

## **PRODUCTIVITY GAINS AT WHIRLPOOL**

1. What were the two key things that Whirlpool management did to achieve productivity gains?

The two key things that Whirlpool management did in order to achieve productivity gains are to motivate workers by means of gain sharing, that is a reward plan which increases the workers' pay for productivity increases, and by overhauling the company's manufacturing process, teaching its employees how to improve quality of a product.

2. Who has benefited from the productivity gains?

There actually has been a two-way benefit in this productivity gain – the workers, and the company. The workers benefited in this gain due to increase in their pay, that is over and above the regular pay they receive. The company benefited from the productivity gain in that it was able to save high cost of products, lower its level of inventory reducing the necessary carrying costs, and it had savings from its production.

3. How are productivity and quality related?

Due to tough competitions in the market in the recent years, companies are now forced at producing quality products without sacrificing much cost into its production. Thus, for them to be able to do this, management must see to it that workers are efficient and productive enough at producing their products without sacrificing their quality. Thus, productivity (addition of product value) and quality (enhancement of product value) should simultaneously exist in a company.

4. How can a company afford to pay its workers for productivity gains?

A company may pay off its workers for productivity gains by using its savings from costs related in the production of product, such as savings in cost of carrying inventory. Productivity allows a company to save from some costs because of the efficiency of converting inputs into outputs for the company.

### SHEENA

1. In what ways are Sheena's customers most likely to judge the quality of her lawn care services?

Sheena's customers may most likely judge the quality of her services based on the following: (1) the convenience of her services, (2) the consistency and accuracy of her lawn care services, (3) her speed in performing and delivering services, (4) her willingness to provide services and help in unusual situations and her ability to handle and deal with problems, (5) her courtesy towards the customers, (6) the quality and appearance of the facilities, personnel and communication equipments she uses in rendering services, and (7) the conformance of her services to the desired outputs of the customers.

2. Sheena is the operations manager of her business. Among her responsibilities are forecasting, inventory management, scheduling, quality assurance, and maintenance.

- a. What kinds of things would likely require forecasts?

In Sheena's business, the things that would most probably require forecasts are the future demands for her services, future relevant costs (with consideration to future inflation of prices), future sales level and sales amount, changes in income level of the clients, population shifts, change in political and legal conditions, and even the weather.

- b. What inventory items does Sheena probably have? Name one inventory decision she has to make periodically.

The inventory items that Sheena would probably have are lawn mowers, grass scissors/cutters, garden gloves, and fertilizers, to name a few. One inventory decision that she has to make regularly is on the point of re-ordering her stocks. She has to look into the amount of stocks she has and see whether there is already a need for her to purchase or order for fertilizers or not.

- c. What scheduling must she do? What things might occur to disrupt schedules and cause Sheena to reschedule?

She must create schedule for her lawn services to her customers, for the employees' workload, for inventory purchases, and for machine maintenance. She should also create her schedule with flexibility to avoid, or at least minimize, disruption and rescheduling. Some things that might occur include natural disasters, worker's sickness, and machine breakdown.

- d. How important is quality assurance to Sheena's business?

Sheena has no background in lawn mowing services. She started only because she has no work but grew to business because the quality of her services was found helpful to her neighbors. To insure this quality means business for Sheena because her customer will be satisfied and will seek for her services again. Quality assurance is also important to Sheena's business especially that she is planning to expand.

- e. What kinds of maintenance must be performed?

She has to make a technical repairs and maintenance for the mowers that she has for the business. Also, she has to maintain a good working relationship with her staffs and with her clients.

3. What are some of the trade-offs that Sheena probably considered relative to:

- a. Working for a company instead of for herself?

Should she have decided to work for a company instead of for herself, she could have had a regular and steady income. Also, she could have more time for herself. Also, she could have not been making decisions which are crucial for the others and for an organization.

- b. Expanding the business?

She could consider the additional cost of hiring additional staffs for the business, as well as additional purchases of inventoriable items for her business.

4. The town is considering an ordinance that would prohibit putting grass clippings at the curb for pickup because local landfills cannot handle the volume. What options might Sheena consider if the ordinance is passed? Name two advantages and two drawbacks of each option.

One option that Sheena might consider is to bring all the clippings and convert it to a compost and/or organic fertilizer. Advantages for this option would be that she can save on cost in buying artificial fertilizers. Another advantage is that once these have been converted into composts, she can charge additional cost from the client because of the uniqueness of the type of fertilizer she offers. However, if she has to bring the clippings home and convert them to fertilizers, there is no assurance that these can be really converted into effective ones. Also, given that she does not have the sufficient time to do other things, she might not be able to make the necessary conversions for these.