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Issue: Jack Connors: Managing Succession

In picking his successor as head of ad agency Hill Holliday, founder Jack Connors focused on an insider

Succession planning is a huge issue for companies. Many don't do it properly, if at all, resulting in disruptive management transitions that are bad for morale and business. In companies where it's approached seriously, it's a preoccupation for both senior management and the board. For Jack Connors, founder and chairman of Boston ad agency Hill Holliday, [succession planning](#) was a personal matter.

Connors, who started the business in 1968 with three other partners, built it into one of the country's premier ad agencies and sold it to Interpublic Group (IPG) in 1998, had an opportunity few founders of private companies who sell to large public ones do: He could choose his own successor, according to an agreement he had with the new owners. While his original agreement with Interpublic called for them to pick his successor, when they asked Connors to stay on longer than the five years first called for, he agreed, provided he could manage the succession.

"It was a matter of trust and mutual respect," Connors says of this unusual pact. "They allowed me to choose my successor because they knew the points that we were putting on the board every year in terms of profitability. They had come to trust my judgment."

Connors trusted his own judgment about deciding it was time to go in 2000. "At the risk of putting words in Yogi Berra's mouth, when you sell your company, you don't own it any more, and so, my hunger, my level of interest, began to recede ever so slightly," Connors says. "So gradually, my lack of hunger began to show itself in the lack of growth of the company, and Hill Holiday had always been on a growth track, so it was important to bring in people who could reenergize that growth."

SHARED VALUES

Equally important to Connors was bringing in someone who shared his values: about the work itself, the way both clients and employees were treated, and about the agency's commitment to charity. "In terms of trying to find the next generation of leadership, what I was looking for was someone who shared my values, and I would say what was most important was someone who was committed to the clients, who had the same level of loyalty to those clients and the same level of desire that those clients be made heroes in the eyes of their CEOs."

And he knew he wanted an insider to run the business he only half-jokingly calls his "fifth child."

For Connors, the ideal choice was Mike Sheehan. He was an insider, having served as creative director at Hill Holliday. There was only one problem: Sheehan had left the company in 1999, after being there for five years. Still, Connors, who understatedly describes himself as a "salesman," was confident he could convince Sheehan to take the job. "There was no short list," Connors says. "There was no list, period. Only Mike. There were others who thought they might accede to the throne, but I wanted Mike because of his combination of intellect, sense of humor, talent, but primarily his values as a human being. That's why he stood head and shoulders above anybody."

Connors admits that if Sheehan had said no, he probably would have had to look outside the company for the "the maturity, the wisdom" needed to provide leadership. "It was very atypical of me to consider going outside," Connors says. "I always liked to promote from within. I always felt that a lot of the folks at the big agencies had an enlarged ego and large sense of themselves, and this was never about me or was never about Mike. It was about what was best for all the folks who work for us, all the clients, the community that depended on us for charitable contributions."

His choice of Sheehan, who took over as president in 2001, was affirmed so quickly and completely that Connors accelerated his plans for leaving. "When I encouraged Mike to rejoin Hill Holliday as president of the company, I was chairman and CEO. I told him three years to the day of his coming back I would name him CEO."

TIME TO GO

"And probably a year into his presidency, I called him into my office and I said, 'Forget the three years.' That was really another reflection of his demonstrated ability but also that it was time for me to exit Stage Left."

Connors stayed on as chairman and now holds the title of chairman emeritus, but as he says: "Chairman is right next to the exit. Once you become chairman, it's almost over. And so I started getting involved a little more deeply in some of the charity work that I do."

For his part, Connors considers the succession, well, a success. "At the end of the day, this is very much a business. It's a for-profit company whose objective is to return money to the shareholders of IPG," he says. "But within that, we always felt an obligation to the people who work here. They've dedicated a piece of their lives to the success of this organization, this particular mission. And so it's not just a matter of paying them, but it's a matter of looking out for them."

That same attitude prevailed with clients as well. "We went deeper than was traditionally allowable on behalf of making things better. That's what we do. And Mike has taken that to an art form," Connors says proudly of his successor.

Patricia O'Connell is Management Editor for BusinessWeek.com.

Analysis: Mike Sheehan on Taking Over

Respect for a founder's unique role in company culture is key to preserving the best of it, says the CEO of Hill Holliday

Mike Sheehan, who rejoined Hill Holliday in 2001 and became CEO in 2003, recognized that to take the company to the next level of growth, he had to preserve the culture that founder Jack Connors had forged while being a true leader in his own right.

"In taking over the company, I saw two paths," says Sheehan, who insists he never aspired to be CEO—of Hill Holliday or anywhere else. "The first path—and I understood it and I appreciated it—was to continue the cultural platform that Jack had built here." That culture is characterized, says Sheehan, in no small part by the familial feeling that Connors had fostered, with both employees and clients, and the commitment to pro bono work and charitable contributions. In fact, Sheehan takes great pride in telling people that Hill Holliday is the only ad agency in the country with a community relations department.

"Part of the interest in coming back here was I liked working in that culture and I wanted to continue that. By the same token, I wanted it to change," he says. "I thought that to grow it appropriately and to reach its full potential, the next generation had to be about a team of people who worked well together and could grow the agency."

EMPHASIZING THE TEAM

Indeed, in taking over for an iconic [leader](#), Sheehan saw certain challenges. "Jack is a very team-oriented person, and he was great about passing on the leadership to me and to others," says Sheehan. "But there was always that perception that Hill Holliday equaled Jack Connors. It wasn't necessarily reality, but perception is reality, so in effect it was."

That's in part why Sheehan puts so much emphasis on the idea that the new leadership is about the team, rather than him. "I am very, very aware of the difference between what I do and what Jack did," says Sheehan. "Jack started from nothing. I came to Hill Holiday when it was successful and established. I think it's why the transition worked. A founder, an entrepreneur who starts something from nothing, gets a great deal of respect from everyone here."

Sheehan himself is quick to credit Connors for his part in making the transition smooth and successful, by knowing when to support Sheehan and when to let go. "I certainly felt the presence of Jack side by side [when I first returned], and then over the course of the next few years, he made sure that he took a step back."

If Sheehan were to pick one incident that encapsulates the change in leadership, it would be his decision to move Hill Holliday from its headquarters in Boston's iconic Hancock Tower to new headquarters on State Street. "I thought it would be a good idea to coincide with the transition of leadership to move the agency from where we were," says Sheehan. As convinced as he was that moving the agency closer to downtown was the right thing to do and would send all the appropriate signals, he admits to having some concerns about telling Connors.

"I was afraid that I would offend him," Sheehan says. "It was his vision to go to the Hancock Tower. But he didn't hesitate when I told him. He said, 'That is a great idea, you should move. It's time.' He knew for all the right reasons why it was time to move on."

抗金融風暴》科技大老闆重掌兵權

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廣達董事長林百里將重回商業戰場第一線。

陳恆光/整理

全球金融海嘯打亂企業布局，原本有意退居二線的大老闆，不約而同重披戰袍，包括鴻海董事長郭台銘、華碩董事長施崇棠、廣達董事長林百里都重回商業戰場第一線，甚至大陸聯想集團創辦人柳傳志，也傳出回鍋聯想電腦重掌兵權。

根據台灣媒體聯合報 15 日報導，科技業頻傳裁員、放無薪假，面對這場百年大風暴，科技業老將紛出馬，擬帶領企業走出景氣五里迷霧。

郭台銘近年不斷徵求「接班人」，但早在去年十月重回第一線，帶領公司打三呆醜醜呆庫存、呆帳款、呆資產。年初尾牙時，還公開信心喊話，鴻海煞車比別人快三個月，保證第四季不會虧損，粉碎外界傳聞。

廣達也積極備戰，林百里在尾牙場合，揮擺雙手做出跑步姿勢，宣示廣達就要起跑，甚至與副

董事長梁次震拿到資深員工獎牌後，公開喊話說，兩人會一起攜手「繼續幹二十年。」

至於華碩由於庫存管理失當，去年第四季創下公司史上首度虧損紀錄，讓施崇棠積極參與公司重組。日前華碩宣布與全球最大的車用 GPS 廠 Garmin 品牌合作，施崇棠親自亮相，宣示雙方高層會參與手機品牌決策，他在現場還謙虛地說：「自己要出來多幫點忙！」

無獨有偶，中國大陸的聯想，傳出歐美市場表現不如預期，創辦人柳傳志延遲退休，日前決定回鍋擔任聯想董座，頓時激勵聯想股價反彈。

而聯電榮譽董事長曹興誠，卻因和艦案官司未了，暫無復出計畫，「還可能要半年以上吧」。他說人生起伏很大，科技人要提早適應變動，「見怪不怪就好了」。

這波景氣反轉，來得又急又猛，但在曹興誠眼中，一波到底未嘗不是好事，總比「水煮青蛙」慢慢折磨人要好。聯電去年第四季大虧了兩百三十五億，不過，他也預言，聯電的表現不會在此停留太久。

【中央網路報】

Retrieved from CDNews at http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=112&docid=100666669

Question 1.1: If you were a company's leader, how would you choose your successor, (who might be an insider or an outsider) and what characteristics do you think your successor should have? (within 100 words)

Question 1.2: Facing the economic recession, if you were a planning-retired leader of a company, will you change your retirement plan? (within 50 words)

Please refer to the attached article: **Bruegger's Bagel Bakery**. 請以中文或英文簡短回答以下問題。

1. (10%) Bruegger's maintains relatively little inventory at either its plants or its retail stores. List the benefits and risks of this policy.
2. (20%) Quality is very important to Bruegger's.
 - a. What features of bagels do customers look at to judge their quality?
 - b. At what points in the production process do workers check bagel quality?
3. (10%) Which inventory models could be used for ordering the Ingredients for bagels? Which model do you think would be most appropriate for deciding how many bagels to make in a given batch?
4. (10%) Bruegger's has bagel-making machines at its plants. Another possibility would be to have a bagel-making machine at each store. What advantages does each alternative have?

Case - Bruegger's Bagel Bakery

Bruegger's Bagel Bakery makes and sells a variety of bagels, including plain, onion, poppy seed, and cinnamon raisin, as well as assorted flavors of cream cheese. Bagels are the major source of revenue for the company.

The bagel business is a \$3 billion industry. Bagels are very popular with consumers. Not only are they relatively low in fat, they are filling, and they taste good! Investors like the bagel industry because it can be highly profitable: it only costs about \$.10 to make a bagel, and they can be sold for \$.50 each or more. Although some bagel companies have done poorly in recent years, due mainly to poor management, Bruegger's business is booming; it is number one nationally, with over 450 shops that sell bagels, coffee, and bagel sandwiches for takeout or on-premise consumption. Many stores in the Bruegger's chain generate an average of \$800,000 in sales annually.

Production of bagels is done in batches, according to flavor, with each flavor being produced on a daily basis. Production of bagels at Bruegger's begins at a processing plant, where the basic ingredients of flour, water, yeast, and flavorings are combined in a special mixing machine. After the dough has been thoroughly mixed, it is transferred to another machine that shapes the dough

into individual bagels. Once the bagels have been formed, they are loaded onto refrigerated trucks for shipping to individual stores. When the bagels reach a store, they are unloaded from the trucks and temporarily stored while they rise. The final two steps of processing involve boiling the bagels in a kettle of water and malt for one minute, and then baking the bagels in an oven for approximately 15 minutes.

The process is depicted in the Figure (below).

Quality is an important feature of a successful business. Customers judge the quality of bagels by their appearance (size, shape, and shine), taste, and consistency. Customers are also sensitive to the service they receive when they make their purchases. Bruegger's devotes careful attention to quality at every stage of operation, from choosing suppliers of ingredients, careful monitoring of ingredients, and keeping equipment in good operating condition to monitoring output at each step in the process. At the stores, employees are instructed to watch for deformed bagels and to remove them when they find them. (Deformed bagels are returned to a processing plant where they are sliced into bagel chips, packaged, and then taken back to the stores for sale, thereby reducing the scrap rate.) Employees who work in the stores are carefully chosen and then trained so that they are competent to operate the necessary equipment in the stores and to provide the desired level of service to customers.

The company operates with minimal inventories of raw materials and inventories of partially completed bagels at the plant and very little inventory of bagels at the stores. One reason for this is to maintain a high degree of freshness in the final product by continually supplying fresh product to the stores. A second reason is to keep costs down; minimal inventories mean less space is needed for storage.

