

# Western Agencies Ltd.

by

Steven L. McShane  
University of Western Australia  
Perth, Australia

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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)

# Western Agencies Ltd.\*

**By Steven L. McShane, The University of Western Australia**

Western Agencies Ltd. is a manufacturers' agent representing Stanfields, McGregors, and several other men's fashion manufacturers in Western Canada and the Pacific Northwest of the United States. Jack Arthurs began his employment at Western as a warehouse worker in 1962. In 1965, he became a sales representative and was given responsibility for the company's business in the interior region of British Columbia. In 1973, he was transferred back to Vancouver and assigned several large accounts, including all Eaton's stores in the Lower Mainland.

Over the years, Arthurs bought shares in the company and, by 1979, held nearly one-third of the company's issued nonvoting shares. He also enjoyed a special status with the company founder and president, Mr. A. B. Jackson. Arthurs was generally considered Jackson's "number 1 man" and the president frequently sought Arthurs's ideas on various company policies and practices.

In 1980, the senior Mr. Jackson retired as president of Western Agencies and his son, C. D. Jackson, became president. C. D. Jackson was seven years younger than Arthurs and had begun his career in the warehouse under Arthurs's direct supervision. Arthurs had no illusions of becoming president of Western, saying that he had neither the education nor the skills for the job. However, he did expect to continue his special position as the top salesperson in the company, although this was not directly discussed with the new president.

Until 1987, Arthurs had an unblemished performance record as a sales representative. He had built up numerous accounts and was able to service these clients effectively. But Arthurs's performance began to change for the worse when Eaton's changed its buying procedures and hired a new buyer for Western Canada. Arthurs disliked Eaton's new procedures and openly complained to the retailer's new buyer and to her superiors. The Eaton's buyer resented Arthurs's behaviour and finally asked her boss to call Western Agencies to have Arthurs replaced. The Eaton's manager advised Jackson of the problem and suggested that another salesperson should be assigned to the Eaton's account. Jackson was aware of the conflict and had advised Arthurs a few months earlier that he should be more cooperative with the Eaton's buyer. Following the formal complaint, Jackson assigned another salesperson to Eaton's and gave Arthurs the Hudson Bay account in exchange. Jackson did not mention the formal complaint from Eaton's and, in fact,

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Arthurs believed that the account switch was due to an internal reorganization for the benefit of other salespeople employed at Western Agencies Ltd.

At about this time, several employees noticed that Arthurs was developing a negative attitude toward his clients and Jackson. He was increasingly irritable and rude to customers, and was making derogatory comments to Jackson. Arthurs even advised some of the younger employees that they should leave Western Agencies Ltd. and get into a sensible business. A phenomenon known as "pulling an Arthurs" became a topic of discussion around the office, whereby Arthurs would leave the office to go home in the midafternoon after announcing that he had had enough. Co-workers also noticed that Arthurs was becoming increasingly forgetful. He was often unable to remember stock numbers, colour codes, product lines, packaging modes, and other information essential for serving clients efficiently and completing orders accurately. These problems were subtle in 1987, but became quite pronounced and embarrassing over the next three years.

In May 1989, Arthurs and Jackson had a conflict relating to the purchase of a new company car. According to Jackson, Arthurs presented him with a quotation for a car which, in Jackson's view, included \$2,500 in unnecessary options. Jackson informed Arthurs of his concerns and instructed him to find a car worth \$13,000 instead of \$16,000. Jackson then left town on business and when he returned was distressed to find that Arthurs had made his proposed car purchase with almost all of the unnecessary options. Jackson issued the cheque to pay for the car, but also included a note to Arthurs saying that he had lost confidence in the sales representative. It was about this time that Jackson contemplated firing Arthurs, but decided instead to be a "nice guy" and overlook the matter.

At the end of 1989, Jackson decided to reassign the North Vancouver independent accounts from Arthurs to another Western Agencies salesperson because the existing accounts had shown minimal growth and no new accounts were being added. Arthurs acknowledged that he had no time to find new accounts, but he denied Jackson's allegation that he was inadequately servicing the existing retailers in that area. At least one retailer later stated that Arthurs serviced his account well. Moreover, the salesperson assigned this territory added only a couple new accounts over the next two years.

In early 1990, the vice-president of marketing for Fields Stores called Jackson to say that Arthurs was not providing satisfactory service and that action should be taken if Western wanted to keep the Fields account. Arthurs had handled the Fields account for four or five years and there had been no problems until a new Fields buyer arrived. The new buyer complained that Arthurs was not providing sufficient promotional advice and assistance. She also expected Arthurs to take inventory counts, a practice that Arthurs resented and did not feel was properly part of his job. This was not the only retailer who expected Arthurs to count inventory, but Arthurs let them as well as Jackson know that he was an account builder, not an inventory stock counter. Eventually, the Fields buyer did not want to deal with Arthurs at all. In March 1990, matters were brought to a head when the Fields buyer and Arthurs had a major disagreement and Arthurs was not allowed back

into any Fields stores. At this point, Jackson personally took over the Fields account and sales volume doubled within a few months.

A few months later, Western Agencies suffered several embarrassments over Arthurs's mishandling of the Work Wear World account. Arthurs had landed the Work Wear account a few years earlier when it was a small retailer with only two stores, but the company had subsequently grown into a regional chain of 10 stores. Problems began when Arthurs persuaded the Work Wear buyer to purchase a new line of stock by promising a manufacturer's allowance on an older line of goods. Arthurs had no authority to do this and, when the manufacturer refused to provide the allowance, Jackson had to personally explain that the allowance promise could not be honoured.

In late 1990, Arthurs mistakenly tripled a stock order for three of Work Wear's stores. This error was discovered when the second shipment arrived and Jackson instructed Arthurs to take immediate steps to cancel the third order. Arthurs failed to do so and Work Wear wound up with three times the inventory it had ordered. Work Wear's buyer subsequently gave Jackson the distinct impression that he should remove Arthurs from the account or risk losing Work Wear's business altogether.

For Jackson, Work Wear World's complaint was the last straw. In the spring of 1991, based on the series of incidents since 1987, Arthurs was dismissed from his job at Western Agencies Ltd.