



The Teapottery International

1. TEAPOTTERY INTERNATIONAL has been a leading producer of superior quality, hand made teapots for nearly two centuries. The company used to be a family business and the owner was the general manager. It has recently been bought by a city-based holding company. The holding company wanted to invest in this industry. Unfortunately, that was just before a slump in the country's manufacturing industry and they made a loss. In the six years the holding company has owned TEAPOTTERY INTERNATIONAL, the manufacturing industry has made a loss every year. John F., the managing director, an ex corner shop owner, was brought in the TEAPOTTERY INTERNATIONAL by the holding company. John has 30 months to turn a profit. Otherwise, it will be out of business. John F has already brought a new management team in but the progress is extremely slow.

The visit

2. John F. is always very busy and you cannot talk to him because the phone constantly rings and his secretary always interrupts with something urgent. John F always complains about the state of the national teapot industry and he believes that the industry makes much better in other countries such as Japan and China. The teapot production staff carries on regardless. They have seen teapot companies come and go. New techniques for the production and factory management have been tried and dropped and in the end everybody reverts to the old ways. They buy unprocessed clay- natural and synthetic- they make the teapots, they bake them and then they decorate them. Everybody is happy with their work the only problem is that they don't make any profit.
3. Olga, the production director, gives us some information about the factory and she introduces some of her colleagues. First, Brian, the factory manager, has been with the company for 18 years. He started as an apprentice and he worked his way up. He is friendly and smiley. Olga also introduces Julie, the secretary, to us. She has 10 years with company and she is very familiar with all company's clients and operations. These three people are giving us a tour of their company.
4. The building is very old with many corridors and doors. The tour has been going on for twenty minutes but we feel exhausted: upstairs downstairs through various corridors and doors, out of one building, into another.

5. Mark, the porter, who has three months with the company, appears with a trolley full of teapots. Although these teapots seem to be really expensive, he is almost running with this trolley. At the end, two teapots fall off the trolley.
6. We arrive at the production department, everybody is on piecework. When they see us they stop working, they say hello, they are asking all sort of questions, making jokes and laughing. After a while, Brian says 'Ok that's it. Now back to your jobs.' Nobody goes back apart from David, a very skilful teapot maker, who is very hard working and very respectable among his colleagues.
7. Brian takes us aside and he wants to show us 'his collection'. He explains 'They are my little idea. A lot of people collect teapot miniatures. So my idea is to make small collector's teapots. We've been making them for several months now. The management doesn't know anything yet. I thought I would present them with a small collection when they are all ready and we could then market them'.
8. As you go around the factory, you cannot help noticing hundreds of unfinished teapots. Brian explains that they do not have enough red glaze to complete the order of 1,000 teapots for the Ibis Hotels. They are waiting for the glaze for four weeks now.
9. As we return to the production's managers' office, you end the tour by passing through the warehouse. Box upon box of teapots are stacked up. Brian explains that no order is dispatched until the complete order is finished. It is part of their 'customer satisfaction program'. 'So if they want five teapots and only four are ready, we box them and store them here until the last one is ready, then ship off the whole lot. The shipping charge is cheaper that way'.
10. The tour comes to an end. Brian says ' You have seen the whole teapot-making business from start to finish which takes 14 weeks. You cannot find better quality teapots in anywhere in the world'. John F, the managing director, replies ' Although the quality is top, nobody wants to buy them'.

Trying to buy some teapots

11. The representative of Hilton hotel branch calls TEAPOTTERY INTERNATIONAL to inquire about the production of 90 superior quality teapots for their VIP suites and dinner tables. The representative is very annoyed. His call could not be taken by the Sales department at TEAPOTTERY INTERNATIONAL.



He left his name, number and outline of his order but nobody returned the call. When he called again, he was told to contact his local supplier. His local supplier said ' I cannot do that. You are asking for 90 superior quality, hand made, monogrammed teapots. You have to contact TEAPOTTERY INTERNATIONAL.

12. 'Susan is on holiday' the operator says. 'Can anybody else help?' 'Yes, probably. I want to order some teapots'. 'Connecting you.....' 'Hello, I want to order....' 'Sorry, this is the accounts department. But you need to talk to Susan'.
13. Finally, the order was taken by a local sales agent and is faxed through to TEAPOTTERY INTERNATIONAL. Anna, the customer services department 'junior' thinks about the order of the 90 superior quality teapots for the Hilton hotel. 'What colour are they supposed to be?' She cannot get the sales agent on the telephone and so turns to the order ledger and she thinks that yellow looks nice on a teapot. Her grandmother has a nice yellow teapot. She then continues in playing freecell on the office computer.
14. The telephone rings and it is from the Ibis hotel. 'Where are our red teapots?'. Brian explains that they don't have enough red glaze and they cannot ship a partial order. The system will only allow him to initiate dispatch of a complete order.
15. John P, the customer services manager, returns from his break and sees the 'Hilton' order for 90 'yellow' teapots. 'We've got plenty of those. Don't you remember, we thought that they would be popular, but they never sold'. John P checks the quantity in stock and there are 110 yellow teapots so he initiates dispatch of 90 yellow teapots.

A week later

16. 'I am terribly sorry' says Anna to the distressed Hilton hotel representative. 'You see there was no colour or style specified on the order. Anyway we will arrange for collection of the teapots and your new order will be ready in 14 weeks.....no, 15 sorry it will take a week to check your credit details'.
17. It is not a good day for Anna. The Ibis Hotel had called again asking for their 'red' teapots. They do not know their order number and so it takes a while for Anna to track down their details and the status of the order. Unfortunately, only 150 teapots are ready because the purchase order for the red glaze had been reduced from 60 bottles to 20 by the finance director who had decided that the red glaze was too expensive to hold in large stock. Anna explains how orders are processed when they arrive from the sales agents. The majority of the them is faxed through to the company indicating style, size, colour, quantity, the customer's details and estimated date for dispatch. This last information is usually ignored because it always takes about 15 weeks, unless items are already in stock, in which case it takes around three weeks.
18. Orders are processed according to date of arrival. Anna usually scans the order and writes the details into the ancient order ledger, assigning each job a unique number. This job number is used for filing information relating to the job and for referencing the job while it passes through the factory. A work card is written out, and the paperwork is passed to Olga, who thinks about the production schedules. Much of this data is just held in her head. She has a good head for numbers, and generally knows what is where in the factory. Anyway, if she needs any information, she only has to walk around the factory to find the order and where it is. It is odd how most of the orders seem to be in the early stages of production.

Business Processes

19. Once a date for the start of production is calculated, Olga gives it to Anna. Anna writes it on the work card and passes the details to the credit controller, who then checks the customer's credit. The company consults credit agencies, which usually takes about three days. If the credit is all right, Anna retrieves a record card for the customer or makes a new card if the customer has not dealt with TEAPOTTERY INTERNATIONAL before. The card is updated to include the current order details. Often Anna has to contact the customer or sales agent to verify order details because many forms are not filled in correctly, with much of important information missing, such as the style or the decoration required. Anna complains that there are too many styles for her to remember. But TEAPOTTERY INTERNATIONAL policy is to never discontinue a line. If a customer has had a teapot in the past and has been happy with it, they will always make another one exactly the same. They also keep all their old production patterns.

20. Once the correct style code has been obtained, Anna logs into the company's computer and requests a printout of the design and production instructions. She gets the printouts the next



morning, because there is only one laser printer and it is needed for producing invoices and accounts information during the day. Other print jobs wait until the evening. The design and production instructions are pinned to the main paperwork, and the order is passed to Brian, who checks whether sufficient felt is going to be ready for the order. Once the basic felt cone has been produced, the order details and felt cones are passed to production for shaping. After shaping, they bake it and after two or three days they decorate it. There is a big problem with decoration because they never seem to have enough glaze, straps or other decorative material.

21. Once the order is completed, the factory manager passes the paperwork back to customer services, which arranges for the shipping of the completed order. Often an overseas order must wait a week or two while passage is booked with shipping agent or airline.

22. Margaret, the purchasing manager, has a major headache. She never knows what material to order. The problem is that she must order material for covering the outside latest line of teapots from six to eight months in advance. However, she does not know the colours which are going to be required. She tries contacting the company's designer, who suggests which colours may be in this season, but getting the correct order is hit and miss.

23. Margaret is very unhappy about the way this company is being run. She thinks that the major fault lies with Brian who seems incapable of passing on simple advance order information. Margaret also blames the finance director who can't

seem to get his sums right. Most of all, Margaret blames Anna and John P who cannot seem to keep their customers under control.

14 weeks later

Hilton hotel received 90 'yellow' teapots instead of green which is the corporate colour. They arranged for somebody from TEAPOTTERY INTERNATIONAL to come and pick the order up. They have cancelled their order and they order 90 teapots from TEAPOTTERY INTERNATIONAL competitors. A box containing 90 yellow teapots with the 'Hilton' label on sits in TEAPOTTERY INTERNATIONAL, gathering dust, waiting to satisfy a future customer's order (1).

Selecting the right team

Profiles

Name: **John F**

Job title: Managing director.

More details: John F owned and managed a corner shop for twenty five years. His business didn't survive the competition and he had to close the shop down and look for another job. John F doesn't like the present situation and he is trying to change it. He has brought in a new management team. He is not very popular among the workers not because he is not a good manager but they haven't seen him very much. John F is extremely busy with the everyday tasks of his job and, as a result, he doesn't talk to the people in Teapottery. Everybody recognises the fact that John F is a very hardworking person.

Name: **Olga**

Job title: Production manager

More details: Olga is a good communicator, capable and bright. She has been with the company for 10 years and she is very disappointed with the existing situation. She complains about the poor management of the company and she is not in good relationships with the managing director. She is familiar with company's operations and clients. Olga has excellent 'sales' skills and some of the clients think that she is the managing director instead of John F.

Name: **Brian**

Job title: Factory manager

Brian has been with the company for 18 years. He started as an apprentice and he worked his way up. He has very good knowledge of the existing procedures and processes within the factory but also knows how to bypass the rules when necessary. His 'laissez faire' style with the workers creates some tensions mainly because the production is very slow.

Name: **Julie**

Job title: Secretary

Julie has 10 years with the company and she is very familiar with all company's clients and operations. She is working very closely with John F and Olga.

Name: **Mark**

Job title: Porter

He is with a company for a few months.

Name: **David**

Job title: Teapot maker

David is a very skilful teapot maker. He is very hard working and very respectable among his colleagues. He is working for Teapottery for six years now. He isn't getting involved in any discussions regarding the existing situation in Teapottery. In other words, he 'minds his own business'. He really enjoys teapot making and he is considered to be one of the best teapot makers in the country. One of Teapottery's competitors has recently approached him but he refused their offer. However, he is very interested in opening his own factory/shop.

Name: **Anna**

Job title: customer services 'junior' manager

She is with company for two years. Anna has good IT skills. She complains because the computer system cannot cope with a high volume of work. She believes that she is the only person in factory who understands computers and that's why she feels that she is underpaid. She is not very hard working and John P has talked to the general director about her. He complained because she plays computer games on the office computer.

Name: **John P**

Job title: Customer services manager

John P is a friend of John F. They co-operate very well. He has 10 years with the company. He is familiar with all the processes, activities and functions of Teapottery. He is not very popular among the other employees.

Name: **Margaret,**

Job title: Purchasing manager

Margaret is working for two year in the Teapottery and she feels very frustrated. She regretted the fact that she left her previous job and she is in the process of finding a new one. She is very a very hard working and well motivated person, She is smart and she also has good computer skills.

- Please use the checklist provided to select three possible participants for the re-engineering team
- Please decide on the ‘weighting scale’ for each factor

Quality	Weighting (1-10)	Name	Name	Name	Name	Name	Name
Good at communication							
Familiar with the processes							
Credibility with co-worker							
Proximity to the customer							
Good understanding of Technology							
Strategic vision							
Knows how to get round the rules							
Imaginative							
Good people management skills							
Other/ Please specify							
Total							

