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Decision Making at the Top: The All-Star Sports eBusiness Division

Don Barrett, president of the All-Star Sports eBusiness Division (ASE), was preparing for a special meeting of his senior management staff on August 21, 2007. The purpose of the meeting was to review the findings from a consultant's study of the staff's strategic decision-making process. Barrett was certain that the consultant's recommendations would generate sharp differences of opinion within the group, but hoped that changes could be made to improve the organization's ability to identify and exploit the strengths of the division's different businesses. As Barrett had told the consultant: "The most challenging part for the group has been getting effective cross-functional communication and coordination."

Just before the meeting began, Barrett reviewed the study's recommendations. In his report, the consultant had outlined three alternatives for redesigning the group's decision-making process:

- Engage the entire staff in a more "team-oriented" approach to decision making.
- Formally establish a smaller "top management team," consisting of only three to four key staff members, to chart the division's strategic direction.
- Fine-tune the existing decision-making process by changing the group's rules and norms.

Company Background

Steve Archibald, a 1988 graduate of Harvard Business School, originated the idea of the high-volume, discount sporting goods superstore in 1997. He founded All-Star Sports later that year and opened the first store in Tampa, Florida, on June 15, 1998. The company expanded rapidly in those early years, and sales and profit growth continued in the mid-2000s. From 2003 to 2006, sales grew at a compound annual growth rate of 55%, earnings per share grew by 65% per year, and shareholders realized annual returns in excess of 35%. (See **Exhibit 1** for more details on the firm's financial performance.)

As All-Star Sports grew, it created three divisions: U.S. Superstores, All-Star International, and ASE. As of January 2007, U.S. Superstores consisted of 450 retail stores located throughout the

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country, and All-Star International operated 60 stores in Canada, Mexico, and Brazil. ASE consisted of All-Star's non store-based businesses including online and catalog sales and group sales.

The All-Star Sports eBusiness Division

Strategy

All-Star Sports initially entered the internet and catalog business in 2000 by creating All-Star Express. The business offered shoppers the convenience of free next-day delivery. All-Star Express grew very rapidly and profitably and achieved sales of $300 million in 2006.

In 2005, All-Star Sports decided to begin targeting schools, sports teams, and other organizations who purchased high volumes of both standard and customized sporting good products. The company, therefore, created the All-Star Sports eBusiness Division. Barrett, the head of All-Star Express at that time, became the president of the newly formed division. ASE initially consisted of All-Star Express and two acquired sporting good wholesalers—Jackson Sports and Hoffman's Team Apparel. These wholesalers also operated internet and catalog delivery businesses. However, they traditionally served organizations such as schools, clubs, and athletic teams through long-term contractual relationships cultivated by commissioned sales forces. During the next two years, ASE acquired four other major regional sporting good wholesalers in order to build a national delivery network. By 2006, ASE reached nearly $800 million in sales. The acquisition integration process had entered its third stage by mid-2007. In the first stage, ASE had consolidated purchasing across the businesses in order to leverage All-Star Sports' buying power. In the second stage, ASE had developed common systems and merged administrative functions. Now, in the third stage, ASE was integrating the customer service and order fulfillment processes so that a common operating infrastructure would support all of the businesses.

As the industry consolidated during the past few years, success increasingly depended on achieving scale economies in purchasing and distribution and lowering the cost of providing crucial services to customers. As a result, ASE developed a strategy that sought to achieve the operating synergies across these delivery businesses, while appropriately serving the distinct customer needs of two key market segments. To that end, it created distinct sales and marketing units to serve the needs of the two customer segments—individual customers who valued home delivery of standard products (All-Star Express), and organizations that purchased large batches of standard and customized products (All-Star Team Advantage). A consolidated infrastructure of distribution, purchasing, merchandising, information systems, and administration supported these two sales and marketing channels.

Organization

As part of an effort to increase coordination and integration across the division, an organizational restructuring took place in early 2007. Prior to the reorganization, general managers— typically the former owners of acquired firms—still bore complete responsibility for individual wholesaler business units. ASE had retained these general managers in order to preserve customer relationships while learning about the wholesaler business. In early 2007, ASE shifted to a functional organizational structure. Barrett appointed vice presidents for each functional area and gave them responsibility for activities across all delivery businesses.

Incentives

All-Star Sports possessed a strong pay-for-performance system. The company believed that this system aligned the interests of managers and shareholders, motivated and rewarded high levels of performance, and recognized contributions to corporate success. This incentive system included an annual cash bonus as well as stock option grants for key managers. The cash bonus payout depended on four key performance measures: corporate earnings per share, business unit earnings, business unit sales, and customer service. In the past, the business unit portion of each ASE staff member's bonus depended on performance at his or her particular unit within ASE. However, at the beginning of 2007, Barrett announced that future bonuses for all division staff members would depend on total ASE earnings and sales.

The ASE Senior Management Team

Don Barrett

Don Barrett, a graduate of Harvard College and Harvard Business School, had worked for Nicholson's Supermarkets for over a decade before joining All-Star Sports as a regional vice president of store operations in 1999. Soon thereafter, he moved over to head up the All-Star Express business. Barrett had managed All-Star's delivery businesses since 2002 when annual sales equaled only $35 million. More recently, he had guided ASE through the wholesaler acquisition screening and integration processes. In addition to running ASE, Barrett served as a member of CEO Steve Archibald's management staff that oversaw the entire corporation.

Barrett was widely credited for making All-Star Express one of the corporation's most profitable businesses. He had done so by developing effective direct marketing strategies and by investing heavily in IT systems and employee development in order to improve both customer service and productivity. Barrett had also capitalized effectively on synergies with the retail division.

As the division expanded rapidly, Barrett continually sought to build consensus among his management team before moving forward. He set aggressive goals and expectations for the organization but actively sought managers' input on how to achieve those objectives. Moreover, Barrett encouraged managers to respect each other's opinions. As he put it: "I wanted to develop an atmosphere where I could push people, move the organization ahead … while letting people know that it's OK to disagree."

Staff members described Barrett as a good listener who was quite willing to accept differing opinions:

> Don is a great listener. He distills information and comments well. He listens and will back up if he needs to after a comment or suggestion that he makes. I think people are quite willing to challenge him.

Another staff member concurred, extolling Barrett's patience and his respect for people:

> We are quite willing to challenge him. That's because Don allows people to disagree… He never attacks you personally, never diminishes your importance, or anything like that. He is very patient, maybe exceedingly so. His respect for people is probably his best ability.

One vice president noted that Barrett freely delegated responsibility to those who had earned his trust: "He gives us freedom to do what we believe is right." Staff members valued Barrett's trust and loyalty:

> Don is definitely loyal, perhaps too much so, especially on personnel change issues.
>
> Loyalty can be a double-edged sword… I'm loyal to my people as well. This is OK. It's good to have loyalty to your people. But it can also cloud your judgment. You don't want a total lack of loyalty, however. Then you wouldn't want to work for those kinds of managers.

While he trusted his people, Barrett certainly scrutinized their positions on particular issues. Several managers described how Barrett tested people's thinking on issues:

> Don often states his position to create conversation rather than because it's what he definitely wants to do… He says stuff to get us thinking or moving in a particular direction.
>
> He tends to push back at you. He will say it's black if it's white just to push you, especially on issues that cost dollars.

Barrett described why he utilized this tactic:

> I tend to stake out extreme positions just to get a reaction from people and virtually always do get a reaction… I will put pressure on them, but it's OK to disagree… I want the team to know that I am flexible… I don't want people to be afraid to tell me bad news.

While Barrett encouraged managers to disagree with him, he did not like conflict among staff members during meetings. Staff members repeatedly described Barrett as "non-confrontational":

> He just isn't comfortable with confrontation.
>
> The meeting is really not our place for tackling issues. Don likes things handled off-line if there is disagreement.
>
> Don's style is non-confrontational… He encourages us to take such disagreements off-line.

In sum, managers described Barrett as a consensus-builder, not a "screamer or a yeller." As one manager stated, "Don seeks our input… Don allows us to come to a consensus as a team."

The Senior Management Team Members

Barrett personally assembled the current ASE management team which consisted of 13 individuals including himself.[1] Barrett had purposefully tried to blend together a diverse team at ASE. He sought heterogeneity in backgrounds and experiences. Moreover, Barrett explained that he had spent considerable time searching for individual executives who not only had the requisite skills to manage the business but who also fit well with the other management team members and with the company's culture and values. As he said, "I've hand-picked these folks as much for fit with our values and culture as for their personal abilities." These values included a bias for managerial and entrepreneurial action, an emphasis on analytical approaches to problem solving, and especially a strong focus on achieving financial performance targets. As Lynn McHale explained, everyone knew that they had to "make the numbers" to be successful at All-Star Sports.

[1] For profiles of each staff member, including each's position on the staff, see **Exhibit 2**.

Each staff member had achieved considerable individual success during his or her career and was still adapting to working with such a large, diverse group. For example, Henry Rice and Bill Hoffman, former owners of acquired firms, had spent their entire adult lives as entrepreneurs who built their own highly successful organizations before selling their firms to All-Star Sports. Others, such as McHale and Jim Maxwell, had enjoyed successful careers within All-Star Sports, having built All-Star Express from its days as a small start-up venture within the corporation. While some of the members, such as McHale and Maxwell, had worked together for nearly four years, the group as a whole had not been together for a long period of time. As one manager concluded, the staff consisted of highly capable individuals who don't yet "do the dance real well together."

The staff members not only had diverse backgrounds, they also approached problems quite differently. Five staff members had graduated from Harvard Business School and prided themselves on their analytical approach to decision making. Others, such as industry veterans Jay Evans and Bill Hoffman, tended to rely on instinct and experience to solve problems. They not only approached problems differently, but did so at quite different speeds. As Barrett said, some were "ready, aim, aim, aim, fire" types, and some liked to "shoot from the hip." One vice president described the diversity in people's styles and perspectives:

> People have different backgrounds and philosophies about how to do business… We are really like a bunch of married people. We know everyone else's problems, personalities, and backgrounds. That's just part of how everyone approaches the business a little differently, but we all care about the company as a whole. Those who didn't care about others are not here anymore.

Managers had learned about each other mainly through one-on-one interactions. The group was very "efficiency-oriented" and did not want to waste time in large meetings. Through this one-on-one interaction, individuals had worked to get to know each other's businesses. As Hoffman noted, "Maxwell and McHale have been interested and have cared about trying to understand our business." This learning process helped to overcome people's affiliations to the business units where they once had worked. Still, it was a slow and challenging process. One staff member described the natural loyalties that existed:

> Bill [Hoffman] and Henry [Rice] are clearly dedicated to their own businesses. Of course, you would expect this from entrepreneurs who have built their own businesses from the ground up.

Dan Hannah noted that the group had not overcome territorial loyalties easily:

> I think for some time, we had a good amount of clinging to old loyalties, but that these have eroded with time and effort on the part of everyone.

[For more information regarding the staff, refer to **Exhibits 2-4**. These exhibits provide short profiles of each staff member (**Exhibit 2**) as well as a summary of the demographic characteristics of the group (**Exhibit 3**). **Exhibit 4** provides results from a group effectiveness survey conducted by the consultant.]

Overview of the Decision-making Process

The ASE management team met each Monday for two hours. The group spent the first hour reviewing and discussing a variety of issues, including financial performance, integration milestones, and new market developments. This block of time provided an opportunity for staff members to share information and to update each other on key projects. Periodically, this block of time included presentations from middle managers, aimed to update the senior team on particular projects, such as the division's employee-training initiative or the corporate communications plan. The second hour consisted of a more in-depth discussion of a particular topic such as the adoption of a new salesperson compensation plan. Decision-making about key issues typically occurred during this block of time. Once per month, instead of the regular weekly staff meeting, the group met for three hours with CEO Steve Archibald. These meetings served as forums for updating corporate management on key projects or initiatives at ASE. (For staff member assessments of the format and agenda of the regular weekly meetings, refer to **Exhibit 5**.)

When asked to describe the group's decision-making process, staff members explained that they did not really make decisions as a group during these meetings:

> Look, real decisions don't happen in that group… It's not a forum to break new ground. We do make decisions together, don't get me wrong, but not as a whole group.

> We tend to solve problems with others, but not necessarily in the whole group, in the meeting.

Staff members stressed, however, that Barrett did not make strategic decisions alone. McHale described this puzzle:

> It's not Don making the calls, but we're not a tightly knit decision-making group either.

Instead, the group engaged in a decision-making process that combined team interaction, subgroup discussions, and one-on-one meetings with Barrett.

Stages of the Decision Process

The senior team's decision-making process consisted of five major stages. The following section describes these stages and explains how group members are involved at each stage. (See **Exhibit 6** for a process flow diagram that illustrates the five stages with reference to a recent decision.)

Framing the Problem

The staff tended to structure or frame problems as a group. Typically, this occurred during the second one-hour block of time at staff meetings. During those discussions on a particular topic or initiative, staff members surfaced issues or problems that required further attention. Often, a manager requested the group's help on a problem in his or her area and pointed out the broad implications for the division as a whole. At this point, the staff members freely shared information regarding the issue and perhaps offered their opinions. For example, during a May 2007 meeting, McHale surfaced an issue regarding the organization's plans to integrate a wholesaler acquired in California. She expressed concern with the existing project schedule and explained the issues that threatened the current plan. Group members then discussed McHale's concerns and helped her identify the key issues that required additional investigation.

For most complex issues such as this, the group attempted to examine multiple courses of action. For that purpose, they selected a subgroup to identify alternatives and to perform analysis of competing options. The subgroup composition varied somewhat depending on the issues involved. Dan Hannah described this process: "We tend to surface the issue, then figure out who needs to get together to solve it, and work on the problem off-line."

Identifying Alternatives

Typically, subgroups consisted of two to four members of the senior team who had chosen to become involved based on their experience and the issue's relevancy to their functional area. As director of Strategy, Kate Walton often served as the facilitator or coordinator in these subgroups. The subgroup then worked off-line to identify alternative courses of action. Managers discussed the issue with others in their own organizations and gathered input and feedback. Then the subgroup narrowed down the possible options. At this point, they decided which options warranted more extensive analysis prior to making a choice. Walton explained that "it was important to present Don with alternatives... rather than a simple go/no-go decision." There were differing opinions about the effectiveness of this stage of the process. One manager noted a tendency for people "to make a case for their own area" during these subgroup meetings; Walton, by contrast, believed that this stage "worked better in small groups."

As an example, after the May 2007 meeting, Walton worked off-line, along with McHale and Bruce Ford, to identify and analyze several options for improving the California integration plan. She also consulted extensively with the middle managers on the California integration project team. By working with the subgroup in this fashion, Walton concluded that "the middle managers bought into the decision."

Analyzing Alternatives

Having narrowed down the options, the subgroup then performed extensive analysis of the remaining alternatives. In most cases, the subgroup went beyond qualitative comparison of the options and conducted quantitative cost/benefit analysis. After completing these analyses, the subgroup arrived at a tentative recommendation. As Walton explained the California integration decision, she stressed that "the idea is to present the pros and cons of each option, quantified when possible, with a risk assessment."

Making the Choice

Barrett then met with the subgroup, often in a series of meetings. He reviewed the analysis, discussed the subgroup's assumptions, and sometimes requested additional work. Finally, Barrett and the subgroup together selected a particular course of action. McHale emphasized that these subgroups served as the primary forum for making choices: "We tend to work in the smaller groups off-line to actually solve problems or make decisions." Kate Walton concurred:

> For the most part, there are not a lot of issues where the whole group is involved. Don does a lot of the decision making on a one-to-one basis or in small groups. The staff meeting is not a forum for decision making.

In the example of the California integration decision, the subgroup completed the analysis and arranged a meeting with Barrett. Walton and Ford met with Barrett several times to discuss the analysis and recommendations. Barrett expressed significant reservations and challenged several key assumptions. Ultimately, however, Barrett expressed his approval for the subgroup's recommendations.

Ratifying the Choice

Finally, the subgroup would present its recommendations to the staff at one of the weekly meetings. At that point, the staff either ratified the choice or expressed dissatisfaction with the recommendation. If the staff did not ratify the choice, then the subgroup collected feedback from the staff and "quickly took it off-line again." Walton described this aspect of the decision process:

> Someone goes away and investigates a problem, then comes back with a recommendation, and we say yeah or nay.

Barrett explained the purpose of this ratification stage of the decision process:

> On strategic decisions, we tend to deal with those off-line. Then we bring them to the group to get three things. One, for them to accept or reject. Second, people can raise objections or offer improvements or changes. And third, we bring it to the staff to get their buy-in, to get everyone's commitment.

Jack Burleson explained that the ratification discussion often focused on implementation issues:

> The way it works is that some person makes a call, gets Don's backing, then presents the decision to the group. The discussion then centers on implementation of that decision and on discussing any pitfalls that come with that decision.

On the California decision, Walton presented the analysis and recommendations to the senior team at their June 16th weekly meeting. No one voiced any objections at that meeting, although some discussion ensued regarding the resources required to implement the recommended proposal. After this discussion, the group decided to move forward based on these recommendations.

Attributes of the Decision Process

The consulting study identified four key attributes of this decision-making process. The process was quite rational and analytical and relatively free of political behavior. In addition, team members were aligned with common goals, and they actively participated in group discussions. (For more information on these attributes, see **Exhibits 7** and **8**.)

Analytical

For most decisions, the ASE staff performed a thorough analysis prior to making a choice. As Walton put it: "We need to make informed decisions based on facts in the All-Star Sports organization." McHale concurred: "We are a very analytical company."

This meant that in order to obtain support on key decisions, individuals had to systematically demonstrate that the recommended alternative's benefits outweighed the costs. Staff members typically quantified costs, benefits, and risks as much as possible. Quantitative analysis was viewed as crucial, given the company's focus on financial targets. As Walton noted, "We are all over the numbers." The All-Star Sports culture encouraged this rational approach to choosing among alternatives, as opposed to a reliance on instincts and emotions. Barrett too emphasized the reliance on "fact-based decisions rather than emotional ones."

For example, Walton explained how she utilized a detailed cost/benefit analysis to overcome Barrett's early objections to her California integration proposal:

> It was a very analytical presentation… There was incremental benefit… but there were costs. So we factored in all sides of the equation. That was key. Break it down into steps. Get buy-in along the way. Be very analytical and methodical.

Aligned

The staff exhibited a high level of agreement with regard to the division's overall goals. Staff members felt that this consensus regarding their overall mission facilitated the decision-making process. For example, when asked to list the division's goals, 77% of the staff members reported the achievement of acquisition integration as a key strategic goal for 2007. Moreover, 85% reported "make the numbers" as a key objective at all points in time. As McHale stated:

> On this issue, we are very crisp and clear. We know our mission—it's to make the numbers, and thus, we do a good job working to achieve those goals.

Similarly, the group exhibited a high level of agreement when asked to describe the organization's strengths and weaknesses. For instance, 77% reported purchasing leverage or other synergies with the retail division as a key strategic strength of the ASE organization. An almost equal number cited brand equity as a key strategic strength.

Apolitical

The staff reported low levels of political behavior during the decision-making process. As Maxwell said, "I think we are rather apolitical around here." Barrett concurred with Maxwell, stating, "I don't think that there is much political maneuvering within the group." Team members stressed that individuals did not attempt to trumpet their own successes at the expense of others, nor did they engage in extensive finger pointing. Individuals also typically did not attempt to diminish or exaggerate the role that others played in achieving success or failure.

When politics did surface, Barrett typically intervened. According to Rice, "There is a little [political behavior] by some folks, but Don quickly recognizes this kind of behavior and acts to reign it in." Barrett emphasized that he had avoided selecting "political animals" as members of the team.

Active Participation

Staff members wholeheartedly felt free to express their opinions during group meetings. They stressed that everyone had the opportunity to be heard. Barrett commented on the participation as follows: "I think we have a good active discussion, and people openly discuss the issues and offer their opinions." Bruce Ford summarized staff member perceptions concerning the discussion: "Everyone seems comfortable participating, not intimidated by others in the group."

Burleson added that "Don encourages everyone to talk" during meetings. In fact, the consultant's report stated that "20% of Barrett's comments attempt to solicit participation either from the group as a whole, or from specific individuals." Several managers noted, however, that inequality in participation persisted despite these efforts. Dan Hannah acknowledged this fact: "Some people do speak more than others, though I don't think it's to the point of dominating the meetings."

Concerns about the Decision Process

During the consultant's study, three major concerns emerged about the decision-making process. First, team members discerned a lack of adequate debate during group meetings. Second, they cited an inability to always achieve closure on discussions. Third, several team members expressed concern that the group did not achieve the required level of commitment or buy-in on key decisions.

Conflict

While staff members found Barrett extremely open to opposing views, they expressed concern at the lack of open debate during group meetings. One manager linked the absence of open debate to the fact that some staff members did not participate much during meetings:

> Of the 13 people, I would say that about 6 dominate the meetings. Others say very little... It would be useful to encourage folks to be more open. Someone may have opposing views that are valid, but they may not want to open up. We need to consider those views, get them on the table. We do not consider alternative views as frequently as we should. We should be willing to throw open discussions more often.

Another staff member made a distinction between the amount of discussion and the extent to which the group engaged in constructive debate:

> I think that there is a discussion, though I would argue that there is less confrontation than would be productive with this group. The group tends to quickly take issues off-line when conflict emerges. Perhaps the group ought to openly address these issues as a group.

Someone stressed that discussion ended when conflict emerged:

> The key is that the group and Don engage in a discussion only to the effect that it doesn't get to the point where the discussion actually affects individuals. At the confrontation stage, we stop talking about it.

Maxwell pointed out the group's problem with debates:

> There is a fair amount of discussion at weekly meetings, but we don't really have a good mechanism for resolving conflict when it does emerge.

Others explained how the group dealt with conflict:

> The meeting is not a forum where we engage in debate. If there is disagreement, then we quickly tend to agree to take it off-line.

When asked to explain why the group quickly took disagreements off-line, a staff member offered the following explanation:

> Two reasons. One, the size of the group. It's difficult to have a discussion with so many of us in the room, and also, it's not efficient to tie everyone's time up while a few of us hash out a disagreement. Two, Don's style is non-confrontational, efficiency-oriented. He's crisp. He encourages us to take such disagreements off-line.

Closure

On a second key point of concern, the group often found it difficult to achieve closure during the decision-making process. In other words, they either could not reach consensus on a choice, or they found themselves repeatedly circling back to the problem definition and alternative generation stages of the decision-making process.

Staff members attributed the lack of closure to the search for consensus on most decisions. This represented a dilemma for most of the vice presidents at ASE. On the one hand, they valued Barrett's efforts to build consensus within the group before moving forward. On the other hand, group discussion and the effort to build consensus sometimes did not yield closure on issues. Rice found this lack of closure puzzling at times. As he said,

> A conclusion is apparently reached, but we are not necessarily through with that issue. Something prevents us from actually reaching a definitive conclusion on issues.

Barrett acknowledged that closure represented a problem for the group:

> If people don't agree with a decision, then they tend to think they can keep bringing it up over and over and that this will lead to a change in the decision. That's not constructive.

One vice president contended that the search for consensus, while useful for numerous reasons, inevitably yielded a lack of closure at times:

> The problem is that most decisions have to be consensus-built… Don is not confrontational. It's like sandbox fighting. He doesn't send one kid home if two are fighting. He says go find another sandbox and work it out. But in reality, people just want their positions heard. Then they really want a choice to be made.

To overcome the lack of closure, many staff members believed that the group must adopt some mechanism for making a transition from consensus-building to choice. Several comments emphasized this focus on the need for some mechanism to close off discussion:

> I think that we don't get a tie breaker when we need one. Sometimes someone needs to make a decision. We need action at the end of discussion.

Commitment

In a final area of concern, staff members disagreed over the amount of commitment and buy-in achieved during the decision-making process. Some individuals stressed that the subgroups worked effectively to achieve the necessary buy-in from people throughout the organization as the decision-making process unfolded. For example, Walton explained that one key to her successful California integration decision process was her ability to "get buy-in along the way" as she performed her analysis. As she put it, managers almost always "greased the skids" before taking a recommendation to a staff meeting.

Others concurred with this assessment. One manager noted that, during the ratification stage of the decision-making process, proponents of a particular position "can achieve support… [and] buy-in from others, and also we get a chance to approve the proposal." Barrett, too, emphasized that his consensus-building approach focused on achieving everyone's buy-in on a decision in order to facilitate implementation.

Some managers, however, believed that this type of decision-making process did not yield sufficient buy-in from all individuals. One vice president explained his concerns:

> Most of the thought process occurs individually or in small group meetings, rather than among the staff as a whole. By not talking as a full group, we don't get enough discussion of cross-functional issues and coordination.

Another vice president added:

> I'm concerned that we don't get full buy-in this way. I come from an organization that real calls were made in the room. There was healthy give and take. We knew what the ground rules

> were. That was to discuss and even argue about decisions. Then once we made them, we walked out of the room as a unified group. I'm not sure that's what happens here—I mean that we walk out of the room as a unified group… People don't invest heavily in what goes on in the room… The meeting is the wrong place to object, so people work around it.

The August 21st Meeting of the Senior Team

After reviewing the consultant's study once again, Barrett went off to his August 21st meeting with the senior team. As the meeting began, he welcomed the team members and the consultant who had performed the study. All participants had already reviewed the survey and interview data contained in the consultant's report. The ensuing discussion focused on the three concerns of conflict, closure, and commitment. Everyone agreed that the team had to address these issues in order to achieve the organization's objective of enhanced integration and to effectively implement otherwise sound decisions.

The team then turned to the three alternatives outlined in the consultant's report. Under the first option, the management group would conduct all stages of the decision-making process together as a single team. All subgroups and off-line meetings would be eliminated, with the goal of increasing commitment and closure. Moreover, since everyone would participate throughout the process, the expectation was that they would understand the rationale for particular choices and commit to their implementation. Team members would also come to better understand the links across the businesses by working together as a full group.

Still, there were concerns. One staff member noted a potential problem with this approach:

> The real problem is that the group is too large… There is definitely an inverse relationship between the group's size and the quality of the discussion… With such a large group, people are unwilling to engage in discussion.

The consultant explained that this concern had led him to develop a second option. Under this proposal, a small "top management team" consisting of only three to four key members of the current staff would be formed. This new group would bear responsibility for making all key strategic decisions for the division. A potential advantage of such a small group setting would be a better dialogue and a forum more conducive to constructive debate.

But, several team members expressed concerns with this option as well. They feared that the existence of a small, elite team might inhibit integration and commitment because key managers would be left out of the decision process. Their input generated a third option: the team ought to maintain the existing decision process, while fine-tuning it to overcome current weaknesses. After all, they argued, ASE had already achieved a remarkable record of success using this present strategic decision-making process. As one manager exclaimed: "Is this process really broken?

Exhibit 1 All-Star Sports Inc. Financial Performance (dollars in thousands)

	2002	2003	2004	2005	2006
Income Statement Data					
Sales	$550,122	$845,546	$1,403,112	$2,104,145	$3,148,708
Operating income	21,543	28,586	52,401	99,155	162,998
Net income	12,346	15,433	28,126	54,890	91,996
Earnings per share	.45	.53	.97	1.56	2.38
Balance Sheet Data					
Total assets	$287,110	$419,916	$707,890	$961,456	$1,414,556
Total long-term debt, less current portion	63,353	79,288	174,786	235,845	309,234
Total stockholders' equity	134,390	185,578	269,334	418,012	600,378

Source: Company documents.

Exhibit 2 Individual Staff Member Profiles

Note that each individual worked at ASE headquarters in Tampa, Florida, and reported to Barrett unless otherwise noted.

Jim Maxwell, Senior Vice President, All-Star Express

Maxwell managed All-Star Express. He had spent seven years in marketing at All-Star Sports, including the last three years working closely with McHale and Barrett at All-Star Express. He had an MBA from Harvard Business School, and had 18 years of experience in direct marketing.

Jay Evans, Senior Vice President, Team Sales

Evans joined All-Star Sports after a long career at Pro Apparel Inc. He brought 22 years of sporting good wholesale industry experience to the team. He had now spent two years at All-Star Sports, most recently as the head of all team/organization sales. Evans worked from the All-Star Team Advantage headquarters in Dallas, Texas.

Jill Johnson, Senior Vice President of Merchandising

Johnson recently rejoined the ASE management team after one year at the All-Star Sports business unit in Mexico. She had 10 years of experience in merchandising at All-Star Sports. After seven years in merchandising in the retail division, she moved to ASE in 2004 to oversee the consolidation of purchasing and the blending of product lines across the acquired business units.

Henry Rice, Senior Vice President, Operations

Rice joined the company after selling his company, Jackson Sports, to All-Star Sports in early 2005. During the recent reorganization, Rice became the SVP in charge of ASE operations. Rice earned his MBA at the University of Michigan. His primary office was located in Lansing, Michigan.

Bill Hoffman, President, National Accounts

Hoffman joined ASE after he and his partners sold Hoffman's Team Apparel to All-Star Sports in a January 2005 stock swap arrangement. Hoffman had built his company into a $120 million sporting good wholesaler that exclusively served professional athletic teams that desired customized products and services. Hoffman now managed professional team sales and reported to Evans. Hoffman also worked from the Dallas, Texas, office.

Lynn McHale, Vice President of Customer Service

McHale had spent six years at All-Star Sports, the last four at ASE. Until recently, she managed the call centers and distribution centers at All-Star Express, working closely with Maxwell and Barrett. Now she managed customer service operations across all of the wholesale business units. McHale had recently begun reporting to Rice as a result of her new assignment. She had been recognized in the *Wall Street Journal* for her innovative employee development techniques. McHale was also a graduate of Harvard Business School.

Dan Hannah, Vice President, Human Resources

Hannah had spent three years at All-Star Sports in human resources, the last two on the ASE top management team. He had no previous industry experience, but had nine years of experience in the area of human resources. He had initiated a major effort to improve training and development activities at ASE.

Bruce Ford, Acting VP, Information Systems

Ford had spent the past two years as a consultant to All-Star Sports. For the past four months, Ford had stepped in as the acting Vice President of Information Systems at ASE while the division searched for a permanent VP.

Jack Burleson, Vice President, Systems Migration

Burleson had spent over eight years at All-Star Sports, primarily in distribution in the retail division. For the past 20 months, Burleson had worked at ASE to oversee the process of converting the wholesalers and All-Star Express to common inventory control and distribution center management information systems. Burleson had 24 years of experience in the sporting goods industry.

Anne Lansford, Vice President, Finance

Lansford joined ASE two months ago after 12 years of experience in finance and strategic planning in other industries. Lansford earned her MBA from Harvard Business School.

Kate Walton, Director of Strategy and Integration

Walton joined All-Star Sports two years ago after working in strategic planning at a major athletic footwear company. She was a 2004 graduate of Harvard Business School. Walton led the strategic planning process at ASE and oversaw the integration planning and implementation efforts.

Steve Cunningham, Manager of Budgets and Financial Analysis

Cunningham had spent seven years at All-Star Sports, the last two at ASE. He joined the management team eight months ago on a temporary basis upon departure of the vice president of Finance. He continued to participate in team meetings as the new vice president of Finance, Anne Lansford, became acclimated to the company.

Source: Company documents.

Exhibit 3 Summary of ASE Management Team Demographic Characteristics

Individual Characteristic	Team Average	Standard Deviation	Maximum Value	Minimum Value
Age	42.7	10.0	61.0	30.0
Years on ASE management team	2.4	1.6	5.7	0.2
Years at ASE	2.5	1.4	5.7	0.2
Years at All-Star Sports	4.8	3.1	10.0	0.2
Years of industry experience (exc. All-Star Sports)	8.0	11.5	31.8	0.0
Years of experience in other industries	8.9	7.7	30.0	0.0

Characteristic	Percent of Team
Male	62%
From acquired firms	15
Bachelor's degree	100
MBA degree	46
Harvard MBA degree	38
Primary experience at All-Star Express	15
Primary experience at acquired wholesalers	46
Experience across both express and wholesale	38

Source: Consultant's Final Report.

Exhibit 4 Team Effectiveness Survey Results[a]

Team members completed the following survey questions concerning team effectiveness:

For each of the statements listed below, please respond using the following 1-7 scale:

1 = very inaccurate 4 = uncertain 7 = very accurate

1. *This management staff operates as an effective team whose members work well together.*
2. *Staff members perform most of their work individually. They do not work together closely as a group.*
3. *Certain staff members are not effective team players.*
4. *Staff members are capable of working effectively as members of a team.*
5. *Performance expectations frequently change for this management group.*
6. *Behavioral norms for group interaction are unclear.*
7. *The company's incentive system reinforces efforts to improve team effectiveness.*

Survey Question	Senior Faction[b] (> 3 years at ASE)	Junior Faction (< 3 years at ASE)	Difference (Absolute Value)	Score for D. Barrett	Score for Rest of Group	Difference (Absolute Value)
Group operates as a team	4.00	3.75	0.25	5.00	3.75	1.25
Members work individually, not together	2.60	4.00	1.40	3.00	3.50	0.50
Certain members are not team players	2.80	4.88	2.08	2.00	4.25	2.25
Members have team skills	5.80	4.50	1.30	6.00	4.92	1.08
Expectations change frequently	3.00	4.38	1.38	3.00	3.92	0.92
Standards of behavior unclear	2.40	3.63	1.23	2.00	3.25	1.25
Rewards reinforce team building	4.80	3.29	1.51	5.00	3.82	1.18

Source: Consultant's Final Report.

[a] Survey questions adapted from research methods utilized by Professor Richard Hackman, Department of Psychology, Harvard University.

[b] Senior Faction excludes Barrett for purposes of this analysis. His scores are shown separately.

Exhibit 5 Survey Assessment of Meeting Agenda[a]

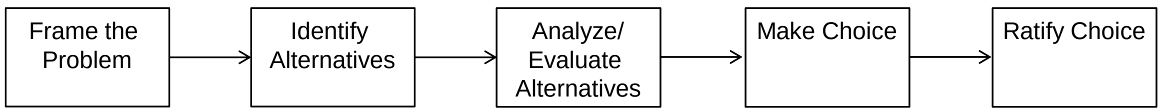
Team members responded to a survey regarding the agenda and format of their weekly staff meetings. For each category listed, they provided two numerical responses. First, they assessed the time spent on each topic, area of focus, or meeting format (1 = very little, 5 = a great deal). Second, they assessed the importance of each topic, area of focus, or meeting format (1 = not important, 5 = very important).

	Time Spent 1 = very little 5 = a great deal	Importance 1 = not important 5 = very important	Difference (Time Spent less Importance)
Agenda Topics			
Financial performance	3.3	4.7	(1.5)
Project updates	3.3	3.9	(0.6)
Division strategy	2.1	4.1	(2.0)
Resource allocation	1.7	3.3	(1.5)
Day-to-day operations	2.4	2.1	0.3
Administrative policies	2.4	2.4	0.0
Areas of Focus			
Internal operations	3.1	3.7	(0.6)
Competitors	1.4	3.2	(1.8)
Customers	1.5	4.1	(2.5)
Suppliers	1.5	2.6	(1.2)
Capital markets	1.3	2.0	(0.7)
Meeting formats			
Staff member presentations	3.5	3.4	0.2
Presentations by nonstaff personnel	2.3	2.8	(0.5)
Group discussion	2.4	4.3	(1.9)

Source: Consultant's Final Report.

[a]Survey technique adapted from method utilized by Professor Jay Lorsch, Harvard Business School, in a study of boards of directors. See Jay Lorsch, *Pawns or Potentates* (Boston: Harvard Business School Press, 1989).

Exhibit 6 Decision-making Process Flow Diagram



Example: California Integration Decision

Frame the Problem: Staff Meeting — 5/14/07
Identify/Analyze Alternatives: Walton & California Project Team — 5/14 – 6/11/07
Make Choice: Series of Meetings with D. Barrett — 6/12 – 6/15/07
Ratify Choice: Staff Meeting — 6/18/07

Source: Consultant's Final Report.

Exhibit 7 Survey Assessment of the Decision-making Process

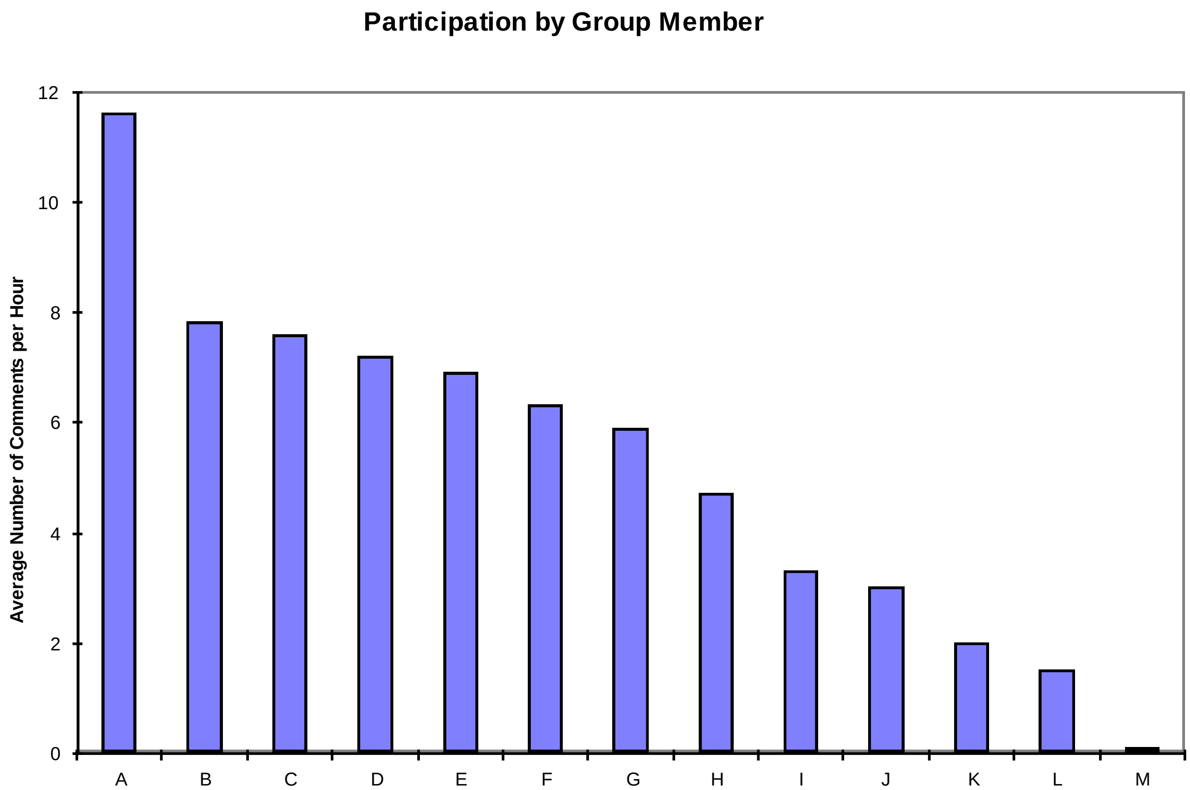
Team members also completed a survey that assessed the decision-making process along a variety of dimensions. In each case, team members utilized a 1-7 scale to record their responses. The questions are listed below:

Question	Mean	Standard Deviation	Maximum Value	Minimum Value
Does the group make decisions: 1 = too quickly 7 = too slowly	4.06	1.13	6.00	2.00
Does this group: 1 = engage in constructive debate 7 = smooth over certain issues	3.88	1.93	7.00	1.00
Does this group: 1 = primarily surface problems 7 = actually solve problems together	2.79	1.23	5.00	1.00
Does this group: 1 = engage in little political maneuvering 7 = engage in much political maneuvering	2.98	0.96	5.00	2.00
Does this group function: 1 = in an advisory capacity to D. Barrett 7 = as a decision-making body	3.38	1.56	6.00	1.00
Do team members: 1 = cling to old loyalties 7 = focus on what's best for All-Star Sports as a whole	4.16	1.10	6.00	2.00
Do people use meetings to: 1 = gain understanding of other functions, issues 7 = make a case for their own priorities	5.15	1.39	7.00	3.00
Do you feel that participation is: 1 = relatively equal 7 = relatively unequal/several people dominate	4.60	1.25	6.30	3.00
If D. Barrett states his position, is the group: 1 = willing to challenge him 7 = hesitant to do so	2.51	1.81	6.50	1.00
Does the group: 1 = achieve closure on issues during meetings 7 = allow issues to linger and resurface over time	4.93	1.35	7.00	2.10

Source: Consultant's Final Report.

Exhibit 8 Team Member Participation During Meetings

This chart shows participation by group member, as observed by the consultant over the course of five meetings during May and June 2007. The chart does not list individuals' names to protect their privacy. Note that Don Barrett, who naturally spoke more than others, was not included in the data set. However, the data does include a strategic planner who attended most of the meetings during this period.



Source: Consultant's Final Report.