

THE PAPYRUS CASE

A few months ago, you were hired to be quality manager of Papyrus, Inc., a company making paper board and converting most of this board into a variety of products. While you have had prior experience in the chemical process industry and in quality, this is your first job in the paper industry.

With the help of the company controller, you have analyzed the various costs of quality, which run as follows:

	<u>Annual Loss \$000</u>
Dimensional rejections, product line A	\$ 816
Beater room defects	480
Lack of adhesion, final products	354
Paper mill winding defects	282
Dimensional rejections, product line B	<u>204</u>
Subtotal for first five categories of loss	2,136
Loss for remaining 192 kinds of defects	<u>4,224</u>
Total:	\$6,360

This total does not include field returns. Annual sales are about \$90 million. While "responsibility for quality" is up to the various production superintendents, no one is actively studying, in depth, the causes of the major quality losses.

You have talked to each one of the eight production superintendents and the manufacturing manager. Most of them have given you a reaction as follows: "The present ratio of rejects to production is the result of years of experience in this business. Our management has recognized this by putting this level into the cost standards. We are meeting our standards which is what we are here for. We are always looking for improvement, but our present level is probably as good as we can do with the present machinery and the attitudes of the labor unions. You are new to this business which is different and complicated. After you have enough experience, you will understand."

Two of the superintendents had a somewhat different concept: "We could probably improve and cut that loss. However, we are so busy with meeting the schedules, keeping up with customers, handling grievances, maintaining machinery and the like, that we have no time to do creative work."

To take the initiative to reduce these losses, you must enlist the cooperation of the manufacturing manager. Your own department consists solely of the test laboratory, the floor inspectors, and the final inspectors. You have no quality engineers nor any budget for hiring any.

Problem: What do you propose to do?