

## CUSTOMER PROFITABILITY CASE STUDY

ABC Plastics is a fast growing plastics manufacturing firm in Indiana. They have just secured a new client, Big Jim's Plumbing Supplies, the largest retail supplier of pipes in the entire United States. Big Jim's Plumbing Supplies decided to do business with ABC Plastics after a number of bad experiences with their old supplier, Piper's Pipes. They often found that products shipped by Piper's Pipes were incorrectly labeled, that pipe was often not cut correctly, that some product was of poor quality and that orders received did not match orders requested.

Since Big Jim's Plumbing Supplies was such a large new client, ABC Plastics hired new staff across a wide range of job functions and put each employee through an extensive two-week training program.

Today is the first day for four of these new employees. As luck would have it, ABC Plastics just received their first big rush order from Big Jim's Plumbing Supplies and the new employees will play an important role in the manufacturing and packaging of the order that will be shipped to Big Jim's.

Since this is day one, before the employees are allowed on site they are inspected by Mr. Composite, ABC Plastics' Safety Compliance Officer. If the employees are not properly equipped from a safety perspective it won't matter how well they perform their job functions, and the plant risks serious consequences that could lead to major delays in filling all customers' orders. Mr. Composite makes note that all the new employees are safely equipped with applicable gloves, masks, goggles, steel-toe shoes, hearing protection, etc.

The specific order from Big Jim's was for 75 different pipe products in sizes and materials that could be quite similar in nature (i.e. slight differences in the size of the pipe). The products needed to be very precise to satisfy Big Jim's customers.

The four new employees are:

Ms. Fiberglass, whose job is the packaging of PVC pipe.

Mr. Sand, whose job is to inspect the pipe for quality and to ensure proper labeling of product.

Ms. Ceramic, whose job is to make the proper machine adjustments as different pipes are being made.

Mr. Lead, whose job it is to move the pipe to its proper holding bin for packaging.

Without informing the new employees, management at ABC Plumbing decides to do two dry runs to ensure that the new staff is up to their new tasks.