

Ponsonby Pies

by

Linda Twiname

University of Waikato, New Zealand

This case may be used by current adopters of:

S. L. McShane *Canadian Organizational Behaviour*, 5th ed. (Toronto: McGraw-Hill Ryerson, 2004); S. L. McShane & M. A. von Glinow, *Organizational Behavior*, 3rd ed. (Boston: McGraw-Hill, 2005); S. L. McShane & T. Travaglione, *Organisational Behaviour on the Pacific Rim*, 1st ed. (Sydney: McGraw-Hill Australia, 2003)

Copyright © 2004 McGraw-Hill Australia Pty Limited

Ponsonby Pies*

By Linda Twiname, The University of Waikato, New Zealand

Background information

Ponsonby Pies is a small private New Zealand company, which was established in 1989 in Ponsonby Road as a family retail business managed by Anthony and Katrina Cole its directors. The shareholders could see that quality of product was important and wanted to do something special so they developed their gourmet pie company. Initially they sold 200 pies a day, but the business has grown very quickly from there. In 1994 the wholesale division was established in Mt Roskill producing 8000 pies per week from fifteen hundred square feet of factory space. Ponsonby Pies was established just after the stock market crash, people stopped having their hour or two lunches; it was back to work, back to reality. It was no longer the one hundred dollar lunches; it was a possible five dollars. Ponsonby pies were two dollars fifty each; their customers were well dressed corporate people, getting something on the run.

The two directors have different expertise. Katrina is the academic, she has been able to formalize a lot of areas and Anthony has been able to implement them on the factory floor. Anthony is motivated, loves to learn new things, and is confident. He has specialized in the food safety program and first aid areas. 'What you see is what you get, we strongly believes that actions speak louder than words in this company. If somebody goes and does a thing instead of just talking about it, we have great respect for them. We are looking to keep quality up, as we are looking to the long term'. Ponsonby Pies is a part of the New Zealand Businesses for Social Responsibility, Anthony and Katrina are seeking to embrace a philosophy of socially responsibility.

Anthony and Katrina report that competing pie manufacturing companies said they would never get three dollars retail for their pies. They predicted that Ponsonby Pies would be out of business and now they are copying. Competitors have tried to copy in a variety of ways. Some have tried to copy on a weight-to-weight ratio by putting in more pastry and less meat. Others have gone for an air pie, with a gap between the meat and the pastry. Ponsonby Pies considers all competition as good for their continual improvement.

Anthony and Katrina have been proactive in the area of low fat, high health pies. For example, their vegetarian pies have wholemeal pasty to increase fibre content and reduce fat. They have targeted a previously untested niche market with their gourmet pies.

* Note: This case is based upon material generated from an interview conducted by Linda Twiname with Katrina and Anthony Cole of Ponsonby Pies Ltd, 17 June 1999.

Ponsonby Pies has raised the profile of pies in New Zealand. Where pies were the last resort if you were hungry, they have now become a sought after item. People never used the words gourmet and pie in the same sentence; it never matched, now it does.

Ponsonby Pies is a relatively young company although it has gone through rapid growth. Its main market has been Auckland New Zealand; it is now ready to move into exporting to Sydney and Melbourne Australia. The families who own Ponsonby Pies are keen to put quality ingredients into their products and to conduct their business in accordance with their personal philosophies. They are also concerned that their business does not get “too big too fast” and out grow itself.

Organizational structure

Ponsonby Pies is a family firm of six shareholders, it is a private company with 30,000 paid up shares split between family members. Anthony’s father a retired accountant is the business mentor. Katrina’s father is good at raising the profile on issues. Ponsonby Pies is ready for the big step up. The directors, Anthony and Katrina, are hoping that their families mentoring support will continue as they move into a bigger factory, new retail stores and export.

At this time of major growth in the company changes are required to its structure in particular in terms of delegation of responsibility. The present management structure is flat and an open door policy applies. The owners tend to get confined to paper work and have put a lot of trust in their production manager, head of cooking, office staff and packing department.

The predominant management style in the company is hands on. The directors believe that doing the various tasks along side their staff has contributed to good working relationships. As Ponsonby Pies is presently a relatively small business the directors know their employees by first name (although this may change as the business expands into export). They have a middle management structure, but encourage staff on the floor to come and talk to the directors personally. Anthony and Katrina do not want to be aloof from their staff they feel ‘...at the end of the day we owe them a debt for working for us, because they put the product out there. There is pride down there, they like being the “number one” pie manufacturer in the country. They say that they work for Ponsonby Pies with pride; it is great self-building for them too. They take a pride in working for a company that is successful’.

As Ponsonby Pies is a family business there is no corporate ladder to climb, the directors own the business. The directors like their staff to report to them directly, they do not value systems which have the potential to create a ‘pecking order’. ‘We want people to feel a part of the company, but not to think they are more important than they really are, or better than someone else. We are all “team members” of Ponsonby Pies’.

Katrina and Anthony believe that the company has a life of its own now, separate from themselves. It is not simply making a pie any more, among other components it is also a food safety program. Throughout it all they want to keep that special quality which is

Ponsonby Pies. The trick is to come up with a system for Ponsonby Pies that does not undermine its image nor its philosophy of social responsibility.

Katrina and Anthony believe that they need to sit down with their production heads to sort out a system that works and is as simple as possible, KISS (keep it simple stupid). Without cutting corners.