

## **BETWEEN A ROCK AND A HARD PLACE**

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*A young executive must act quickly to save a customer account that represents a large portion of her product line's sales revenue. Because of her inexperience, she is partnered with a more seasoned member of the sales team, but a lack of planning and communication results in a near-disaster during the sales call. This case examines issues related to unity of command, sales planning, and resolving team conflict.*

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### **INTRODUCTION**

It was beautiful, crisp morning in Concord, North Carolina. Myra, a new product manager for the Quick-Lite line at Premium Torch, was getting to work. She was reflecting for a moment on her recent success and promotion at the company. Just 28 years old, Myra was both the youngest, and the only female, product manager in the history of the company.

Myra had graduated from the University of Nevada at Las Vegas with a Bachelor of Science in Business Administration with a marketing major. After graduation, she had worked as a promoter for an entertainment company and the marketing manager for the local newspaper in Concord. She had been promoted twice in six months at the entertainment company before she got hired at Premium Torch. The recent promotion at Premium Torch made her feel like she was getting the hang of industrial marketing.

Myra had been at Premium Torch for approximately 18 months. Prior to the promotion, she was a Product Administrator for all three oxyfuel welding lines. While that position was primarily “behind the scenes,” Myra had years of sales experience - both in college and in her jobs before Premium Torch.

The promotion did not require additional training, and Myra felt her familiarity with the product line and her previous marketing experience helped her as Product Manager for Quik-Lite. The welding industry is comprised primarily of men, and

the fact that she was the first female product manager in the history of the company boosted her confidence in her new position.

Premium Torch was a large, well-established global manufacturer of industrial-grade welding and cutting tools. The North American headquarters was in Charlotte's greater metropolitan area, and annual revenues for the U.S. were around \$88 million. Once the industry leader, Premium Torch now held approximately 20% market share, behind two larger competitors.

Quik-Lite was the oldest and best-established product line at Premium Torch. The Quik-Lite line included lightweight gas blowtorches (powered by a mixture of oxygen and acetylene) and other welding supplies used in the HVAC (heating, ventilation, air conditioning), plumbing, and electrical industries.

Even though oxyfuel welding represents the smallest percentage of total welding sales in the industry (less than 10%), profit margins on Quik-Lite products were high. Myra had recently been recognized as having "the only product line exceeding profit projections" by her boss. While Quik-Lite was a small percentage of revenue, it was highly profitable.

### **TOUCHING BASE**

Part of her responsibilities as a new product manager was to introduce herself to the existing Quik-Lite top distributors. She had been calling her distributors all morning and the calls went well. Most of them consisted of exchanging pleasantries and small talk. She was energized and in a great mood, being excited and highly motivated to do a good job for the company. She wanted to show her boss that he made the right decision promoting her. Her next call was to Scott Pinkerton, Vice President of Product Management at Allen Brothers Supply headquarters in Seattle, Washington. Myra went through her spiel, expecting Scott to return her pleasantries as her other distributors had.

Much to her surprise, he replied, "Great. I suggest you get on a plane and be in my office at nine o'clock Tuesday morning and tell me why on earth I should continue doing business with you people."

Myra was shocked, but was able to mumble a weak, "Sure, of course."

Scott continued, "I haven't heard a word from anyone at Premium Torch in at least a year, and I don't see any reason to keep you in our catalog. Frankly, Vision Torch is easier to work with - at least they pick up the darn phone."

Regaining her footing, Myra said confidently, “Scott, I hear you, and I will be in your office at nine on Tuesday morning. Thank you for giving me the opportunity to meet with you.”

He flatly responded, “Okay” and hung up the phone.

Clearly, something had gone very wrong in the customer service that Premium Torch had delivered to Allen Brothers Supply in the past. Myra had to figure out what had happened. She learned that part of the problem was the National Sales Representative assigned to Allen Brothers Supply had not contacted Scott in the past year.

### **CHAIN OF COMMAND**

Myra immediately went to her boss, Jason, the Vice President of Marketing, and reported the phone call she just experienced. She told him that she promised the customer to be in Seattle next Tuesday since that seemed to be the only option to save the account. Jason praised Myra for making the right decision on the spot, but also instructed her not to mention the exchange to the National Sales Representative because Jason would speak with him directly. Jason said since Myra was relatively new in her new job role, and might lack some product specific knowledge, he would feel better if she would take an experienced product engineer on the trip with her. He wanted to make sure that Scott at Allen Brothers Supply got all of his questions answered and that he felt that his account was a priority for Premium Torch. Jason then instructed Myra to have the internal travel agent book flights, hotel rooms, and a rental car for her and her colleague Rob Singletary.

Rob Singletary was the Product Engineer for Quik-Lite and had been working for the company for more than 30 years. A respected technician, he was the guy to bring on sales calls for technical expertise. While Myra was in his office, Jason called Rob and told him to pack a bag, because on Monday, Rob and Myra would be flying to Seattle to meet with Scott Pinkerton.

### **PREPARING FOR THE TRIP**

Allen Brothers Supply was one of Quik-Lite’s top 3 accounts and brought in approximately \$10 million in sales per year, which represented 18% of annual sales for the Quik-Lite line. Losing that business would be devastating and nearly impossible to replace. Allen Brothers Supply provided a comprehensive assortment of equipment and products to professionals in HVAC, electrical, plumbing, and refrigeration (as well as general contractors and other professionals). They had more than 400 stores in the United States and Canada, but their catalog business was a significant portion of their sales revenue.

In the compact oxyfuel product category, Allen Brothers Supply stocked Quik-Lite and Vision Torch. Vision Torch, based in Weatherford, Oklahoma, was Quik-Lite's largest competitor. Vision had a good product, and their economy of scale allowed them to sell for lower prices. They had excellent name recognition in the industry, but their product quality was inferior to the Quik-Lite line. Quik-Lite, as a differentiated premium product, would not be priced competitively with Vision Torch, and sometimes customers chose the less expensive price over Quik-Lite's superior quality.

Jason and Dan, Vice President of Sales, assured Myra that she had their full support in winning back Scott Pinkerton and keeping the relationship with Allen Brothers Supply. They told her to do whatever was necessary - including deep product discounts - to keep that revenue line flowing. Over the weekend, Myra packed up as much marketing and sales information as she could, along with her best suit. Monday morning, Rob Singletary and Myra met at the Charlotte airport and started their journey to Seattle. Rob was a pleasant travel partner, but he was reserved and not one for small talk. He was well-liked and respected by the sales staff and senior management and was known for his easy rapport with customers. He had been working with this product for nearly 30 years, and Myra had only just taken over as Product Manager, so she felt good having his expertise by her side. Rob knew they were in trouble and that they needed the Allen Brothers account, and that the objective was to save the relationship from collapsing. While Myra was the Product Manager, she couldn't help feeling awed and slightly intimidated by Rob's experience and expertise, which she relied on. When they arrived in Seattle Monday evening, they picked up the rental car, and checked into their hotel rooms. As Myra laid in bed that night, anxious to see what the morning might bring, she wondered if she did all she could to prepare for the meeting.

### **SEATTLE MEETING**

Myra and Rob walked into Allen Brothers with 15 minutes to spare before the meeting and the receptionist asked them to wait. At 9:10, Scott Pinkerton came out to greet them. A tall, slim man, he was clearly not happy to see them and seemed rather miffed at even having to meet with Myra and Rob (even though he had essentially summoned them there). As soon as they sat down in Scott's office, he launched right into his complaints with Premium Torch. His main complaints were: Quik-Torch didn't sell as easily as Vision Torch products, Premium didn't do enough to market the product to drive business, nobody from Premium regularly contacted Allen Brothers, and it was a hassle to keep them in the catalog. Scott point-blank told Myra and Rob he did not see why he shouldn't give their catalog pages to Vision Torch.

Myra took a breath to answer him, but Rob jumped in. “You’re absolutely right, Scott. Premium has been totally unsupportive, and the reason is that senior management does not value or support the Quik-Lite line. They are more interested in electric welding and plasma cutting, and they will not invest any capital into our line. They are pretty much allowing Quik-Lite to die on the vine.”

A wave of terror, that felt like someone had punched her square in the gut, rippled through Myra. Rob had just thrown management under the bus by telling Scott that the product line was unsupported. Myra felt that Rob had kicked her legs out from under her. She certainly did not expect this to happen. No matter what she promised Scott now, he would think that she could not deliver.

Scott replied, “Well, then I guess that’s that.” Myra started to panic, her first big test on the job and the negotiation started to spiral out of control. She had to think of something, and fast. What could she do to salvage the negotiation?

Myra’s tenacious personality kicked in and she replied, “What Rob said might have been true in the past,” she stated, “but I met with our senior management team personally and I have their explicit assurances that they do support the Quik-Lite line and they see it as a crucial part of the Premium Torch product basket. There are no plans to scrap it or let it die, and resources are being allocated to grow the line.”

Scott seemed puzzled and replied, “So, what’s going to change if I keep you in the catalog?”

Myra countered with a question of her own, “What will it take to get this relationship back on track?”

Knowing Scott was a shrewd negotiator, Myra was prepared for him to ask for a deep discount on the products. He did, and he also wanted unique products that were not available to other distributors. This is a common practice for industrial suppliers and something manufacturers typically did for their large accounts. These specialty items had lower profit margins because they were sold through limited distribution.

Scott gave Myra a list of the products he wanted, and Myra replied that she needed to run it by the Quik-Lite Production Manager but didn’t believe there would be a problem. She also agreed to a 15% discount on top of the low net prices Allen Brothers already received. This discount would eat into the sales revenue and profits of the line, but Myra rationalized that lower revenues and profits were preferable to completely losing the Allen Brothers account.

The three shook hands, and Myra felt they had narrowly escaped disaster. On their way back to the airport for their return flight, Myra was steaming inside. She could not believe Rob had sabotaged their sales call the way he did. She assumed that he was a seasoned and experienced partner that would do anything to mend the relationship with Allen Brothers Supply, not damage it further. Myra was still in shock about his lack of professionalism. She now realized she should have gone over a pre-call game plan with Rob. Myra had a lot of respect for Rob and she needed his help desperately. Shocked at the way how the negotiations opened, disappointed at herself for not aligning their negotiation strategy beforehand, angry at how much they had to concede just to save the deal, she regretted her silence. Nevertheless, Myra did not think it was appropriate for her to criticize Rob's behavior in the meeting at this point. After all, he had been doing this nearly as long as she had been alive. Myra was at a loss, and the flight home was mostly spent in silence.

### **THE AFTERMATH**

First thing Wednesday morning, Jason called Myra into his office and wanted a recap of the meeting.

Myra told him everything, then addressed what had happened with Rob. "Jason, I know now I should have prepped Rob for that call, but honestly, I didn't think I needed to tell him not to throw our company under the bus to our largest customer."

Jason asked, "Did you say anything to Rob after the call?"

Myra replied, "No, I didn't feel comfortable criticizing an employee with so much more experience."

Jason lamented, "Well, you're the Product Manager, you are not Rob's subordinate. What did you learn about sales calls?"

Myra answered, "I learned not to assume that any salesman will go in and say what I need them to say!"

Jason seemed to be satisfied by Myra's answer and responded, "That's right. You did the right thing in not correcting Rob. While common sense would say that you should take concerns you have directly to the employee involved, the way things work here is that you take your concerns to your supervisor (me) and I take them to Rob's supervisor (Dan), and Dan corrects Rob. Going outside of that process can result in a formal reprimand to YOU."

The next day, Myra saw Rob in Dan's office with the door closed. After about an hour, Rob stormed into Myra's office and gave her an earful for not speaking with him directly. She apologized but reminded him of the corporate process for addressing concerns. Still, Rob was offended that she had not come to him with her concerns. From that day forward, he refused to speak with Myra unless absolutely necessary, and when he did have to interact with her, he used the fewest words possible and avoided even making eye contact. The National Sales Rep assigned to the account was also upset because Myra had called on "his" customer without him, even though he had not contacted Allen Brothers Supply in nearly a year.

Myra thought she would be celebrating because she had narrowly saved the Allen Brothers Supply account. Now, she wondered if she had caused irreparable damage to her relationships with her colleagues. Sure, she had retained the Allen Brothers revenue line, but what about the next time she needed help? She had followed company protocol and saved the account, but she now felt she was being punished by her coworkers. Myra questioned herself: "What did I do wrong? I feel like no matter what I do, I am in trouble. What do I need to do different if I find myself in this situation again? What can I do to mend the relationships with the people around me?"