



Chapter 1 Case Study for Discussion

Use this case study as a discussion prompter with your teams or students.

Rasheed is naturalized American citizen, who came from an impoverished background. He grew up in a refugee camp to become an enterprising entrepreneur. He grew a small insurance claims business into one of the largest firms of its kind in the United States. While growing his business, he became friends with Jerry, who had become a close confidant and very supportive of Rasheed. Whenever important business decisions were to be made, he would run ideas by Jerry, since he greatly valued his advice.

Rasheed had grown the business phenomenally with growth averaging 17% per year for a period of over ten years. However, the company began experiencing a time of high turnover. Twenty-five percent of his workforce had less than two total years of experience, and his CEO had unceremoniously left his position without notice. Rasheed was desperately seeking top level talent at this juncture.

Due to a long-term friendship with Jerry, Rasheed offered him the CEO position. Rasheed did not establish any guidelines for his decision but knew Jerry was an experienced businessman with a 25-year career and was a trusted friend. Rasheed relied upon and respected Jerry's business acumen. Jerry agreed to resign his current position and accepted the offer to serve as CEO.

Jerry struggled in the business from the very first day as he knew nothing of the insurance industry and had no applicable experience. He admittedly needed to be trained in simple things such as industry terminology, client issues, and insurance practices. He had been in the hotel business for his entire career, managing things like reservations, hiring and terminations, and overseeing restaurant operations.

The employees became dissatisfied and even outraged with Jerry's style of leadership. He was unresponsive, judgmental, and failed to answer questions. He would threaten long-term employees if they dared to question his new policies and newly required procedures. Turnover increased even more under his leadership.

The situation presented a quandary for Rasheed as he still trusted Jerry and valued him as a friend, and very much wanted this situation to work out. The company still maintained strong levels of profit and growth, so Rasheed believed he could move forward with Jerry. However, job satisfaction was at an all-time low, and experienced and loyal people began racing out the door.



DETERMINING LEADERSHIP POTENTIAL

Questions to Consider:

1. How did Rasheed determine Jerry's leadership potential?
2. Should Rasheed have offered Jerry the CEO position, why or why not?
3. What recommendations would you give Rasheed in the present circumstances?