

## CASE 2: THE CEO RUNS AMUCK

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### The Story

For the past six months, Harris Tetley, the CEO at Randolph Plywoods had accomplished the following all by himself: arbitrary firings, management meetings held in the most expensive resort hotels, systematic harassment of union stewards, falsification of sales and production figures, and temper tantrums at the expense of the Randolph Executive Team. He was the direct cause of a strike which dragged on for two months.

Every morning, Mr. Tetley would leave his newly-appointed "executive suite" to visit the plant. There, he watched employees working at their various jobs of stripping birch logs, operating chip board presses or trimming and sanding 4 X 8 sheets of plywood. He staggered his visits and timing so that the employees never knew if or when they would be subjected to his observation. His observation technique was described by the union as "hovering", standing over employees in critical silence, with his hands behind his back.

Recently, Randolph spent over \$400,000 buying out employees who were arbitrarily dismissed by Tetley for what he perceived was low productivity. The company was being sued by two of these employees for wrongful dismissal.

Rumours were spreading that the company was in economic trouble and was ripe for a corporate raid.

Harris Tetley lost credibility with clients as well as with employees. On the shop floor, employees were openly griping that Randolph wasn't a good place to work anymore and that the little man in the corner office had to go. Many workers were looking for another job.

### The Intervention

Whenever a senior executive inside an organization behaves badly, it makes it very difficult on everyone. Few executives are aware of the profound influence that they have on the organizations they lead and on the people within them. Harris Tetley is certainly unaware of his impact, leading to serious issues of governance. This is a situation where the Chairman of the Randolph Board of Directors needs to step in and:

- Provide a hiatus period in which Mr. Tetley's activity would be restricted to preparing a report to the Board;
- Diagnose and get a clear picture of the impacts of Mr. Tetley's activity, versus what is happening with the economy;
- Based on Harris Tetley's report and the diagnosis of the company, establish a risk decision framework for deciding on the future direction for Randolph;
- Make the key decisions and roll them out, including implementation of company-wide work sessions aimed at restoring the positive climate inside the company;
- If Mr. Tetley proves to be salvageable, reinstate him in a capacity where he will be able to learn the leadership behaviours of a responsible executive.