

Ethical Dilemma Exercise

Competitive problems are rarely well structured, as the managers at Greenfield Brokerage know. Over the years, the firm has successfully competed with well-established rivals by making nonprogrammed decisions. For example, management decided to charge customers less for trading stocks, bonds, and mutual funds and to implement technology giving customers more trading choices. Because the competitive environment is constantly changing, Greenfield's advertising managers can never be certain about the outcome of decisions concerning how to promote the firm's competitive advantages.

Not long ago, some competing brokerage firms paid hefty fines to settle charges stemming from conflicts of interest involving their research and recommendations to customers. In the aftermath of these scandals, Greenfield's managers decided on an advertising campaign to stress that Greenfield does things differently. One tongue-in-cheek commercial took viewers behind the scenes at a fictitious competitor's office, where brokers chanted "Buy, buy, buy." A broker looked at a restaurant takeout menu as he told a customer on the phone, "I have your portfolio right here, and I think you should buy." Some networks rejected these aggressive commercials. The ads also raised questions about potential conflicts of interest created by Greenfield brokers steering business to in-house traders and mutual funds.³⁰

Imagine you're an advertising manager at Greenfield. Your advertising agency has suggested a newspaper ad in which a fictitious competing broker is quoted as saying, "My investment advice is perfectly objective, even though I work on commission." A Greenfield broker is then quoted as saying, "I don't work on commission like other brokers do, so my investment advice is perfectly objective." How certain are you that your advice is perfectly objective when Greenfield benefits from every client it gets? (Review Exhibits 5-12 and 5-13 as you think about this dilemma.)

C. F. Martin Guitar Company

The C. F. Martin Guitar Company has been producing acoustic instruments since 1833. A Martin guitar is among the best that money can buy. Current CEO Christian Frederick Martin IV—better known as Chris—continues to be committed to the guitar maker's craft. During 2002, the company sold about 77 000 instruments and hit a record \$77 million in revenue. Despite this success, Chris is facing some serious issues.

Martin Guitar is an interesting blend of old and new. Although the equipment and tools may have changed over the years, employees remain true to the principle of high standards of musical excellence. Building a guitar to meet these standards requires considerable attention and patience. In a 1904 catalogue, a family member explained, "How to build a guitar to give this tone is not a secret. It takes care and patience." Now well over a century later, this statement is still an accurate reflection of the company's philosophy.

From the very beginning, quality has played an important role in everything that Martin Guitar does. Part of that quality approach includes a long-standing ecological policy. The company depends on natural-wood products to make its guitars, but a lot of the wood supply is vanishing. Chris has long embraced the responsible use of traditional wood materials, going so far as to encourage suppliers to find alternative species. Based on thorough customer research, Martin Guitar introduced guitars that used structurally sound woods with natural cosmetic defects that were once considered unacceptable. In addition, Martin Guitar follows the directives of CITES, the Convention on

International Trade in Endangered Species of Wild Fauna and Flora (www.cites.org), even though it has the potential to affect Martin Guitar's ability to produce the type of quality products it has in the past. This treaty barred the export of the much-desired Brazilian rosewood, which is considered endangered. A guitar built from the remaining supply of this popular wood has a hefty price tag—more than \$9500. Similar prices may be in line for the leading alternative, Honduras mahogany. Chris says, "All of us who use wood for the tone [it makes] are scrambling. Options are limited."

Although the company is rooted in its past, Chris is wondering whether he should go in new directions. For instance, he could try selling guitars in the under-\$800 segment, a segment that accounts for 65 percent of the acoustic guitar industry's sales. A less expensive guitar would not look, smell, or feel like the company's pricier models. But Chris thinks that it would sound better than guitars in that price range made by other companies. Chris explains, "My fear is that if we don't look at alternatives, we'll be the company making guitars for doctors and lawyers. If Martin just worships its past without trying anything new, there won't be a Martin left to worship."

What should Chris do? Why?

Sources: Information from C. F. Martin's website, <http://www.cfmartin.com> (accessed April 24, 2003); D. Lieberman, "Guitar Sales Jam Despite Music Woes," *USA Today*, December 16, 2002, p. 2B; and S. Fitch, "Stringing Them Along," *Forbes*, July 26, 1999, pp. 90-91.

Solving Problems Creatively

In a global business environment, where changes are fast and furious, organizations desperately need creative people. The uniqueness and variety of problems that managers face demand that they be able to solve problems creatively. Creativity is a frame of mind. You need to expand your mind's capabilities—that is, open up your mind to new ideas. Every individual has the ability to improve his or her creativity, but many people simply don't try to develop that ability.

Learning: Solving Problems Creatively

You can be more effective at solving problems creatively if you use the following 10 suggestions:

1. *Think of yourself as creative.* Although this may be a simple suggestion, research shows that if you think you can't be creative, you won't be. Believing in your ability to be creative is the first step in becoming more creative.
2. *Pay attention to your intuition.* Every individual has a subconscious mind that works well. Sometimes answers will come to you when you least expect them. Listen to that "inner voice." In fact, most creative people keep a notepad near their beds and write down ideas when the thoughts come to them. That way, they don't forget them.
3. *Move away from your comfort zone.* Every individual has a comfort zone in which certainty exists. But creativity and the known often do not mix. To be creative, you need to move away from the status quo and focus your mind on something new.
4. *Determine what you want to do.* This includes such things as taking time to understand a problem before beginning to try to resolve it, getting all the facts in mind, and trying to identify the most important facts.
5. *Look for ways to tackle the problem.* This can be accomplished by setting aside a block of time to focus on it; working out a plan for attacking it; establishing subgoals; imagining or actually using analogies wherever possible (for example, could you approach your problem like a fish out of water and look at what the fish does to cope? Or can you use the things you have to do to find your way when it's foggy to help you solve your problem?); using different problem-solving strategies such as verbal, visual, mathematical, theatrical (for instance, you might draw a diagram of the decision or problem to help you visualize it better or you might talk to yourself out loud about the problem, telling it as you would tell a story to someone); trusting your intuition; and playing with possible ideas

and approaches (for example, look at your problem from a different perspective or ask yourself what someone else, like your grandmother, might do if faced with the same situation).

- 6.** *Look for ways to do things better.* This may involve trying consciously to be original, not worrying about looking foolish, eliminating cultural taboos (like gender stereotypes) that might influence your possible solutions, keeping an open mind, being alert to odd or puzzling facts, thinking of unconventional ways to use objects and the environment (for instance, thinking about how you could use newspaper or magazine headlines to help you be a better problem solver), discarding usual or habitual ways of doing things, and striving for objectivity by being as critical of your own ideas as you would those of someone else.
- 7.** *Find several right answers.* Being creative means continuing to look for other solutions even when you think you have solved the problem. A better, more creative solution just might be found.
- 8.** *Believe in finding a workable solution.* Like believing in yourself, you also need to believe in your ideas. If you don't think you can find a solution, you probably won't.
- 9.** *Brainstorm with others.* Creativity is not an isolated activity. Bouncing ideas off others creates synergy.
- 10.** *Turn creative ideas into action.* Coming up with creative ideas is only part of the process. Once the ideas are generated, they must be implemented. Keeping great ideas in your mind, or on papers that no one will read, does little to expand your creative abilities.

Practice: Solving Problems Creatively

Read the following scenario. Write some notes about how you would handle the situation described. Be sure to refer to the 10 suggestions for solving problems creatively.

Scenario

Every time the phone rings, your stomach clenches and your palms start to sweat. And it's no wonder! As sales manager for Brinkers, a machine tool parts manufacturer, you're besieged by calls from customers who are upset about late deliveries. Your manager, Carter Herrera, acts as both pro-

duction manager and scheduler. Every time your sales representatives negotiate a sale, it's up to Carter to determine whether or not production can actually meet the delivery date the customer specifies. And Carter invariably says, "No problem." The good thing about this is that you make a lot of initial sales. The bad news is that production hardly ever meets the shipment dates that Carter authorizes. And he doesn't seem to be all that concerned about the aftermath of late deliveries. He says, "Our customers know they're getting outstanding quality at a great price. Just let them try to match that anywhere. It can't be done. So even if they have to wait a couple of extra days or weeks, they're still getting the best deal they can." Somehow the customers don't see it that way, however. And they let you know about their unhappiness. Then it's up to you to try to soothe the relationship. You know this problem has to be taken care of, but what possible solutions are there? After all, how are you going to keep from making your manager or the customers angry?