

pull him from your project and have him work full time on Crosby's project. What do you think?"

1. If you were Palmer at the end of the case, how would you respond?
2. What, if anything, could Palmer have done to avoid losing Olds?
3. What advantages and disadvantages of a matrix-type organization are apparent from this case?
4. What could the management at M&M do to manage situations like this more effectively?

Case 3.2



Horizon Consulting

Patti Smith looked up at the bright blue Carolina sky before she entered the offices of Horizon Consulting. It was Friday, which meant she needed to prepare for the weekly status report meeting. Horizon Consulting is a custom software development company that offers fully integrated mobile application services for iPhone™, Android™, Windows Mobile®, and BlackBerry® platforms. Horizon was founded by James Thrasher, a former marketing executive, who quickly saw the potential for digital marketing via smartphones. Horizon enjoyed initial success in sports marketing but quickly expanded to other industries. A key to their success was the decline in cost for developing smartphone applications, which expanded the client base. The decline in cost was primarily due to the learning curve and ability to build customized solutions on established platforms.

Patti Smith was a late bloomer who went back to college after working in the restaurant business for nine years. She and her former husband had tried unsuccessfully to operate a vegetarian restaurant in Golden, Colorado. After her divorce, she returned to University of Colorado, where she majored in management information systems (MIS) with a minor in marketing. While she enjoyed her marketing classes much more than her

MIS classes, she felt the IT know-how she acquired would give her an advantage in the job market. This turned out to be true, as Horizon hired her to be an account manager soon after graduation.

Patti Smith was hired to replace Stephen Stills, who had started the restaurant side of the business at Horizon. Stephen was “let go,” according to one account manager, for being a *prima donna* and hoarding resources. Patti’s clients ranged from high-end restaurants to hole-in the-wall “mom and pop shops.” She helped develop smartphone apps that let users make reservations, browse menus, receive alerts on daily specials, provide customer feedback, order take-out, and in some cases order delivery. As an account manager she worked with clients to assess their needs, develop a plan, and create customized smartphone apps.

Horizon appeared to be a good fit for Patti. She had enough technical training to be able to work with software engineers and help guide them to produce client-ready products. At the same time she could page 101 relate to the restaurateurs and enjoyed working with them on web design and digital marketing.

Horizon was organized into three departments: Sales, Software Development, and Graphics, with account managers acting as project managers. Account managers generally came from Sales and divided their time between projects and sales pitches to potential new clients. Horizon employed a core group of software engineers and designers, supplemented by contracted programmers when needed.

The first step in developing a smartphone application involved the account manager meeting with the client to define the requirements and vision for the application. The account manager then worked with a Graphic User Interface (GUI) designer to come up with a preliminary story board of how the application would function and look. Once the initial concept and requirements were approved, the account manager was assigned two pairs of software engineers. The first pair (app engineers) worked on the smartphone side of the application, while the second pair worked on the client side. Horizon preferred to have software engineers work in tandem so that they could check each other’s work. The two app engineers typically worked full time on the application until it was completed, while the other engineers worked on multiple projects as needed. Likewise, GUI designers worked on the project at certain key stages in the product development cycle when their expertise was needed.

The head of Graphics managed the GUI designers' schedule, while the head of Software managed the software engineer assignments. At the end of each project account managers submitted performance reviews of their team. The director of sales was responsible for the account managers' performance reviews based on customer satisfaction, generation of sales, and project performance.

Horizon believed in iterative development, and every two to three weeks account managers were expected to demonstrate the latest version of applications to clients. This led to useful feedback and in many cases redefinition of the scope of the project. Often clients wanted to add more functionality to their application once they realized what the software could do. Depending upon the complexity of the application and changes introduced once the project was under way, it typically took Horizon two to four months to deliver a finished product to a client.

Patti was currently working on three projects. One was for Shanghai Wok, a busy Chinese mom and pop restaurant in downtown Charlotte, North Carolina. The owners of Shanghai Wok wanted Horizon to create a smartphone app that would allow customers to order and pay in advance for meals they would simply pick up at a walk-up window. The second project was for Taste of India, which operated in Kannapolis, North Carolina. They wanted Horizon to create a phone app that would allow staff at the nearby bio-tech firms to order food that would be delivered on-site during lunch and dinner hours. The last project was for Nearly Normal, a vegetarian restaurant that wanted to send out e-mail alerts to subscribers that would describe in detail their daily fresh specials.

James Thrasher was an admirer of Google and encouraged a playful but focused environment at work. Employees were allowed to decorate their work spaces, bring pets to work, and play Ping-Pong or pool when they needed a break. Horizon paid its employees well, but the big payoff was the annual Christmas bonus. This bonus was based on overall company profits, which were distributed proportionately based on pay grade and performance reviews. It was not uncommon for employees to receive a 10–15 percent boost in pay at the end of the year.

As was her habit, Patti entered the status report meeting room early. David Briggs was in the midst of describing the game-winning catch John Lorsch had made in last night's softball game. Horizon sponsored a co-ed city league softball team, which most of the account managers played on. Patti had been coaxed to play to ensure that the requisite number of "females" were on the field. She balked at the idea at first; softball wasn't really her sport, but she was glad she did. Not only was it fun but it gave her a chance to get to know the other managers.

James Thrasher entered the room and everyone settled down to business. He started off as he always did, by asking if anybody had important news to bring to everyone's attention. Jackson Browne slowly raised his hand and said, "I am afraid I do. I just received notification from Apple iOS that they have rejected our TAT app." TAT was a phone app, which Jackson was the project lead on, that allowed subscribers to reserve and see in real time what swimming lanes were available at a prestigious athletic club. This announcement was followed by a collective groan. Before an Apple app could go operational it had to be submitted to and approved by Apple. Usually this was not a problem, but lately Apple had been rejecting apps for a variety of reasons. Jackson went on to circulate the list of changes that had to be made before Apple would approve the app. The group studied the list and in some cases ridiculed the new requirements.

Ultimately James Thrasher asked Jackson how long it would take to make the necessary changes and resubmit the app for approval. Jackson felt it would probably take two to three weeks at most. Thrasher asked who the engineers working on this project were. Patti's heart fell. One of the app engineers who had developed the TAT app was working on her Shanghai Wok project. She knew what was going to happen next. Thrasher announced, "OK, everyone, it only makes sense that these engineers are the best ones to finish what they had started, so they are all going to have to be reassigned back to the TAT project. Those affected are going to have to get together after this meeting and figure out how to replace them." The meeting then proceeded as planned, with all the account managers reporting the status of their projects and sharing relevant issues with the group.

POST-MEETING

As everyone filed out, Patti looked around to see who else was in her same boat. There were three other account managers as well as Jackson Browne. Resource assignments were a recurring issue at Horizon, given the nature of their work. Horizon had developed a policy where decisions were made based on project priority. Each project was assigned a Green, Blue, or Purple designation based on the company priority. Priority status was based on the extent to which the project contributed to the mission of the firm. The Shanghai Wok project, given its limited size and scope, was a Purple project, which was the lowest ranking. The list of available software engineers was displayed on the big screen. Patti was familiar with only a few of the names.

Leigh Taylor, who had the only Green project, immediately selected Jason Wheeler from the list. She had used him before and was confident in his work. Tom Watson and Samantha Stewart both had Blue Projects and needed to replace a mobile app engineer. They both immediately jumped on the name of Prem Mathew, claiming he was the best person for their project. After some friendly jousting, Tom said, “OK, Sam, you can have him; I remember when you helped me out on the Argos project; besides, my project is just beginning. I’ll take Shin Chen.” Everyone looked at Patti; she started by saying, “You know, I am familiar with only a few of page 103 these names; I guess I’ll go with Mike Thu.” Jackson interjected, “Hey, everyone, I am really sorry this happened, and I am sure Mike is a good programmer, but I recommend you work with Axel Gerthoff. I have used him before, and he is a very quick study and a joy to work with.” This was a relief to Patti and she quickly took his advice. They left to submit a report to Thrasher detailing the decisions they each had made and the impact on their projects.

1. How successful was the post-meeting?
2. What factors contributed to the success or failure of this meeting?
3. What kind of project management structure does Horizon use? Is it the right structure? Explain.