Case Study #2
Mother’s Work, INC.

Women in the Work Force

Identifying the Business Problem

Frank Mullay, the company’s vice president of stores, ordered the termination of Cynthia Papageorge, a district manager, while she was on her maternity leave. Even though Mr. Mullay deemed Ms. Papageorge unfit for her job given her “state,” Ms. Papageorge’s boss, Jan Dowe, refused to fire Papageorge because such an action would be illegal. Six months after returning from maternity leave, Ms. Papageorge was released after requesting medical leave for a shoulder injury, which was unrelated to her pregnancy. Jan Dowe was also fired for inadequate job performance after taking maternity leave. On June 26, 2003, Ms. Papageorge filed a lawsuit against Mothers Work, Inc. for gender and pregnancy discrimination. Mothers Work, Inc. is now faced with responding to the lawsuit and protecting its reputation from negative publicity.

Forecasting the Most Desirable Outcome

The judge throws out the case with little or no media attention, and Mothers Work, Inc.’s existing businesses carry on with little impact. Since the case has already been featured in newspapers such as The Boston Globe, however, it is likely that Rebecca Matthias and her executive team will have to develop a strategic response highlighting the company’s open environment and sensitivity to the needs of working mothers in an attempt to bolster public perception of the maternity clothing company. The absence of Mothers Work’s name on its storefronts (the brands are presented in the case) and Rebecca Matthias’ strong reputation as a women’s advocate are assets to Mothers Work.

Critical Issues of the Case

1. Maintaining the company's reputation amongst employees and the public
2. Identifying stakeholders
3. Managing employee relations
4. Managing corporate communication
Stakeholder Perspectives Include:

Stockholders. Negative media attention could damage the reputation of Mothers Work, Inc., leading to poor stock performance. This decrease in price could have a negative impact on stockholders’ wealth. Note in Part B of the attached timeline that Mothers Work’s stock was downgraded by analysts from “outperform” status to “neutral” in November of 2003.

Employees. Female workers in particular might feel that they lack job security because they could be dismissed while on maternity leave. This can also deter potential female employees from wanting to work at Mothers Work, Inc.

Customers. A maternity retailer firing pregnant employees is not a practice that would be received well by the customers; especially since Mothers Work, Inc.’s clientele is pregnant women. Pregnant customers might not want to shop in a store owned by a company who discriminates against pregnant women.

Competition. While Mothers Work is recognized as the leading maternity clothing provider, other maternity clothing companies could benefit from a negative consumer reaction to Papageorge’s lawsuit. Mothers Work employees may consider leaving the company and obtain jobs with the competition. Competitors include: JC Penney, Kmart, Kohl’s, Target, Sears, Wal-Mart, Gap and Old Navy.

Business Partners. Mothers Work is a vertically integrated company, so suppliers (other than raw materials providers) are not key stakeholders in this case. The company does have several prospective business partners, particularly baby product manufacturers (cribs, bedding, etc.) who want to sell their products under the brand names included in the Mothers Work family. An adverse ruling and negative press could cause these partners to cancel their negotiations with Mothers Work. Meridian Venture Partners, the venture capital firm that financed Mothers Work’s growth and expansion, may also change its relationship with the maternity clothing company based on negative press.

Women’s Rights Activists. Feminist groups could generate a great deal of reputation damage to the company if they were to embrace this issue. One group, Feminists for Life, has already expressed their disapproval of Mothers Work’s practices. While small in number, these groups could become vocal and be detrimental to Mothers Work sales.

Rebecca Matthias’ Board Memberships. Rebecca Matthias sits on the board of Drexel University and The University of Pennsylvania’s Arts and Science school, as well as other institutions. Her reputation as a working mother’s advocate is well known and respected by many in the business world. Discrimination suits could cause disgrace to these boards and lead to Rebecca’s removal from them.

Possible Solutions to the Problem
1. Improve employee relations through discussions, meetings and evaluations.

2. Educate management and employees on the laws of employment and pregnancy rights.

3. Design programs to teach managers and management how to handle pregnancy-related issues.

4. Develop a program where employees can express concerns about executive members of the company.

5. Publicly defend Mothers Work, Inc.'s image through ads, appearances by Rebecca Matthias or Publicity Director, Mona Astra Liss.

**Explaining How to Communicate the Solution**

Since the lawsuit has yet to be tried, we cannot learn from what Matthias actually did to solve the problem. It appears that the best way to avoid further media scrutiny is to attempt to settle the case out of court (a method that has obviously failed to this point). The company immediately responded to the lawsuit with indignation and stood by its maternity policies. Mothers Work, Inc. should approach this lawsuit as a chance to solidify their company practices and look for improvements—not be defensive and piqued. It appears that with the Papageorge lawsuit, Mothers Work, Inc. can no longer ignore that fact that several other employees have sued the company for similar discrimination.

Pregnancy discrimination education should be included in employee training programs. Rebecca Matthias and Ms. Liss should consider highlighting new educational efforts on Ms. Liss’s television appearances or in one of her articles. Ms. Matthias is by far the most admired and visible leader of Mothers Work, Inc., so a statement in print and on television should be considered, especially since Matthias is admired for her support of women in business.

**Timeline of Events**

**Part A**

1982  
Rebecca Matthias founds Mothers Work, Inc.

1993  
Mothers Work, Inc. goes public.

1997  
Cynthia Papageorge is hired to oversee certain East coast stores.
Oct. 1999      Surprise visit from Frank Mullay.

April 2000     Cynthia Papageorge is fired.

June 2003      Papageorge files lawsuit for gender and pregnancy discrimination; CBS Early Show phone interview with Cynthia Papageorge.

Part B

Sept. 2003     U.S. Small Business Administration honors Matthias for her support of women in business.

Nov. 2003      Mothers Work, Inc. (MWRK) stock is downgraded from “Outperform” to “Neutral” by CSFB for lagging sales.

Nov. 2003      Mothers Work, Inc. files 8-K restatement to adjust pro forma earnings estimates.

Case Study #2 Discussion Questions
1. What facts in this case appear to be the most important to you?

2. Who are the key stakeholders in this case? How will a verdict for or against Papageorge affect the parties?

3. What actions (if any) should Mothers Work, Inc. take? What message should the company send to the public? Who is Mothers Work’s target audience?

4. What are the critical issues of this case? Which issues should Mothers Work confront first?

5. Since there is no Corporate Communications department, who should deliver Mothers Work’s message? What mediums should Mothers Work use to convey its position?

6. This lawsuit has not received much media attention. Why do you think this is the case?