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Case 2.1



Hector Gaming Company

Hector Gaming Company (HGC) is an educational gaming company specializing in young children’s educational games. HGC has just completed their fourth year of operation. This year was a banner year for HGC. The company received a large influx of capital for growth by issuing stock privately through an investment banking firm. It appears the return on investment for this past year will be just over 25 percent with zero debt! The growth rate for the last two years has been approximately 80 percent each year. Parents and grandparents of young children have been buying HGC’s products almost as fast as they are developed. Every member of the 56-person firm is enthusiastic and looking forward to helping the firm grow to be the largest and best educational gaming company in the world. The founder of the firm, Sally Peters, has been written up in *Young*

Entrepreneurs as “the young entrepreneur to watch.” She has been able to develop an organizational culture in which all stakeholders are committed to innovation, continuous improvement, and organization learning.

Last year, 10 top managers of HGC worked with McKinley Consulting to develop the organization’s strategic plan. This year the same 10 managers had a retreat in Aruba to formulate next year’s strategic plan using the same process suggested by McKinley Consulting. Most executives seem to have a consensus of where the firm should go in the intermediate

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and long term. But there is little consensus on how this should be accomplished. Peters, now president of HGC, feels she may be losing control. The frequency of conflicts seems to be increasing. Some individuals are always requested for any new project created. When resource conflicts occur among projects, each project manager believes his or her project is most important. More projects are not meeting deadlines and are coming in over budget. Yesterday’s management meeting revealed some top HGC talent have been working on an international business game for college students. This project does not fit the organization vision or market niche. At times it seems everyone is marching to his or her own drummer. Somehow more focus is needed to ensure everyone agrees on *how* strategy should be implemented, given the resources available to the organization.

Yesterday’s meeting alarmed Peters. These emerging problems are coming at a bad time. Next week HGC is ramping up the size of the organization, number of new products per year, and marketing efforts. Fifteen new people will join HGC next month. Peters is concerned that policies be in place that will ensure the new people are used most productively. An additional potential problem looms on the horizon. Other gaming companies have noticed the success HGC is having in their niche market; one company tried to hire a key product development employee away from HGC. Peters wants HGC to be ready to meet any potential competition head on and to discourage any new entries into their market. Peters knows HGC is project driven; however, she is not as confident that she has a good handle on how such an organization should be managed—especially with such a fast growth rate and potential competition closer to becoming a reality. The magnitude of emerging problems demands quick attention and resolution.

Peters has hired you as a consultant. She has suggested the following format for your consulting contract. You are free to use another format if it will improve the effectiveness of the consulting engagement.

What is our major problem?

Identify some symptoms of the problem.

What is the major cause of the problem?

Provide a detailed action plan that attacks the problem. Be specific and provide examples that relate to HGC.

Case 2.2



Film Prioritization

The purpose of this case is to give you experience in using a project priority system that ranks proposed projects by their contribution to the organization's objectives and strategic plan.

COMPANY PROFILE

The company is the film division for a large entertainment conglomerate. The main office is located in Anaheim, California. In addition to the feature film division, the conglomerate includes theme parks, home videos, a television channel, interactive games, and theatrical productions. The company has been enjoying steady growth over the past 10 years. Last year total revenues increased by 12 percent to \$21.2 billion. The company is engaged in negotiations to expand its theme park empire to mainland China and Poland. The film division generated \$274 million in revenues, which was an increase of 7 percent over the past year. Profit margin was page 62 down 3 percent to 16 percent because of the poor response to three of the five major film releases for the year.