

Tick Tock: Making an Executive Hiring Decision Under Pressure

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Thomas Jackson, the newly promoted Vice President and General Manager for International Communications Systems (ICS) is faced with an urgent decision. For the Vice President of Project Management role (VPPM), should he hire external candidate Austin Jones, internal candidate Jim Cotton or step back into the role himself until he can fix the various problems that lie ahead?

Within two months of each other, project engineer John Rickland and VPPM Mike Sanders left ICS in the midst of working towards closing a 31 million-dollar contract with large customer Branson Company. Because of Sanders and Rickland leaving, Branson Company informed Jackson they were skeptical of moving forward with the contract. They did not want to invest time and energy rebuilding a strong relationship.

The path Jackson decides to take could impact ICS's relationship with Branson Company, the future of the company and his career. Jackson has a wide variety of considerations to keep in mind including retention problems within the Project Management department, declining company revenue and his strategic goals for the company.

INTRODUCTION

“What’s the next move?” Thomas Jackson thought as he weaved his way through the horrendous morning Atlanta, Georgia traffic. Usually, the inescapable congestion grated at him, but not today. Today, it gave him a chance to think without interruption, which is exactly what he needed. It was May 4, 2018, and Jackson – who had been in his new role for 10 months – needed to finalize a critical hiring decision, so he had a solution in place for when Branson Company visited in just two weeks.

Jackson was the newly promoted Vice President and General Manager at International Communications Systems (ICS), a leader in the digital communications industry. ICS was in the midst of a significant growth campaign with their key international customer, Branson Company, when adversity struck. For three years, ICS had worked closely with Branson Company, a leading telecommunication company in Southeast Asia, to build a communications solution that promised to open an untapped market and create millions of dollars of additional revenue for ICS over the next few decades. Unexpectedly, Vice President of Program Management (VPPM), Mike Sanders who had been leading the Branson negotiations for ICS had resigned, leaving a leadership vacuum for ICS on the Branson communication project¹.

Understanding the risk of this unoccupied role, Jackson conducted a talent search inside and outside of the company. Jackson knew he didn't have the time to engage in the typical HR procedures, so he decided to take matters into his own hands, considering only candidates he knew and had a current or previous working relationship with.

Jackson recognized he needed to make a solid decision as the once strong business relationship ICS had with Branson appeared to be dissolving. Without the relationship repaired, Jackson realized the Branson contract, the future of the company and his chances of being promoted to president were all in jeopardy.

Based on the interviews he conducted along with knowledge he already had, Jackson reasoned the critical hiring decision came down to three options. He could promote Jim Cotton, a seasoned ICS veteran from within the company; he could hire Austin Jones, a qualified candidate from outside the company who worked at ICS nearly 10 years ago or he could take on the responsibilities of the role himself, at least for the next few months while he worked to improve the departmental problems and secure the Branson contract. In Jackson's eyes, each path had potential pros and cons....

As he navigated the gridlock, Jackson asked himself, "*What's the best option?*"

INTERNATIONAL COMMUNICATION SYSTEMS (ICS)

ICS, founded in 1966 as Communication Research Laboratories, had spent over 45 years designing and implementing cutting-edge solutions for communications

¹ A project is a temporary endeavor undertaken to create a unique product, service or result (Project Management Institute, 2017).

challenges globally. Headquartered in the Atlanta, Georgia area, they were a wholly-owned subsidiary of Communications Global, the world leader in digital communications systems. ICS's customers included the U.S. and foreign militaries, as well as some of the world's largest energy companies.

ICS operated in the niche market of digital wireless communications in a segment of the communications equipment manufacturing industry. The primary products of this industry included radio and TV broadcasting equipment, satellites, antennas, global positioning systems, mobile communication equipment and cellular phones.

For calendar year 2017, ICS had total revenue of approximately \$25 million dollars. For the past three years, that number had been in a slow steady decline mainly due to circumstances outside of ICS's control such as falling oil prices. Many of ICS's foreign customers were reliant upon robust oil prices for healthy government spending programs². When oil prices began to drop, government spending dropped, which led to decreased revenue for ICS.

ICS had a workforce of approximately 80 people, which made them a small to medium sized enterprise. For the past five years that number had fluctuated between a low of 70 and a high of 120. This was primarily due to a planned layoff that occurred in 2016 after a major contract (the largest in ICS's history) with a Middle Eastern customer ended. Additional projects as result of that contract were projected to continue, which would have minimized the layoff, but the worsening economic environment impacted the Middle Eastern company's ability to move forward with the additional spend.

The nearly 42% decrease in employees forced those who remained to perform tasks outside of their regular job responsibilities, which resulted in increased stress, a lack of productivity and longer hours at work.

THE DIGITAL WIRELESS INDUSTRY

Due to a variety of factors such as a reduction of global war, severe competition, high barriers to entry and a high degree of technological change, the industry expected revenue to decline in the near term. However, recent tensions in the Eastern Pacific region, specifically with North Korea and Russia had created a potential demand for reliable digital communications equipment (Miller, 2018).

² A program is a group of related projects, subsidiary programs, and program activities that are managed in a coordinated manner to obtain benefits not available from managing them individually (Project Management Institute, 2017).

The major companies in this industry included Lockheed Martin who owned a 14.1% market share, Boeing with 10.7% and Harris Corporation with 5.7%. ICS was a small player in the overall market category with less than 1% of the market share. Lockheed Martin, Boeing and Harris Corporation served as competitors, partners and customers of ICS products and services.

THOMAS JACKSON

Jackson, who had been with ICS for 14 years, had come to ICS in 2004 with 35 years of telecommunications leadership experience. He had led project teams ranging from \$100,000 to \$1 billion in total value.

Jackson joined ICS as Director of Project Management. He quickly displayed his effective leadership by guiding ICS's largest program to date to successful completion on time and under budget. The successful effort led to Jackson's promotion to Vice President of Program Management in 2008. In that role he led an even larger (~120 million dollars over five years) effort that was extremely complex, involving multiple systems and technologies, to successful completion for a large South American customer.

Jackson was the kind of leader who believed in "leading from the front." This meant he commonly involved himself in the day-to-day organizational and technical details of the programs he was responsible for overseeing. Jackson believed teamwork was critical to project success. He worked tirelessly to foster collaboration with his teams by opening the lines of communication among the departments that supported the program. This was accomplished through the strategic use of meetings. Each month, Jackson held a cross-functional program meeting in which key members from each department met to discuss the progress of each program. If an urgent issue arose, a separate meeting would be called. These types of meetings could be daily, weekly or bi-weekly depending on the priority of the topic discussed.

In 2017, Jackson was once again promoted; this time, to Vice President and General Manager for all of ICS. This role included leadership over the program management, engineering, operations, human resources and quality assurance organizations. All organizational responsibilities besides marketing and contracts organizations fell under his purview (See Exhibit 2). He reported directly to president Brian Dixon. Success in this new expanded role offered an additional motivator, consideration for President of ICS. Dixon was pleased to have Jackson in the role and was considering retirement after they secured the next big program win for ICS, which he believed to be the Branson communication project.

JACKSON'S TOP PRIORITIES

Jackson had a strong vision for the company. In five years, he wanted to significantly grow the company from annual revenues of \$25 million to \$100 million. To support this goal, a major priority of his was to handle the details of a recently completed merger. This involved integrating new products and employees into ICS's existing framework. All details associated with the transition – down to computer hardware, badging and security access – was the responsibility of Jackson and his leadership team.

Another top priority of Jackson's was the realignment of the engineering department. Under Jackson's leadership, the transition to a program management centric structure was underway although not complete. This changeover was important to Jackson as he wanted to shift the culture of ICS from a reactive fire-fighter to a cross-functional proactive company. This new structure would also enable the VP of PM to be a more strategic leader in the company.

Jackson also wanted to streamline the operations function and make the building of ICS products and services more efficient. ICS had a long history of "over engineering" products, which was very costly. Each new program created the associated engineering and operational documents from scratch. Most of the products and services that ICS designed were near replicas of other pre-existing programs. Jackson and his team wanted to identify how to streamline the documentation process and make it reusable for most programs thereby saving significant time and money.

THE BRANSON COMMUNICATION PROJECT

ICS had worked closely with representatives from Branson Company for the past three years to build a complete communications solution for their Japan location. In the past, ICS performed work in Japan, but they had not yet captured an account that would allow ICS to gain a foothold in the region. The deal with Branson promised to be that account as it had long-term growth potential.

ICS's strategy would be to gain a secure position in the area with its offering of digital communication equipment. This equipment would serve as the backbone of the military communication network for the Asian Pacific region and would need to be upgraded every 5-10 years.

The Branson contract, which had yet to be signed, called for 35 systems to be delivered over a two-year period at a cost of 31 million dollars. ICS would earn the 31 million dollars in six phases.

PROJECT MANAGEMENT OFFICE (PMO) at ICS

One of the major selling points for doing business with ICS was an experienced and consistent Program Management Office (PMO) team. Strong and stable interpersonal relations were particularly important in Asia Pacific because greater emphasis was placed on personal relationships. Unlike in Western society where people are known to “get down to business,” Branson Company employees on the communications project preferred to work in an Eastern cultural manner where relationships precede business activities. Former VP of PM, Sanders and Project Engineer John Rickland understood this preference and had been working with Branson Company to build the relationship factor that would aid in the major contract award.

When fully staffed, the PMO included the VPPM, Director of Program Management, Senior Program Manager, Program Manager and Configuration Manager all reporting directly to the VPPM (See Exhibit 2). The PMO was supported by a variety of departments that assisted the PM with the primary goal of meeting contractual requirements and delivering the product on time and under budget. The core support departments included engineering, manufacturing, test, contracts, purchasing and quality assurance.

A day in the life of VPPM included managing all of the organizational and technical issues for all programs. The Project Engineer supported the PM with regards to the technical details of the program, but overall responsibility rested with the PM. ICS managed 10 programs that ranged from simple customer support to several complex systems at various points of design, production and support. The job of the VPPM was primarily concerned with leadership of the program team. The tasks included managing and developing schedules, budgets and other special projects as required.

The VPPM was responsible for managing the customer and their related expectations. For example, because of the time zone differences it was common at ICS for international customers to have demanding schedules that require PM contact at irregular hours such as late nights, early mornings or the weekends. The VPPM was also expected to support proposal efforts, which were led by the marketing organization. Lastly, the VPPM was a functional department head. This person was responsible for developing and retaining the human resources within his organization (See Exhibit 2).

TROUBLE ARISES

The project management team, who was responsible for the Branson communications project, had been led by veteran program manager Mike Sanders and PE John Rickland.

Over the past 10 years there had been two VPPM's. Jackson had long served in the role before receiving his promotion to Vice President and General Manager, and most recently Sanders had led the PMO department. Sanders had been with the company for a little over two years and had approximately 20 years of program management experience in the industry. Sanders was a very capable manager who had a technical background and amiable personality. He had begun his career as a mechanical engineer. Rickland had been with ICS for nearly three years, with a total of 15 years of technical leadership experience in the telecommunications industry.

Sanders and Rickland were responsible for getting the Branson communications project contract signed and for overseeing the project. Branson Company highly respected Sanders and Rickland. They felt comfortable working with them as they had spent hundreds of hours together on the plans for the project and the contract.

Unexpectedly, in February 2018, Rickland resigned from ICS to pursue other opportunities in a related industry. This presented a huge risk to ICS. As a result of Rickland leaving, the relationship with Branson Company appeared to be in jeopardy. Branson Company informed Jackson they were skeptical of moving forward because of the loss of their key technical contact at ICS in whom they had invested so much time and energy building the relationship. This caused Jackson significant concern of Branson not signing the contract.

Fortunately, Jackson was able to minimize Branson's concerns with the assurance that top notch technical talent, Jason Chung, would be replacing the departing project engineer. Chung had been with ICS for five years in the research and development department, so the transition would be fairly smooth. Branson was also pleased to know Program Manager Mike Sanders would still be in place.

In late April, just two months after Rickland resigned, Sanders unexpectedly resigned, also citing professional growth opportunities as the reason for leaving. Although he left the organization to pursue other opportunities, it was widely believed within ICS and by Jackson that Sanders left because he had been overworked. All but two of the programs at ICS had been directly managed by Sanders. As a result, he commonly worked long hours and weekends to serve the needs of his customers.

With Rickland and Sanders gone, there was a leadership vacuum on ICS's Branson communication project team and a heightened risk of Branson Company being unhappy and pulling out of the contract.

IMMEDIATE ACTION

After Sanders and Rickland left the company, Jackson took immediate steps to spread work more broadly to the PM staff. He also began actively recruiting more Program Managers so there would be more people to whom he could transfer work. Jackson was determined to minimize employee burnout and to ensure the next VP of PM didn't leave the company.

Jackson knew he had to take immediate action to fill the VPPM vacancy. Branson Company employees were coming to ICS in less than two weeks for an important meeting to finalize the contract and they expected ICS to have resolved the leadership problem on their project. Award of the contract that ICS had spent years to develop was contingent upon the finalization details. If Jackson didn't have a viable solution in place for when they arrived, the contract award could be at risk.

Understanding the time constraints, Jackson realized he couldn't conduct a traditional candidate search. There was no time to create a formal job description, get it posted and engage with Human Resources or an outside recruiting firm. Instead he needed to act fast and trust his instincts. This approach was common in small to medium sized enterprise. According to research done by Ghobadian and Gallear (1996), one of the characteristics of small to medium sized enterprises as compared to larger organizations was their tendency to make decisions based on "gut feel" rather than hard data.

THE SELECTION CRITERIA

The first thing Jackson did was define the requirements he was looking for in a candidate. He identified that at a minimum his new VPPM had to hold the core competencies of a project manager according to the Project Management Institute (PMI), which were technical project management skills, leadership and strategic and business management (PMI, 2017). See Exhibit 3.

In his years of experience in the profession, Jackson knew leadership was a key differentiator especially in the VP role. In Jackson's view, most project managers were competent in technical project management methodologies while holding strong strategic business management skills, but success or failure often came down to a project manager's ability to effectively lead his or her team. As it related to his selection criteria, Jackson informed a colleague:

The VPPM must possess technical project management skills. The main responsibility is to ensure all programs are completed on time according to the approved schedule and within the prescribed budget. I'm not expecting this person to be a technical expert but do expect that they are knowledgeable about the product and how it fits into the overall bigger

picture for the customer. Now that I think of it, the previous two VPPM's had been former engineers that transitioned into the role of project manager at a later point in their careers, which isn't at all uncommon in the industry... One of the fundamental aspects of the project manager role at ICS is industry knowledge and experience. This person needs to understand what it is like to work in this particular industry. This includes the jargon, the key players and common issues. I want this person to have international experience, basic knowledge of communications systems, and experience working with governmental bodies and customers.

Central to the role is the application of leadership. It's arguably the most important factor. Internally, the VPPM is expected to use interpersonal relationships to effectively manage the details of the program. Traditionally, managing in a matrix environment where the VPPM does not have direct control of the resources supporting the program team has been one of the largest challenges at ICS and across the industry. Because of this, the ability to build relationships among the internal stakeholders is seen as a critical important factor. Strong communication, organizational and time management skills were also required as all communication with the customer flowed through the Program Management Office (PMO), which was led by the VPPM. In fact, research has shown that as much as 90% of a Project Manager's time is spent communicating...

The final key factor for the VPPM role was executive presence. This factor included the ability to inspire confidence with both the customer and the internal team. It included engagement skills that helped bind people together in an effort to solve complicated problems for the customer. It also included intellect, expertise and the ability to deliver on what was promised both to the customer and internal team members.

Once Jackson became clear on what he was looking for in a candidate, he considered all applicable internal candidates and began seeking out external talent. From these two sources he identified and interviewed a strong internal candidate, Jim Cotton, and a strong external candidate, Austin Jones, with whom he had worked in the past.

JIM COTTON

Jim Cotton was currently the Director of Program Management at ICS. He was responsible for five current programs. A military veteran and former systems engineer, Cotton had extensive experience managing programs of various sizes for both domestic and foreign customers, including the Asia Pacific region. Cotton was currently managing a project in Japan that had largely been successful. He was

trained in electronics in the military and earned a bachelor's degree in management. Cotton had seven years of experience at ICS – all in his current role – and knew the technical details of ICS products and services. Cotton had managed programs ranging from \$150k to \$800 million.

Cotton was famous inside ICS for building robust relationships with customers. Cotton kept regular communication with many of his former customers on social media sites and they regularly stayed connected, discussing both personal and professional issues with him. The bond Cotton had with his former customers were so strong that when issues came up on a program that Cotton was no longer managing, customers frequently reached out to him first.

Although Cotton was highly regarded by his customers, his passion for customer service and getting the job done sometimes rubbed his coworkers the wrong way. On several occasions, he “stepped on the toes” of the Purchasing Manager by directly negotiating subcontracts which was not his responsibility and rather a responsibility of the purchasing department. Cotton had a military bearing and believed in the command and control style of leadership that permeated military culture. An example of this was in his personal style. Cotton wore the same outfit to work every day, which consisted of black slacks and a black polo shirt. He commented that his style of dress “simplified his morning decision-making process by making it automatic.” The disciplined manner in which he lived his life and ran his assigned programs earned him success in predictable situations, but not if an out-of-the-box approach needed to be considered.

AUSTIN JONES

Austin Jones was currently employed as a Sr. Program Manager at an international program management consulting firm located in Eastern Europe. Jones was a former ICS employee who left the organization on good terms nearly 10 years ago to broaden his international experience. He had lived abroad for nearly 10 years, working at the same company and rising to the role of Director of Programs for which he had been in the past six years. Even though Jones had worked at ICS 10 years ago, he was considered an external candidate as ICS had changed quite a bit since his departure. Jones had limited knowledge of ICS’s products and processes as many of the people, products and processes had been either upgraded or discontinued since he worked there.

While at his previous company, Jones was tasked with executing difficult to manage programs. He identified that internal personal relationships among the various factions were a major obstacle to the successful implementation of a program. By bringing disparate factions together to discuss mutually beneficial

solutions to the problems, he was able to guide these programs to their natural conclusion.

Jones was a former military officer and engineer. He earned a bachelor's degree in management and was an active certified PMP by PMI. Jones had successfully led many projects both foreign and domestic over his 20-year project management career. Most of Jones' experience had been with large projects ranging from \$1.5 million to \$2.1 billion.

As a seasoned project management professional, he possessed a strong management presence and a commitment to serve his customers. As a senior manager, his leadership policy was to "be proactive, collaborative and committed." Jones' key guiding principles were to "*lead the organization, manage the processes, execute the tasks and share the knowledge.*"

Jones was the kind of leader that made people feel relaxed and comfortable. He regularly made jokes to loosen up the mood, which allowed his team to focus on the next challenge. Jones was now eager to get back to the United States and spend more quality time with his extended family. He was now actively looking for his next challenge.

JACKSON HIMSELF

Although Jackson had two solid candidates in front of him, he couldn't overlook the fact that he was also qualified to take over the VPPM responsibilities.

Jackson's success in the VPPM role had catapulted him into the VP and GM role. While in that role, he was known for his no-nonsense leadership approach. Jackson did not let problems fester and instead he attacked problems head-on.

Prior to Jackson's arrival, configuration management was a weak spot in the organization. Jackson recalled,

When customers sent in a return material authorization (RMA) for warranty items, it was the responsibility of the Configuration Manager to sift through the configuration files and determine the condition of the material when it was shipped from ICS's factory. This meant the part numbers, revision level and as built information of the material as it shipped from ICS. This data was often missing and could not be located. The result was ICS honoring more warranty claims than they had been budgeted, which negatively affected profitability. While CM wasn't traditionally a program management function, I absorbed the department into the PM department and hired a veteran configuration manager to solve the problem. Together,

we [Jackson and the new Configuration Manage] developed the framework of the CM function that ultimately became the policy of the organization.

DECISION TIME

As Jackson ate lunch with a trusted colleague, he tried to organize his thoughts. He stated,

The way I see it, I have three options. I can hire Cotton, I can hire Jones, or I can take over the role at least for a few months until things get smoothed out. I know President Dixson will fully support any path I go...

Considering Cotton, Jackson reflected,

Cotton will certainly hit the ground running. He knows all of the right people, the processes and ICS products and services. He meets most of the requirements of the job and I can get him relatively cheap compared to an external hire. However, Cotton's abrupt manner rubs some people the wrong way. Can I afford to bet on him with such an important program?

Thinking about Jones, Jackson mused,

As an outsider with extensive international experience, Jones is polished and more culturally aware than Cotton. He met and, in many ways, exceeded most of the requirements of the job. However, external hires are usually more expensive to hire than internal candidates and they certainly would take longer to get up to speed... Do I have the time to bring Jones on board?

When he was pulling into the parking spot at ICS, Jackson grinned and said to himself...

I have a genuine passion for program management and I'm the best program manager I know. After all, the role at ICS was largely built around my vision and strengths. However, if I resume the VPPM role, who will address the top priorities of the organization? Or will they be addressed at all? Should I hop in the saddle again...?

What is the best decision for the organization... and what is the best decision for my career...?

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