

QUALITY COMPLIANCE AT THE HAWTHORN ARMS

By Allen D. Engle, Sr.

Sitting in his room at the Hawthorn Arms Hotel in Shannon, Ireland, waiting for a morning flight to London and then on to Marseilles, Alistair Mackay reflects on how uninspiring hotel rooms are. He had just completed a series of meetings with Irish officials in Limerick, concluding with a debriefing session over a Guinness with his Irish colleagues to plan their next move. Negotiations over a potential contract were proceeding well but there would be labor implications that would require a formal response. Consequently, Alistair had missed the last evening flight out to London. 'Another night away from the family. Thank goodness I am not missing our wedding anniversary tomorrow. I must remember to find something really special in the duty-free shop'.

Six months ago, Alistair was appointed Director of Personnel Development, European Division, for Trianon, an Anglo-French avionics firm. Trianon had begun as a subcontractor for the Concorde, and gradually had gained a reputation in the 1970s and 1980s as a high quality, if sometimes undependable subcontractor for major French and British aerospace defence contractors. Attempts to expand into civilian markets by gaining contracts for the original European Airbus were unsuccessful, though today nearly 30 per cent of Trianon's sales are through civilian contracts. Now, under new executive management, Trianon is focused on major navigational display contracts for the next generation of Airbus production. Prior to joining Trianon, Alistair had worked in the legal department of a Scottish bank. European Union employment requirements had become his speciality, and provided a springboard into his current position.

His cell phone rings, and he receives an unexpected call from his colleague Henri Genadry, General Director of Joint Ventures, Mergers and Acquisitions, Display Division. Henri informs him that the expected outright purchase of a scanner-cathode ray tube production facility in Veceses, outside of Budapest, Hungary was not going ahead. Instead, the decision had been made at corporate headquarters in Marseilles

for a ten-year joint venture with a Hungarian government backed firm.

Henri goes on to explain that the Hungarian control and equity interests in this project are expected to make ministry officials in Budapest happy. Henri was hopeful the decision will make executives and administrators at Malev, the state supported airline, friendly to Trianon in the long term. 'We will now need a "Quality Compliance Manager" for a three-year assignment in Hungary. It is an important position as we will need to keep tight control on this joint venture operation. There will be some travel to France and Germany – at least in the first year – until we see how things are working out with these new partners.'

Alistair asks, 'When do you expect this "Quality Compliance" manager to be available?' There is a pause on the other end of the line after which Henri blandly responds, 'Five or six weeks if we are to meet corporate timetables. We expect the person to be in on the ground so to speak. We will need a realistic assessment of current processes for a start. The person will need to be familiar with the joint venture's objectives and targets. We have some details through the due diligence process but skills audits were somewhat rushed.' Alistair then asks that details, including a job description, be emailed to his intranet address.

'Well' Henry admits, 'this is our first joint venture the firm has been involved in outside of the UK, Germany or France. The job description will be very precise on the technical – "quality" side, but vague on the administrative – "compliance" side. You may need to fill in the missing pieces as you see fit.'

After a few more minutes of general chatting, Henri finishes the phone call. Alistair plugs his laptop into the telephone port on his room's desk, and after a few false starts, logs on to the secure corporate website and accesses three personnel files from a folder he had prepared some weeks ago in expectation that he would be asked for a decision. Of course, he had expected the position to be that of Project Engineer in an operation that the firm would have 100 per cent

ownership. Now he was looking for a Quality Compliance Manager in a joint venture.

Alistair doesn't like making these kinds of decisions when feeling so remote and 'disconnected' from the firm. He considers calling his friend and mentor, Gunther Heinrich in Frankfurt Germany and asking him about the Hungarian project, as the German based-divisions had more experience dealing with Hungarian issues. He looks at his watch. It was 22.30. 'Not a civilized time to call anyone, let alone Gunther'. Alistair knew that Gunter's wife Britt had presented them with a son three weeks ago, and they were having trouble getting the child to sleep through the night. 'I will call him from the airport and set up a meeting. I will have the job description by then.'

He is also feeling uncomfortable with the process he was going through. Surely we can do better than react like this after the event. Why were we not part

of the decision-making process on the Hungarian venture?

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- 1 Consider the three candidates in Exhibit A. If forced to make a decision tomorrow, which candidate should Alistair choose for the job? What major factors should determine his choice?
- 2 We are told nothing of the process that Trianon uses to recruit candidates for this level of final selection. Given what you know about the firm from the case, outline a general recruitment and selection process for Trianon. Describe how your proposed process fits with 'best' selection practices as well as the strategic needs of this company.
- 3 Should HR staff be involved in strategic decisions relating to international business operations such as finalising a joint venture agreement?

EXHIBIT A Alistair Mackay's Short List of Possible Candidates

First Candidate: Marie Erten-Loiseau. Born in Prague, her family moved to Toulon when Marie was 12 years old. Brought up in France, she was educated as an aeronautical engineer in France and Germany. Marie worked for Trianon for 13 years, in two divisions within France and Germany with increasing levels of project responsibility. Her leadership of two projects over the last three years in Lodz, Poland, and two sites in Czechoslovakia has been marked by remarkable success. Married, her husband is semi-retired. They have one child in university.

Second Candidate: Janos Gabor. Born in Gyor, Hungary, Janos was educated at University of Pécs, Hungary. He has a good background in the production of cathode ray tube and display systems technologies, albeit from the central European perspective. He has worked at Trianon for nearly four years, and has just been transferred into the cathode ray tube division as a Senior Engineer. His family is reportedly very well connected with national government officials, particularly the old, ex-party members of multiple ministerial bureaucracies. Janos is single.

Third Candidate: Sinead Marrinan-McGuire, a production engineer on loan to Trianon's London office for joint venture analyses and 'due diligence' reviews on technical and legal grounds. She has spent three years in the R&D development team in Dublin and London, working on the very technologies to be applied in this Hungarian joint venture project. Alistair met and talked with her today in Limerick and was very impressed with her understanding of corporate level concerns and strategic issues. Most of her career has been in Ireland and around London, with only short, tactical trips to France. Married, her husband is a solicitor in Dublin. They have three children, ages 7, 9 and 13.