

## 9.9: Managerial Decision Exercises

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1. Assume that you are the CEO of a major producer of potato chips. You have four plants and discover that one of the plants is more productive than the other three; specifically, the midnight to 8 a.m. shift is 22 percent more productive than every other shift. Since one of the things that makes chips more appealing to customers is freshness, increasing productivity and getting the product on the shelves is of enormous importance.

You decide to visit the plant based in San Antonio, Texas, and observe the 4 p.m. to midnight shift and then the midnight to 8 a.m. shift. During your visit, you are impressed with the effectiveness of the first shift and discuss the production process with the supervisor, which involves boiling the chips in hot oil, seasoning them in three varieties of salted seasoning, and having the chips go through a tube to fill the bags that are then placed in boxes for shipment to retailers. Everything seems to have been done efficiently, and you eagerly anticipate seeing what the midnight shift is doing to produce extraordinary results.

The new crew starts its shift by cleaning the production line and begins production. For the first hour, everything they do mirrors what the previous shift was doing. Then the shift supervisor calls out that it is time to clean the tubes, and for two minutes the team cleans the tubes that feed the bags with chips to remove the oil that has accumulated in the tubes. This process is repeated seven times throughout the night, with the final cleaning preparing the line for the morning shift. At the end of the night, the production report shows that this shift produced 23 percent more chips than the previous shifts. When you meet with the supervisor and workers, you ask them about their practice of cleaning the tubes. They report that they discovered that oil buildup in the tubes slowed the flow of chips, which caused everything before that step in the process to slow down. You thank them and consider what to do next. You obviously need to implement this practice across all shifts in the company and are considering how to roll this out. You also want to reward the shift supervisor, Manuel Santos, and the workers on the shift for their ingenuity. What are your next steps? Write the memo that you would send to all shift supervisors, or alternatively, write a memo to the general managers of the four plants to implement this. What are the benefits of each approach? Finally, decide on the rewards for Manuel Santos and the midnight shift workers, and write a letter that would be sent to them commending them. How might this incident be used to improve the performance of all work groups in the organization?

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