**Teaching Note**

**Sunflower Incorporated**

**Purpose of the Case:**

1. To allow students to critique a planned change process.

2. To understand the value of diagnosis prior to action.

**Placement in the Course:**

The Sunflower case describes a complete intervention and its initial impact on the organization. It is suitable for both graduate and undergraduate discussion as the issues are straightforward. It is best used after Part 2 has been completed so that students can appreciate all of the factors that go into managing a planned change process.

**Overview of the Case:**

The case describes the background and recent performance of Sunflower Incorporated, a distributor of snack foods and liquor. The president decides to create a new position and hires Agnes Albanese to fill it. Ms. Albanese's responsibilities include the monitoring and administration of purchasing and pricing decisions across Sunflower's regional offices. Early into her job, she decides to standardize pricing and purchasing procedures in order to control costs. The case then describes how she went about implementing her decision and the "non" results associated with her actions.

**Teaching Strategy (60 minutes):**

1. Divide the students into small groups and ask them the following two questions.

A. *Who can list the most mistakes made by Ms. Albanese?*

B. *Who can list the most reasons why she is getting no notices?*

In essence, students can be allowed, under a "hindsight is 20/20" perspective, to criticize all of the things Ms. Albanese does wrong. In addition to having some fun, the obvious teaching point here is that organizations are complex social systems. Making changes without first considering alternative causes and consequences is foolhardy. Diagnosis is an essential aspect of planned change and promotes a "do it right the first time" philosophy.

C. *Among the things she does wrong are:*

* No diagnosis of:

‑ Size of past price changes

‑ Size and number of past local purchase contracts

‑ Decentralized/autonomous decision making practices

‑ Her authority over regional offices

* No questioning of management belief about what's causing profit variation across the regions
* No apparent consideration of alternative monitoring procedures
* No personal relationship with purchasing officers
* No formal reporting relationship to purchasing officers
* No participation of purchasing officers in decision
* Formal, impersonal announcement of change

D. *Several possible reasons she is getting no notices are:*

* Price changes may be less than 3%.
* Purchasing officers don't write contracts for over $5,000.
* Purchasing officers have increased the number of contracts written so that no contract is over $5,000.
* Purchasing officers simply ignored the change.
* Regional directors, not knowing Mrs. Albanese or resenting her intrusion, told purchasing directors to ignore the change.

2. In developing the above two lists, you can challenge students to identify the real reason Albanese received no notices. In other words, there's always at least two sides to every story. In any event, her lack of diagnosis prevents us from unraveling the causes of the problem.

The case also provides a good opportunity to get students to distinguish between facts and opinions. Students often read more into the case situation than the facts allow and then draw conclusions based on these "assumed facts."

3. What should she do now? It is helpful to get students to discuss the actions Albanese ought to take (assuming of course that the current situation is not satisfactory). In this way, the professor can emphasize that planned change process is cyclical. In essence, Ms. Albanese tried something, it didn't work as expected, and we therefore have some information upon which to proceed with the next round of planned change. This is, admittedly, given her too much credit, but the teaching point can be made easily. Among several possibilities, she can:

A. *Perform a complete diagnosis of the regions using data supplied by the financial reporting system.*

B. *Interview regional managers about why the discrepancies in regional profits exist.*

C. *Solicit regional management's input regarding changes that might be made locally or changes that might appropriately be taken over by headquarters. Perhaps it's not controls on pricing and purchasing, but on quality standards for example.*