

Ignacio Valente (A)

José Luis Ruizalba
M^ª Nuria Chinchilla
Mireia Las Heras

“I have to tell you, Ignacio, I’m very angry!” It was 9:30 a.m. on Thursday, March 26, 2009. The daily sales meeting had just ended and Antonio, the sales manager of a group dealership, was talking to one of the executive partners.

“What’s the matter, Antonio?” Ignacio inquired.

A few weeks ago Jerónimo, my dealership’s spare parts manager, told me he wanted to change his car because he was having problems with it. He asked me to give him a price for a particular model, the Skoda Octavia Scout, and a trade-in price for his old car. Our policy is to offer our employees the cost price, with no other charges. We also try to find the best deal for them. In this case, as it was a Skoda, he would get a discount as an employee.

That afternoon I worked it all out, and got his vehicle valued by our appraisers. I called Jerónimo in and gave him the offer. He didn’t look pleased when I told him the trade-in value of his vehicle and made some insulting remarks about the colleagues who had done the appraisal. To be honest, I didn’t want to start down that road, out of respect for the appraisers, and he didn’t insist on it. So I suggested, as I often do, that if he wasn’t happy with the price for his vehicle, he should sell it privately. As a private seller he wouldn’t have to offer any guarantee on his vehicle¹, so he might be able to get a slightly better price.

¹ By law, dealers must guarantee all used vehicles they sell for at least one year.

This case was prepared by José Luis Ruizalba, PDG 2005, under the supervision of Professors M^ª Nuria Chinchilla and Mireia Las Heras. July 2009.

IESE cases are designed to promote class discussion rather than to illustrate effective or ineffective management of a given situation.

Copyright © 2009 IESE. This translation copyright © 2009 IESE. To order copies contact IESE Publishing via www.iesepublishing.com. Alternatively, write to publishing@iese.edu or call +34 932 536 558.

No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means - electronic, mechanical, photocopying, recording, or otherwise - without the permission of IESE.

Last edited: 7/12/21



Given the current situation, I said, we had to be very careful and restrictive in our vehicle buybacks. But having eight brands in the Group, with so many bargains and such a variety of models, if he was patient, I said, we were bound to find something to suit his requirements. He left looking not too pleased, but he didn't say any thing else.

To tell the truth, I forgot all about it over the next few days and he didn't mention it to me again.

So I was surprised to see him turn up to work this morning in a brand new Ford Focus, which he promptly started to show off to his buddies. When I saw them all crowded round his car, slapping him on the back and joking with one another, it turned my stomach.

Imagine! The spare parts manager of our Skoda dealership, with a car he's just bought from the competition, and boasting about it in front of everybody!

You know better than anyone how badly our sales are going, Ignacio. We're in trouble and have to fight for every unit we sell. And now this! It's a tough blow for me personally as sales manager of our dealership, and for the whole Valente Group. I think that as a company we should do something about it and quickly.

Do Not Copy or Post



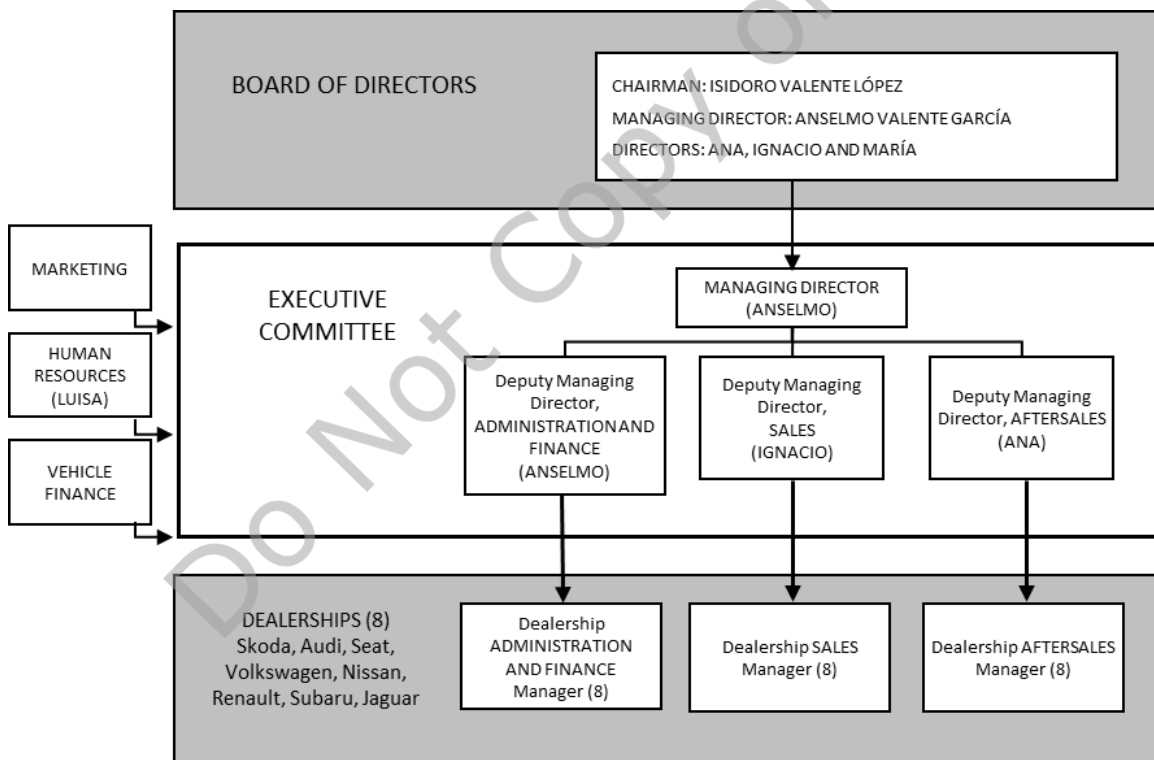
Exhibit 1

Valente Group Organization Chart²

The Organization Chart

The Valente Group was 100% owned by one family, now in its second generation. The Group chairman Isidoro and his four children – Anselmo, Ignacio, Ana and María – made up the board of directors. María was the only director who was not a member of the executive committee. Having trained as a chemist, she lived and worked in a different city and was not involved in company management.

Marketing, human resources and vehicle finance were staff departments, serving the whole Group. The deputy managing directors had no hierarchical relationship with these departments, although they dealt with them on a daily basis. For any important decision that required coordination, the staff departments reported directly to the managing director.



² The marketing, human resources and vehicle finance departments serve the executive committee and the rest of the Group, and are coordinated by the managing director. The general manager of each dealership has no executive functions and represents the dealership to the manufacturer only for legal purposes. The general manager positions in the Group's various dealerships are held by the three deputy managing directors.