

### ***The St. Albans Family Enterprise case study***

On Sunday afternoon, November 20, 2011, Philip Walker, Corporate Director of the HR Division of a group of growing companies, locked himself in his office at home. He wanted to order his thoughts regarding a decision to have to be taken next morning. He did not like to work on Sundays but he needed time to address an issue as a matter of urgency. The matter raised two weeks ago and last happenings occurred last Friday; however, he preferred to let a couple of days go by before taking a final decision on the whole case. In this way, he could get some distance from it and avoid being influenced by emotional aspects.

He took a sheet of paper and began to write some questions:

1. *What should I do with Linda Vokes?* Should Linda be fired or should she just receive a formal hard reprimand? Let the matter settle? Especially considering the working circumstances of her two relatives: Danielle and Nathalie Vokes?
2. *What should I do in relation to George White?* Talk to him? Bring the problem of Danielle and Nathalie Vokes to the steering committee? What would be the consequences also for me?

#### ***A growing company***

St. Albans Family Enterprise is a group of companies located in the United Kingdom. It has around 300 employees divided into three business lines: petrol stations, flower exportation and female fashion retail. Each business operates as a separate division, but general services provided from the headquarters are shared. In such office based in London 25 employees work. The company is developing a major expansion plan across the country. Despite the widespread economic crisis, the industrial plan shows an heavy expanding strategy, such as store openings, employee recruitment, annual turnover, and reasonable profit margins. The rapid growth of the business happened in a quite disorganised way, especially in terms of Human Resources policies, such as recruitment, training, salary, hiring employees' relatives etc. There are no written policies about any of these aspects, although there were some informal criteria adopted in the past and most of HR decisions were made informally.

The group is also making important improvement regarding development and recruitment of talented people and changes in the organisational structure and culture. However, these progressively changes were and are not always clearly communicated. Logically, this entailed some frictions and as usual and some people are resisting to change. For this reason, the management is taking actions to restructure the entire organigram, with also some layoffs in the top and middle management, despite their long presence in the group. Indeed, in this specific historical moment, the group cannot afford to have people who do not proactively engage with the change. The strategy communicated was clear: everyone is asked to work jointly with the management and to show high levels of commitment.

Formally, Winston Albany, i.e. the majority shareholder, leads the group with the support of a Steering Committee composed by Philip Walker Corporate Director of the HR Division and George White, Chief Financial and Administrative Officer.

#### ***Female Fashion Retail Division***

At the time of the happenings described in this case, the female fashion retail division had 20 stores in five UK cities: London, Edinburgh, Bristol, Liverpool, and Manchester. The fact that there were no company policies regarding hiring employees' relatives had particularly affected the fashion division. This had resulted in a prevalence of friendship and family reasons over professionalism in the recruiting process. Indeed, it was frequent that siblings, parents and children were co-workers. This frequently created problems of favouritism when assigning shifts, tasks and holiday periods.

The 20 retail fashion stores were divided into 2 zones with an Area Manager for each. Virginia Taylor, was one of the Area Managers, who despite her young age, only 29-year-old, had already worked for the group for almost 11 years. She was promoted to Area Manager only three months before the happenings described in the case, thus little managerial experience, although a relevant operative expertise. Her area was composed by the cities of Edinburgh, Liverpool and Manchester. The decision of her appointment was a matter of urgency without evaluating other candidates or alternatives. Her predecessor suddenly left the company, and the management needed a substitute. However, in this way, Virginia was not properly introduced to the different

stores as Area Manager despite many employees already knew her, due to her role as store manager of the main store in London, brand flagship throughout UK. She had to self-communicate to the retail stores her new line manager role.

Although the Area Manager's profile and responsibilities was not fully formally defined, the role included supervising all aspects of the business and managing the relations with the store managers of the area who in turn are directly accountable to the Area Manager. At the store level, a store manager and one or two assistants - depending on the size and team characteristics, were the local middle management team. The store manager was responsible for recruiting and training employees, organising shifts, monitoring sales and orders, proposing promotions. However, even in this case there was no formal job description for the post. The Area Manager was supposed to meet store manager once a week for supervision purposes.

#### *Nathalie Vokes, store manager in Edinburgh*

Nathalie Vokes, at the time of the happenings, had been working in the group for more than 15 years, and now she was 55. She was store manager in Edinburgh but her responsibilities were related to the whole city stores. Precisely on Tuesday November 8<sup>th</sup>, Philip communicated to her a change in the company structure that would reduce her responsibilities, implying a kind of downgrading for her. Philip knew that she would not have liked this decision at all, so he carefully selected words and manners to inform her. At the end of the meeting, although a cordial tone, it was evident that Nathalie was very upset by this news.

The decision was taken in relation to an increasing negative atmosphere generated in the Edinburgh stores where Nathalie worked. The management had the impression that Nathalie was not very much involved in the development of the new strategy neither fully aligned with the company's interests. In addition, this change would result in major control by the recently appointed Area Manager, Virginia, that seemed to be despised by Nathalie. Virginia had repeatedly stated that her appointment as Area Manager had aroused jealousy among several store managers; specifically, Nathalie that being 55 years old, not-well tolerated a 29-year-old young lady as her boss. Indeed, even during the meeting with Philip, Nathalie had demanded the company to admonish Virginia, claiming she that treated her badly many times and that there were complaints by other employees for this very same reason.

#### *Danielle Vokes, store manager in Manchester*

Danielle Vokes had been in the company for 4 years and was the store manager of one of the shops in Manchester. Danielle Vokes was Nathalie's daughter and some managers had reasonable grounds for believing that Nathalie was developing great influence on her creating discontent even in the employees of her daughter's store in Manchester.

Virginia, as Area Manager of the most important zone also supervised Danielle's store as well that of Nathalie's.

Exactly in the afternoon of Tuesday November 8<sup>th</sup>, Danielle received an apparently important call<sup>1</sup> during her shift. Just after hanging up the phone, she convened her store employees for a meeting the next day. The meeting aim was to write a letter to the headquarter asking for dismissing Virginia. Only two employees disagreed to sign the letter. For the rest of the employees, indeed, the treatment received from Virginia was intolerable and this was claimed in the letter. One of the employees who did not sign the letter, knowing what was at stake and because of her loyalty to Virginia and to the company, called Virginia to report what happened and to warn her about the letter. Virginia immediately notified Philip.

Straightaway, on Wednesday November 9<sup>th</sup>, Philip, with Virginia's approval, decided to layoff Danielle as exemplar sanction for this behaviour. In addition, prior to this serious event, the company had considered her dismissal several times because of her poor performance and her negative attitude. With some difficulty, Philip managed to organise a trip to Manchester on that Saturday (the 12<sup>th</sup>) to formalise in a face-to-face meeting with Danielle her dismissal. The Administrative Department of the headquarter was notified to prepare the settlement cheques for the dismissals Friday 11<sup>th</sup>, at 10am.

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<sup>1</sup> Nobody knew who called her, neither the content of the conversation. But it seemed obvious that whatever happened during the conversation caused a non-filtered reaction and probably due to this, she scheduled a meeting with the store employees.

#### *Linda Vokes an employee in the Administrative Department*

Linda Vokes works in the company headquarter. She is Danielle's sister and Nathalie's daughter. Linda was about to leave the company the previous year due to disagreements with the Director of the Administrative Department and her direct boss. Her professional performance was acceptable. She had shown a complicated personality, but except for her relationship with her line manager, she was not considered a problematic person and she got on well with the rest of her colleagues in the Administrative Department.

#### *An alleged leakage call a missing piece of information.*

Philip Walker was immensely surprised when, on Friday afternoon, knew that Danielle had just taken sick leave and had gone to Edinburgh, her hometown and her mother's living place. He noticed a strange series of events. Later, he checked his email folder and saw a Virginia's message. In that email, she reported the happenings of that day headquarter. According to one of Virginia's friend, George White asked directly to him to prepare the settlement cheque for Danielle's dismissal. However, in that moment, he was sitting next to Linda, who had probably overheard the conversation. Indeed, she immediately changed her expression and ran out of the office carrying with her the mobile phone. They work in an open plan area. After this email, Philip's doubts disappeared. He had a quite strong certainty that Linda had somehow warned her sister Danielle about her dismissal. With this new piece of information, it was easier to take a decision. However, the issue could always be denied by Linda, since he did not have any trustworthy evidence.

On the next Monday, November 14<sup>th</sup>, a legal provision for Danielle's dismissal was set and a burofax was sent as they could not fire her in person due to her sudden "sick leave". This course of actions was exceptional for the company, because layoffs were usually done face-to-face to attempt maintaining a cordial relationship as far as possible. However, in this case, due to the urgency of the issue and to the lack of loyalty of Danielle, the company acted in such strong manner.

Philip decided not to talk to Linda on Monday for two reasons. On the one hand, they wanted to wait until Danielle's dismissal was completed. On the other hand, they wanted to see how the situation would have evolved and to give Linda some time to address the situation.

#### *Interview with Linda*

On Tuesday 15<sup>th</sup>, Philip met Linda to tell her his concerns about her suspect leakage of information, warning her about the seriousness of situation. She denied everything from the very beginning. Indeed, at some point, Philip internally hesitated, but he followed his original intention, arguing that she had warned her sister Danielle. After a while, indirectly, Linda acknowledged the fact. However, the result of the interview was not satisfying; for this reason, Philip scheduled another meeting on the next Friday 18<sup>th</sup> expecting a convincing explanation from Linda, and a proposal about how to act. Philip insisted that he did not take a decision yet and this would largely depend on her attitude.

#### *Second interview with Linda*

On Friday 18<sup>th</sup> Philip met again Linda. She changed her previous version and denied again the facts, stating that in the previous Tuesday she had indirectly acknowledged her actions because she felt pressured. Unfortunately, Philip had no witnesses in that meeting. The interview was short and Linda was told that company's decision would be communicated shortly.

#### *New suspicions about Nathalie*

That same day, Philip had serious suspicions that Nathalie was going to take legal action against the company. Indeed, there was a possible issue in relation to labour regulations and the company could face a major penalty. Nathalie knew this fact and she could possible blackmail the company. Philip, with the top management team, decided to take the lead, before it could have become a long legal problem. They took another important measure affecting Nathalie, which would probably force her to negotiate her leave from company. Given the Nathalie's seniority, an unfair dismissal would have cost about 45.000 pounds.

Now Philip had to analyse several aspects related to three subjects: Nathalie and her reaction to the new measure, Danielle and her decision about the dismissal e.g. whether she would take the case to a court, and the decision regarding of Linda.

#### *Final decisions and Steering Committee*

Philip is now seated in his home office on Sunday 20th of November and has to take all these decisions. While there, he also considered whether it was time to take this matter to the Steering Committee, particularly because the decision about Nathalie, which was highly costly and root of almost all the consequences generated for this family. However, if so, he should also explain about the possible leakage of information and maybe put his friend George in a difficult position, without considering also his own position.

You are now Philip seated in your office on the Sunday afternoon of the 20<sup>th</sup> of November, and some final decisions must be taken.

Considering the case please discuss the following questions:

1. What should be done in relation to Linda?
2. What should be done in relation to George and the call of a meeting of the steering committee?

#### **Timeline of significant events**

Date	Event	Comment
August 2011	Virginia is promoted to Area Manager of zone 2 – Female fashion retail division.	Her promotion was provisional, with a three-month trial period.
Tuesday 8th November 2011	Philip met with Nathalie to inform her about a change in her duties and responsibilities	Despite not formally express it, Nathalie obviously was not satisfied about the decision and she called for action against Virginia.
Tuesday 8th November 2011 (in the afternoon)	Danielle received a phone call in her workplace. After this call, in her quality of store manager, she convened a meeting with the rest of the staff on the next day.	Apparently, this is Nathalie's idea, who was upset about her meeting with Philip, and intended to use her daughter Danielle to take actions against Virginia.
Wednesday 9 <sup>th</sup> November 2011	Meeting of Danielle with her store employees. She asked them to sign a petition – to be sent to the company – against Virginia.	Two employees refused to sign it. One of them informed Virginia about the petition.
Wednesday 9 <sup>th</sup> November 2011	Philip, in presence of Virginia, decided to fire Danielle.	
Friday 11th November 2011	The Administrative Department is requested to prepare the settlement cheque for Danielle's dismissal.	This is the moment, allegedly, when Linda overheard George requesting the settlement cheque. She probably went out to phone her sister Danielle and to warn her about the firing.
Friday 11th November 2011	Danielle took sick leave.	Coincidentally, this happened just two hours after George requested the settlement cheque in the presence of Linda and she went out to make a phone call.
Saturday 12th November 2011	Philip had planned to travel to Manchester to fire Danielle.	Since Danielle took sick leave – under suspicious conditions – Philip suspended his trip to Manchester.

Monday 14th November 2011	Burofax and dismissal notice were sent to Danielle.	This course of action is exceptional for the company. This was necessary since Danielle was on sick leave, and the management suspected it was simulated to avoid her dismissal.
Monday 14th November 2011	Philip decided not to talk to Linda on that day and to wait until the whole process of her sister Danielle's dismissal was over.	
Tuesday 15th November 2011	First interview of Philip with Linda.	Linda formally denied having informed Danielle about her possible dismissal. However, to the very end of the meeting, in a veiled way, Linda seemed to admit it.
Friday 18th November 2011	Second interview of Philip with Linda.	Linda denied again the facts more firmly. She was told that she will be informed in due time about the company decision about her.
Friday 18th November 2011	The company heard that Nathalie is about to take legal actions against the corporation.	
Sunday 20th November 2011	At home, Philip reflects on decisions to be taken imminently.	