

Productivity levels in the boom, shipping, and maintenance departments have remained constant. However, the packaging department has recorded decreasing productivity over the past couple of years, with the result that a large backlog of finished product is typically stockpiled outside the packaging building. The morning shift of the packaging department is unable to keep up with the combined production of the sawmill and planer departments, so the unpackaged output is left for the afternoon shift. Unfortunately, the afternoon shift packages even less product than the morning shift, so the backlog continues to build. The backlog adds to Conifer's inventory costs and increases the risk of damaged stock.

Conifer has added Saturday overtime shifts as well as extra hours before and after the regular shifts for the packaging department employees to process this backlog. Last month, the packaging department employed 10 percent of the workforce but accounted for 85 percent of the overtime. This is frustrating to Conifer's management, because time and motion studies recently confirmed that the packaging department is capable of processing all of the daily sawmill and planer production without overtime. With employees earning one and a half or two times their regular pay on overtime, Conifer's cost competitiveness suffers.

Employees and supervisors at Conifer are aware that people in the packaging department tend to extend lunch by 10 minutes and coffee breaks by 5 minutes. They also typically leave work a few minutes before the end of their shift. This abuse has worsened recently, particularly on the afternoon shift. Employees who are temporarily assigned to the packaging department also seem to participate in this time loss pattern after a few days. Although they are punctual and productive in other departments, these temporary employees soon adopt the packaging crew's informal schedule when assigned to that department.

Discussion Questions

1. What symptom(s) in this case suggest(s) that something has gone wrong?
2. What are the main causes of the symptom(s)?
3. What actions should executives take to correct the problem(s)?