



## **Confidential Memo**

TO: Roberto Berardi  
FROM: Tricia Cervenak  
SUBJECT: Advice and Counsel on EU Design  
DATE: December 13, 2021

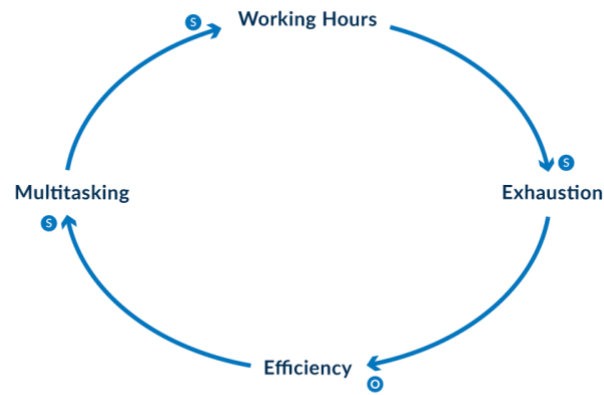
### **Introduction**

This memo will discuss EU Design's current state. It will do that by using causal loop diagrams and discussing the variables within each diagram. There is an analysis of your organization, your suppliers, your employees, and your customers. By analyzing these parts, it paves the way to discuss EU Design as a whole and how these groups influence each other. This memo will conclude with a recommendation as to next steps to exit out of the current first growth crisis.

## Analysis

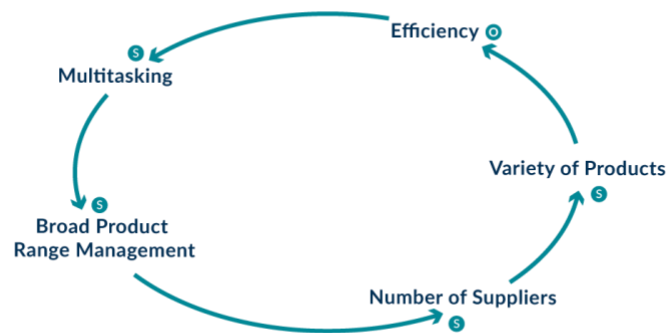
### Blue Loop

This balancing loop shows that as your organization increases its expectation in working hours, your employees have become increasingly more exhausted. Unfortunately, being tired and burnt out has reduced the ability of your organization to be efficient. This has created a need for more multitasking and an increase in hours worked.



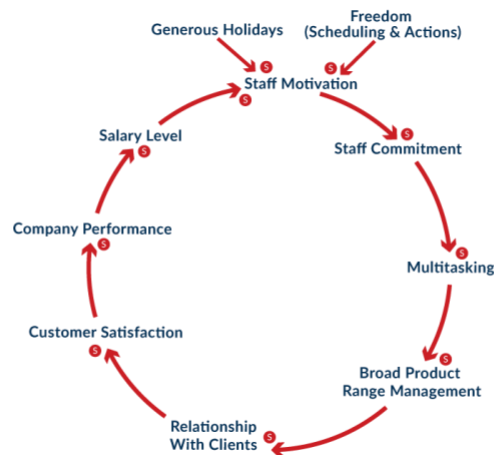
## Green Loop

By increasing the number of suppliers, it has enabled you to increase the variety of your products. Overall, this increase in product variety has led to a decrease in efficiency as to how you handle those products. Your team is then doing more multitasking in an attempt to increase the range of products they are able to manage. This balancing loop makes its full turn by then adding more suppliers to support the product range.



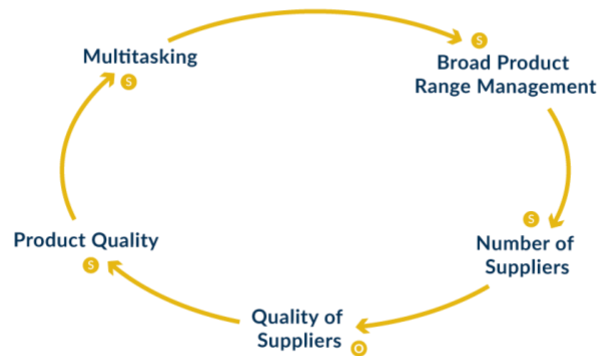
## Red Loop

You've been able to increase your staff's motivation by providing them with more freedom and autonomy, as well as generous holidays. Because your team is motivated, their commitment to the organization has risen as well. This is evidenced by the increase in their abilities to multitask and range of products they are able to manage. As we go around this reinforcing loop, what we also see is that your employees are improving their relationship with clients and increasing customer satisfaction. That shows up as an increase in customer performance. You have used that to pay your employees more and they in turn have continued to become more motivated.



## Yellow Loop

As your customers have sought to increase the range of products they offer, EU Design has increased the number of suppliers to help manage the production of trims. That has allowed you to bring on some suppliers of lower quality. However, in this balancing loop, this range of supplies has led to an increase in the levels of product quality offered. EU design has been handling that via multitasking so that it can support the broad range of products.



## EU Design Systems Model

This model illustrates how your organization is behaving given the change in variables. Your employees are influenced by the needs of your customers. These needs change how your employees work with your suppliers. As an organization, your collective exhaustion is becoming apparent as you try to bring back your efficiencies.



## **Recommendation**

There are a few factors that show up across loops that if modified, will change how your organization proceeds. The first is the range of products offered. I would recommend that you first stop expanding your product range, and then potentially decrease the amount of products offered. That may cause you to cut suppliers and variety of products, but it will increase efficiencies. This leads to the second factor you should work to influence is multitasking. Because it so heavily influences the other factors, it's a major factor in EU Design's current state. There is an opportunity to reduce the task switching necessary by EU Design employees by changing the organizational structure. EU Design can allow managers to focus on leading their teams, teams focus on the skills they are meant to harness, and the different offices to focus on what they do best. Without having to constantly move between the different communication tasks, production tasks, and sales tasks, there will be opportunity for employees other than the CEO to focus on selling. While that doesn't change the type of loop that the green loop is, it does help to change the nature of the negative blue loop.

Furthermore, EU Design can continue to influence employee motivation by inserting factors into the red loop that allow employees to feel appreciated and autonomous. Ensuring that changes made, including those that are about manage style and organizational structure, are ones meant to increase employee motivation can help to continue to reinforce that employees both love EU Design and the vision it has.

## **Conclusion**

EU Design is going through a first growth crisis. It is looking for ways to increase efficiency and maintain employee involvement. Changing the organizational structure in a way that allows for employees to no longer multitask will have a significant impact on employee engagement and behavior. By allowing employees to focus on what they are good at, EU Design can maximize it's effectiveness. This in turn will help them to continue to be motivated by EU Design's mission.