Looking at his calendar dated March 10, Peter Olafson saw that he had roughly two weeks to prepare for his meeting with Chet Knowles, the newly appointed director of preoperating systems for Universal Communication Systems, Inc. Knowles had just called from the company’s Beverly Hills headquarters to set up a two-day meeting with Olafson at the end of the month. The purpose of the meeting was to go over several problems that Olafson’s organization had been experiencing and to discuss Olafson’s plans for dealing with them. It would also give Knowles a chance to meet Olafson and see the St. Paul operations on a firsthand basis.

Peter Olafson was general manager of Cable King Company of St. Paul, a Digital Subscriber Line (DSL) connection supplier serving the greater Minneapolis-St. Paul area, which had not yet begun operations. Olafson had been hired as general manager of the St. Paul system by the company’s parent, Universal Communication Systems, Inc. (UniComm); he had joined UniComm immediately after receiving his MBA the preceding June. He had taken charge of the St. Paul operations in August after a two-month orientation period of visiting other systems within UniComm. Olafson felt very fortunate to have the opportunity to be a general manager this early in his career.
The St. Paul system was one of three in UniComm which were designated preoperating systems because they had not yet begun commercial operations. The St. Paul company had been targeted to begin service to subscribers on February 1, but it was now a month behind target because of several major problems. The newly revised turn-on date which Olafson had submitted to headquarters was April 1—three weeks away—and the purpose of the meeting with Knowles was to go over Olafson’s plans for meeting that date. (Turn-on date refers to the day on which a system starts serving customers.)

**Peter Olafson’s Background**

Peter Olafson was 31 years old, and married, with two children. Prior to attending business school, he had been a captain in the U.S. Army Signal Corps and had held several jobs as a communications engineer. Olafson had earned his B.S. in electrical engineering from M.I.T. and a Master’s degree in communications engineering from the University of Minnesota. Olafson had been described by classmates in business school as being a very bright, conscientious, and well-liked person who seemed to be more mature and stable than most people his age.

Although Olafson had never worked in communications or the DSL industry before joining UniComm, his interest in the area had been growing for several years. During that time, he concluded that the field offered great potential for growth and opportunity. It was one of the few remaining parts of the communications business that was dominated by private entrepreneurs on both the local and national levels, and the industry still offered the promise of future expansion. Thus, Olafson decided to interview companies in the industry as part of his second-year job search. UniComm was one of the companies he visited, and he was interviewed and hired by William Jurgens, the company’s founder and president.
When Jurgens made him the offer, Olafson was told that he would be in charge of the St. Paul operations. Jurgens explained the St. Paul system was having a number of serious start-up problems and that it was a relatively high-exposure situation for UniComm. He added that the Twin Cities area promised to be a highly attractive and profitable market; it would certainly provide Olafson with a challenge. Jurgens explained that because of the departure of UniComm’s vice president of operations, Jurgens would pay very close attention to the St. Paul operations. Olafson felt very fortunate to have the opportunity, at least initially, to work directly for Jurgens.

**UniComm’s Development**

Olafson had been very impressed by both UniComm and Jurgens. Jurgens had founded UniComm and had built it from a small West Coast system to a multimillion dollar company which now ranked within the top 20 in the industry. He had a reputation for being one of the toughest businessmen in DSL, and he was seen by many as a “Horatio Alger” type of self-made man whose ability and aggressiveness had taken him from a modest beginning in Chicago to considerable success, wealth, and influence.

Indeed, Olafson recalled that Jurgens was such a demanding individual that when the new Sacramento system had failed to meet his expectations, he replaced the former manager and had the new manager report directly to him. (Sacramento had been one of the first major franchises won by UniComm and therefore a system in which UniComm’s visibility and stakes were high.) Jurgens had seen Sacramento as an opportunity for UniComm to develop a showcase system; instead, the operation had encountered enormous cost and schedule problems. To remedy the situation Jurgens put a promising young manager in charge of Sacramento, and he himself became actively involved in working with the new manager.
Cable King Company of St. Paul

Cable King Company of St. Paul had been legally in existence for four years prior to Olafson’s taking charge in August. The company had been formed by UniComm (which owned 85% of its stock) and a St. Paul businessman who acted as the local partner. Its first three years were spent securing state, federal, and local franchises and permission to operate in the St. Paul area. When Olafson arrived in August, an existing organization of six people was already engaged in working on the design, preparation, and initial construction of the system.

The Situation in St. Paul

The past seven months had been a difficult and at times frustrating period for Peter Olafson. He regularly worked 60 to 80 hours a week, and at times Cable King’s problems seemed so incessant that he would wake up in the middle of the night thinking about them. The problems began almost immediately. On arriving in St. Paul, he discovered that instead of reporting to Jurgens, as he had assumed would be the case, he was assigned to Jim Harvey, UniComm’s director of budgets and plans. Harvey had been put in charge of all preoperating systems in addition to his other duties during Olafson’s orientation period. (See Figure A for UniComm’s organization at the time Olafson took charge of the St. Paul system.) Harvey had received his MBA a couple of years before Olafson, but had never had any system operating experience. As a result, Olafson found that Harvey was unable to offer him any initial advice or guidance that was specific or helpful. The nature of their relationship was somewhat ambiguous and awkward in the beginning, in fact, because Olafson had never been formally told by either Jurgens or Harvey of the reporting relationship; it just seemed to have occurred.
Upon his arrival, Olafson also discovered that the initial construction of cable lines, which was being performed by a subcontractor, was already several weeks behind schedule and that they would never meet the turn-on target at the rate they were going. Efforts to get the subcontractor to improve his construction rate failed, and Olafson found that the company was receiving an increasing number of complaints from local citizens about the way the
subcontractor was cutting through privately owned trees and property. Thus, Olafson’s first major decision was to terminate the relationship with the subcontractor and to contract with the Land O’Lakes Construction Company (a Wisconsin-based firm) which Olafson felt could provide better service. This decision was received somewhat reluctantly by the office in Beverly Hills, however, because the prior subcontractor had done a great deal of work for UniComm in the past. Since the former subcontractor was based in Oklahoma, Olafson felt that it was too far away to provide adequate backup support and he succeeded in convincing headquarters that the change was necessary.

The Chief Engineer

Olafson also found that he had difficulties getting his chief engineer, Kurt Anderson, to do the planning and organizing necessary to make sure that materials arrived when they were needed. This planning was particularly important, since four of the activities required to build the system had to be carefully coordinated if it was to work according to specifications and to meet the targeted turn-on date. These four activities included: the initial design of the system and specifications of equipment; liaison with the local utility companies so that their utility pole facilities were “made ready” for cable lines to be attached to them according to design specifications; the installation of the necessary power supplies, amplifiers, and taps in the system; and finally, the installation of the converting equipment in the subscriber’s home and its connection into the system. (See Exhibit 1 for a more detailed description of these activities and Figure B for a St. Paul organization chart and how the work was apportioned within it.) Since the effective functioning and overall integrity of the system depended on all of its parts being compatible, it was especially important that the various parts fit together and that the
specification, delivery, and installation of these components be carefully planned and coordinated.

Olafson first became aware of Kurt Anderson’s difficulties in handling the planning aspects of the chief engineer’s job within his first few weeks in St. Paul. He discussed his problem with Harvey several times and raised it again in Beverly Hills in October, but to no avail. Kurt Anderson had worked his way up from line installer to chief engineer in the St. Louis system, and he had gained a reputation within UniComm for being a first-rate technical man. After his first three or four months in St. Paul, however, Olafson came to realize that Kurt did not have either the administrative abilities or the prior knowledge needed to start up a brand new operation. None of his previous jobs had required the detailed planning and designing needed to build a new system. Olafson felt this limitation especially keenly, because he himself had no experience in the DSL industry and was in the process of learning about it and needed someone he could rely on in the chief engineer’s job.

During his October visit to Beverly Hills, Olafson raised the possibility that Kurt be reassigned and replaced by a person who had more preoperating and start-up experience. Because of the company’s rapid expansion and the industry’s newness, these people were in short supply. In addition, the people he talked with in Beverly Hills insisted that Kurt had the potential to handle a start-up; all he needed was more coaching and help from Olafson. Furthermore, UniComm had just relocated Kurt and his family from St. Louis to St. Paul and Olafson suspected that the company did not wish to put him through another move.
Figure B
Organization Chart, Cable King of St. Paul

General Manager
Peter Olafson, age 31

Secretary and Accounts Payable

Accounts Receivable Manager
Cecilia Savanick, 27 (2)

Director of Marketing
Jeff Wadsworth, 23

Chief Engineer
Kurt Anderson, 38

Supervisor Installation Dept.
Tuffer Barnes, 27 (3)

Supervisor Right-of-Way Department
Sabrina Hayes, 31 (2)

Secretary

Inventory Department
(2)

Branch Technician
(1)

Supervisor Construction Department
Walt DeLaurey, 31 (2)

Supervisor Technical Department
Tad Smith, 23 (3)

Subcontractor Land O'Lakes Construction Co.
Supervisor
Happy DiStellano, 24 (25)

Note: Organization prior to March 15.
The number of people in each function is given in parentheses under the department head.
Olafson took several steps in attempting to help Kurt improve the planning and coordination. One of these was having one-on-one counseling sessions with him in which Olafson tried to show Kurt how to plan better. A second step he took was to have Kurt call weekly construction meetings to which everyone in the organization was invited, including the new subcontractor’s supervisor, “Happy” DiStellano. Olafson felt that these meetings would also increase the sense of participation of people in the organization, and that they would help prevent rumors from spreading if everyone knew what was going on. Olafson found these meetings quite useful, but he believed Kurt did not become involved enough in them. Olafson found himself getting most of his reports directly from Kurt’s two subordinates—Tad Smith, supervisor of the technical department, and Walt DeLaurey, supervisor of Cable King’s construction department—despite his attempts to get Kurt more actively involved.

A third step was establishing an inventory control reporting system; but again Olafson found that Kurt resisted the effort. Olafson suspected that Kurt was somehow resentful because Olafson did not “trust him implicitly.” Whatever the reason, Olafson continued to have difficulty getting these reports from Kurt completed and on time. In fact, the inventory control problem became so great that on two occasions Cable King ran short of cable for construction. In each of these cases, Olafson discovered this during a weekly construction meeting and it was clear that the shortage was as much of a surprise to Kurt as it was to him. The first time was in early December when Happy DiStellano (the subcontractor’s supervisor) said that his crews were about to run out of cable and they would have to stop construction. Fortunately, there was other work for the crews to do and Olafson handled the situation with Kurt gently, trying to explain the need for better planning. During this and other discussions, however, Olafson sensed that Kurt was angered by the implied criticism, but that he was “bottling it up.” Problems concerning
cable inventory recurred again in mid-January, but some uninventoried cable was discovered in the warehouse which temporarily solved the problem. On each occasion, word of the impending problem had come from Happy during one of the construction meetings. During this period, Olafson discussed these problems with Harvey and again raised the possibility of having Kurt transferred, but Harvey was reluctant to take any action.

Olafson’s early problems with Kurt were further complicated by difficulties that Kurt had working with Tad Smith, supervisor of the technical department. The two men had several conflicts over the selection and specification of equipment. In fact, their differences over these issues had become so frequent that Tad told Olafson on several occasions that he felt he was better qualified than Kurt and that he wanted Kurt’s job. Despite Kurt’s limitations, Olafson did not share Tad’s view.

Olafson also observed that Kurt had several problems working with Cecilia Savanick, Olafson’s secretary. Most of the arguments between Kurt and Cecilia were over errors in applications prepared by Kurt, but typed by Cecilia. In all of these cases, each person attributed the errors to the other. Kurt openly described himself as a chauvinist, and Olafson felt that this affected his ability to work with Cecilia, whom Olafson found to be a highly competent, precise, and mature woman. Although Olafson did not know for sure, he suspected that Kurt resented having his errors pointed out by a woman.

**Key Personnel Assignments**

During the fall, three additional key people joined Cable King of St. Paul. One of these was Jeff Wadsworth, a 23-year-old college graduate, who was brought in as director of marketing. Olafson saw Wadsworth as being an aggressive and ambitious man who often “rubbed people the wrong way,” particularly the technical personnel, in his hurry to get things
done. Olafson also discovered that sometimes Jeff’s market plans were not detailed enough and that they required careful review. Unfortunately, as St. Paul’s technical problems mounted, Olafson found himself with less and less time to do this. But on balance, he found Jeff to be competent and hard working.

The second person to join the St. Paul management group was Christopher “Tuffer” Barnes. Tuffer was a 27-year-old college graduate who had been in business for himself and had a great deal of hands-on knowledge of equipment and procedures, although he had no prior experience in DSL. Tuffer, who was hired to run the installation department, had come from a wealthy, Massachusetts family and Olafson found him to be very bright and knowledgeable. Tuffer and Kurt soon developed problems working with each other, however, even though Tuffer had been hired on Kurt’s recommendation. Olafson believed that some of these difficulties occurred because of the many suggestions that Tuffer made about equipment selection and procedures. Although many of Tuffer’s ideas were excellent, some were impractical and his constant flow of new ideas eventually became a problem for everyone, including Olafson and Tad Smith. It became such a problem by January that Olafson had to talk to Tuffer about it. Over this period of time, the relationship between Tuffer and Kurt had become quite strained. Olafson suspected that some of these difficulties may have been caused by Kurt’s defensiveness over not having a college degree and his resulting annoyance at Tuffer’s constant flow of criticisms and suggestions.

The third key person to join Cable King during this period was Sabrina Hayes, a 31-year-old woman with a master’s degree in social work. Sabrina was hired to run the right-of-way department early in the fall. The right-of-way department had been in major trouble when Olafson first arrived, and Olafson felt that Sabrina had done an excellent job in organizing the
department and in developing good relations with property owners and future subscribers.

Sabrina was referred to within Cable King as the “Goth” because of the way she dressed, but she seemed to get along quite well with most of the staff and very well in her dealings with the public. By late winter, Olafson had come to respect and trust her judgment a great deal. She was a very outspoken woman with considerable ability to organize and get to the heart of a problem.

In addition to hiring these new people, Olafson had also promoted his secretary, Cecilia Savanick, to manager of accounts receivable in February. Olafson encountered difficulties with Beverly Hills over this assignment because he had offered her the job at a salary of $69,000. Olafson felt this figure was appropriate for the position, given the local job market, but UniComm thought that the resulting increase over her previous salary was excessive. Eventually, Beverly Hills approved an increase to only $62,000. Olafson felt that Cecilia had been quite disappointed by the reversal, and he knew the quality of her work had suffered as a result.

Olafson encountered another salary problem when he hired Tuffer Barnes. Olafson had offered Tuffer a salary of $77,000 which he accepted. Prior to Tuffer’s joining the company, however, Tad Smith, who was making only $65,000 found out about Tuffer’s salary. Tad complained vigorously to Kurt about the difference and Kurt brought the matter up with Olafson. Olafson then talked with both Kurt and Tad about it. Olafson reminded Tad that he would be up for review in one month’s time and told him that he would receive an increase at that time. Still, Olafson had felt extremely uncomfortable with the apparent inequity, because Tad was a likable and effective worker who had considerable DSL experience. Olafson then also discussed this problem with Tuffer to let him know that his salary had become known within the company. As a result, Tuffer voluntarily offered to accept a salary cut to $70,000, hoping that this would
smooth over the organizational problems and make his entry into the organization easier. Tuffer explained that one of his motivations in joining Cable King was to learn some of the more technical aspects of DSL which he knew he would have to learn from Tad and Kurt. Thus, Tuffer joined the firm at the lower salary with the promise of an increase in six months’ time.

Despite these problems, Olafson believed that he had put together a good organization with high morale. It mattered to him that people worked as a team and that the organization was managed with as much participation as possible. In fact, Olafson had instituted weekly, companywide meetings to which all company employees were invited. The purpose of these meetings was to discuss problems various departments were having and to maximize the exchange of ideas among the people in the company. Many of the employees had remarked to Olafson that they had found the weekly meetings very effective, and they believed that morale and understanding of the company’s problems had increased substantially as a result of the greater interchange. (The basic organization established by January is shown in Figure B.)

**Equipment Selection and Specification**

Olafson’s first six months in St. Paul had also been complicated by several equipment problems. Although it was theoretically possible (and also desirable) to perform the activities in the order described in *Exhibit 1*, it was seldom practical to specify and select all of the system’s equipment before the construction or installation of the various phases began. This had been the case particularly in St. Paul because headquarters had delayed in making several key decisions and had made several changes in the equipment originally specified. The decision as to whether or not to use a converter (which Beverly Hills promised would be made by October) had not been made by Jurgens until early February. St. Paul was to be the first system within UniComm to use converters, and UniComm had wished to defer the decision as long as possible in order to
acquire more information. As a result of this delay, UniComm’s prime supplier of converters could not deliver on time, and UniComm had to go to an alternate source whose equipment was later found to be defective, thereby requiring renegotiation with the first supplier. In addition, headquarters had made a change in the power supply ratings in December which Harvey did not inform Olafson of until January. Thus, the equipment that St. Paul had in inventory could not be used and additional design changes had to be made. To further complicate the situation, headquarters made a subsequent decision in January to have all power supplies include standby batteries. This also created problems with suppliers.

A further decision made by UniComm in January changed the basic concept used for laying out the system. This decision changed the concept from one based on grid maps of the areas to be serviced to one based on the location of power supplies. The reason for the change was that it would improve the inventory control of materials in new systems. Olafson could see its advantages, but he also felt the change would create many problems in adapting existing maps and plans, and the change would further add to the work and coordination that Kurt had to deal with. Olafson was unsuccessful, however, in influencing Harvey to reverse the decision as it applied to St. Paul. This created further problems with deliveries and the new power supplies did not arrive until the end of February.

Indeed, Olafson had felt consistently hampered by his inability to get either support or clear direction from Harvey. Harvey’s only major suggestion (but with which Olafson did not agree) was how to develop the system’s territory. Harvey urged Olafson to develop the high-density population areas first, and then expand to outlying towns, because this would bring a larger number of initial subscribers into the system when the turn-on occurred. Olafson felt that the high-density areas were the most difficult to build in, however, and would require the most
effort to develop and therefore further delay the turn-on date. To Olafson, it made more sense to
develop the easier territories first. Olafson remembered these discussions as being extremely
exhausting, but never coming to a real resolution. With this exception, however, Harvey’s four
visits to St. Paul had been characterized by what Olafson saw as “nit-picking,” such as how
many uniforms the installers should be issued, but without resolution of any of the major
problems that Olafson felt he had to deal with. Olafson suspected that some of Harvey’s
indecisiveness was caused by Harvey’s relationship with his own boss, Will Jurgens. Olafson
had sensed from the beginning that Harvey was somewhat insecure and anxious about how he
stood with Jurgens. In many ways, Olafson could understand why that might be the case. Like
Olafson, Harvey was hampered by having very little operating experience in DSL. In addition,
many people in UniComm saw Jurgens as a strong-willed and demanding person who could be
both formidable and intimidating.

**Hiring a Construction Coordinator**

Although many of the technical problems just described had been resolved by early
March, several other problems had come up which Olafson had to deal with if Cable King was to
meet its April 1 turn-on target. Olafson had attempted to deal with Kurt’s inability to plan by
hiring a construction coordinator in January to do it for him. Olafson experienced difficulties,
however, in finding a qualified person, given the salary limitations he had to work within.
Finally, Olafson promoted a man from the construction ranks who had a college degree, but that
person left after two weeks for a better salary. Olafson knew it would be difficult to find a
replacement quickly, and as a result he appointed Sabrina Hayes construction coordinator; he
reorganized the St. Paul operations in early March as shown in *Figure C*. Olafson had been very
impressed with her work as head of the right-of-way department and trusted her ability to get the
job done. He was not completely comfortable with how Walt DeLaurey, the construction supervisor, would react to having her as a boss, so he had not as yet fully explained to Walt the new reporting relationship. He felt that once they began working with each other it would be easier to do so, and it would also allow Sabrina time to become familiar with construction operations in more detail. Olafson believed that Sabrina’s involvement in the construction effort would greatly improve the situation. Although Walt DeLaurey was a very likable, hard-working man, he had never finished high school, had no prior experience as supervisor, and Olafson felt he had limited planning ability.

Settling the Franchise Problems

Another area which Olafson saw as a major problem was the current state of Cable King’s franchises in four of the towns in the Twin City area. Cable King’s franchises in the Twin City area had been awaiting approval from the FCC since January 1. The delay was due in part by an FCC suit which had not been settled until early December. Although the FCC had approved all the franchises in the Twin City area, the state commission had not approved the franchises for four of the towns. These four towns could now choose to amend their franchises to bring them into compliance with the state commission’s new rules, or they could renegotiate the franchise on whatever terms they wished. One of the towns wanted to renegotiate the terms of the franchise concerning how much community access the system would offer (i.e., how many lines would be made available to public groups such as local school systems or libraries). A second town contended that the rates were too high. The remaining two towns were concerned with both issues, but not as strongly. Olafson knew that if they wished, the towns could go so far as to ask for new bids and reinitiate the whole process.
Note: Organization after March 15.
The number of people in each function is given in parentheses under the department head.
He also believed that Beverly Hills did not fully appreciate how strong the state commission’s stand was on the public access question. Olafson had been approached numerous times by local citizens and representatives of the state commission concerning how much support Cable King was willing to give to public access. As a result, Olafson had raised the issue with Harvey several times and he went so far as to send Harvey a memo outlining the equipment needed to satisfy local demands. To Olafson, the funds needed were insignificant, given the benefits the public and the company could derive, but every time he raised the matter with Harvey, he felt he received a runaround. Because he got no definite answer from Harvey, Olafson found he had to equivocate with the state commission on how much Cable King could offer. Olafson felt that Harvey had a very unrealistic picture of the local situation, and that Harvey’s only concern was the effect public access had on the budget and ROI. Olafson was afraid that Cable King’s equivocation might affect its reputation and relations with local citizens’ groups and the state cable commission. He was particularly concerned because the public access question was receiving a great deal of publicity in the local St. Paul newspapers.

Olafson found the franchise renewals and public access question to be major problems because he did not have the time to become involved with local attorneys and town boards and public hearings. Olafson did feel some relief from the immediate franchise pressures facing him, however, because Beverly Hills had become involved in renegotiating the franchises. Beverly Hills was responsible for market and franchise development and had negotiated the original franchises (See Figure A for UniComm’s organization prior to February 28.) Two people from Beverly Hills, Chuck Gross, UniComm’s vice president of market and franchise development, and Diana Cohen, a staff assistant, had become actively involved in the renegotiating activities. In fact, Cohen had taken it on as a project. Although Olafson felt relieved that Cohen was
handling the details, he was not sure if he should ask Gross to have her report directly to him on it because of its importance. A successful resolution of the franchise problem was essential to Cable King’s service, and Olafson felt uneasy about not being directly involved in its solution. On the other hand, he felt he had enough problems with the technical aspects of the system without being immersed in the franchise problem as well. Thus, he welcomed the relief of not having to supervise the franchise negotiations and hearings.

In addition, he felt somewhat uncomfortable in his relationships with both Cohen and Gross because of an encounter he had had with them during his orientation period. This encounter had left him with such negative feelings that he was eager not to tangle with them again. As part of his summer orientation, Olafson had been asked to visit the Fort Wayne system and write a report on his observations. In this report, Olafson had criticized the system’s chief engineer, who he felt was technically brilliant but ineffective as a manager. He also criticized the system’s manager, whom he saw as not delegating enough responsibility. When he subsequently visited Beverly Hills, Gross asked him for his observations of the Fort Wayne operation. Olafson gave Gross a verbal summary of his impressions; after he finished, Gross vehemently attacked him for criticizing what Gross perceived to be one of the best systems in UniComm. Olafson was quite surprised by Gross’s hostile and emotional reaction, and during the exchange which ensued, Gross asked Olafson what his background was. When Olafson explained that he had just finished his MBA, Gross lectured him on how much he needed to learn about DSL. Gross, who was only 37, was recognized by many as a “wunderkind” of the industry. He had a reputation for being sharp and smooth, with an entrepreneurial flair for being a wheeler-dealer. Like Jurgens, he had also been raised in the Chicago area and had worked his
way up in the industry. Olafson resented what he perceived to be Gross’s imperious and egotistical manner and ended up feeling a distinct dislike for him.

Prior to his meeting with Gross, Olafson had also met with Diana Cohen, a staff assistant to Gross. During their meeting, Olafson felt that Cohen had told him in no uncertain terms what she thought he needed to do in St. Paul. Several of her suggestions struck Olafson as being blatantly incorrect, given what he knew of the St. Paul area from his days at the University of Minnesota. When he challenged some of her statements, she became agitated and was visibly upset by the time Gross arrived. As a result of these two exchanges, he had found his experience with both people to be very disturbing and he was not inclined to interfere with their work in the franchise problem, particularly since he sensed that Cohen idolized Gross and might resent reporting to Olafson on the project.

Other Problem Areas

In addition to these problems, Olafson had several other situations which had to be dealt with to ensure that the turn-on date was met. One of these was the difficulty Cable King was having with the local utility in getting it to make its facilities ready according to the promised schedule. These difficulties had become so great that Olafson had met with the president of the utility in mid-February. Although the meeting had gone quite well, and the president had promised better service, the utility continued to fall behind its make-ready schedule. From what Olafson could gather, many of the problems were caused by a union steward in the utility company who, people reported, was intentionally slowing down the make-ready process. Whatever the cause, the utility’s make-ready speed was a severe problem. Olafson felt that since Kurt had not been successful in either planning construction or dealing with the utility in the past, he would have to involve himself more deeply in these matters. If the utility did not
respond, Cable King’s construction would be halted in less than three months and the crews would have to be laid off.

Another area that Olafson saw as a major problem was the strained relationship between Kurt and Tuffer. As Cable King approached the turn-on date, the installation of subscriber service (which was Tuffer’s area) became an increasingly important activity, as did the coordination between the two men. The most recent conflict between Tuffer and Kurt had been over the selection of what kind of trucks to order for the customer installation crews. Kurt wanted to buy open-bay pickup trucks because they would give the installer easier access to the equipment, while Tuffer wanted closed panel trucks because of the difficult winters in St. Paul. Tuffer argued that while open-bay trucks may have been practical in San Diego, they would impose a major hardship on installers working in the St. Paul climate. Olafson settled the conflict by ordering all open-bay trucks, except for two closed panel trucks. These panel trucks were for line installers who had to do the greatest amount of the on-site preparation and therefore needed to be sheltered from the cold. This latest conflict between the two men had deepened their mutual animosity, and Olafson felt that some action needed to be taken to help them work together better.

Olafson did not expect any problems in the marketing area once the system was turn on; he felt it would simply be a question of implementing the market plan.

**Knowles and UniComm’s Reorganization**

Olafson was looking forward to talking with Knowles about his plans for dealing with these problems. He also felt the reorganization he had just implemented at Cable King was a good first step in alleviating the coordination and planning problems. Olafson had not yet met Knowles and this would be their first face-to-face interaction. Knowles, like several other new
UniComm executives, had been brought into the company as part of a reorganization recently implemented by UniComm’s newly appointed vice president of operations, “Scoop” Harwood (see Figure D for the revised UniComm organization). Scoop, as Harwood was generally referred to within UniComm, had previously been in charge of data communication systems for a large computer manufacturer. Prior to that assignment, Scoop had had a very successful career in the signal corps, having attained a general officer’s rank at a young age. Knowles, like several other executives whom Scoop had brought in, had previously served with a large West Coast electronics firm.

Olafson expected that the infusion of experienced, professional managers at the top of the UniComm organization would greatly improve UniComm’s effectiveness. Olafson had been very impressed by Scoop during a visit which he and Harvey had made to the St. Paul operations, as well as the organizational changes that Scoop had implemented. Scoop had asked many questions during his day’s visit, took voluminous noes, and, in Olafson’s eyes, seemed generally satisfied with the way things were going. Harvey remained relatively silent during their visit.

Although he was not yet sure whether he would be reporting directly to Knowles or to Harvey (whose new title was assistant director of preoperating systems), Olafson felt that the situation could not help but improve. Harvey had told Olafson that he had been quite upset by his appointment to the new position, which he viewed as a demotion.
Note: Reorganization implemented on February 28
Building a DSL system took place in five required and interrelated phases as outlined below:

**Design and Layout of the System:** This first phase included designing the total system—deciding where the cable was to be hung or laid, how it was to connect with the local power company’s lines, and specifying the equipment needed so that the total system was compatible. This activity was the responsibility of Cable King’s chief engineer, Kurt Anderson.

**Right-of-Way:** The second phase was generally referred to as gaining right-of-way. This involved contacting people who owned property through which the cable had to pass and obtaining from them at least verbal, if not written, permission to cross their property lines. This activity was performed by Cable King’s right-of-way department.

**Construction of the Cable Network:** The third phase involved actually hanging or laying the cable according to the system plan. This was done by the subcontractor under the supervision of Cable King’s construction department.

**Installation of Line Equipment:** The fourth phase involved the installation of amplifiers and taps (connecting subscribers’ lines), power supplies, and other equipment. Prior to installing this equipment (as well as hanging the cable), it was necessary to go through make-ready procedures. These steps involved obtaining permission from utilities to use their facilities, as well as ensuring that the utilities made the necessary preparations for Cable King to tie into their facilities and hang cable on their poles. The installation of line equipment also involved proofing the system
to make sure that it met the plan’s requirements and specifications. Both the equipment installation and proofing functions were performed by Cable King’s technical department.

**Installation of Subscribers’ Equipment:** The fifth and final phase was the installation of service in subscribers’ homes. This involved installing in-home cable wire and outlets and setting up a DSL converter for any customer equipment. This activity was performed by Cable King’s customer installation department.

These various activities were carried out by different parts of the organization, as shown in *Figure B*. The chief engineer was responsible for the overall design and specification of the system, while the construction department was responsible for supervising the subcontractor’s construction of the cable network, as well as making sure that the local power and telephone companies made their facilities ready for Cable King’s cable. The technical department, which was also under the chief engineer, was responsible for supervising the installation of the taps and amplifiers and proofing the system. The actual installation of converters in the customer’s home was performed by the installation department once the cables and line equipment were in place and the system had been proofed.

**Peter Olafson (B)**

A week after Knowles had called from Beverly Hills, Olafson received a second call from him saying that Will Jurgens, president of Unicomm, and Scoop Harwood, recently appointed vice president of operations at UniComm, would both join Knowles during his visit to St. Paul. Jurgens and Harwood would arrive a day after Knowles so that Knowles and Olafson could use the first day to meet and discuss Olafson’s plan as they had originally intended to do.
PETER OLAFSON (A) & (B) STUDY QUESTIONS

These questions should help you focus on the first two parts of the Peter Olafson case. Try to understand what Peter has going for himself as a manager and how the situation contributes or detracts from his success.

1. What are the problems facing Peter? Which are most important?
2. Is Peter a good manager? A good project manager?
3. What are Peter's strengths and weaknesses?
4. What should Peter do to prepare for Jurgen's visit?