

## **Kitchens Plus Inc.<sup>1</sup>**

Kitchens Plus is a firm that builds customized kitchen cabinets for contractors and developers who install them in new houses and housing developments. A newly appointed Production Manager is required to supervise two groups of employees, Production and Design, who previously did not relate well to each other. The General Manager is concerned that the firm improve its performance in an environment that has become more competitive.

Until recently, the structure of Kitchens Plus was comprised of a General Manager and 23 employees, a Sales Manager with a team of 3 salespersons (compensated, for the most part, by sales commissions), a Design team with a Manager and three designers, and a Manufacturing Department with a Production Manager and ten fabricators. The remainder was office staff directly supervised by the General Manager.

All work projects began with the sales staff contacting developers and bidding on their requirements for kitchen cabinetry. The price for the bid would be worked out in a meeting among the Sales Manager, the Design Manager and the Production Manager. If the bid was successful, then it was up to the latter two departments to deliver the products on time and according to the design and the cost that was worked out. A frequent issue was changes (mostly minor) in specifications submitted by the customers (contractors) after the contract was signed. The customers expected that minor changes should not increase the price or the delivery time. However, these changes were often a source of internal conflict at Kitchens Plus as the Design and Production Departments would often try to insist on price revisions. The sales staff knew that a price revision could negatively affect the possibility of getting future work from the same contractor or developer and they would resist any increase. Often, the General Manager had to make the final decision when Sales could not agree with Design and Production.

Recently, imported products from China were proving to be very competitive and the firm had to cut prices and profit margins. In a cost-cutting measure, both the Design and Production Managers and one fabricator were let go. The new Production Manager now needs to supervise all twelve employees in the two departments. The previous production manager was a rigid authoritarian leader who supervised his subordinates closely, made all decisions, tolerated no deviation from his instructions, and seemed insensitive to subordinate problems. The previous design manager was also a senior designer and he treated the other three designers as peers. His social and sometimes laissez-faire style made him popular, but he was not effective in having the team complete designs on time. Production workers often had to work overtime and under pressure to make up for the time lost in the design phase. Quality control suffered, both due to the crisis atmosphere and to the resentment felt by the production workers against the overbearing leadership of their previous manager. The Sales Manager often had confrontations with both the previous Production Manager and the Design Manager over cost increases when promises to customers were not met or defects were noted in the finished cabinets. The new Manager of both Departments must help to improve relationships between them and also with the Sales Department, in order to benefit the overall performance of the firm.

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