**Case**:

Perfect Pizzeria is a medium-sized pizza restaurant in a small college town. It is part of a 12-store pizza company called Three Sister’s Pizza, with headquarters based in the state capital. The company was founded ten years ago by three sisters. Their company has been built on the reputation of an excellent and closely guarded sauce recipe handed down from their mother, freshly made dough, and friendly service.

Nick Cantor has managed this location for the past year. He joined Three Sisters after a brief stint at a major pizza chain. He enjoyed the pizza business and wanted to work for a smaller company where his decisions would have more impact. He knew there were some problems with this location when he began the position, but the problems have turned out to be worse than he thought. In the past year, he has noted that employees don’t seem particularly motivated to work very hard or provide good food and service to their customers. As a result, customers often complain that the food they get is too cold and isn’t what they ordered. They also complain about the slow service and surly attitudes that employees seem to have. When Nick himself returns to the restaurant from running errands or taking a short break, he often finds the employees loafing, goofing around with each other, and working on schoolwork rather than fulfilling their job duties. These complaints have started to make it back to senior management, so Nick is under increasing pressure to fix the problems with his store.

**The Store Structure**

The company has expanded rapidly in the last five years and has put a number of standardized management structures in place to ensure coordination. Under these guidelines, each store has one manager, an assistant manager, and two or three night managers. There are no systematic criteria for being a manager or becoming a manager trainee, and there is no formalized training period for the manager. The organization has not really been big enough to merit these kinds of structures. No college education is required to be a manager. The managers are typically relatively young (ages 24 to 27), and only one in the last four years has completed college. Managers come from the ranks of night managers and assistant managers. The night managers are chosen for their ability to perform the duties of the regular employees. The assistant managers work a two-hour shift during the lunch period five days a week to gain knowledge about bookkeeping and management.

The employees are mostly college students, with a few high school students performing the less challenging jobs. Each employee has a very specific set of responsibilities and tasks that he/she

must complete in each work shift. Specific job duties/assignments include the following:

* Preparing dough and pizza toppings
* Making pizzas (some add toppings, some bake)
* Waiting on customers
* Being cashiers
* Bussing tables
* Washing dishes and other clean up

The majority of its customers and employees are associated with the university. Since Perfect Pizzeria is located especially close to campus, it has little difficulty filling its hiring quota. All the employees, with the exception of the manager, are employed part-time. The employees are paid minimum wage. It is customary in this industry for turnover to be high. Yet these days, because the economy is slow and jobs are hard to come by, most employees have remained at the restaurant because they are unable to find other jobs that are convenient to campus. Although most employers would consider reduced turnover to be beneficial to the organization, in this situation it is starting to hurt the restaurant’s profitability due to the employees’ lack of motivation.

**The Waste Problem**

In an effort to control costs and increase store accountability, Three Sisters implemented a reward system to encourage careful monitoring of food costs. Based on years of management accounting data and experience making pizzas, Three Sisters knows the exact costs of making their pizzas. This data has been used in the reward system. Under the system, food and beverage costs and profits are set up according to a percentage. If the percentage of food unsold or damaged in any way is very low, the manager of that store gets a bonus. If the percentage is high, the manager does not receive a bonus; rather, he or she receives only his or her normal salary.

There are many ways in which the percentage of unsold/damaged food can fluctuate. Since the manager cannot be in the store 24 hours a day, some employees make up for their paychecks by helping themselves to the food. When a friend comes in to order a pizza, extra ingredients are put on the friend's pizza. Occasional nibbles by 12 to 15 employees throughout the day at the meal table also raise the percentage figure. An occasional bucket of sauce may be spilled or a pizza accidentally burned. Sometimes the wrong size of pizza may be made.

In the event of an employee mistake or a burned pizza, the expense is supposed to come from the individual who caused the mistake. Because of peer pressure, the night manager seldom writes up a bill for the erring employee. Instead, the establishment takes the loss, and the error goes unnoticed until the end of the month when the inventory is taken. That's when the manager finds out that the percentage is high and that there will be no bonus.

The store has had an unusually high percentage of food costs, indicating many of these behaviors must be occurring. After several months of increasingly shrill requests to pay greater attention to this percentage, Nick tightened the store policies to help decrease food costs. Previously, each

employee was entitled to a free pizza, salad, and all the soft drinks he or she could drink for every 6 hours of work. Nick raised this figure from 6 to 12 hours of work. Employees were unhappy with this change, as they were accustomed to the 6-hour benefits. Therefore, they simply took advantage of the situation whenever Nick or the assistant managers were not in the building. Though the night manager theoretically had complete control of the operation in the evenings, he did not command the respect that the manager or assistant manager did. That was because he received the same pay as the regular employees; he could not reprimand other employees; and he was basically the same age or sometimes even younger than the other employees.

Following this policy change, apathy grew within the pizzeria. These seemed to be a further separation between Nick and his workers, who at one time had been a closely knit group. Nick made no attempt to alleviate the problem, because he felt it would iron itself out once the store’s performance improved. Either the employees who were dissatisfied would quit or they would be content to put up with the new regulations. As it turned out, there was a rash of employee dismissals. Nick had no problem in filling the vacancies with new workers, but the loss of key personnel was costly to the business.

With the large turnover, Nick found he had to spend more time in the building, supervising and sometimes taking the place of inexperienced workers. This caused friction on the line because of differences between the remaining experienced workers and Nick concerning the way in which a particular function should be performed.

Within a two-month period of Nick working closely on the line, the store’s food costs were back within an acceptable range. The disgruntled employees had left or been dismissed, and he felt the new employees had been properly trained under his watchful eye. Nick was now able to return to his normal store manager duties, off of the production line.

It didn't take long for the new employees to become influenced by the other employees. Immediately after Nick returned to his supervisory role, the cost percentage began to rise. He was quite angry about this and took a bolder step in enforcement. He cut out any benefits that the employees had -- no free pizzas, salads, or drinks. With the job market at an even lower ebb than usual, most employees were forced to stay. Going even further, he placed a notice on the bulletin board, stating that if the percentage remained at a high level, a lie detector test would be given to all employees. All those found guilty of taking or purposefully wasting food or drinks would be immediately terminated. This did not have the desired effect on the employees, because they knew if they were all subjected to the test, all would be found guilty, and Nick would have to dismiss all of them. This would leave him in a worse situation than ever.

Even before the following month's percentage was calculated, Nick knew it would be high. He had evidently received information from one of the night managers about the employees' feelings toward the notice. What he did not expect was that the percentage would reach an all-time high. That is the state of affairs at the present time.

**Your Role**

You have met Nick through a chance encounter at a party hosted by one of your high school friends. It turns out that he is a close friend of your friend’s family. As you discuss your major and the course you are taking with Nick, he begins to confide his store troubles with you. Since

you are being trained in management, he wonders if maybe you can help him devise a solution to overcome the motivation, performance, and waste problems at his store. He knows his tough guy approach is not working, and he is at a loss for a way out of this situation.

He is quickly impressed by your grasp of management knowledge and has asked you to put together a proposal for how to fix the problems at his location. He wants to handle the situation quickly and effectively before the news travels to headquarters. You will be paid a good rage for your work, and he’ll throw in some free pizzas.

**To summarize, your task is 1) outline the major causes of low motivation and 2) propose solutions to address the low motivation by using the motivation theories covered in class. Be sure to explicitly demonstrate how the theories apply in your arguments.**