$14.2 billion, an increase of 5.8 percent over the previous year, and income from continuing operations was U.S.\$1.52 billion, an increase of 11.7 percent over 1995. International sales represented 53 percent of total sales. Multi-Product subsidiaries operated in over 60 countries outside of the United States and were the channels to sell products into almost 200 countries.

The Company Vision

According to Bob Thompson, the global growth drivers for the company were: 1) technology and innovation; 2) the supply chain; and 3) a customer focus. The 1996 annual report stated the company vision this way:

Our vision is to be the most innovative enterprise and the preferred supplier by:

- Developing technologies and products that create a new basis of competition.
- Earning our customers' loyalty by helping them grow their businesses.
- Expanding internationally, where we already generate more than half of our sales.
- Improving productivity and competitiveness worldwide.

Technology and Innovation

In 1996, nearly 30 percent of sales came from products introduced within the previous four years. Those new products were derived from about 30 "technology platforms"

where Multi-Products believed it possessed a competitive advantage. These technologies ranged from adhesives and fluorochemistry, to even newer technologies like micro-replication with potential in abrasives, reflective sheeting, and electronic displays.

These technology platforms were considered the path to the goal of developing products that would create a new basis of competition. The Chairman of Global Multi-Products had high expectations for these programs:

We have about 30 programs under way. These products serve high-growth industries and offer the potential to generate several billion dollars of new sales by the end of this decade.

Innovation in Customer Service

Historically, sales efforts were by product group. Often, sales representatives from one product group built strong relationships with customers that could benefit from products from other divisions as well. As a result, in the early 1980s, in an effort to take advantage of these opportunities, the company implemented a program referred to as "Related Sales." In 1988, this program was replaced by "Customer Focused Marketing" that sought to re-orient the sales and marketing effort around the needs of customers, instead of the company's product groups.

In the early 1990s, the process was carried a step further with "Integrated Solutions." Company documents explained the program:

Customers rely on Multi-Products not only for innovative, high quality products, but also for solutions to other important needs. We help them develop, manufacture and merchandise their products; meet occupational health and safety standards; expand globally; and strengthen their businesses in other ways. We aim to be the first choice of customers. We strive for 100 percent customer satisfaction.

Multi-Products has an innovative way of doing business through which the client can easily access the [company's] products. The system has been labelled "Integrated Solutions" and voices the ideal of "one voice, one face, one company", which means that a single employee can provide you access to all products and solutions.

Multi-Products in Latin America

The company had a long history in Latin America. In 1996, it celebrated 50 years of operations in Brazil, and in 1997, the same in Mexico. The 1996 annual report explained:

In Latin America, we operate in 16 countries. We've posted annual sales growth of 15 percent during the past five years. Throughout the area, Multi-Products is fulfilling the need for better roads, telecommunications systems and other types of infrastructure improvement. In addition, demand for health care and consumer products is strong. We manufacture or convert¹ products in a dozen Latin American countries.

Managing Directors in the region reported to the vice president, Latin America, Africa, and Canada, who, in turn, reported to the Executive Vice President, International Operations.

Multi-Products Chile²

Multi-Products began operating in Chile in January 1976. With an initial investment of almost U.S.\$2 million, operations began in a large shed that served as the warehouse, production, and administration areas. In adherence to Chile's foreign investment legislation at the time, the company was required to establish a manufacturing operation as part of its investment.

Since its beginnings, Multi-Products Chile strove to project a presence throughout the country. The first company branch was created in Concepción in the south of the country during 1977; the second in Valparaíso near Santiago, two years later; and in 1982, a third branch was established in Antofagasta north of Santiago.

In 1992, Multi-Products Chile was asked to be formally responsible for the company's expansion in Bolivia. The local office enabled Multi-Products to directly satisfy the needs of the Bolivian market.

In 1997, the company's sales totalled approximately U.S.\$60 million with more than 8,000 products. Multi-Products Chile served multiple markets with multiple technologies and products, each of them with solid positions in their category. It supplied numerous manufacturing and service sectors, such as the health and first aid area (hospitals, drugstores, dentists); the industrial sector (safety products, abrasives, reflectors, packing systems, electrical and mining products, graphic communication products); the mass consumption area (cleaning, hardware, and bookstore products); office, audio-visual and automobile sectors, and the large productions areas, such as forestry and construction.

Multi-Products' reputation for innovation also was recognized in Chile. *El Mercurio* conducted a survey in 1998 of 117 directors and general managers of medium and large-sized companies headquartered in Chile. Multi-Products Chile was ranked sixth in response to the question: "Which are the top companies in Chile in innovative capacity and incorporation of technology?"

In 1998, the company had a staff of 270 that included 80 sales representatives, nine technical support staff, 45 people in manufacturing, and the remainder in management, administrative, and maintenance positions.

Chile: A Brief History³

In 1970 a Marxist government was elected in Chile. Soon after elections, Salvador Allende's government began a program of "economic reform." The banking, communications, textiles, insurance and copper mining industries were nationalized. Problems were soon apparent: Chile's currency reserves were gone; business groups were dissatisfied; the U.S. led a boycott against international credit for Chile; and strikes paralyzed the country. In 1973 inflation reached 300 percent.

In 1973, General Augusto Pinochet and the military took control of the country. Although General Pinochet's government was criticized for its human-rights record, it began to introduce market-oriented reforms, such as reducing government's control of the economy, privatizing industries including those considered "strategic" and lowering import duties.

Sixteen years of military rule and a peaceful transition to a democratically elected government in 1990 that followed a similar economic path, provided the base for Chile's economic success. Chile boasted one of the best economies in the Western hemisphere: greater than seven percent average growth rates, single digit inflation, a high personal savings rate (23 percent), and a fully funded pension system.

In 1998, Chile's 14.4 million inhabitants shared a per capita GDP in excess of U.S.\$5,200, one of the highest in Latin America. While 60 percent of the country's population and economy was concentrated in the Santiago and Valparaíso region in the country's center, strong growth in the mining sector to the north, and the creation of a salmon fisheries industry to the south, had begun to decentralize economic activity.

Chilean Culture

Numerous Chilean managers at Multi-Products Chile shared their opinions about Chilean culture.

Compared with the rest of Latin America, we are formal, closer to Argentina. We are the most serious people in Latin America. We often describe other Latin American cultures as less formal and see them as paying less attention to details. We are very professional at all levels and some people think Chileans are boring.

We are also polite and indirect. For example, an e-mail or Lotus Notes that might be five lines from the United States, might be two pages long, on the same subject, if written by a Chilean.

Many Chileans are workaholics. We work from 8 a.m. to 8 p.m. and we often take work home with us on weekends. However, we still have scheduling problems. Time is flexible. A meeting scheduled for 10:00 may not start until 10:20.

Another manager observed:

Why are we, as a country, not as developed as the United States over the same period of time? Chileans are more isolated from one another. I have been living in the same place for three or four years, and I don't know my neighbors. Nothing, names, number of children, nothing. In Chile, we tend to care about ourselves, our families, and maybe our friends, but that's it.

We haven't paid enough attention to implement programs that make people work together. We haven't paid enough attention to organization development or to developing a sense of community. We don't have a tradition of taking responsibility for a wider group.

Another commented on the "silo effect" stating that, in addition to age and educational background differences, recent political history had polarized society and had not encouraged trust. He commented:

Things are starting to change slowly, but the wounds haven't healed in 10 years. This is the biggest barrier to working in teams. People didn't trust each other, don't trust each other.

Bob Thompson

Prior to going to Chile, Bob Thompson had been an executive with Multi-Products Canada. Multi-Products Canada was a mature company with a well-trained sales force backed by good technical support that Thompson felt was the company's classic model and was essential to long-term success.

However, in 1991-2, facing a flat economy and stagnating organization, Multi-Products Canada began a change process that sought to empower managers within the organization. Thompson commented:

The message was that we just couldn't continue with that style of management. We needed to get the best out of people. We needed to be more creative. I think the change process was successful. People felt part of the company in a much deeper way. I, personally, felt very positive about it.

In Chile, his predecessors had always come from the United States; in fact, most had spent considerable time in the head office. Thompson, on the other hand, had spent his career outside of the head office and, in keeping with the Canadian subsidiary's model of management, was more comfortable with broadly shared authority. He believed in encouraging positive risk-taking and empowerment.

Multi-Products Chile had been successful, growing at about 17 percent per year, which was acceptable for a subsidiary in an emerging market. Multi-Products liked to grow at between two and four times the growth rate of the local gross domestic product and it maintained a strong focus on incrementally improving profitability.

Although there was no crisis in Multi-Products Chile when Thompson arrived in early 1996, profitability had declined and the message to him was that it could be improved. As Thompson sized up the organization, he believed it could achieve those profitability objectives. On the other hand, he could make more substantial changes to achieve the potential that headquarters felt existed in Chile.

Customer and Distribution Channel Changes

The group of retailers and distributors that Multi-Products Chile had traditionally served was changing quickly. Bob Thompson commented:

The last five years have been dramatic. Big American retailers are here or are coming. That has meant that our organization needed to change.

U.S. superstores were rapidly changing the retail market in the country. One manager commented that in the past, local superstores might have represented 60 percent of retail sales, with small sole-proprietorships making up the rest. This superstore segment had been growing at 8-10 percent per year. In 1998, he believed superstores, local and foreign, represented over 90 percent of the business.

As the level of sophistication increased among retailers, expectations of their suppliers increased as well. Purchasing managers, due to the volume of products they were

purchasing, were reluctant to deal with distributors, preferring instead to deal directly with suppliers. They also expected lower prices. Multi-Product managers commented:

Customers are asking for direct service at lower prices. With the big U.S. retailers, negotiation requirements have changed. We have lost power. Our products have traditionally had solid margins and I feel they were higher in the past. Before we might have averaged 80 percent margins. Now, it is difficult to have a different price from everyone else because communication systems like the Internet let people know the world price.

One manager recounted the entry of a new office products retailer into the Chilean market:

They have been putting a lot of pressure on margins. We are assisting them to enter the market with special programs but it is costly. We have competitors, but Multi-Products has the most complete line of products. We try to add more value to the product. For example, our competitor may sell one kind of tape, where we will sell six.

Retailers were demanding more than just price discounts. They demanded a commitment to advertising support before they would place a product on their shelves. In the case of the office supplies retailer, Multi-Products paid 5 million pesos⁴ for a photograph of its office products to be included in a supplementary catalogue. The catalogue would be followed up by a telemarketing campaign that was also a new concept for Chile.

Retailers also wanted more timely delivery to reduce inventories and better communication with their suppliers around ordering, billing, and logistics. One manager commented:

We had to learn to make the delivery and leave the invoice at the same time. As an industrial products company we were used to loading a big truck and sending it to the customer. In consumer products, we use smaller trucks and make more stops. We had to wait at the new, large retailers because the big, traditional consumer goods suppliers had more clout and were unloaded first.

Retailers wanted to reduce the number of Multi-Product sales representatives they were dealing with from four or five down to one. As a result, that sales person had to have access to information about all of the company's products being delivered to that retailer, even though they might originate from multiple product divisions.

The company also wanted to consolidate and had re-organized product responsibilities to achieve this. For example, where the Marketing Manager for Consumer Goods had been responsible for tape sales within his or her channel, responsibility for all tape sales, industrial and consumer, now resided with another manager in the Home and Office Division. This meant that the Marketing Coordinators of the Home and Office and Consumer Products Division now had to work together more closely than in the past. Cross-divisional selling had become an established fact. One manager commented:

We have to learn to work together. They have the products and product knowledge. We have the relationship with the superstores and the skill in negotiating with them. Last year 44 percent of our division's sales were from non-consumer products to supermarkets, home centers and hardware stores.

In many instances, the company continued to use distributors, in part, because nearly 80 percent of their product sales went to industrial users. In some industries, the number of distributors had decreased after consolidation and the sophistication of the remaining distributors was increasing. Managing the relationship with distributors had become increasingly difficult as sales representatives began selling directly to end users previously serviced by a distributor.

It was not just the retail sector that had changed, but industrial products companies as well. The mining industry used to be government-controlled but large, mining multinationals were commonplace and they operated differently. One executive commented, "Everything has been challenged. We need new skills."

New Role for Sales Representatives

Changes in the company's customer base were resulting in new responsibilities and requirements for Multi-Products' sales representatives. Generally, Chile was a fairly structured society. In business, titles conferring status in the organization were very important. The selling role was not held in the same regard as other positions, and levels of education tended to be lower. Indeed, it was often difficult for sales reps to access more senior managers in the selling process. Thompson commented that "the idea of a sales executive meeting with a client's executive does not exist commonly here."

A business unit manager described a typical sales call in the past:

When sales representatives visited a business, they would usually sit down and have a coffee with their contact. A significant portion of their conversation would revolve around non-business-related topics such as the client's family or maybe football. The relationship was very important. Eventually, the sales representative would inspect the client's inventories and make suggestions for orders of our products.

Because of increased client sophistication and more advanced products from Multi-Products, more was required from a sales representative. Another Business Unit manager commented:

A sales rep now needs to teach as well as to sell. In the past, they were specialists. They may have only sold simple office products. Now they need to know how to sell a multi-media projector, connect it to a notebook computer and train clients on how to use it, too! People need to be more professional in their commercial relationships and make an effort to learn. We don't sell products anymore, we sell solutions.

Instead of casual sales visits, it was not uncommon now to have a team of five or six sales people, coordinated by one single client contact, making presentations that could last two or three days. Consumer products sales reps also were now focused on visiting a given number of stores in a day and handling smaller orders faster and more frequently since there were no warehouses – just the shelves in the customers' stores. Not all the sales reps were happy with this conversion from maintaining a relationship with a store owner to being, in their view, an "ant" running all over the place.

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Multi-Products Chile had started placing more emphasis on recruiting high caliber people including those for sales positions. However, most university graduates showed much greater interest in positions that appeared to offer faster mobility to executive positions such as in marketing.

Integrated Solutions and Key Accounts in Multi-Products Chile

When Thompson arrived in Santiago, he learned that, although there was an awareness of the "Integrated Solutions" approach, little real progress appeared to have been made. He commented:

This was our most important commercial activity globally, but it was not present in Chile. Our product line is so broad and deep, that customers were confused. "Why can't we see just one sales representative?" they would ask.

The company had been organized for distribution-based selling, taking product lines to distributors. We needed to start understanding client and business applications of products . . . acting like a consultant. This approach proved new and challenging for the organization.

Sales representatives were responsible for sales of a specific product or line of products. Performance was measured on the ability of a representative to sell certain products, and there was no incentive to sell products from other areas of the company. As a result, customers who purchased a range of products from Multi-Products were forced to deal with several different sales representatives. If the customer was a multinational, it would often have to deal with a separate sales organization in each country in which it did business.

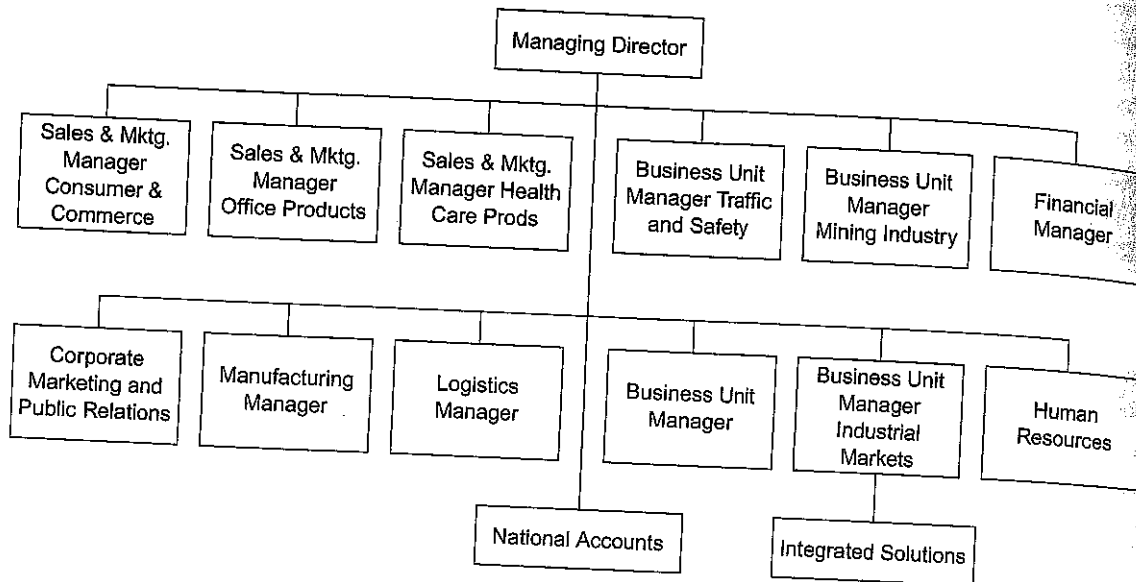
Structural Changes

When Bob Thompson arrived at Multi-Products Chile, he found an organization that had been very successful with traditional distribution-based selling. The deeper Multi-Products "footprint" that he was used to, especially technical support groups, was limited. He added technical support positions along with a technical council to foster its development. As well, marketing, sales, and manufacturing councils were added in time.

He also created the new position of Integrated Solutions Manager, reporting to the manufacturing products business unit manager. This person would be responsible for the implementation of Integrated Solutions in Chile and would coordinate the sales teams that would service large clients where the program was being implemented.

A short time later, a position of National Accounts Leader for Key Accounts was also created, reporting directly to Thompson. A new manufacturing manager was hired from Multi-Products Argentina where a more established manufacturing organization existed. See Exhibit 1 for a diagram of the revised organizational structure.

EXHIBIT 1 Multi-Products Chile Organization Chart



Accounts of special significance to Multi-Products Chile would now be viewed in one of two ways: Key Accounts and Integrated Solutions Targets.

Key Accounts

The Key Account concept was not new to Multi-Products Chile. However, in the past, a key account was identified as a customer with the potential to purchase large quantities of the company's products. Multi-Products Chile sold directly to these customers using programs different from distributors especially in pricing structure and logistics support, but the sales effort remained similar. Multiple sales representatives from each of the product areas selling to the client would service the account. Little, or no, coordination existed between the product groups.

Now, Key Accounts were those customers whose relationship with Multi-Products took on a strategic significance beyond a buyer/supplier relationship in that Multi-Products' technology could augment the customer's business and possibly change the basis of competition. Multi-Products Chile wanted to identify strategic partnerships with its customers where activities such as research and product development could be coordinated between the organizations, creating long-term competitive advantages for both organizations.

In 1998, this process had only been initiated, and partners, as well as the specific nature of the desired relationships with these partners, were in the process of being determined. However, the criteria for selecting Key Accounts were: a) a strong relationship with Multi-Products Chile, b) purchase potential, c) potential importance as an

Integrated Solutions account, and d) an important company in Chile concerned about the environment and society and having the same values as Global Multi-Products Inc.

Multi-Products Chile was one of the first of the company's Latin American subsidiaries to create this formal Key Accounts position. The National Accounts Leader felt that his challenge was going to be to convince the other Multi-Products companies to be consistent in their business model and prices with the Chilean company so that multinational customers could benefit from the relationship. He commented:

This is a strategic program and will take a big change in mentality. We can't think short term, anymore. Free trade is helping to stabilize the country but we could still have big changes. This is the reason that business executives in Chile think short term.

Integrated Solution Targets

The real start of Integrated Solutions was in August 1997 with the collection of data about which customers would make the best targets for an initial effort. The idea was to discover those product divisions that had good relationships with clients and use the relationship to sell other products. Where the National Account Program, Key Accounts, was a strategic approach to link with a few very large accounts to create new products, Integrated Solutions was a broadly based tactical approach involving many more accounts.

Integrated Solutions represented an opportunity to sell products from multiple product groups to a client in a concerted effort. By early 1998, more than 30 customers had been identified as targets.

The next stage involved taking an "x-ray" of these companies to determine which products the company was already using. A group of specialists would map a customer's business process to find opportunities for other products that might reduce a customer's costs. This process was complicated because a single company could purchase its products directly from Multi-Products Chile, although from different product groups, as well as from a range of distributors. Once managers knew what the company was purchasing, they could measure any increase in sales to those accounts and measure that against the general market to determine if the Integrated Solutions effort was succeeding.

An individual sales representative was then selected as the leader for a specific client and would act as the single point of contact for all sales to that client, including sales outside of the sales representative's own product area. These sales representatives would then request support from other representatives as required. This leader was determined by selecting the person having the best relationship with the client, who usually was obvious.

Sales Representatives and Integrated Solutions

Managers often described the Multi-Products Chile organization as silos, with individual product groups functioning independently of one another. One manager commented:

We used to describe the situation as feudal. There were some sales reps that supported other divisions, but there was no program to formalize the activity.

Salespeople feel they have ownership over their product areas. They would ask: "Why would I use my time opening doors for another sales rep when I can use that time to visit my own customers?"

With the implementation of Integrated Solutions, it was recognized that sales staff needed to work as a team, helping one another to sell products. Everyone had not adjusted well to working with other product divisions. Some managers demanded: "Give me the products and I will sell them and earn the commission!" One manager commented:

Not all the sales people are with the program; 15 percent are with the program, another 60 percent are with the program but are not leading it. The others are saying: "I will look after my own business and nothing else."

Sales people need a change in terms of mentality. They also need to develop new sales techniques and knowledge about the products. The younger people are generally more adaptable to the change.

The increased sophistication in the buying process of some of the company's clients had also caused problems. Some sales representatives felt they had less influence in the process. They had grown accustomed to pushing new products that had been created in the US. Now marketing people were often involved in the initial process of approaching retailers with new products and negotiating the terms of sale.

Compensation also became an issue, because sales representatives usually were measured against sales targets in their product areas.

Sales Representative Compensation

When sales representatives joined Multi-Products Chile, they were given a six-month grace period during which time their compensation was 100 percent fixed. After that time, 40 percent of their compensation was fixed while the remaining 60 percent was variable or "at risk," and tied to the achievement of various targets. As a sales representative became more senior, the variable portion was reduced to 20 percent which reduced uncertainty about pay. As one manager commented, "We Latins don't like uncertainty."

The variable compensation targets were set by the sales manager, and were designed to encourage desired activity for that period. For example, 20 percent of the variable pay could be for the sale of new products. Other percentages could be used for sales calls on new clients, or sales of certain high-margin items. To accommodate Integrated Solutions, a sales manager could include sales of other product areas as a target within a sales representative's variable compensation. These targets were usually adjusted annually to meet the needs of the sales division.

Sales representatives could also receive additional pay in extra compensation for exceeding their targets. For example, sales reps with 30 percent variable compensation could earn up to 130 percent of their salary and a senior sales rep with 20 percent variable compensation could earn up to 120 percent.

The Sale

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The Sales Contest

Until two years earlier, the sales contest was designed and administered by the Human Resources Department when it was transferred to Corporate Marketing. The Corporate Marketing Manager invited the Sales Council,⁵ of which he was the head, to design a new program.

The new program eliminated the prizes that had been given in the past such as trips and microwave ovens which, as was clearly evident, the winners usually sold. Instead, it provided monetary rewards. If sales reps made 123 percent of their target they would get, in effect, a bonus payment of x percent. If the sales team of which they were a part met its objectives, they would get an additional y percent. And, if the Business Unit met its objectives, they could receive another z percent. In total, they could earn up to an additional \$2,500.

This new sales contest presented difficulties for Bob Thompson. The Manager of Human Resources and other managers were not pleased with it. They felt that: a) it was too expensive, potentially costing as much as the whole training and education budget; b) it should not have been monetarized; c) it permitted everyone to get a prize; and d) it had become part of the compensation system which was senior management's responsibility.

Thompson knew there was dissatisfaction among his managers with the new sales contest. His Human Resources Manager preferred to see changes in the plan but Thompson liked some elements of the design and since it came into effect when sales growth exceeded 23 percent it was to a degree self-funding.

Initiating the Change Process

In late 1996, soon after Thompson's arrival, a retreat was held in Iquique, a resort area north of Santiago, for senior managers from Multi-Products Chile as well as from Multi-Products Bolivia and Peru. Prior to the managers of the three countries meeting as one group, they met individually to confirm their primary mission and goals. The Chile group appeared to struggle at working together.

One of the purposes of the retreat was to establish a general mission statement for the region created by the three countries. The discussion went poorly. Managers seemed to have trouble defining a clear mission and did not touch on broader objectives for the region. As the discussion, originally scheduled for two or three hours, entered its second day, Thompson became increasingly disappointed, not only with the group's inability to reach a conclusion, but with what appeared to him to be the quality of the discussions. Frustrated, Thompson stopped the discussion and asked the group why things were going so poorly. To his surprise, one of the Chilean managers stood up and said: "We don't trust each other."

Thompson had hired a consultant to act as a professional facilitator for the retreat. As part of his services, he later provided a report outlining his conclusions about the meeting and the group. His executive summary included the following points about the executive team:

Generally, this appears to be a strong task- and results-oriented group. They are autonomous in doing what they do and are well adjusted to standard requirements. Because of this they are able to focus on task structure and output evaluation but are less aware of group process and its importance to productivity and teamwork. At times they seem isolated and defensive. There are also some unresolved personal conflicts with no methodology about resolving those conflicts.

This information gave Thompson some idea about the nature of the Multi-Products Chile organization, and pointed out some challenges to be met as he worked to make it more responsive to the customers and markets they served.

Additionally, the company conducted company-wide employee surveys every three years. They included information from various levels of the organization, about employees' opinions on various aspects of the company, such as salaries, empowerment, and safety. As a part of the data analysis, a comparison was made of the opinions of senior managers in contrast with the opinions of lower level employees on each dimension. While opinions differed on many issues, certain areas showed senior managers having a much more positive opinion than their employees (a difference of ≥ 20 percent). These included work conditions, training, job progress, pay, safety, and empowerment.

About the change process, one executive observed:

There has been resistance and conflict generated because of the changes. Maybe it has been too aggressive or too quick. People need to understand why we are changing and we are addressing this. We are in the process of changing even though not much has really changed yet.

These programs promote involvement beyond your scope of responsibility. They are long-term programs, sophisticated techniques. They won't create sales tomorrow. We are measured by our results and there is no need to change. The company is doing well. There are no rewards for thinking strategically. You can be comfortable and do well not doing these things. Thompson is doing it because he thinks it is right. It takes courage. Others do only what they are rewarded for.

Conclusion

Thompson's secretary interrupted his reflections to remind him that he had a meeting shortly with his human resources manager. Thompson thought to himself that, maybe, he had introduced enough change to Multi-Products Chile and that it was not necessary to go further. After all, business was good and things were going well.

Notes

1. "Converting" meant taking products originally received in bulk, and packaging or sealing them for consumption in the local market.
2. Much of this information was taken from company documents.
3. This section is adapted from *The Economist*, January 24, 1998; *Santiago; What's on*; Turiscom S. A., January 1998; and *Chile Handbook*; Charlie Nurse, Footprint Handbooks, 1997.
4. In January 1998, U.S.\$1 purchased 450 Chilean pesos.
5. The composition of this council included the corporate marketing manager, and senior sales representatives from the business units.