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Introduction

This study focuses on Douwe Egberts N.V. (DE), a Dutch coffee production company located in the Netherlands, a leading company facing both national and international pressure from human rights activists and external workers to change its managing policies and climate. My aim in this case study is to study and analyse the socio-technical, socio-geographical, and socio-ecological aspects found within both the DE company and the Angola committee, as well as the different dysfunctional personalities of management that can be found within a stressful or failing organisation.

I will also advise the company on any changes it may need in order to succeed once again and re-emerge out of the crisis it has fallen into. The method of advice will be in the form of a SWOT analysis, produced by Albert S Humphrey¹.

1 SWOT Analysis - <http://www.businessballs.com/swotanalysisfreetemplate.htm#SWOT%20analysis%20inventors,%20origins%20and%20history%20of%20SWOT%20analysis>

A dissection of the company's infrastructure

Douwe Egberts

The Douwe Egberts company has been a 'family' company owned by around 40 members of the De Jong family, and managed by a handful within the family itself. It originally dealt with the retailing of coffee, tea, and tobacco, but recently has moved into production. However, differences in opinion between the two top managers allowed for an outsider to lead the company's management in 1967 in order to restructure the fundamental infrastructure management lives upon. The company has always had a social character and bond between the top and bottom layers of the company itself (share holders, managers, employees) as well as their customers. Such characteristics were introduced and recommended by the labour unions whom organised the works council to ensure the compliance of the company with the Dutch works Council Acts of 1950 and 1971.

Issues

Socio-geographical Issues

With relation to the previous page, I mentioned the company's relational attempts to the local people. However, early conflicts and socio-geographical segregation can be seen when it was discovered that the Netherlands as a whole had weak international and public attention to the countries of the Third World, particularly countries it dealt with extensively for business and economical gain. In relation to the company itself, DE took more responsibility in caring and maintaining local geographical stability and satisfaction, and failed to include those of the Portuguese colonies that harvest the raw material, such as coffee, for the company. Further evidence can be seen with DE not having a public relation department at all².

This raised several conflicts and exposed weaknesses in the company since DE did not fully research these inefficiencies and believed that this might not seriously affect the company. DE even ignored the Dutch public's attention that focussed on Angola and the Portuguese colonial regime³.

Observed Characteristic Profiles

DE does not seem to have a global strategy, and cannot reach tight forms of agreements in its management class. This is a characteristic of a depressive firm. The managers' focus is based internally to the company and locally to the shareholders. In page 211 of the case study, Mr Boost said that “he did not feel obliged to justify his decision to the first man he met. His felt no inclination to follow the Albert Heijn example”. With the addition of how Mr Boost did not find a standing point of the actual position of the company, this is seen as an example of the characteristics of inactivity.

Socio-psychological Issues

Three forces can be seen in the company that show both social and psychological effects,

- Trust
- Organisational Control
- Social Environment.

All three should be hypothetically independent from one another, but the restriction of information sharing within an organisation is the sum of them. Similarly, I should also note that three basic assumption groups exist in this scenario, where a group in the eyes of Wilfred R. Bion⁴, is a number of individuals that share a common objective,

2 Case Study – p.207

3 Case Study – p.209

4 For more information, visit <http://mythosandlogos.com/Bion.html>

- Fight-or-Flight – two opposing groups where one side would fight and another side would flee.
- Dependency – a group depending on a leader, or another group. (trust).
- Pairing – two groups paired together by certain similarities.

Trust

Trust is “the phenomenon that occurs between parties at the individual and organisational level. It is a part of the social interaction”⁵. For one party or organisation to trust another, a certain amount of risk is needed and should be taken for the trust to occur. Certain members of management at DE did not have enough trust to take the risks introduced by the Angola committee seriously. There was both a lack of trust between the managers themselves, and a “fight-or-flight” characteristic for the management where they chose to rather 'fly' or flee away from the situations rather than to 'fight' their way to righteousness.

“Recent trends in restructuring and downsizing of organizations have caused the redefining of traditional roles. Individuals that once had a well defined role found a great deal of certainty in relating to their hierarchical position within the social context of their organization. Innovative movements by organizations to empower individuals have interjected a great deal of role ambiguity which causes a feeling of uncertainty.”⁶

In the management's eyes, they however had full trust in their “leader”, Mr Groen, and in turn formed a dependence towards him as would a group depend on their omnipotent leader to fully take care of them and their surroundings.

It is known that in any scenario, fleeing is never a perfect solution, nor does it always eradicate a company from its problems. The best example of a turnaround from a 'flight' point of management to a 'fight' point of management is when managers Dohmen, Groen, and Landsmeer were notified of the Angola committee's international actions against DE, and decided to take matters into their own hands and arrange for a joint meeting to discuss the matters. Observing such a turnaround of management's attitude and actions, one can see the strong basic pairing that has formed between the opposing sides of management teams.

Organisational Controls & Social Environments

Certain organisations believe that some control is needed to provide a rigid framework for process. Looking over at the other side of the battle, the Angola committee also shows rigorous signs of a 'fight' case in the fight-or-flight scenario induced by fear, yet, fuelled by a dependency of justice and a unified international group.

5 Centurion Sys - <http://www.centurionsys.com/rtcl56.html>

6 Centurion Systems – Social Environment - <http://www.centurionsys.com/rtcl56.html>

Socio-technical issues

It is well known that any single technology can nowadays be used in many different ways. But one must note that with each way of use, such technology is embedded in a complex set of other technologies, physical surroundings, people, and procedures⁷. A socio-technical system is a system comprising of several organised social and technical subsystems⁸. DE is a socio-technical organisation with many subsystems. Conjointly speaking, Mr. Groen, along with X and Y can be all defined as subsystems of a larger socio-technical organisation – coffee production companies that deal with the satisfaction of customers.

Mr. C. van Lookeren Campagne on p.212 reported,

“We told them that the company could not take a political position. On the other hand, they know that they should follow the customer – the customer is always right. This was okay as long as the customer was only interested in the taste of coffee. Now, for the first time, the customer expressed an opinion about something very different. Our salesmen were not prepared for this.”

So we can see that the company's motto⁹ revolves around the saying “the customer is always right”, and hence the company has a responsibility as a socio-technological subsystem to respect the customer's opinion. However, in response to the Dutch people's change of hearts and minds, DE's company showed a resistance to change. It tried to adapt by reducing their total intake of Angola coffee, but it repeatedly insisted that there are limits and boundaries they cannot pass through.

“with due respect for the point of view of your action committee, we therefore cannot go beyond the promise that whenever possible the desires of the Angola Committee will be respected, to the extent that this does not conflict with our company strategy.”¹⁰

7 Computing Cases - Sociotechnical aspects -

http://www.computingcases.org/general_tools/sia/socio_tech_system.html

8 Principa Cybernetica Web - http://pespmc1.vub.ac.be/ASC/SOCIO-_SYSTE.html

9 motto [wikipedia] - a phrase or collection of words intended to describe the motivation or intention of a sociological grouping or organization.

10 Case Study – p.212

Personality Analysis

Sigmund Freud (1856 – 1939) classified mental activity to exist and function at three levels,

- Id
Centre of the primitive instincts. Blind, ruthless, and caters to the business of gratifying our desires and pleasures only.¹¹
- Ego
Acts as a censor to the Id, checking the primitive desires for immediate gratification.
- Superego
Our overseeing conscience.

In order for DE's company to succeed in a business world filled with competition, the Id has to initially kick in to ensure that all priorities and actions are done solely for the benefit of the company's survival. DE can be seen as being controlled by the Id state of mind until the Ego mentality explained by Freud managed to convince him and make aware that the Dutch people – his customers – now have an opinion of the Third World countries, particularly any that are associated with the Angola situation. With the occurrence of such a transition, there happened to be a lot of confusion, and lack of confidence in the firm's management, particularly with Mr. Boost. Such characteristics can be compared to a Depressive class inflamed with paranoia and enraged by a dysfunctional personality.

Looking over to the Angola committee, I would categorise it under the characteristics of a compulsive, and dramatic class. Its forceful, yet well organised strategic operations aimed to create public awareness, both local and international. Since it focuses on human rights, it has a tendency to over express certain emotions and actions by means of drawings, images, and letters to the public and to the company.

11 Blupete – Biography - <http://www.blupete.com/Literature/Biographies/Philosophy/Freud.htm>

Concluding Analysis & Advice

To quote Manfred de Vries & Danny Miller,

*"Managers have to concern themselves with the ways in which organizational priorities must adapt to changing conditions. These adaptations have a pervasive influence throughout the organization and take place on intrapersonal, interpersonal, group and organizational levels. Effective change requires that all these levels be taken into consideration"*¹²

The managers have a responsibility to adapt to changes that occur in an organisation. In order for that to happen, the managers should first have the ability to witness these changes, and use appropriate steps in order to ease the transition. There are two important sections that need reviewing and change. The managers' personalities, and the company's policies as a whole. Should the company remain as it is, it could eventually fail as a neurotic organisation falling victim to various sociological managerial outcomes.

Managers

It is shown that some of the managers suffer or have several symptoms of what is known as 'neurotic disorder' or psychoneurosis. Neurosis refers to mental imbalances that do not interfere with rational thought, but cause uncomfot or emotional distress that is expressed through various psychological disturbances, such as anxiety or phobias. The results of such a disorder can lead to,

*"poor ability to adapt to one's environment, an inability to change one's life patterns, and the inability to develop a richer, more complex, more satisfying personality"*¹³

Going back to Freud's three levels of mental activity, a possible cause of neurosis could be from the inability to transform libido into social useful energy through the process of sublimation. Instead, such libido is contained within the Id.

Note: Libido is defined as,

*"the instinctual energy or force that can come into conflict with the conventions of civilized behaviour"*¹⁴

Managers need to be able to make decisions based on current changes in the organisation, geography, environmental change and industry. Furthermore managers need to evaluate their decisions in order to justify their actions accordingly. With regards to groups, the managers need to take opposing opinions into consideration in order to gain a wider view of the situation tackling any and all possible angles. One example of how that can be achieved is with the use of a SWOT¹⁵ analysis table.

12 The Neurotic Organisation.

13 Wikipedia – Neurosis - <http://en.wikipedia.org/wiki/Neurosis>

14 Wikipedia – Libido - <http://en.wikipedia.org/wiki/Libido>

15 SWOT Analysis -

<http://www.businessballs.com/swotanalysisfreetemplate.htm#SWOT%20analysis%20inventors,%20origins%20and%20history%20of%20SWOT%20analysis>

SWOT / Strengths, Weaknesses, Oppertunities & Threats

Strengths

What strengths does the company have?

- The company has been established since 1753, and is the leading market in the Netherlands for the production of coffee, owning approximately 50% of the total share.
- The company adopted a social charter that expressed the social responsibility of the company toward its customers, employees, and shareholders.

Weaknesses

What examples of weaknesses can a consultant see?

- Once people penetrate to top decision making roles in an organisation such as this one, they are usually no longer “young”, and their values are set. Older people are less sensitive to value shifts in their environment than younger ones. This can cause a bottleneck in moving forward and introducing new ideas and risks.
- Internal weakness from within the managers and their communication, as seen with Mr Boost ignoring the advice given to him over several times.
- There was very poor international communication and research that lead to many of the current issues with the company, and the affairs with the Angola Committee.

Opportunities

What opportunities does the company have to further its success and reduce complications ?

Most importantly, learn from their mistakes.

- Establish good international relations.
- Know how to handle a similar situation should one occur.
- Know how to handle any other situations in an appropriate manner, including research, risk analysis, decision making, etc..

Threats

What threats did the company have?

Many, of which include

- (similar to the weakness) lack of 'young blood' in the top decision making, hence lack of new ideas, and a slow forward movement.
- Temporary and possible permanent boycotting of their coffee, hence financial and market share loss.
- The total loss of the company, either in terms of management (no longer owned or controlled by the family), or as a whole (shut down).

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