**AFTER THE MERGER: D-BART INDUSTRIES**

**Graduate Team Handout**

**Graduate Teams/Scenario A**

A lot has changed at D-Bart since the merger. Cost savings have been realized and production numbers are up, but not all is running smoothly. Ted Davis is concerned that D-Bart’s various divisions are still acting as independent units with little organizational consistency. With insufficient coordination of policy from one division to another, he fears the company is at risk. He is worried that if things don’t change, the lawsuit from Jason Parker may be just the beginning of problems to come. To head off disaster, Davis has instructed HR Director Wendy Wright to conduct a risk assessment and, if necessary, create HR policies and procedures to minimize the company’s exposure to loss. Wendy hired your consultant team to conduct the assessment and to develop policies to minimize risk. You will conduct your assessment based on recent events at the Medford division with the assumption that this location is typical of D-Bart facilities.

 **Your report must include:**

1. A risk assessment of the Medford facility, including identification of existing and potential risks involving employees at the division level.
2. Identification of HR policies that should be established or changed to minimize risk exposure.
3. Suggested sample policies.

**AFTER THE MERGER: D-BART INDUSTRIES DEBRIEF
Scenario A: Risk Analysis
Graduate Teams**

**PLEASE NOTE: This page and the pages that follow must not be given to the graduate teams. This information is for judging purposes only.**

**Risk 1: Unauthorized facility access.**

*This risk must be addressed immediately.*

Employee access to the facility is not restricted. This is evidenced by a production employee who had a key to the exterior gate and who entered the facility unsupervised and without permission during weekend hours.

**Recommendation:** **Control access and work hours.**

Establish specific work hours with set start and end times during which employees have access to the facility. If working hours have been irregular in the past or inconsistent among employees, a time-clock, if one does not already exist, may be necessary to regulate hours. If the facility is locked and unlocked by the use of an actual key, identify one employee whose job will include opening the building each morning half an hour before start time and another employee whose job will include locking and closing the building at the end of the day half an hour after stop time. To account for the extra time involved in opening and closing the building, these employees may work a shift that is slightly different from regular production employees. Ensure there is a process in place for illness or other factors that may make the opening/closing employee unexpectedly unavailable.

Restrict access to building keys. Keys should be distributed only to the two opening and closing employees and to other employees who must have access to the facilities outside of normal working hours. The division manager at each location should determine which employees are given building keys. Records of all assigned keys should be maintained, and employees with keys should sign a key distribution form (sample form follows).

If the facility is protected by a key-card system, employees can be given various access rights so that it may be possible to manage the process described above without having to assign specific employees to the task.

The following is a modified sample form offered on the SHRM website regarding key distribution (retrieved February 20, 2011, from www.shrm.org/TemplatesTools/Samples/HRForms/Articles/Pages/1CMS\_019323.aspx)

**Sample Key or Key-Card Distribution Form**

Employee name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Position title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Department: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Supervisor: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Type of key (e.g., office, front door to building): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

If key-card, access rights given: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Number of keys distributed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Serial number on the key(s): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Distributed by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

The employee’s signature below confirms that he or she received the key(s) listed above and acknowledges that he or she is responsible for returning these keys upon a transfer or separation of employment or at any time the employer requests. Lost or misplaced keys are to be reported to the employee’s supervisor immediately.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Employee Signature and Date

**Risk 2: Employee misuse of company assets.***This issue needs to be addressed immediately.*

There is no restricted access to company vehicles and no system in place to safeguard vehicle keys. This was made clear when as an employee accessed a company vehicle when the facility was closed for the weekend. D-Bart’s risk exposure could go beyond misuse of company vehicles. If there is an assumption among employees that vehicles are available for personal use, employees may believe that all company assets are available for their personal use. These assets include tools, computers, copiers, cell phones, etc.

**Recommendation: Control access to vehicle keys.**

Access to vehicle keys should be restricted in the same manner as access to building keys. Division managers at each location should establish a process to monitor vehicle use and control access. At the close of business each day and on weekends, all vehicles should be parked in the secured parking area and keys should be returned and stored in a locked compartment. One employee at each division (a supervisor is recommended) should be in charge of all vehicles and control key distribution. This should resolve the issue of improper use of company vehicles, but D-Bart also needs to consider the broader issue of improper use of all company property. It is recommended that HR develop a policy on the use of company property. The policy should outline acceptable and unacceptable use of company property and clearly identify the sanctions that will be applied for employee violations.

The following is a modified excerpt from a sample form offered on the SHRM website regarding agency sponsored vehicles (retrieved February 20, 2011, from

www.shrm.org/TemplatesTools/Samples/Policies/Pages/CMS\_000558.aspx)

**3. Agency Sponsored Vehicles**

a. Any employee for whom driving is an essential job duty must be authorized and approved to drive each type of vehicle. This approval is given by the Support Services Department.

b. It is the direct responsibility of the driver to ensure the vehicle is in full operational condition before each use. Furthermore, the driver will sign a vehicle log report noting any exceptions to the condition of the vehicle. Should the vehicle return with damage, uncleaned, etc, the vehicle log report will be used as support evidence. Special attention must be given regarding a pre-use inspection for any safety issues.

c. Any vehicle found to be unsafe will be removed from the operational fleet until corrective actions are taken.

**Risk 3: Decision-making at the division level.***This is a long-term management issue.*

Division managers have authority to make significant decisions without consultation with headquarters or upper management. Although it is important to organizational efficiency that division managers have decision-making authority, the consequences of poor decision-making are felt companywide. For example, Medford Division Manager Raymond Houser’s decision to expand the video security system beyond what was originally approved by headquarters exposed the entire company to the lawsuit from a terminated employee.

**Recommendation: Ongoing management development.**

This will be an ongoing issue for D-Bart Industries, and it will not be easily solved by a new policy. Decentralized decision-making can be a competitive advantage in organizations because it allows divisions to quickly respond to the needs of their local markets. However, it can increase organizational risk when managers make inappropriate decisions. D-Bart should assess the amount of authority given to division managers and ensure consistency across all division facilities. This is an ongoing issue that needs a long-term solution. Upper management, functional managers, division managers and HR must be involved in discussions to establish a level of decision-making authority that enables flexibility at the division level while ensuring consistency for the organization and providing protection from risk. Although the risk of decision mistakes can never be entirely eliminated, ensuring that established policies are supported by management and consistent throughout the organization will help reduce the risk.

**Risk 4: Improperly communicating notices to employees**.
*This is a long-term management issue.*

Management is not always adequately conveying information to employees while protecting the interests of the organization. Employees at the Medford location were informed of the security system on the interior of the building, but no notice was given about expanding security monitoring to the exterior of the building.

**Recommendation: Clarify responsibility for communication.**

This problem resulted from the Medford division manager’s decision to increase the security system without authorization from headquarters. The original notice to employees may have been adequate for the interior security system, but it was not adequate when the security system was expanded to include the exterior of the building. HR must ensure that notices sent to employees are specific enough to give employees needed information yet broad enough to protect the organization’s interests. It is recommended that HR monitor communications related to HR policies and procedures that go out to employees and work closely with division managers to ensure that adequate information is relayed.

The following is a modified sample form offered on the SHRM website regarding notifying employees of workplace monitoring (retrieved February 21, 2011, from www.shrm.org/TemplatesTools/Samples/HRForms/Pages/WorkplaceSurveillanceMonitoringConsentForm.aspx).

**Notice of Workplace Surveillance**

This form acknowledges that you understand and agree to the [COMPANY NAME] policies on workplace monitoring and surveillance. As noted in the orientation materials you received, [COMPANY NAME] engages in surveillance activities in the workplace. This form provides your consent that you understand that [COMPANY NAME] engages in such surveillance and monitoring practices. There should be no expectation of privacy in the workplace, except in private areas such as restrooms, showers and dressing areas.

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Employee signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Employee name (print): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Risk 5: Administering employee discipline.**
*This is a long-term management issue.*

There is uncertainty regarding the level of autonomous authority division managers have in administering employee discipline. Division Manager Raymond Houser fired Jason Parker without consulting HR at headquarters. HR may not have agreed to the termination, and even if it had, there is no way to know if Parker would have filed the lawsuit in either situation. We know he filed one based on the current scenario. There is good reason to be concerned about further organizational risk if managers do not follow appropriate procedures on employee discipline.

**Recommendation: Rewrite policy and train managers.**Supervisors throughout the organization must understand the appropriate use of D-Bart’s discipline procedures and understand the limits of their authority in administering employee discipline. It is likely that before the merger Davis Manufacturing and Bartlund Technology had very different discipline policies. Those differences may still be in effect, resulting in inconsistency and confusion among managers. It is recommended that HR Director Wendy Wright establish new discipline procedures for D-Bart. The new policy must include specific guidelines for managers that outline their authority regarding employee discipline and clearly indicate where HR involvement is mandatory. Termination was appropriate for Jason Parker’s unauthorized use of the D-Bart van, but Houser’s action of firing Parker without consultation or guidance from HR significantly increased organizational risk. Once the new discipline policy is in place, division managers and supervisors throughout the organization must be trained on the new procedures.

**Risk 6: Employees’ reaction to current circumstances**.
*This is an ongoing employee issue.*

Employees react to events that occur in their organization even when they are not personally involved in them. Jason Parker surely had friends among his co-workers who may now be disgruntled by the manner in which he was fired. Supervisor errors in managing employees can result in lower morale and productivity, increased accidents and other costly employee behaviors.

**Recommendation: Continuous development of a positive organizational culture.**
This is an ongoing challenge in all organizations, with a low to moderate risk level. There is no quick fix, and it cannot be resolved by issuing a new policy. Employees are resilient to adversity and more productive when they are well managed. This means open communication, good supervisors and an organizational culture of trust and respect. HR plays a key role in establishing an organization’s climate, but those efforts are successful only when supported by upper management and encouraged throughout the organization.

D-Bart’s employees have been through significant changes since the merger. Some employees may be stressed, others may be unhappy with the changes, and some may be worried about potential layoffs. It is recommended that D-Bart engage an outside organizational development consultant to gauge the pulse of employees through brief surveys and interviews. Information gleaned can help D-Bart take steps to improve the climate of positive working relationships with greater productivity and increased profitability.

**Final Recommendation**

While it is impossible to completely eliminate all risk in an organization, it is important that D-Bart continue to monitor and control risk areas for the long-term viability of the company. It is recommended that D-Bart retain a risk management consultant to conduct periodic reviews. This individual would be responsible for monitoring and helping to minimize D-Bart’s exposure to risk throughout the company. D-Bart may also want to consider purchasing Employment Practices Liability Insurance, which provides protection to organizations for claims of discrimination, sexual harassment, wrongful termination and other employment-related issues made by current or former employees.