



## Project Management – Case Study # 16

### Honicker Corporation

Honicker corporation was well recognized as a high-quality manufacturer of dashboards for automobiles and trucks. Although it serviced mainly U.S. automotive and truck manufacturers, the opportunity to expand to a worldwide supplier was quite apparent. The company's reputation was well known worldwide, but it was plagued for years with ultraconservative senior management leadership that prevented growth into the international marketplace.

When the new management team came on board in 2009, the conservatism disappeared. Honicker was cash rich, had large borrowing power and lines of credit with financial institutions, and received an AA-quality rating on its small amount of corporate debt. Rather than expand by building manufacturing facilities in various countries, Honicker decided to go the fast route by acquiring four companies around the world: Alpha, Beta, gamma, and Delta companies.

Each of the four acquired companies serviced mainly its own geographic area. The senior management team in each of the four companies knew the culture in their geographic area and had a good reputation with their clients and local stakeholders. The decision was made by Honicker to leave each company's senior management teams intact, provided that the necessary changes, as established by corporate, could be implemented.

Honicker wanted each company to have the manufacturing capability to supply parts to any Honicker client worldwide. But doing this was easier said than done. Honicker had an EPM methodology that worked well. Honicker understood project management and so did the majority of Honicker's clients and stakeholders in the United States.



Honicker recognized that the biggest challenge would be to get all of the divisions at the same level of project management maturity and using the same corporate-wide ePM system or a modified version of it. It was expected that each of the four acquired companies might want some changes to be made.

The four acquired divisions were all at different levels of project management maturity. Alpha did have an EPM system and believed that its approach to project management was superior to the one that Honicker was using. Beta company was just beginning to learn project management but did not have any formal EPM system, although it did have a few project management templates that were being used for status reporting to its customers. gamma and Delta companies were clueless about project management.

To make matters worse, laws in each of the countries where the acquired companies were located created other stakeholders that had to be serviced, and all of these stakeholders were at different levels of project management maturity. In some countries government stakeholders were actively involved because of employment procurement laws; in other countries government stakeholders were passive participants unless health, safety, or environmental laws were broken.

It would certainly be a formidable task to develop an EPM system that would satisfy all of the newly acquired companies, their clients, and their stakeholders.

### **ESTABLISHING THE TEAM**

Honicker knew that there would be significant challenges in getting a project management agreement in a short amount of time. Honicker also knew that there is never an acquisition of equals; there is always a “landlord” and “tenants,” and Honicker is the landlord. But acting as a landlord and exerting influence in the process could alienate some of the acquired companies and do more harm than good.



Honicker's approach was to treat this as a project and to treat each company, along with its clients and local stakeholders, as project stakeholders. Using stakeholder relations management practices would be essential to getting an agreement on the project management approach.

Honicker requested that each company assign three people to the project management implementation team that would be headed up by Honicker personnel. The ideal team member, as suggested by Honicker, would have some knowledge and/or experience in project management and be authorized by their senior levels of management to make decisions for their company. The representatives should also understand the stakeholder needs from their clients and local stakeholders. Honicker wanted an understanding to be reached as early as possible that each company would agree to use the methodology that was finally decided on by the team.

Senior management in each of the four companies sent a letter of understanding to Honicker promising to assign the most qualified personnel and agreeing to use the methodology that was agreed on. Each stated that its company understood the importance of this project.

The first part of the project would be to come to an agreement on the methodology. The second part of the project would be to invite clients and stakeholders to see the methodology and provide feedback. This was essential since the clients and stakeholders eventually would be interfacing with the methodology.

### **KICKOFF MEETING**

Honicker had hoped that the team could come to an agreement on a companywide EPM system within six months. But after the kick-off meeting was over, Honicker realized that it would probably be two years before an agreement would be reached on the ePM system. Several issues became apparent at the first meeting:

- each company had different time requirements for the project.



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- each company saw the importance of the project differently.
- each company had its own culture and wanted to be sure that the final design was a good fit with that culture.
- each company saw the status and power of the project manager differently.
- Despite the letters of understanding, two of the companies, gamma and Delta, did not understand their role and relationship with Honicker on this project.
- Alpha wanted to micromanage the project, believing that everyone should use its methodology.

Senior management at Honicker asked the Honicker representatives at the kick-off meeting to prepare a confidential memo on their opinion of the first meeting with the team. The Honicker personnel prepared a memo including the following comments:

- Not all of the representatives at the meeting openly expressed their true feelings about the project.
- It was quite apparent that some of the companies would like to see the project fail.
- Some of the companies were afraid that the implementation of the new EPM system would result in a shift in power and authority.
- Some people were afraid that the new EPM system would show that fewer resources were needed in the functional organization, thus causing a downsizing of personnel and a reduction in bonuses that were currently based on headcount in functional groups.

Some seemed apprehensive that the implementation of the new system would cause a change in the company's culture and working relationships with their clients.

Some seemed afraid of learning a new system and being pressured into using it.

It was obvious that this would be no easy task. Honicker had to get to know all companies better and understand their needs and expectations. Honicker management had to show them that their opinions were of value and find ways to win their support.



### QUESTIONS

1. What are Honicker's options now?
2. What would you recommend that Honicker do first?
3. What if, after all attempts, gamma and Delta companies refuse to come on board?
4. What if Alpha company is adamant that its approach is best and refuses to budge?
5. What if gamma and Delta companies argue that their clients and stakeholders have not readily accepted the project management approach and they wish to be left alone with regard to dealing with their clients?
6. Under what conditions would Honicker decide to back away and let each company do its own thing?
7. How easy or difficult is it to get several geographically dispersed companies to agree to the same culture and methodology?
8. If all four companies were willing to cooperate with one another, how long do you think it would take for an agreement on and acceptance to use the new EPM system?
9. Which stakeholders may be powerful and which are not?
10. Which stakeholder(s) may have the power to kill this project?
11. What can Honicker do to win their support?
12. If Honicker cannot win their support, then how should Honicker manage the opposition?
13. What if all four companies agree to the project management methodology and then some client stakeholders show a lack of support for use of the methodology?



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