Olafson faces several critical choice points in parts C & D of the case. Review some of those situations below and suggest alternative courses of action he could consider.

1. Knowles says to Peter and Chuck Gross, “Let’s go out to the airport now and pick up Jurgens and Harwood.” Peter should respond:

2. Sitting in the motel lounge, Harwood turns to Peter and asks, “How are things going?” Peter says, “I'm sorry, I can't hear you over the music.” Jurgens interjects (and this time Peter hears), “It’s too loud to talk in here, but don’t worry, I suppose we can talk business tomorrow morning.” Peter should respond:

3. Jurgens says to Peter at breakfast, “I detect a lack of enthusiasm about the wonderful turn on that’s coming.” Peter should respond:

4. Jurgens enters Peter’s office, saying, “Excuse me, is there a phone I can use to make a few calls?” Peter should respond:

5. Knowles says to Peter, “I don’t like that guy Anderson. I don’t think he knows what he is doing.” Peter should respond:

6. After lunch, Peter is feeling understandably frustrated and confused. Harwood asks, “What’s the plan for the afternoon?” Peter should respond:

7. Peter enters the room with the five bosses. Garwood tells Peter, “I am sorry. Things are out of hand.” He explains the new reporting relationships to Peter and says, “Please gather your people together so I can make the announcement to them.” Peter should respond:
Peter Olafson (C)

Peter Olafson spent the first day of his meeting with Knowles going over his plans for meeting the newly revised turn-on target date of April 15. It had become apparent to Olafson that Cable King could not meet the April 1 target—thus the date had been reset for April 15. Olafson felt that Knowles had reacted favorably to his plans, as well as to the actions he had already taken, except for his assignment of Sabrina Hayes to the construction coordinator’s job. Knowles thought Olafson should have hired a more experienced person for the job. Knowles felt that she did not have the necessary construction or equipment experience to handle the job effectively, and he urged Olafson to hire a “real heavyweight” for the job. Knowles added that he would try to help find a suitable replacement for the next several critical months.

At the end of the day, the two men finished their meeting and joined Chuck Gross, UniComm’s vice president of market and franchise development, who happened to be in St. Paul working on the franchise problem. The three men then drove to the airport to meet Will Jurgens, president of UniComm systems, and Scoop Harwood, UniComm’s vice president of operations. Prior to leaving, Knowles mentioned to Olafson that there was no reason to worry about Jurgen’s and Scoop’s visit. The two men had simply found it convenient to stop on their way to a board of directors meeting in Chicago.

On the way back to St. Paul, Jurgens asked Olafson how many homes he expected to have ready by the turn-on date. When Olafson answered 45,000, Jurgens seemed quite surprised and commented that he was expecting many more than that in an area the size of the Twin Cities. Olafson then briefly described his plans for expanding the number of subscribers after the system became operational; he added that he did not feel marketing would be a problem once the system was operating. After Jurgens and Scoop had registered at the hotel, the four men joined Gross in
the lounge. Olafson had hoped he might have the opportunity to get to know Jurgens and Scoop better and discuss business in general with them. The deejay playing in the lounge was so loud, however, that normal conversation was nearly impossible; their only discussion was limited to small talk. Olafson returned home at around 2 a.m., feeling tired and somewhat discouraged at the way the evening had turned out.

The next morning, Olafson met the visitors for breakfast. During the conversation, Jurgens remarked, “Pete, I haven’t been to your office yet, but I detect a lack of enthusiasm about the wonderful turn-on soon to come.” Olafson was startled by Jurgen’s comment because it was so unexpected. Olafson believed that Jurgens had no basis for his judgment since he had not yet seen the St. Paul operation. In fact, Olafson felt quite unnerved by Jurgen’s remark and hoped to correct Jurgen’s misconception as soon as they arrived at the office.

Once they reached the office, however, both Jurgens and Scoop Harwood needed to make several phone calls. This also caught Olafson off guard; he had assumed they would all sit down to review the operations once they got there. Jurgens used Olafson’s office to do his telephoning, and Scoop used the adjoining one. While they made their calls, Olafson waited for them in the outer office. When Scoop finally finished, he joined Jurgens in Olafson’s office and the two remained there for several minutes. Olafson felt reluctant to interrupt them to see if they were ready to meet with him. In the meantime, Knowles had begun walking around, talking to various people and inquiring about equipment and problems. When Jurgens and Scoop finally emerged from Olafson’s office, they split up and also began to walk around, talking to people and asking questions.

Olafson tried to make himself as available as possible to answer questions and to be helpful where he could, but it was difficult to keep track of all three men simultaneously. At one
point, Jurgens walked into Jeff Wadsworth’s office (Cable King’s director of marketing) and remained there for nearly an hour. Olafson later learned that Jurgens had been quite displeased with the way the rate schedule had been presented in Cable King’s promotional material. Jurgens had pressed Jeff very hard on the topic, pointing out what he thought were negative aspects of how the “introductory offer” had been worded in the promotional material. Later Jurgens also pressed Tuffer Barnes (Cable King’s installation manager) on a number of details, except this time he did so in Olafson’s presence. Jurgens asked a number of specific, detailed, questions, and he criticized Tuffer for not having enough installers ready and trained for the turn-on date. Both Tuffer and Olafson attempted to describe in detail what their schedule was and how they expected to have the necessary installers ready to handle subscriber demand. On balance, Olafson felt that Tuffer had handled himself extremely well during his exchange with Jurgens.

Jurgens and Scoop then spent the rest of the morning either walking around and talking to various people, or huddling together in whispered conversations. Similarly, Knowles also walked around the building talking to people. At one point, he spent about an hour talking with Kurt Anderson, the chief engineer, alone in Kurt’s office. When at last he emerged from Kurt’s office, Knowles remarked to Olafson—“I don’t like that guy—I don’t think he knows what he’s doing.”

Chuck Gross arrived at Cable King’s office at 11:30 a.m. and shortly thereafter the four men broke for lunch. Knowles asked Olafson to join him for lunch and the two men left together. Scoop, Jurgens, and Gross also left together for lunch but went to a different restaurant. Knowles and Olafson spent much of the lunch discussing Kurt Anderson. Olafson had the feeling that Knowles had intentionally chosen not to lunch with Jurgens, Scoop, and
Gross, perhaps because he thought they might want to talk privately. Jurgens, Scoop, and Gross returned from lunch shortly after Knowles and Olafson. Again, the four men split up and continued to inspect the facilities.

Finally, Jurgens, Knowles, and Scoop Harwood went into Olafson’s office and closed the door behind them, leaving Olafson outside. They remained inside for about half an hour, when Jurgens left the office to find Gross. Gross and Jurgens talked quietly for about 10 minutes and then Gross followed Jurgens back into the office. After about 15 minutes, Scoop opened the door and asked Olafson to step inside. Scoop sat down behind Olafson’s desk and asked Olafson to take a seat. He then told Olafson they felt there were a number of problems that had to be worked out in St. Paul to make the system effective and that Olafson obviously needed some help in solving them. Scoop acknowledged that Olafson had not had enough direction in the past, but the situation had reached a stage where they felt he could not handle it alone. Scoop then said they had decided to put Chuck Gross temporarily in charge of the system with Olafson remaining as general manager reporting to Gross.

Scoop said they felt the system needed more experience than Olafson could provide at this time, and they felt that Gross has the background to offer the needed direction and help. Gross would do this in addition to his assignment as vice president of market and franchise development; he would spend three days a week in St. Paul overseeing the operations. Olafson noticed that none of the other three men looked at him while Scoop was speaking. Through all of this, Jurgens remained in the background, pacing the floor. Scoop then asked Olafson to gather his key management people together so that he could announce the change to them.

After Olafson had assembled his people, Scoop made essentially the same comments to them as he had to Olafson. Scoop asked if there were any questions, but the room remained
silent. During all this time, Olafson felt both stunned and humiliated. When the group broke up, Olafson asked to speak to Knowles privately and the two remained in the room after the others had left. Olafson asked him why they had relieved him and what it meant for his future in the company. Knowles replied that they had not relieved him; rather, they just did not feel he had the necessary experience to handle the operation, and Gross would be able to provide him and the others with the needed direction during the next several months.

As Olafson left the building later on to go home, several people—notably Sabrina, Tuffer, and Cecilia—stopped him to say how angry and shocked they were at what had happened. Needless to say, the day’s events left Olafson feeling very shaken.
Peter Olafson (D)

Chuck Gross took charge on Monday following the visit by Jurgens, Scoop, and Knowles. Again, Olafson was not quite clear on what his new position was supposed to be; he assumed he was to report to Gross and run the operation in Gross’s absence. The outcome of the previous week’s events had so angered Olafson that he wrote a letter to Beverly Hills requesting that Kurt Anderson be fired or transferred. Olafson felt that many of the problems leading to his removal as manager of St. Paul had been caused by Kurt’s incompetence and UniComm’s unwillingness to comply with Olafson’s requests that Kurt be transferred. Gross reacted very negatively to the letter and chastised Olafson for writing it, calling it an impetuous and rash thing to do. In the meantime, Olafson learned that the manager of the Albuquerque system had been fired the preceding week.

Although Gross was only spending three days a week in St. Paul, he had made several changes within a month’s time. First, he removed Sabrina Hayes from the construction coordinator’s job and put her in charge of customer service, which he felt would become increasingly important as Cable King added new subscribers. Second, he put Kurt Anderson in charge of the construction, technical, and installation departments, so that Kurt was now responsible for all technical and installation activities. Olafson argued against these changes, giving as one of the reasons he had taken the construction and installation departments away from Kurt was that Kurt could not manage them effectively. Also, Olafson felt putting Tuffer under Kurt would be very demoralizing and might affect Tuffer’s performance at a time when customer installations were especially important. Gross countered by arguing that it was essential for the total system’s integrity and interdependence that the chief engineer be responsible for all of these activities. The third change Gross made was to revoke the orders
placed for the open-bay pickup trucks and reorder closed vans. Gross argued that the open-bay pickup trucks did not make sense in the cold St. Paul winters.

The St. Paul turn-on date was delayed until April 15 because the converters did not begin to arrive until after the first of the month. On balance, Olafson felt that Gross’s presence and the changes he had made did not have a significant effect on accelerating the turn-on date and that Cable King would have made it by April 15 without Gross’s help. In several respects, Olafson thought Gross’s presence had created new problems. For example, Gross had begun planning a large turn-on party for late April to which he invited the press and important St. Paul business representatives and dignitaries. Planning this event, preparing and mailing the invitations occupied all of Olafson’s secretary’s time for a full three-week period, as well as the time of other clerical staff. As a result, none of the accounts payable or receivables could be handled until the end of the month. It was nearly six weeks before Cable King’s accounts payable and receivables were up-to-date; again, this created problems with suppliers for which Olafson was accountable to Knowles.

Furthermore, Olafson felt that Gross’s imperious and, at times, harsh manner was taking a toll on the office morale that he had tried so hard to build. Several people complained to Olafson that they were losing a sense of teamwork, which existed at Cable King before Gross’s arrival, and that they no longer enjoyed working there.

The one area where Olafson felt that Gross’s efforts had made a major difference was in settling franchise problems. Gross was very effective in most of the hearings (it turned out he had been a fraternity brother at the University of Virginia of one of the key opponents). In the same vein, Gross discovered that another key opponent had been a classmate of Scoop Harwood’s at West Point. Olafson thought these relationships helped the negotiations reach a
successful conclusion. In a way, Olafson could not help but be impressed by the way Gross was able to use his relationships with people to achieve his ends. It seemed to him that underneath Gross’s considerable smoothness and affability, he had a certain sense of what appeared to Olafson as “street savvy,” knowing how to get things done expeditiously.

Another action by Gross, which Olafson thought necessary, was that Gross asked for and received the additional money from Beverly Hills needed to increase Cable King’s public access program. Gross had been one of the first people in the industry to pioneer public access and use it as a marketing tool. He was outraged to discover that funds for this purpose had been denied early by Harvey.

A subsequent action by Gross, with which Olafson also agreed, was to have Kurt Anderson transferred. Gross, like Olafson before him, became convinced that Kurt simply could not handle the job and he convinced Beverly Hills that Kurt had to be removed. Olafson felt sure that the fact Cable King again ran out of cable in April (resulting in a complete halt in construction) helped Gross come to this conclusion. The only problem was that the man Gross had hired to replace Kurt called at the last minute to say he had changed his mind. (This person lived in a city 80 miles from St. Paul and had been separated from his wife. During the preceding week, the man reconsidered the separation and he decided not to move, in an attempt to save his marriage.) Although Gross had some knowledge of this background, it came as a complete surprise to Olafson. Kurt Anderson was then asked to stay on, anticipating that a new chief engineer would soon be found. Olafson suspected that Anderson’s job performance would suffer as a result of this uncertainty. By early May, a replacement for Kurt had not yet been found.
Although Olafson’s relationship with Gross had improved over the next six weeks, he still felt quite uncomfortable with him, even though Gross had intimated that Olafson might be ready to take over again by late May or early June. During the middle of May, two events occurred which created additional tensions between Olafson and Gross. Tuffer Barnes’s six month review date had come up and Gross insisted on handling the review instead of Olafson. During the review, Gross gave Tuffer a lower increase than Olafson had promised him. Gross was angry that Olafson had promised an increase six months in advance, and he criticized Olafson for making a promise of that kind. Similarly, he criticized Olafson for offering Cecilia Savanick a significant raise without receiving prior approval from Beverly Hills. He further criticized Olafson for establishing a policy of six-month reviews. A second problem arose when one of Cable King’s technicians was suspected of charging personal auto expenses to the Cable King account. This had happened once before and Olafson had talked to the technician about it. Olafson fired the man the second time it happened, but Gross took Olafson to task for not having done so earlier.

Both of these incidents left Olafson wondering whether he would ever be able to satisfy Gross. It seemed as though nothing he did satisfied Gross, and Olafson found the situation increasingly frustrating. It had been two months since Gross had taken charge of St. Paul, with no visible changes yet in Olafson’s status. Olafson also found that he was becoming increasingly anxious and, as a consequence, his relationship with his wife was becoming strained. In fact, it was more than strained because she knew the problems he was experiencing, but she could not help. His wife would try to divert his attention from them, but Olafson found he could not take his mind off the situation at Cable King and he began to feel an almost relentless sense of pressure.
In many respects, Olafson began to feel as if he were doing all of the work—putting in long hours, solving what seemed to him to be the dirty, “nitty-gritty” operational problems—but not getting any recognition from anyone. He could not remember Gross mentioning, even once, that the operational procedures were evolving smoothly, or that the myriad of problems was being solved. No one there had any experience in turning on a new system, and therefore many mistakes were being made. Olafson felt he was able to catch many of them, but not all. Furthermore, in having to deal simultaneously with both Beverly Hills and Gross, he felt increasingly in the middle—“caught, coming and going,” as he put it. He did not feel he was getting enough support from Gross, nor much tangible help. He was also working 10 to 11 hours a day, trying to maintain morale and getting the job done, while also disguising his increasingly negative feelings toward Gross, as well as his mounting uncertainty as to his own future in the company. He also found himself tiring of the pretense that everything was going well, and he was increasingly irascible with his subordinates when they made mistakes. He began to feel that his only hope would come after Gross departed and Kurt was replaced; then, he could renew his relationship with Knowles and Cable King would settle down into a more smoothly running company.