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All- Star Sports Honors Analysis

Daniel Reed

Class of 2010

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INTEROFFICE MEMORANDUM

TO: DR. SALLY SELDEN; DR. LEE SCHIMMOELLER; DR. FRANK

WHITEHOUSE

FROM: DANIEL REED

SUBJECT: ALL-STAR SPORT CATALOG DIVISION DECISION MAKING

PROCESS

DATE: 4/6/2010

As requested, I have read and analyzed the case, "Decision Making at the Top: The All-Star Sports Catalog Division." This case detailed an issue that many organizations face at some point as many organizations tend to make changes to its decision making process. The All-Star Sports Catalog Division (ASC) is one of three divisions within the All-Star Sports organization. Since its establishment in 1990, the division has performed well and expanded greatly. Much of this success resulted from the decision making process developed by ASC President, Don Barrett. The process is very fundamental and well-structured, which has allowed the company to make the best decision possible after much analytical thinking. However, though the ASC division produced profitable results under Barrett, the decision making process was questioned and a consultant was hired to analyze the ASC's decision making process and gauge employees' level of satisfaction of factors such as team member participation, meeting agenda, team effectiveness, etc. Based on the consultant's research, Don Barrett was presented with three choices of how he could alter the ASC decision making process to improve overall performance.

The ASC Decision Making Process

The decision making process in the ASC division of All-Star Sports has proven to be rather effective under the direction of President, Don Barrett. Because of his ability to delegate responsibility, directly engage with co-workers in decision making, and properly establish a team oriented environment, Barrett has instituted a decision making process that has helped the company reach its financial goals and other organizational objectives. The ASC decision making process is not elaborate, but necessary steps are taken to provide the best decision possible.

The ASC management team meets every Monday for two hours to discuss company issues, decisions meriting front-burner attention, and information regarding the status of company projects. The first hour of weekly meetings is used as a review and discussion period. During this hour, information is shared among the management team regarding

updates on key projects, new developments and financial performance. The second hour of weekly meetings is used for in-depth discussion of specific topics. This hour is reserved for decision making about the key issues presented by team members.

In addition to the weekly Monday meetings, the management team met with the CEO, Steve Archibald, for three hours, once per month. These meetings are used to update corporate management on the key projects and decisions that were being made during the weekly Monday meetings. Both meetings play a crucial role in the decision making process for ASC. These meetings help keep all team members informed of what is going on, allow for discussion of key initiatives so all members can express their ideas and feelings, and the high frequency of meetings is a great way to keep ideas fresh and for team members to not let decisions be forgotten.

Furthermore, the decision making process used by ASC is comprised of five distinct steps. The five step decision making process used by ASC is as follows:

Step 1: Framing the Problem; Step 2: Identify Alternatives; Step 3: Analyze Alternatives; Step 4: Make the Choice; Step 5: Ratify the Choice

Each step breaks down the decision, allows management team members to conduct a thorough analysis of the decision, and to present the information to the entire management team for approval instead of approval from one or few team members. Importantly, this is an effective decision making model because all group members have responsibilities and problem analysis occurs more than once during the process, which is key to ensuring that employees make the best decision possible.

How Does the Decision Making Process Unfold?

As previously stated, the ASC decision making process is a five step model. This model is effective because of the meticulous analysis required and the involvement of the entire management team. The first step of the decision making model is to frame the problem. During this step, the problem is discussed as a group and issues requiring significant attention are surfaced to all team members. In this stage of the process, the entire management team is involved and they can freely share information and opinions. The second step of the decision making model is to identify alternatives. During this step, subgroups of two to four members are formed based on their experience and relevancy to the issue at hand. At this point in the process, the subgroup identifies several alternatives, presents them to managers, and then narrows down the alternatives based on managerial feedback. The third step of the decision making model is to analyze alternatives. This step is also completed by the subgroups formed during the second step. During this step, subgroups develop cost/benefit analyses that are used to provide management with the best decision available. The fourth step of the decision making model is to make the choice. This step is completed with a series of meetings, during which the best course of action is decided upon. This part of the process involves Don Barrett and the appropriate subgroup working directly with each other to finalize which alternative presents the company the best chance to succeed. Finally, the fifth and last step of the ASC decision making model is to ratify the choice. Like the first step, the entire management team is involved with this stage as the subgroup responsible for determining the best option presents their research and recommendations at a weekly Monday meeting. During this meeting, the choice is either ratified by the group, or feedback is given to the subgroup on how to make the choice a better overall fit to company strategy. If the choice is not ratified, the subgroup who presented the choice then conducts a further analysis to present the information again to the management team at another Monday meeting. However, if the choice is ratified, the management team then takes on the challenge of determining implementation methods.

Importantly, the five step decision making model that ASC utilizes is very fundamental, structured, and has proven to be rather successful based on the current healthy financial position of All-Star Sports. In order to make the best decisions possible, this decision making process encourages specific types of behavior. For example, the model encourages the management team to agree on the decision being made. As a result, there is no dissatisfaction with a ratified choice and all team members support the decision that was made. Also, the decision making model encourages managerial input other than Don Barrett's. This is instrumental because when Barrett works directly with the management team, there is a sense of trust and shared responsibility between the President and his coworkers. Additionally, this model encourages high levels of critical and analytical thinking and discussion among the management team. This is vital to making a well developed decision because this behavior leads to decisions being made after they have been investigated and discussed by multiple people.

Barrett's Three Alternatives for Improvement

After the consultant work was completed, three alternatives were presented to Don Barrett in regard to how he could improve the ASC decision making process. Significantly, all three options would be able to improve the decision making process in different ways, and all would face employee resistance of different levels.

The first alternative for improvement involves engaging the entire staff in a more "team-oriented" approach to decision making. This would require the management group to conduct all stages of the decision making process together as one single team. Significantly, this alternative would do away with subgroups that are currently used and any meetings that do not involve the entire management team. Benefits of this alternative could be in the form of increased commitment levels and closure since everyone would be involved in the entire decision making process. Additionally, this alternative would provide more team members with a greater understanding for the choices made because they would be directly involved in the entire decision making process. However, this alternative could possibly hinder decision making because such a large group of people could result in team members with less relevant experience making decisions. Also, more

time would be needed to make a decision because the management team would not be able to make decisions as quickly if all members were involved and the management team would be prone to increased levels of "head-butting" because there would be a much greater chance of disagreement. Also, the erasing of subgroups could be harmful because there would no longer be a group working on decisions that have a specialized knowledge for specific choices being made. With a diverse group, it may take longer to make a decision because those who are unfamiliar with a particular topic would have to learn about it before making a rational decision.

The second alternative involves establishing a small, "top management team" consisting of three to four key staff members. This team would be responsible for charting ASC's strategic direction. This alternative could improve the decision making process because a smaller team making decisions would be able to improve on current problems such as slow decision making due to issues lingering and resurfacing instead of being closed, unequal participation during meetings, and people using meetings to make cases for their own priorities. However, this alternative could be disadvantageous because it would drastically change the ASC decision making process. It would als be difficult to select who would be the three to four key members and establishing criteria on how they were selected would be an issue because of the management team's high level of diversity. Also, if adopted, this model could result in less integration and commitment of those who are not part of the "top management team" because members would have roles of diminished responsibility, which could cause them to feel like their individual contributions do not carry as much weight in final decision making.

The third alternative involves fine-tuning the existing decision making process by changing group rules and norms. Significantly, this alternative would most likely meet the least employee resistance because the management team is very comfortable with the current process and it is easier to implement change when facing less resistance. Additionally, this process has proven to be effective by the increases in the financial condition of the company. However, quality change would be required to improve the current model because the Survey Assessment of the Decision Making Process shows that team members gave an average review of the model, with good scores going to some components and bad scores to others.

In my opinion, Don Barrett should consider all three alternatives. However, I do not believe that he should implement the first alternative because one of the biggest complaints of the current model is that decision making is a slow process and team members use the meetings to air problems in an attempt to make a case for their own priorities. I believe that operating as one large team without subgroups would increase these problems and slow decision making even more. Furthermore, I would not recommend that Barrett implement the second alternative either. This is so because choosing this option would result in a complete overhaul of the current decision making process. As a result, team members could be very reluctant to willingly adopt this new

model, making the implementation process long and difficult. Additionally, implementing this option could result in decreased performance from workers that are not selected to the "top management team" because they might feel disrespected or that their work is not good enough.

Finally, I would recommend that Barrett implement the third alternative of maintaining the current model and fine-tuning it to become a stronger, more efficient process. I would recommend this on the basis that the problems noted by team members are not as critical as others and employees would be more willing to make changes to their current process instead of working in an entirely new process. Also, I believe the results and improvements of the other alternatives would not significantly improve the company's overall position enough to undergo such a significant change. However, as a result of maintaining the current process, Barrett would need to implement changes. For example, he would need to directly improve communication and participation during meetings, increase the amount of debate, and, most importantly, Barrett would need to address the pace of decision making. This does not mean that Barrett should make decisions alone. Instead, he could implement a rule saying that a majority or two-thirds approval rating could be acceptable for making a decision. This could increase the rate in which decisions are made because there would not have to be 100% agreement between all team members and issues would not linger and resurface like they currently do.

INTEROFFICE MEMORANDUM

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PROCESS

DATE: 4/6/2010

As requested, I have read and analyzed the case, "Decision Making at the Top: The All-Star Sports Catalog Division." This case described how an organization needed to make changes to its decision making process. The All-Star Sports organization is a company that was founded by Steve Archibald, a Harvard Business School graduate, who wished to create a high volume, discount sporting goods superstore. The All-Star Sports Catalog Division (ASC) is one of three divisions within the All-Star Sports organization. Don Barrett, President of ASC, instituted a successful decision making process that has proven to be effective and very analytical. However, like other organizations, ASC sought to change its decision making model to make it even more successful and to capitalize on several of its weaknesses. Based on the research conducted by a consultant who was hired to analyze ASC's decision making process, three alternatives were offered as ways to improve the model.

Don Barrett and His Goals for the All-Star Catalog Division

Don Barrett is the President of the All-Star Sports Catalog Division. Similar to the CEO of All-Star Sports, Barrett is a graduate of Harvard College and Harvard Business School. He joined the company in 1989, two years after the company opened, as a regional vice president of store operations. In 1992 he was moved to be the leader of the All-Star Express business, and Barrett has been President of his division since that time. Don Barrett has proven to be a successful leader of ASC as he made All-Star Express one of the organization's most profitable businesses. As a result, Barrett has seen his division increase annual sales from only \$35 million to \$800 million in only four years. Additionally, Don Barrett is highly respected by his coworkers, very financially and goal oriented and demands the best work possible from his team members. He has also been described as a good listener willing to accept differing opinions, patient and respectful, a democratic leader, and a great synergy builder.

Because he is the President of ASC, Don Barrett must have a set of goals and objectives that he wishes to obtain. These goals help ASC improve on an annual basis and to meet the overall demands of the All-Star Sports executive leaders. One goal established by Barrett is to improve the organization's ability to identify and exploit the strengths and weaknesses of the division's different businesses. Additionally, Barrett wished to increase cross-functional communication and coordination within ASC. Another goal Barrett wished to accomplish would help the company accomplish its first two goals. Accomplishing the goal of redesigning the ASC decision making process would make ASC even more efficient and beneficial to the overall success of the All-Star Sports organization.

Opportunities and Constraints Facing the All-Star Catalog Division

There are several opportunities that the ASC division can capitalize on and improve its current position. After analyzing several of the diagrams in the case, it is clear that ASC has the ability to take advantage of the opportunities that could help the division. For example, one opportunity ASC could capitalize upon is the level of synergy among team members. Based on information presented in "Team Effectiveness Survey," synergy could be increased even more than it is which would result in the narrowing of differences between senior and junior team members, and between Don Barrett and group members. Taking advantage of this opportunity would let ASC become even more unified in its decision making and thinking. Another opportunity of ASC is to improve several characteristics of team members. These improvements could be made with the use of training seminars in which team members learn more about teamwork. This would help ASC because it would be able to improve issues noted in the "Survey Assessment of the Decision Making Process," such as the lack of conflict (conflict isn't always bad because it presents opposing ideas that could help improve or replace current ideas), lack of equal participation, and how to decide upon decisions as a group. Finally, another opportunity that ASC could benefit from is being able to aid the current decision making process. As stated in the case, the ASC management team has already identified several concerns about the decision making process. Raising these concerns can sometimes be the hardest part in finding solutions to problems, and because the team has already taken this step, finding ways to fix these concerns could significantly increase the effectiveness of the current decision making model.

Though there are several opportunities that ASC could take advantage of, there are also several constraints that hinder the organization. For example, based on the "Survey Assessment of the Decision Making Process," team members do not use meetings effectively. This constraint is damaging to the progress of the ASC management team because it does not allow for decisions to be made at the rate they should. By not allowing team members to use meetings to make a case for their own priorities, meetings could be more effective and accomplish a lot more. Another constraint facing ASC is the environment in which team members work. Though it may not appear to be harmful at a

quick glance, a deeper investigation will show that employees have grown accustomed to how the meetings are conducted and how team members should act. As a result, some people dominate meetings with their participation while others are quiet and not heard from as much as they should be. Changing the meeting environment would help fix this problem, as well as the larger problem of not making decisions quickly. By creating a meeting environment in which employees knew they had a deadline to make a decision, results would come much faster. Finally, ASC is also faced with the constraint of employees not giving enough attention to current issues unless they are forced to deal with them. Because the team members know that Don Barrett is the President, they recognize that he is easy to work with but if any changes need to be made, they feel as if Barrett should institute them. This constraint could be solved by making team members aware that if they know issues that hinder the progress of ASC, they must take initiative and try to fix them as a group.

How to React to All-Star Catalog's Situation

Because Don Barrett recognized that some form of change is needed to improve ASC's decision making process, he hired a consultant to conduct an investigation of the division's model. This investigation resulted in observations, surveys, and assessments being completed by the management team. Once the investigation was completed, the consultant showed the results to Barrett and presented him with several alternatives regarding how to improve ASC's current decision making process. First, the consultant instructed Barrett that he could get rid of the subgroups that ASC currently uses, and engage the entire staff in a more "team-oriented" approach to decision making. This option would still involve the same team members that the current model does. Instead of having team members break into subgroups consisting of three to four team members with relevant experience to the issue, the entire group of thirteen management members would decide on issues as one large team.

The second alternative that was proposed by the consultant would require a complete change in the decision making process of the All-Star Catalog Division. This alternative called for the establishment of a small "Top Management Team" which would consist of only three to four key staff members who charted the division's strategic direction. This option would negate the use of a larger management team that is currently used by ASC, and only a select few team members would be required to go through the decision making process. Ultimately, the final say in determining how the division operates would be made by these few individuals.

The third alternative that was developed by the consultant was to fine-tune the existing decision making process by changing the group's rules and norms. Implementing this option would be the easiest option to execute because the roles of current team members would not change and all team members would keep their same level of responsibility. Additionally, this alternative would require the least amount of overall change, as the

other two alternatives would subject the decision making model to a completely different form.

What to do as Don Barrett and the All-Star Catalog Division

After analyzing the three alternatives for how to change the decision making process presented to Don Barrett, it is not an easy selection as to which alternative provides the best solution. All of the alternatives provide an idea for change that could improve the current model. Additionally, these alternatives would address the issues found in the surveys and assessments that were conducted as part of the consultant's research.

The first alternative of engaging the entire staff in a "team-oriented" approach to decision making could be implemented with success. This is so because all of the team members would remain as the management team and every person would have equal responsibility. However, by not using subgroups and outside meetings, ASC does not allow a specialized group of members with relevant experience to analyze options and present the management team with the best choice. By working as a unit of thirteen members, people without direct experience on certain topics would be required to help in decision making, and because of not having the relevant experience, they would have to learn before they could make a well informed decision. This would actually increase the time it would take to make decisions and an increased chance for sharp disagreement could be possible because those who are not as experience may feel as if those who have the relevant experience are acting as if they know more and are better than the rest of the group.

The second alternative of establishing a smaller "Top Management Team" would also present ASC with a changed decision making process. This alternative would allow the management team to make quicker decisions and have more productive debates, and to improve on some of the issues raised in surveys such as people making cases for their own priorities during meetings and achieving closure. However, this process would require a complete overhaul of the current model, which could result in employee resistance, making the implementation of this alternative difficult. It would also result in approximately ten team members being subject to reduced roles with less responsibility. As a result, problems such as less integration and commitment could ensue because having a decreased role in decision making could make team members feel as if their contributions are not as important, resulting in less productive, lower quality work.

The third alternative, which called for the fine-tuning of the current decision making process would also bring about the necessary change. This option would help ASC improve its current model because the company knows several decision making process weaknesses and other issues that it needs to improve on. By helping the team members understand what changes need to be made and how to make the changes, the current process could be improved. Also, this option would most likely meet the least amount of employee resistance and expanding on the current process would not be a bad option because the current process has proven to be effective even with some of the issues.

However, though this alternative calls for fine-tuning the current process, it may be difficult to break team members of habits they have grown accustomed to.

An investigation into the three alternatives would show that all three should be considered before any change is made. Because all of them would result in change to the current decision making process, none of the alternatives should be immediately rejected. However, I would recommend that Don Bartlett select the third alternative for several reasons. First, meeting the least amount of employee resistance would mean that implementing change would be easier than it would be with the other alternatives. Second, fine-tuning a decision making process that has proven to be effective and has helped the company improve its financial position as much as the current process has can only lead the company in the direction of more financial success. Third, I believe that implementing the other two alternatives would result in a slow down in efficiency and a decrease in performance while the new decision making model is implemented. Though these issues are temporary, they are very important because the timeline for implementation is not stated and is always subject to change. As a result, the temporary slow down and decrease could be longer than expected, which would ultimately harm the company. Finally, I recommend this option because the changes would not be too difficult to implement. This is so because the ASC division already knows the areas it needs to improve on, and with help from sources such as the consultant or training experts to conduct seminars, the division could help implement the changes that would improve on the processes current weaknesses.