

Clashing Top Managers

The caller ID on Matthew Smith's phone read "Kid Spectrum Inc." It was someone from the Orlando office, probably administrative director Ellen London. She had been in daily contact with Matthew since he purchased the company, a provider of in-home services for autistic children, eight months ago. He appreciated Ellen's eagerness to help him build the business, even if she was sometimes high-maintenance. Kid Spectrum's previous owner, Arthur Hammond, had told Matthew that Ellen, with nearly two decades of experience in health services, would be one of his biggest assets.

"Matthew, it's Ellen. I don't want to bother you again, but we have a situation down here." Matthew sat back in this chair and readied himself. The "situation" could be anything from the copier running out of ink to the building catching on fire. "I'm calling about Ronnie" she said. Ronnie Ericson was the director of clinical operations in Orlando, a position Matthew had created soon after taking the reins at Kid Spectrum. Ronnie, whose son has Asbergers, had been working with special needs children his entire career and had been with the company for a decade. The other 40 clinicians on staff regularly turned to him for advice. So, it seemed like a no-brainer to promote him to a formal managerial role.

"He's not up to the job" Ellen said. Matthew replied, "That's a strong statement, Ellen." "I know, but it's true. He's still resisting the new protocols for time sheets. It's been eight months and he has yet to complete them on time. You know the impact that has on insurer reimbursement. And, he's hardly ever here in the office." Matthew responded, "He's supposed to be in the field 50% of the time. He still has clients." Ellen answered, "It's more like 95%. I haven't seen him since Thursday and you know I'm always around." Matthew sensed that Ellen was exaggerating but he couldn't be sure. Managing the Florida-based from Chicago was proving difficult. He had bought Kid Spectrum through search fund; a small group of Illinois-based investors had given him money to find an undervalued company and make it more profitable. Their only hesitation about this first venture was Matthew's plan to run it from a distance. In fact, one investor had suggested he move to Florida for a while. But Matthew was still meeting regularly with the investor group about other potential opportunities. And his wife had no interest in relocating; with two kids under five, she wanted to be near her family.

"He doesn't get that he's a manager now" Ellen said. "Not only does he fail to comply with your new systems, but he doesn't seem to care if his clinicians do. I mean, he barely blinks when they call in sick. Right after Memorial Day, we had 14 people out and he didn't do a thing. We spent the entire day scrambling to find subs." Matthew responded, worried that his inexperience was showing, "Well that's certainly not optimal." Before forming the search fund, he had spent four years at a venture capital firm and the three years as president of one of its portfolio companies—a medical device maker. Until Kid Spectrum, that had been his only operational role. "Ellen, I really need to find out more before passing judgment on Ronnie. I know that he is more laid back than you, but..." Matthew regretted his words immediately. Ellen was sensitive about the fact that people thought she was uptight.

“Have you talked to him about any of this?” he asked quickly. “I mention the time sheets every time he calls in and he promises to get to them. But then nothing.” Matthew responded, “I’ll be down next week for the clinical team meeting and I’ll check in with Ronnie then. Like I said, I really need more information.” Ellen answered. “Well, you’re not going to get it in a day trip. Besides, he’ll tell you everything is alright, that the clinical team needs more time to get used to all the new systems. But from my perspective, it’s not time that’s needed. It’s effort. Ronnie makes things really difficult for the office staff.” Matthew responded, “I’ll see if I can come down for longer, maybe a week or two.” He wasn’t sure how his wife would react, but he knew that this was important. He tried to say goodbye, but Ellen kept talking. “When you took over Kid Spectrum, you wanted to run it more efficiently, more profitably. I remember you saying that in the main conference room when we first met you and again in your email.” She sure has a keen memory, Matthew thought. “So, I’m just going to help you make good on your promise.” she said.

Next Week

The team meeting had run long so most people had rushed off to their next appointments. Matthew, who used the conference room as his office while he was visiting, opened his laptop to check email but then noticed that a senior clinician, Maxine, was lingering in the doorway. “Maxine, can I help you with something?” he asked. “You’re probably getting an earful from Ellen about Ronnie, aren’t you?” She closed the door behind her. Matthew was alarmed by her candor. The few times he had met with Maxine, she seemed quiet. Was Ellen bad-mouthing Ronnie around the office? “Well, I can guarantee he’s not as bad as he says,” Maxine said. “He’s really a good guy. Y’all did the right thing by promoting him.” “I’m glad to hear that” said Matthew. “You know, he’s told us about the new systems, like the one for turning in our hours, and we understand why they’re important. But Ronnie doesn’t drill down on us like Ellen does. She’s way too intense for how we do things here. She always has been. She’s supposed to be supporting us clinicians in our jobs, but she acts like we’re here to serve her. In my opinion, Ronnie focuses on what matters: the patients.” Matthew replied, trying for diplomacy, “The patients are important.” “He understands what they need more than any of us, really---with his son and all” said Maxine. Matthew responded, “OK, Maxine. Thanks for your input.” She turned to open the door and then paused. “If you ask me, Ellen’s the one who’s trouble” she said.

Two Sides to Every Story

Later that day, Matthew was in his makeshift office waiting for Ronnie, who was nearly 20 minutes late for their 3:00pm appointment. Clearly Ellen and Ronnie had completely different work styles but Matthew’s plan for Kid Spectrum’s reorganization and growth hinged on collaboration between administrative director and the director of clinical operations. No one else had the right skills and experience for those roles. Ellen and Ronnie didn’t have to be best friends, but he couldn’t let the tension between them turn into an “us-versus-them” battle between the clinicians and the back office. That could completely derail his expansion strategy.

“I’m sorry I’m late.” Ronnie walked in and shut the door behind him. “I was with a client, Harry. Eight years old, such a good kid but struggling with school and his aide seems like she wants to give up. But we were making strides today.” Matthew appreciated how dedicated he was. “How are you doing?” Ronnie asked. “I’m good, I’m good,” Matthew said. “But I wanted to see how things are going with you and your team, particularly with the new systems, the time sheets.” Ronnie answered, “Well, we’re easing into them, you know. These clinicians aren’t worker bees. They’re used to being with the kids, helping kids, so they need time.” Matthew offered, “We could do another training session if you thought it would make sense.” “No, I don’t think that is necessary. We just need more time. All this emphasis on efficiency is new for us. We’re dealing with some rough cases, families under a lot of stress. You can’t just zip in and out because that’s what a time sheet calls for.” Ronnie said. Matthew nodded and said, “Of course, the client comes first.” Ronnie responded, “Right. That’s what’s kept us in business for so long.”

Matthew said, “But, we won’t *stay* in business without becoming more profitable. When Arthur owned the company, he struggled with cash flow because reimbursement was so slow. No insurer will pay us without the proper paperwork. If we want to grow the business---and help more kids---we need to follow these new protocols. We can’t have a quarter of our staff out every holiday.” “I know who’s complaining about that. It’s Ellen. She acts like we’re in the military. Time sheets on time. No one gets sick. It’s just not realistic. She was obsessive before but it’s getting ridiculous.” Ronnie paused and swallowed. “It’s like you’ve given her a license to be more uptight.” Matthew responded, “As the administrative director, she needs accountability from you and your team, Ronnie.” “And she has it. But I need a certain amount of flexibility so that I can meet the needs of the kids. And frankly, she needs to back off.” Ronnie’s face had turned red. This was the most worked up that Matthew had ever seen him.

Nipping This in the Bud

As he walked through the entrance of Austin’s Coffee, Matthew saw Arthur Hammond already standing in line. Arthur’s tan was a shade deeper since their last encounter. Matthew asked him, “Retirement treating you well?” Arthur said, “Very well, but I miss the office, the people. The golf course is far less exciting.” Matthew said, as they sat down, “Thanks for meeting with me.” Arthur responded, “My pleasure. I told you I’d always be available. You spending more time here? Have you convinced that wife of yours to get more sun in her life?” Matthew answered, “No, not yet, but I’ve been down for the past few weeks, trying to sort out some issues in the office.” Arthur raised an eyebrow. Matthew continued, “It’s Ellen and Ronnie” and explained the growing animosity. Arthur said, “Those two were always a bit like oil and water. Ellen wanted more protocols, more stuff she could control. It sounds like it’s gotten worse. Maybe the new power has gone to her head.” Matthew responded, “Yes, but we need those things if we are going to grow the business---” Arthur interrupted, “Yes, but that’s what was limiting us before. Ronnie is the heart of the office. He always has been.” He paused and then asked, “I hope you’re not thinking of demoting him, are you?”

Matthew sighed and looked at Arthur, then said, “I’ve considered it, but there’s really no one else who could fill the role. And my investors have no interest in expensive outside hires.

Besides, I think that it would only solve half of my problem.” Arthur responded, “That’s right. Ellen isn’t going to go easy on anyone in that position.” Matthew thought about all the nagging emails to Ronnie that Ellen had blind copied him on during the past week. She sent them even when Ronnie was in the office, sitting five feet away from her. Arthur then asked, “What do your investors say?” “I haven’t brought it to their attention yet. It’s not hurting the bottom line, but it could, especially if reimbursements continue to come in so slowly, and if all this tension hurts morale.” Arthur responded, “Exactly. You need to nip this in the bud.”

Matthew cringed and said, “I know, I know. That’s why I’ve been down here. I was hoping a solution would come to me if I could see what was actually happening. They’re at each other’s throats and I’m honestly not sure that I can have them in the same office anymore. I do think that they’re just trying to do their jobs. Ronnie needs to get with the systems and he promises that he will. I know that all of the clinicians like him, which is important, right? Ellen is looking out for the business---following my protocols for the staff---even if she may be going about it in the wrong way.” Arthur then asked, “Have you sat down with them?” Matthew responded, “Yes, individually, but not together.” “Well”, said Arthur, “it sounds like you’re stuck between a rock and a hard place.” Yes, Matthew thought, between Ellen and Ronnie.