



This case and the company it is set in are fictitious. It was written by Sean Tucker for use in the 2008 Intercollegiate Business Competition and for classroom use. The author wishes to thank MINERVA Canada for providing financial support and thanks Alyson Frankie, Moira Jackson, Peter Kissick, and Vic Pakalnis for their helpful comments on earlier drafts of this case.

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Tosi Industries manufactures solar panel systems for residential and commercial applications. Bill Tosi, the founder of the company, began manufacturing custom solar panels in the early 1980's. His company steadily grew over the next 20 years as demand for alternative sources of electricity increased among mainstream consumers. In 2003, nearing retirement, Bill sold the company to NBI Corporation, a large US-based parent company. When NBI acquired Tosi Industries it appointed a new senior management team comprising managers from its US subsidiaries; however, Tosi's has operated independently of NBI. Now, five years later, many of these managers remain.

Since 2003, Tosi Industries has expanded its production facilities and currently has a workforce of 725 employees at its one location north of Toronto, Ontario. Nearly half of Tosi's employees are directly involved in manufacturing; the remainder work in research and development, marketing and sales, and various operational departments.

Competition in the North American solar panel market has increased since cheaper foreign-produced solar panels entered this market in the late 1990s. Concerned about Tosi's competitiveness, in 2005, senior managers adopted a new strategy aimed at increasing Tosi's market share in the rapidly growing, and potentially profitable, residential sector, a market dominated by low-cost foreign producers. Competing in this market required North American companies to develop, produce, and market lower-cost solar panel systems.

Central to Tosi's low-cost strategy was the adoption of a lean manufacturing system in early 2005. The primary aims of this system were to minimize wasted material and increase worker productivity per unit produced. Consistent with these goals, greater emphasis was placed on finding and implementing time- and labour-saving manufacturing processes. In order to further increase worker productivity, in late 2006, Tosi's adopted a team-based pay-for-performance system. The low-cost, high-productivity strategy seems to be paying off. Currently, Tosi produces a range of competitively priced solar panel systems that are growing in popularity, especially among new home builders.

Work in the plant exposes employees to several potential hazards including contact with overhead hoists, moving parts in metal presses and other machinery, sharp

metal casings and glass, and various adhesive chemicals. Product assembly jobs can also cause repetitive strain injuries. The company collects data on both lost-time injuries (defined as any job-related physical injury that requires medical attention and at least one day off work) and first-aid injuries (defined as any physical injury that does not require time off work). Lost-time injuries tend to be more serious than first-aid injuries. There is some evidence that Tosi's new manufacturing system contributed to an increase in injuries among production workers. The rate of injuries for full-time-equivalent employees increased in 2005 and 2006 (see Appendix 1).

Under growing pressure from Ministry of Labour Occupational Health and Safety Inspectors, the WSIB (Workplace Safety and Insurance Board), which oversees and establishes mandatory insurance rates based on a company's and industry's injury records,<sup>1</sup> and the Association of Canadian Producers, Tosi's senior managers took action to try to improve employee safety. Their primary goal was to reduce the rate of injuries, lest the company be subject to more inspections, higher insurance premiums, and, possibly, employee unionization. In doing so, senior managers tried to avoid compromising gains in manufacturing productivity and save on operating costs.

In late 2006, the company hired its first manager of health and safety, Andrew Collins. Four years ago Andrew received a Master of Business Administration from a top-ranked Canadian business school. For his MBA project he studied workplace safety management practices in the manufacturing sector. His business education and knowledge of safety management practices were the primary reasons for his hiring. Between finishing his MBA and starting work at Tosi Industries, Andrew met his wife, Krista. The couple recently bought their first house, and they are expecting their first child in four months. As he and Krista prepare for the baby's arrival, Andrew is keeping up with important projects at work.

Andrew's job involves coordinating safety training for new workers, educating supervisors about existing and new safety regulations, coordinating monthly joint management-employee safety meetings, and gathering data and preparing reports on injuries and other indicators of safety performance. Two staff report to Andrew, a safety supervisor, Janice James, and a safety trainer, Chris Simmons. Janice and Chris split their time evenly between these jobs and jobs in the marketing and operations departments, respectively.

Since starting to work for Tosi's, Andrew has reported to Dave Barber, Director of Production Operations. Prior to working at Tosi Industries, Dave was a senior production manager for an industrial pipe manufacturing plant located in a southern state in the U.S. Dave has a reputation as a no-nonsense manager who finds ways of overcoming difficult challenges to meet production targets. Despite

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<sup>1</sup> The WSIB promotes workplace health and safety and provides financial and other support to workers injured on the job. Mandatory employer insurance premiums are based on an organization's industry and injury experience: the better the safety record, the lower the premiums.

the inherent conflict between safety and production demands, Andrew has, for the most part, succeeded in maintaining a good working relationship with Dave.

Andrew has found his role at Tosi Industries quite challenging. From his MBA research, he expected that it would take several years to change Tosi's culture so that safety was taken seriously throughout the organization. Before he arrived, he was told that supervisors paid little attention to safety concerns raised by workers and, for this reason, there was very little upward communication about potential hazards.

The process of changing Tosi's safety culture has been slow and marked by setbacks. Soon after Andrew arrived he was put in charge of implementing a safety awareness campaign for production workers. The campaign was instigated by senior managers as part of Tosi's response to government safety inspections and was designed by personnel from the company's marketing department.

The pay-for-performance system, which was adopted just after Andrew started working for Tosi Industries, was particularly problematic for Andrew. He saw a conflict between the system and important safety messages used in the safety-awareness campaign and training modules that he was developing. Production work at Tosi Industries is mostly interdependent, and Andrew was afraid that the team-based pay system might undermine safety, particularly when workers pressured their teammates to hide injuries or rush to meet deadlines in order to maximize their bonus. Andrew, at the time a newcomer, tried to persuade Dave and some other managers to adapt the new pay system to take safety performance into consideration in the determination of team bonuses. Specifically, Andrew recommended that Tosi's safety committee hire an independent safety auditor to routinely survey Tosi workers about safety conditions and occupational injuries. This suggestion met with stiff resistance.

Overall, Andrew is ambivalent regarding just how much progress he and others have made in changing Tosi's safety culture. On the one hand, there are positive safety messages posted on notice boards throughout the production area. Further, he is given enough resources to provide safety training to new employees. There have also been some small victories; for example, Andrew has recently noticed that a couple of long-serving supervisors who were skeptical about safety when he first started are now ardent supporters who speak positively about safety to their employees and encourage workers to be proactive when safety problems arise. On the other hand, Andrew's experiences with several frontline supervisors and some senior managers make him think that the company needs to increase its commitment to safety. He believes that production goals are sometimes taken more seriously than safety concerns. From several off-the-record conversations with production workers, Andrew has heard stories about workers being told to operate machinery that is missing protective guarding around moving parts or workers being pressured to perform potentially dangerous jobs without adequate assistance or training.

Given these concerns, Andrew was taken aback by this surprise announcement made by Dave Barber during a recent production meeting:

“I have some very good news to share this morning. Yesterday, I received a letter from the Association of Canadian Producers (ACP) announcing that we have been chosen as a recipient of their “Safety First Award” [this letter appears in Appendix 2]. The ACP is a respected body with several hundred members, so this is quite an achievement, and I think it speaks volumes about everyone’s dedication to improving safety practices over the last couple of years. I think this award is confirmation that we’ve turned the corner in changing Tosi’s safety culture. While everyone deserves to share in this award, I would especially like to acknowledge Andrew’s efforts in changing the way we manage safety.”

After the meeting a few managers and supervisors approached Andrew to congratulate him, including one manager who, Andrew was convinced, on the basis of his prior dealings with him, was actively opposed to any meaningful change in safety practices. Before Andrew left the board room Dave asked Andrew to meet with him in his office. Their conversation went like this...

Dave: Andrew, I meant what I said at today’s meeting. You’ve done a lot to change the way people think about safety around here.

Andrew: It was good of you to say that, Dave, but as you also mentioned, there are a lot of people who deserve recognition for any progress we’ve made, especially the workers and supervisors on our health and safety committee. They’ve invested a lot of time and effort into introducing new safety processes. They always try to do the right thing even when it means exposure to criticism from those they work with.

Dave: Your modesty does you credit, and I’m glad you see this as an award that belongs to everyone, but I still think that without your persistent efforts, under sometimes difficult circumstances, we would not have won any awards, much less one this prestigious.

There’s one more piece of good news. When I announced the award at yesterday’s executive meeting, I recommended that you receive a bonus. Usually we don’t give them out until the end of the year but given the circumstances we thought it was appropriate. There was unanimous support for doing this. Congratulations, Andrew!

Andrew: [surprised] Why, thank you...

Dave: As you know, the senior management team believes in rewarding high performance – and clearly this award indicates you’ve done exceptional work. I’ll get back to you with the exact amount of your bonus in a couple of weeks.

Andrew: Thank you. Well, I ...

Dave: I spoke to the ACP people today. They formally announce the winners of Safety First Awards during their annual meeting which is scheduled for next month in Ottawa. I’ll be accepting the award on the company’s behalf and I’d like it if you could join me.

Andrew: Sure, but...

Dave: Perfect.

[Dave's phone rings] Dave: Sorry to have to cut this conversation short, but this call is one I've been waiting for. Let's talk some more about this next week.

That evening Andrew talked to Krista about the day's events at work.

Krista: Congratulations, Andrew! I'm so proud of you. It's nice to get the recognition after putting so much effort into your job the past two years. And the bonus could be a huge help with all of the expenses we have coming up. Did Dave give away any hints about how much it would be?

Andrew: Unfortunately, we didn't have time to go into details, but from what I've heard from others who have received similar performance bonuses, I suspect it will be in the range of \$8,000 to \$12,000. The company is very generous in rewarding performance.

Krista: That's incredible!

Andrew: To tell you the truth, I feel more satisfaction for simply being recognized for the work that I and the health and safety committee do. At times I've asked myself why we bother putting up with all of the resistance from folks who only pay lip service to safety. At the same time, I kind of feel that Tosi Industries doesn't deserve this award. Sure, there have been a lot of visible changes, but underneath all of the safety slogans, mandatory safety meetings, training programs, and public pronouncements by managers of support, I sometimes feel that little has changed since I started working at Tosi Industries. Some supervisors continue to work their employees too hard in order to get their bonuses. Managers are doing the same to supervisors. It's a vicious cycle that sometimes means cutting corners and putting people on the frontlines at risk of being injured. Frankly, some days, I'm not convinced that we're even an average company when it comes to safety performance.

Over the next week, three incidents reinforce Andrew's ambivalence about Tosi Industries' shaky commitment to workplace safety. First, he hears secondhand complaints about workers not reporting injuries. This is not the first time he's heard such rumours. Unfortunately, he's never been able to substantiate them with solid evidence. Second, and more worrisome, Andrew receives a complaint from a group of workers alleging that their supervisor, Steve Timmins, threatened to fire someone who had refused to perform dangerous work. After investigating the matter Andrew determined that the incident actually happened. He referred the matter to Dave.

Finally, Andrew came across evidence of systemic problems with Tosi's safety management. From time to time he visits Tosi's unofficial Friendsonline group to catch up on all the latest gossip swirling around the company. The last time he visited the site, he noticed a new discussion thread titled "Safety Matters" (see Appendix 3). This was the first time he had seen any on-line discussion directly related to occupational safety, and given his role, he decided to read the postings. Most of the comments were from former employees, who claimed that the

company was failing miserably in its responsibility to provide employees with a safe work environment. Further, there were postings decrying the fact that Tosi's had won the Safety First Award. Andrew was concerned about the three incidents and decided to speak to Dave the next day.

The next morning Andrew dropped by Dave's office twice but Dave was out. It was late in the afternoon before Andrew caught up with him. Their conversation went like this:

Andrew: There's something important that we need to talk about.

Dave: Sure, what is it?

Andrew: It's about the situation with Steve Timmins the other day, but I think it's bigger than just that one incident. I've heard rumours lately – mind you, it's nothing that I can confirm – about workers being reluctant to report injuries, apparently because they think that it might hurt their team's production bonuses. Also, I found some troubling information on the unofficial company web site hosted by Friendsonline. Recently, some former employees have posted some rather harsh comments there about our safety practices. Normally I would ignore stuff like this, but much of it suggests that our employees are expressing their concerns to ex-employees, who are more at liberty to speak. Also, it appears that some people are angry that we're receiving the Safety First Award. Taking all of this together makes me think we could end up with a major crisis on our hands.

Dave: Andrew, I hear what you're saying, but I don't think the problem is all that serious. We can't lose sight of the fact that we're at a stage in a process of improving our safety culture. There is much to celebrate, and the Safety First Award acknowledges the progress we've made. Nothing serious has happened, and you know that companies accept some risk when it comes to safety and, frankly, I think our current level of risk is acceptable. Besides, the sources of the on-line complaints are dubious. As a rule, I don't worry about what alleged *ex-employees* have to say about what goes on around here.

Andrew (somewhat frustrated): But look how Steve acted the other day...

Dave: Steve shouldn't have said that. I've spoken to him and he says that it won't happen again. You have to remember that what happened was an isolated incident involving one supervisor. These sorts of things can happen when people are working towards deadlines. [Dave looks at his watch.] Andrew, I'm sorry to have to do this but I need to run to a meeting. If you like, we can talk more about this later.

The next day, Dave sent Andrew the following e-mail message:

Hi Andrew,

I need to discuss the speech that I'll be delivering at the ACP awards dinner. I have some ideas but before I prepare anything I'd like to get your input. Are you available to meet this Monday at 1pm? Sorry for the short notice.



btw, our flights and accommodations are booked for Ottawa.

Have a nice weekend.

Dave

Dave’s e-mail message and the events that week increase Andrew’s misgivings about the safety award. He doesn’t know what, if anything, to say to Dave about the speech, the award, and, more generally, the state of safety at Tosi Industries. When Andrew sits down to talk it over with Krista, he sums up his frustrations this way:

“To be honest, I don’t know whether this award is a curse or a gift. On one hand, it has raised awareness about safety among senior managers, which is a very good thing. Before news of the award, I was concerned that safety had fallen off the radar of some senior managers. It’s possible that the award could increase my influence and enable me to make substantive changes to improve the company’s safety culture, and heaven knows we still have a long way to go!

“On the other hand, it’s clear to me that the company doesn’t deserve this award, especially given the events of the past week. My greatest fear is that one of our workers is going to be seriously injured on the job because they have been pressured to take short cuts. Winning such a prestigious safety award is a double-edged sword because it could easily breed complacency among senior management and supervisors.”

**Assignment: In no more than five pages, double-spaced, explain what, if any, (a) advice Andrew should give Dave and (b) other actions Andrew should take, explicitly factoring in evidence from the case.**

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**APPENDIX 1**

**EXCERPT FROM TOSI’S SAFETY PERFORMANCE REPORT (2002-PRESENT)**

	2002	2003	2004	2005	2006	2007	2008
<b>Lost time injuries per 100 FTE</b>	2.5	2.7	2.6	3.8	3.9	1.7	1.8*
<b>First aid injuries per 100 FTE</b>	5.0	4.7	4.8	8.0	7.8	2.9	3.1*

\* Based on data collected between January 1 and September 1, 2008

## **APPENDIX 2**

### **LETTER FROM THE ASSOCIATION OF CANADIAN PRODUCERS**

Dave Barber  
Director of Production Operations  
Tosi Industries  
Toronto, ON

October 15, 2008

Dear Mr. Barber:

It is my pleasure to inform you that Tosi Industries has been selected to receive the Association of Canadian Producers' (ACP) Safety First Award for excellence in workplace safety management.

Established in 1964, the Safety First Award recognizes excellence in safety performance and is acknowledged as the most prestigious award of its kind in Canada. Past recipients are industry leaders in safety because they continually improve employee health and safety and, more broadly, advance safe work practices in the manufacturing sector.

Tosi Industries was selected as a recipient of a Safety First Award because it has demonstrated a sincere and ongoing commitment to employee safety. Using innovative practices Tosi's has successfully transitioned from a below-average safety performer to emerging as an industry leader in safety performance. Members of the ACP are especially impressed with the dramatic reduction in employee injuries over the past 20 months.

We would be delighted if you and a guest would attend our annual meeting in Ottawa on November 20, 2008, where we will formally announce the recipients of this year's Safety First Awards. We sincerely hope that you will attend. Please confirm with Kim Wong, at [kwong@acp.ca](mailto:kwong@acp.ca), by October 29, 2008, if you plan to attend.

Once again, we congratulate Tosi Industries for its commitment to occupational safety.

We look forward to seeing you in Ottawa!

Best regards,

Alastair Simcoe  
Chair, Safety First Award Selection Committee  
Association of Canadian Producers

## **APPENDIX 3**

### **EXCERPTS FROM TOSI INDUSTRIES EMPLOYEE FRIENDSONLINE DISCUSSION BOARD**

**Topic: Safety Matters**

Displaying all ten posts by six people. Updated on October 23, 2008, at 2:00 p.m.

**Post #1**

**Kevin James (GTA, ON) wrote on Oct 20, 2008 at 10:13 a.m.**

When I worked for Tosi's, I was always struck by the safety posters and marketing-speak about working safely. Some of it made sense but most of it is was, well, bizarre! Does anyone know if that's still going on??

**Post #2**

**Sara Jones (GTA, ON) replied to Kevin's post on Oct 21, 2008 at 1:15 a.m.**

I'll tell you what's going on...the whole safety program stinks! It's like management is trying to meet bureaucratic requirements and make it appear that they're providing workers with a safe workplace when really all they care about is producing more solar panels. A few months ago I left Tosi's for a better job. Thankfully, where I work now managers actually care about safety and they listen to our concerns. You only realize just how ridiculous the situation was at Tosi's once you leave.

**Post #3**

**Flip Williams (GTA, ON) replied to Sara's post on Oct 21, 2008 at 8:15 PM**

It's about time we talked about this. A friend of mine said they had a safety committee meeting two weeks ago where a couple of managers encouraged employees to speak up about dangerous work. They said that they cared about employee concerns. Of course this is not the first time this line has been used. The thing is that every time someone raises an issue nothing changes...and no one darns to tell management otherwise. A lot of people have had the same experience and think it's because of the pressure employees face to meet production goals.

**Post #4**

**Slappy Munro (GTA, ON) replied to Flip's post on Oct 21, 2008 at 8:56 p.m.**

Ya, it's one of those things that workers talk about amongst themselves but nothing really changes. I know a few people who are looking for other jobs because of the sorry state of safety. Too many people are getting hurt on the production line. Someday something VERY bad is going to happen.

**Post #5**

**Sara Jones (GTA, ON) replied to Slappy's post on Aug 22, 2008 at 9:02 a.m.**

You guys won't believe this. I just heard from a reliable source (no names!) that Tosi Industries won some sort of award for safety. I'll try to get more information...

**Post #6**

**Slappy Munro (GTA, ON) replied to Sara's post on Oct 21, 2008 at 3:22 p.m.**

Unbelievable !!!

**Post #7**

**Sara Jones (GTA, ON) replied to Slappy's post on Oct 22, 2008 at 10:39 a.m.**

It's true. Apparently some "respected" industry association thinks Tosi has actually improved safety the past couple of years.

**Post #8**

**Flip Williams (GTA, ON) replied to Sara's post on Oct 22, 2008 at 8:00 p.m.**

It's amazing what smoke and mirrors will do in the corporate world. I'm already cynical about some businesses but I couldn't have imagined Tosi's getting any kind of award for safety!

**Post #9**

**Jessica Mills (GTA, ON) replied to Flip's post on Oct 22, 2008 at 9:12 p.m.**

Aggg...this award guarantees that nothing will ever change.

**Post #10**

**Jim Phillips (GTA, ON) replied to Jessica's post on Oct 23, 2008 at 2:00 p.m.**

It gets better, err I mean worse...apparently the same day that management sent around a memo announcing the award some brave soul told his supervisor that he wouldn't do a repair on a machine because there was no one else to help him. The supervisor told the worker "You'll do the repair now or you'll be f...king looking for another job." ...it's the same old same old.