





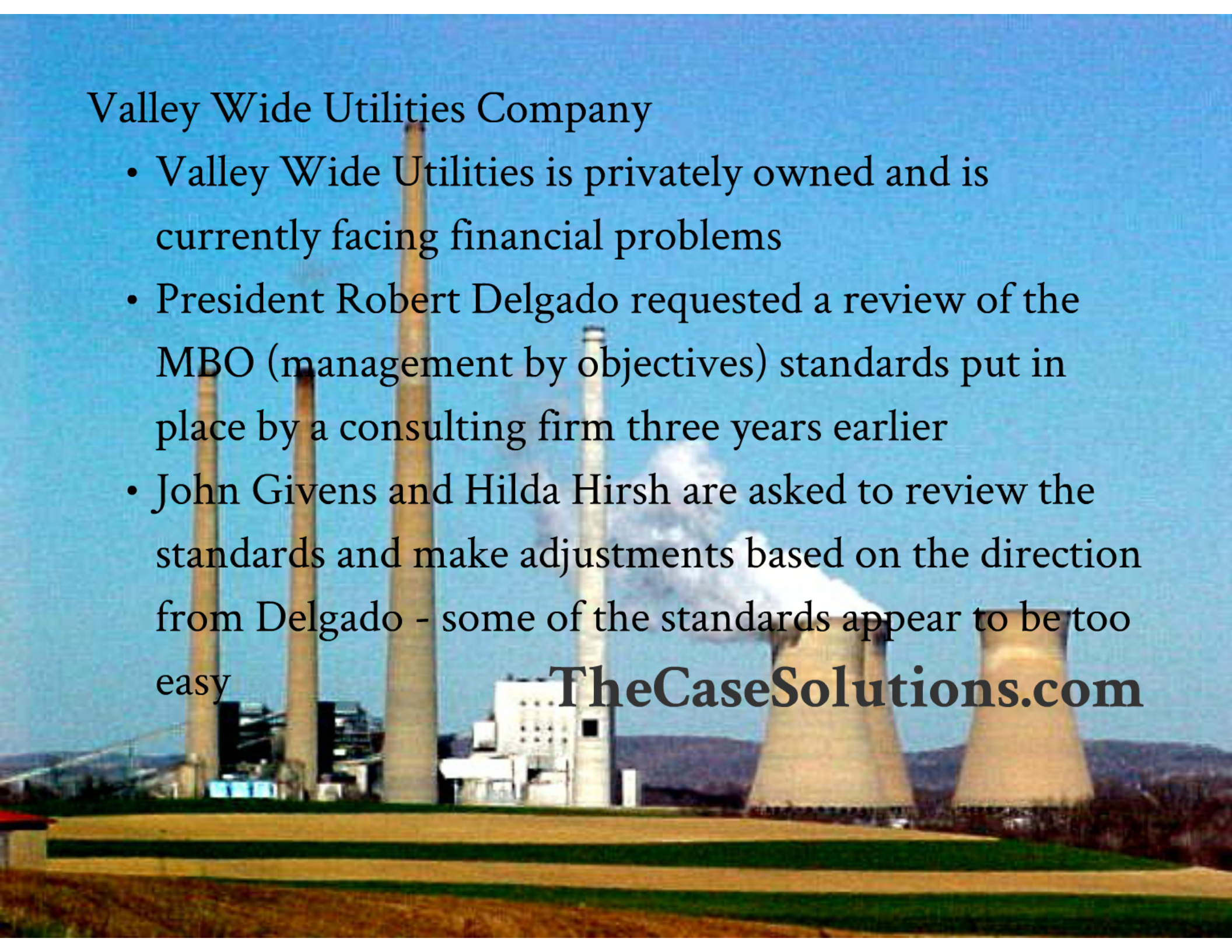
**Valley-Wide Health Systems,  
Inc.**


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## Valley Wide Utilities Company

- Valley Wide Utilities is privately owned and is currently facing financial problems
- President Robert Delgado requested a review of the MBO (management by objectives) standards put in place by a consulting firm three years earlier
- John Givens and Hilda Hirsh are asked to review the standards and make adjustments based on the direction from Delgado - some of the standards appear to be too easy

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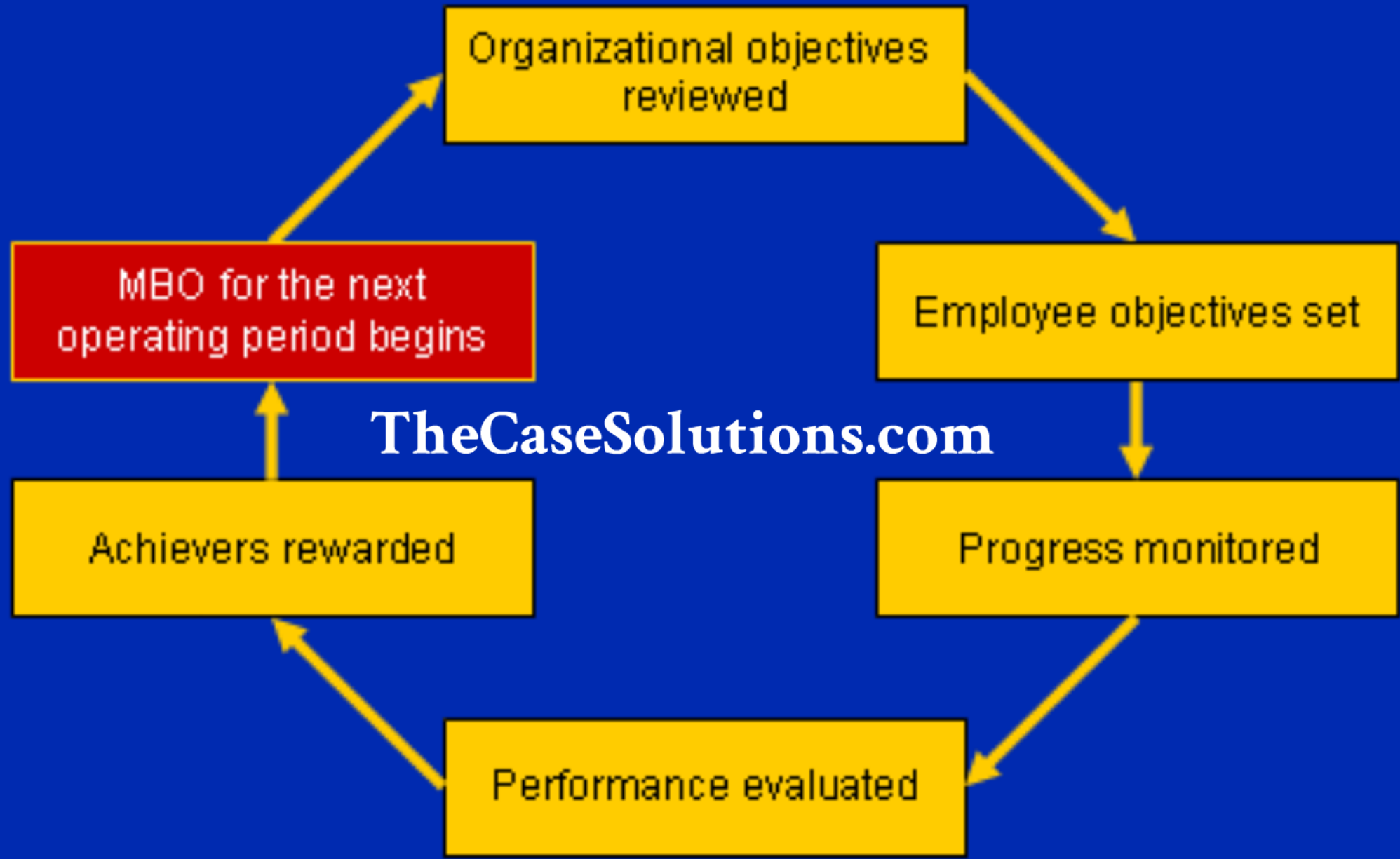
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- Initially participation was encouraged and productivity increased
  - Over the last year dissatisfaction has been rising primarily due to management's belief that the standards put in place by Givens and Hirsh were either too tight or unfair
  - Delgado initially pushes back and states all is fine - after some engineers begin to threaten quitting the company he reconsiders
  - Agrees to look into MBO to see if it is the right fit for the company

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# Management by Objectives (MBO)

## The Five-Step MBO Process



Management by objectives (MBO) is a technique used by organizations to set goals. An MBO is “ a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual’s major areas of responsibility in terms of results expected, and use these measures as guides for operating the unit and assessing the contribution of each of its members” (Brown, 2011, pg. 324).

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- *Delgado wanted to set goals that would be difficult to attain*
  - *Givens and Hirsh created a problem with the MBO when they made the decision to raise the performance level on several items.*
  - *They should have consulted with their subordinates*
  - *The system now seemed punitive, it was used as a tool to single out individuals regardless of their overall performance.*
  - *To attain goals, those expected to meet the performance standard must be included in attaining the goals*
  - *Does it make more sense to modify the MBO if possible to look at the overall performance of the organization rather than focusing on line items?*

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Alternatives

- Set goals with the staff

Change what is not working

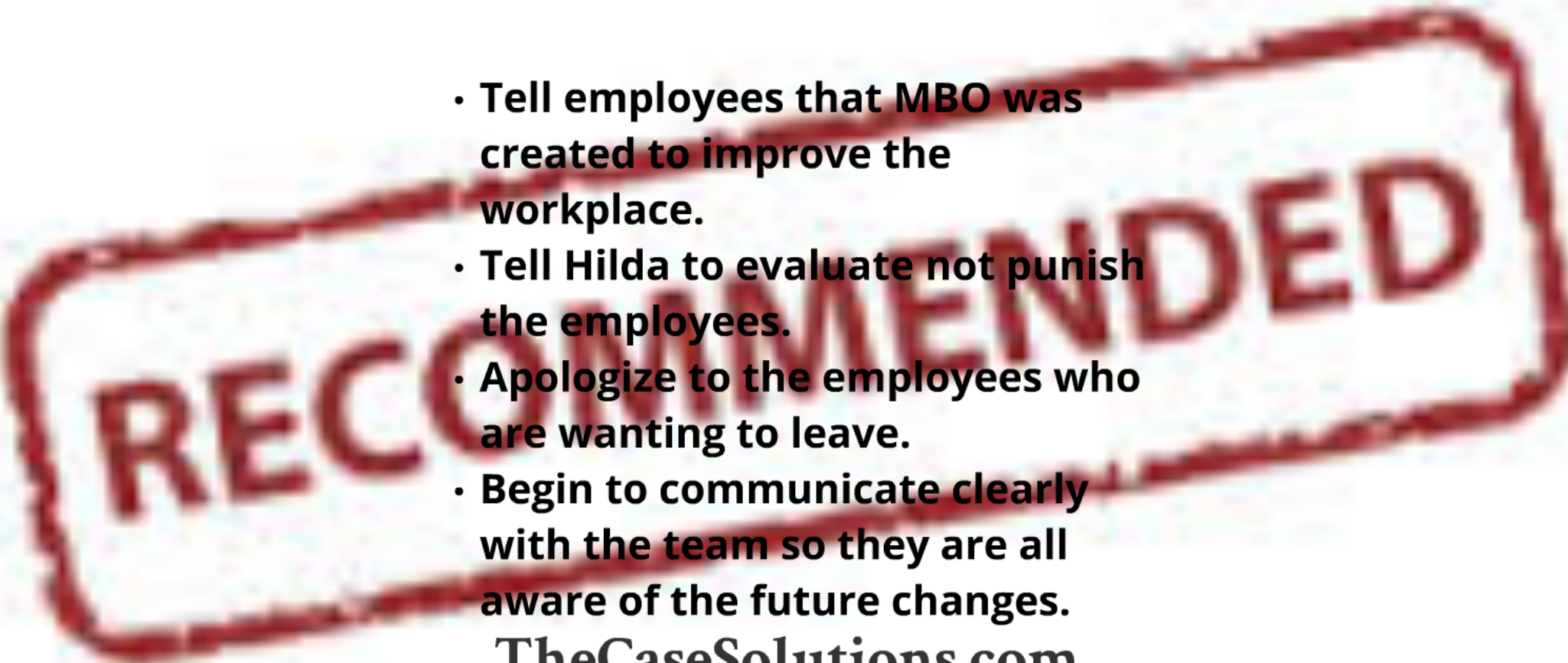
- Give employees an outline of performance review

Improving points

- Before giving “red line” find out why?

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- **Tell employees that MBO was created to improve the workplace.**
  - **Tell Hilda to evaluate not punish the employees.**
  - **Apologize to the employees who are wanting to leave.**
  - **Begin to communicate clearly with the team so they are all aware of the future changes.**

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