


# **Iggy's Bread of the World**



**MIT Sloan School of Management**

# The New Management Team

<u>Date</u>	<u>Action</u>	<u>Relationship</u>
Summer 1999	Bring in organizational consultant	Ludmilla' acquaintance
October 1999	Hire consultant as COO	
October 1999	Hire Distribution Manager	COO's Brother
early November 1999	Hire CFO	COO's Friend
November 1999	Expand CFO role to include HR	
November 1999	Hire VP Sales/Marketing	Acquaintance from COO children's school.




*It was exciting to us to have people who knew what they were doing. We had always been insecure, we constantly questioned the decisions we made -- even though Iggy's was really successful -- just because we were young and inexperienced...*

**Nikola Ivanovich**

# The New Organization

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*I was so taken aback. I didn't want to have an ego about all of this, but I started this company with Igor. I'm listed as the president. I know I've been away for a couple of years, but still... I come back and someone I don't even know is telling who I should talk to if I have problems?*

**Ludmilla Ivanovich**

# Mounting Tensions



The problems between the new COO and the Ivanovics had begun to escalate when the COO hired the new VP of Sales/Marketing without consulting anyone.

While Igor understood that the COO needed to have a certain amount of autonomy to do his job, he also felt that he should have spoken with him before making such a major decision.

Igor and Nikola worried that the new Sales/Marketing VP -- who had previously worked as a line manager in the fashion industry -- was unqualified for the job.

# Problems



After several months it was apparent that the VP of Sales/Marketing was not working out.

*"She is a wonderful person, but the job was just too big for her; she was sinking."*

# More Problems



Igor & COO continue to clash, are eventually unable to effectively communicate.

In March of 2000 an organizational consultant is brought in to mediate discussions between the new management team and the Ivanovics.

*"...and then they went behind our backs and hired another top manager. That was it for me. We had it out..."*




# Ultimatum



COO presents a letter of resignation which, according to Igor, was angry and accusatory. It ended with

*"It is clear that you are not ready, personally or professionally, for me to be part of this organization."*



*We asked him what it was that would make him happy and help him to be successful. Was it different responsibilities? Was it more money? It quickly became clear that he felt he was being under-compensated. He said that we were underestimating the amount of work that he did, the number of responsibilities, and the financial risk he faced.*

**Igor Ivanovich**

# The proposal

*He told us that with the "new economy" and with people making millions in start-ups, he felt like he was missing a golden opportunity. His proposal included a significant raise, as well as bonuses based on profit, beginning at profit levels below those which we had been reaching before he was hired.*

**Igor Ivanovich**

**Now what?**

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