

Student Materials

COLUMBUS CUSTOM CARPENTRY CASE OVERVIEW

This case is presented as close as possible to the way you may encounter it in working life. Your role is that of a newly hired HR manager. You will learn about the company by reading the employee handbook, talking with various employees and reviewing the human resource information system (HRIS) database.

When you first join an organization, you will have an idea of what the organization is like, and there will be a few things of which you feel certain, but your list of unknowns will be much longer. Each interaction with employees provides more data, but you will find that not everyone agrees on the facts of a particular situation. Sometimes you may find that the people you are speaking with do not know the information you are asking about; at other times, they know a great deal about the issue but choose to manage the information they provide to you for their own benefit.

We will not intentionally mislead you in this case, but do not expect everything to fall neatly into place. Uncertainty, differences of opinion and competing priorities are the norm in the professional world.

In your role as the HR manager, you are expected to analyze the situation, identify the problems and develop workable solutions. For the purpose of this case, you are asked to provide a written and oral presentation to the company president (your professor). While there is no single best answer, you must identify the key issues so that the solutions you propose are appropriate to the situation.

Columbus Custom Carpentry is a small, successful company. Recently, though, labor costs per unit have risen faster than gross revenue per unit. The company president has also found that human resource issues are taking up more and more of his time and frequently result in production problems. Both overtime and late shipments are increasing. Until now, the president's administrative assistant has handled all HR-related administrative activities. You are the newly hired HR manager.

Subject matter knowledge you will apply in this case includes:

- Internal and external pay equity.
- Job grades and pay range/structure creation.
- Market pricing using salary data.
- Turnover.
- Job analysis and job description development.

Monday, 8:00 a.m.

Anthony Cooney, president/CEO

“Welcome to the Columbus Custom Carpentry family. We have a busy day laid out for you, so I won’t take up too much of your time. You will begin with Barbara Duff, my administrative assistant. She will take you through our employee orientation and get you set up for payroll and benefits. Next, Matt Lee from accounting will give you your computer password and explain our network and backup procedures. The rest of your day will be devoted to meetings with various employees so you can get to know everyone and learn more about our company.

“We had talked during your interview about the employee issues we are having, and I hope your outside perspective will help us get a better understanding of what the underlying problems really are. I would like to meet again on Friday, and you can give me a preliminary idea of what you see as the primary issues. After that, we’ll give you a couple more weeks to develop an action plan to deal with these problems. That may seem like a very fast schedule, but I want you to jump on this before your time gets filled up with other activities. I recently read about the concept of a ‘honeymoon’ during an HR manager’s first 100 days. The article indicated that during this period, you are able to accomplish things that will become impossible later. I want—we need—to make the most of this opportunity.”

Monday, 8:15 a.m.

Barbara Duff, president’s administrative assistant

“I have been doing the employment tasks and record keeping. I’m sure you will find everything in order. I’ll take you through the regular orientation and benefits enrollment process. I’m glad you are here, because I have been asking Mr. Cooney for help for quite a long time; all this HR stuff keeps me from getting my real job done. We will get started by completing the I-9 form.”

A couple of videos and reams of benefit forms later, she gives you the employee handbook and returns to her desk.

Monday, 10:00 a.m.

Matt Lee, accounting database administrator

Matt meets you at your office to go over the company network and show you how to access the HRIS database. At this company, the HRIS is an Excel file maintained by the president’s administrative assistant. Your e-mail inbox has already been created and contains 87 messages. As he is leaving, Matt says, “I’ve been doing the payroll because we didn’t have an HR department. Now that you are here, we should talk about transitioning that function over to you.”

Monday, 10:30 a.m.

Mike Cooney, chief financial officer (CFO)

“We operate in a narrow niche market. We have to maintain a price advantage over the true custom manufacturers, or our customers will have no reason not to take advantage of the wider choices and individualized solutions. This means

that efficiency of operations is our primary competitive advantage. If we lose that operating cost advantage, our business plan collapses like a house of cards.

“We cannot produce at the incredibly low-cost level maintained by the mass market manufacturers. We would not get costs that low even if we mimicked their limited product lines and quality levels. We compete with them by creating styles and options that they don’t offer. Finding the balance between production costs and proliferation of models is a continuing struggle.

“We need to cut out the current levels of overtime to maintain our cost structure. It is not clear why we need this overtime. Our labor hours per unit made have stopped going down and are even up somewhat. Adding overtime to that increases our labor cost per hour as well. Turnover has been useful in the past, allowing us to replace higher-paid workers with more lower-paid new hires, but the pattern seems to be changing, and now it is our new hires who are leaving. The warehouse manager wants to increase wages in his area, but that raises our costs per labor hour without explaining how it will help us get our total costs down.”

Monday, 11:30 a.m. (lunch meeting)

Derwin Boyer, manufacturing manager

“A variety of people issues are hindering our productivity. We have bottlenecks in the warehouse areas. These bottlenecks spill into our manufacturing area because we have to pull people off assembly work to get their own raw materials or to move finished product out of the production area. This also means that we are doing with more expensive manufacturing labor what should be done with less expensive warehouse labor. To operate at our needed levels of efficiency, employees need to be doing the jobs they are trained for. Driving around on a forklift just to find materials or to find a place to put finished units is not efficient.

“We operate under the concept of mass customization. Using modular parts, we can produce designs with features that appear to the end user as custom work but have the manufacturing advantages of mass production.

“The assembly jigs we have developed are the heart of our system. You can think of them as big clamps. They hold the material in just the right arrangement. If the assembler puts in the wrong part, the jig will not close, preventing the assembler from wasting materials. Once the materials are in place, the jig closes and a single lever pull will drill any needed holes in the right place, in the right size and to the proper depth. It is fast, mistake-free and simple for the operator. Much of our assembly is gluing. Here is where the big clamp analogy is the closest. Once the jig is locked with just a couple of levers, proper clamping pressure is applied at exactly the right places. Assemblers no longer spend time placing individual clamps. Once closed, the jigs are tilted upright and rolled on their own rollers to a drying area. If they are to get painted, the paint hanger goes on before the jig is released and no one even has to touch the door unit until it is crated. Zero damage and zero waste in this part of the process.”

Monday, 1:30 p.m.

John Brown, manufacturing supervisor

“It is hard to keep the guys working efficiently. We are always running out of raw materials, or the finished product builds up and I have to pull guys off the production floor to deal with it. The warehouse manager doesn’t do his job, but if I have my guys take loads over, he complains that they did not get stacked right and that the damage is our fault.”

Monday, 2:00 p.m.

Cary Dobbins, warehouse manager

“We are treated like stepchildren; the manufacturing department pays more and has the best equipment. If I do get a good employee, this person transfers to manufacturing at the first opportunity. I tried blocking a transfer once, but the employee got mad and quit. If we get behind, manufacturing just drops product anywhere, and when it gets damaged, they blame it on us. They think anybody can do our job, but they can’t seem to put a blue crate into a blue bin without hitting something.

“I waste time interviewing and training when I should be working on the crating jig project that is supposed to reduce our damage ratio and make packing easier. My best guys can pack better than the jig right now, but I have to train new people all the time, and some just don’t seem to get it. Crating may not be rocket science, but putting nails in crooked damages the doors. Miss a corner—and the whole thing will fall apart the first time we try to move it. People get the idea that because it is manual labor rather than an automated machine, it is simpler. The opposite is closer to the truth. My forklift drivers don’t want to do crating because it has so much bending over and lifting that it is much harder physically than their regular work. The crating jig should make it possible for less-skilled people to do the crating job. This will eventually allow us to save money both on labor costs and the cost of replacing damaged goods.”

Monday, 3:00 p.m.

Brandon Swift, marketing manager

“It is critical that we are seen by our customers as top quality because we charge more than the prices they see at the big-box stores. Damaged goods and shipping problems reflect poorly on our product, even if it is good quality. How many end users can truly judge the quality of our product? Not many; it’s all perception.

“We work directly with the homeowners in the design process, but the builders are the ones who refer the homeowners, do the sizing, place the orders and install the product. They are the ones who take the heat for shipping delays or damage. When they need service, parts or replacements, they want them now, not tomorrow or the day after. Time is money to contractors. We have to win on design but deliver at a price that makes our products a better value.”

Monday, 3:45 p.m.

Stephen Moore, crater (new hire)

“I took this job to get off of second shift, but I am hoping to transfer to the manufacturing group as soon as I can. My friend who works over there told me about this place, but they make you start in the warehouse and work your way up. What I don’t get is why the crating job pays less than the forklift job; running the forklift is easier work. Besides, working on the crating jig is really like working in the manufacturing side, where they use similar jigs to make the doors. The manufacturing techs get paid a lot more than craters. It sure is nice being home with my family in the evening, but if I don’t get that transfer and the raise that goes with it, I will have to get a second job to make ends meet.”

Monday, 4:00 p.m.

Nathan Smith, production technician (manufacturing assembly)

“When I first got here, we made the doors from scratch. You could take pride in a door you made yourself. Now we just throw parts into a jig and stick them together. It allows new people to make a quality door with little training, but it is kind of sad for those of us who consider ourselves craftsmen. Most of my old co-workers have moved into the housing industry as finish carpenters. I came from there originally, and I’m afraid of going back just in time to lose my job due to a downturn in the housing market.”

Monday 4:15 p.m.

Jeffery Green, raw materials warehouse

“I like running the forklift in raw materials. I know I could make a little more in production, but I think it would be boring doing the same thing all day. We have a good team in my area; most of us have been here awhile and know our jobs. The supervisor spends most of his time working on orders and inventory issues rather than standing over us. I like that. It’s not the same in production. The supervisors are always on their tails, and if anything goes wrong, there is lots of yelling. They are always trying to blame other departments because they are under so much pressure to produce. They’ll switch models on the fly, then complain that we don’t have the parts bin correctly stocked. The worst is when they try to help. Talk about screwing things up in a hurry! We should take away all of their forklift licenses.”

ADDITIONAL RESOURCES

Internet Resources

Internet Based Benefit and Compensation Administration | ERI Distance Learning Center | www.eridlc.com/index.cfm?FuseAction=textbook.main (free Internet-based text)

DLC Business Glossary | ERI Distance Learning Center | <http://eridlc.com/index.cfm?FuseAction=resource.glossary&trkid=292-49> (free Internet-based dictionary of compensation terms)

Occupational Wages and Employment | Occupational Employment Statistics (OES) Program | www.lmi.state.oh.us/OES/oes.htm (from the Ohio government wage site)

Job Openings and Labor Turnover Survey (JOLTS) | U.S. Department of Labor | Bureau of Labor Statistics | www.bls.gov/jlt/home.htm

National Compensation Survey | U.S. Department of Labor | Bureau of Labor Statistics | <http://data.bls.gov/PDQ/outside.jsp?survey=nc>

National Compensation Survey: Guide for Evaluating Your Firm's Jobs and Pay | U.S. Department of Labor | Bureau of Labor Statistics | www.bls.gov/ncs/ocs/sp/ncbr0004.pdf

National Compensation Survey: Compensation Cost Trends | U.S. Department of Labor | Bureau of Labor Statistics | www.bls.gov/ncs/ect/home.htm

Salary.com | www.salary.com (free online salary information for the private sector)

PayScale.com | www.payscale.com (free real-time salary reports)

Salary Search | <http://salarysearch.blr.com> (free salary data)

BLS Occupational Handbook | U.S. Department of Labor | Bureau of Labor Statistics | www.bls.gov/oco/home.htm

Hewitt Total Compensation Center | www.totalcompensationcenter.com/TCC/home/select_site.jsp (model of a salary structure)

ERI Distance Learning Center | www.eridlc.com (various compensation educational resources)

Salary.com | www.salary.com/advice/layouthtmls/advl_display_Cat14_Ser65_Par142.html (advice on salary structures)

Towers Watson Data Services | www.wwds.com/Tools/AgeData.asp (calculator for age data)

Towers Watson Data Services | www.wwds.com/Tools/SalaryRanges.asp (calculator for a salary range)

WorldatWork | www.worldatwork.org

Society for Human Resource Management | www.shrm.org

IFEBP | www.ifebp.org

Compensation consulting companies; general research, no free surveys are available through these sources:

www.hewittassociates.com/Intl/NA/en-US/Default.aspx

www.wwds.com

www.imercer.com/default.aspx?page=home&tab=1&newRegionId=100

Other Resources

Purushotham, D.P., & Wilson, S. (2004). *Building pay structures*. Scottsdale, AZ: WorldatWork. Available as a download/e-book.

Stoskopf, G. (2002, 4th Quarter). Choosing the best salary structure for your organization. *World at Work Journal*, 11, 4.