

Cost Justified?

Topic: Strategic Planning, Policy and Control

Characters: Joe, District Manager of Computer Operations
Mary, Division Manager - Information Systems
John, President and CEO of a large company

Joe was recently promoted to the position of District Manager of Computer Operations for a large company. Mary, Joe's supervisor, calls him to her office. She has just been informed that the CEO has received an anonymous letter from an employee. This letter states that a recently installed (and very expensive) system does not perform as expected and has not achieved the expected results.

Joe has been aware that the system's actual performance is really as described in the anonymous letter. Joe had reported this performance problem to Mary before. Although Mary had listened to Joe, she had been the original supporter of the system and continually provides only positive feedback to the CEO on its performance.

Mary tells Joe that the CEO expects a reply to the letter. She tells Joe to draft the reply. It should say that the system is performing as projected and that all savings portrayed in the original justification documents are being achieved. She says the documentation provided with his reply should support those statements.

Joe is upset by this directive. He feels that upper management is being misinformed in the interest of protecting a questionable decision. He approaches Mary with his concern. She says that if he does not provide the reply as requested, she will have serious doubts about his ability to perform the functions of a District Manager for the company. Joe has worked hard to achieve this position and is very worried about her statement.

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