

TERRA MINERALS LIMITED

Elizabeth M.A. Grasby revised this case (originally Mansfield Minerals Inc. written by Jeffrey Gandz) solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

Version: 2015-08-19

John Parson, president of Terra Minerals Limited (Terra), Ontario, put down his cell phone slowly. Talk about a kick to the stomach! He had just heard from an old friend from business school days, Dave Stack, who had called him with some disturbing information. Apparently, his recently appointed vice-president of Exploration, Steve Bartlett, had been fired by one of his previous employers for a serious drug-abuse problem about six years ago. Bartlett had made no mention of this event, nor had it been revealed in reference checks, and the termination was not evident on Bartlett's original application for employment with Terra.

STEVE BARTLETT

Age 35 and married with three children, Steve Bartlett had earned a degree in geophysics and had completed graduate work in geophysical engineering. Following graduate school, he had worked for three years with a major mining company but had left it to join Can-Ore Minerals (Can-Ore), a junior company involved in geophysical research. Bartlett had been highly valued and well paid by Can-Ore. When interviewed by the executives at Terra, he said he had been very satisfied with how he had been treated at Can-Ore.

After four years with Can-Ore, Bartlett had decided to pursue his long-time ambition to return to business school to complete his MBA. He had graduated in the top quartile of his MBA class and was on the dean's list¹ in both years of his program. While at the business school, Bartlett had come to the attention of one of the professors who also did some consulting work for Terra. Indeed, it was this professor who had suggested to Parson that Bartlett was "a young man whose career was well worth watching." Parson contacted Bartlett in the middle of his second year of the MBA program and suggested that they meet to discuss his career interests.

THE INTERVIEW AND JOB OFFER

Parson met with Bartlett and three other members of the Terra management team. They were all impressed. Bartlett's analytical skills were excellent. He was obviously competent and, while somewhat reserved and a little withdrawn, he had a pleasantly effective manner about him. Bartlett had explained his decision to

¹ This distinction was awarded to those students whose academic performance was in the top 10 per cent of the class.

leave the major mining company and join Can-Ore as a move from a bureaucratic to an entrepreneurial environment, one where he could make a great personal contribution and be rewarded accordingly. This explanation fit perfectly with what Parson and the other Terra executives were looking for in a company employee, and they thought that he would blend in well with the Terra operation. Parson offered Bartlett a position at Terra as manager of Exploration, subject to the usual medical examination and reference checks. The vice-president of Human Resources checked Bartlett's references from the business school and also checked with his previous employer, Can-Ore. The vice-president of Exploration at Can-Ore described Bartlett as a first-rate person, one they would like to have return as an employee to their firm.

BARTLETT AT TERRA

In his three years with Terra, Bartlett's performance had exceeded all of Parson's and other executives' expectations. He was an excellent manager: he had the intuitive judgement essential to the exploration business, had helped to build a good staff of young geologists and geophysicists, and had maintained excellent control of his operations. During these years, Bartlett had earned four consecutive highly satisfactory performance appraisals. When Tom Camp, the vice-president of Exploration at Terra for 15 years, decided to retire, there was no hesitation in promoting Bartlett to the position.

THE TELEPHONE CALL

It was the day after Bartlett's picture had appeared in the business press with the announcement of his appointment that Parson had received the call from his friend, Dave Stack. Stack was now the president of the mining company where Bartlett had started his career, and the company was also one of Terra's major clients. Parson recalled his conversation with Stack on the phone:

Stack: I didn't know that you had hired Steve Bartlett. He's really come up in the world since he used to work for me.

Parson: Well, you guys never could hold onto the good ones! Life is too boring for anyone with some "get up and go." You train them and we reward them!

(The well-intentioned ribbing went on for a few minutes before Stack got to the point.)

Look, John, this may come as a bit of a shock to you, but Bartlett didn't exactly "get up and go." We had to give him a push to help him on his way.

Parson: What do you mean? What for?

Stack: Well, we were concerned about a few things. His performance on the job wasn't bad; in fact, he was a good guy, technically. But he seemed to be tired a lot and, well, kind of moody and miserable. We did some checking around, asked a few people, you know the kind of thing. Several people told us that he was into drugs in a pretty serious way. I spoke with him about it — he was pretty evasive at first, but after a while, he didn't deny it. We let him go. He never pushed back on this decision. Perhaps we should have handled it differently and given him a leave of absence to attend a rehab program of some kind.

Parson: Why didn't this surface when Can-Ore hired him?

Stack: I'm not sure, John. I'm not even sure that Can-Ore checked out Bartlett with us. Sometimes these small companies are pretty sloppy about those kinds of things. After we fired him, I think Bartlett went to Europe for several months. Maybe he spun some kind of yarn to them about the gap in his résumé.

Parson: Well, I'm not sure whether I should thank you for this information or not. I don't know what I'm going to do about it. Do me a favour, keep this between us. I'd hate for rumours to start flying around.

NEXT STEPS

Parson was disturbed about the phone call for a number of reasons. The more he thought about Bartlett, the more he seemed to focus on Bartlett's lack of openness about himself with the executive team. Come to think of it, unlike the other executives and senior managers in the firm, Bartlett did not mix much socially. Further, Parson did not really know much about Bartlett and his family. Did he still have a problem? What would happen if Bartlett was confronted about this issue?

What bothered Parson the most was that Bartlett had hidden these facts from him. In fact, he had deceived Parson and Terra's other executives about his reasons for leaving the mining company and joining Can-Ore. But after all, Parson wondered, if he had been in Bartlett's shoes, would he have really done anything different? What chance would Bartlett have had of landing a job with Can-Ore or with Terra if he had come totally clean about his past? But how did this behaviour mesh with Terra's excellent corporate reputation for integrity? Should Terra employ a senior executive officer with this kind of past? Above all else, Parson wondered what he should do now.