

Janice Reid, a business student at Penn State University has been working at Zoto's Family Restaurant for three years. She began as a waitress but has worked her way up to supervisor. Zoto's is a franchised chain of diner-style eateries. The company experienced success early on which allowed them to expand to over 40 locations in western Pennsylvania, Ohio and New York.

Recently, the company has begun experiencing financial problems which lead to the closing of several diners in the region where Janice works. Some employees were laid off; others were offered positions at the nearest diners which remained open. Janice's location has remained open, but there has been staffing changes. Janice's General Manager (GM), Cathy O'Shea (who had been at that location eight years) was transferred to another location 40 miles away. Replacing her was James Poll. James has been with the company less than two years.

Janice was annoyed to see her GM reassigned for several reasons. First, they had a good working relationship. Second, the company didn't seem concerned about the effect the move would have on Cathy since her prior commute was only 8 miles. Last, it seemed like a highly experienced manager was being replaced by someone with much less experience. Overall, the financial pressures and the related staff shuffling had a serious impact on morale across all the Zoto's locations.

Within three months after James assumed the GM position, there were marked differences in the operations at Janice's location. The physical property was looking neglected. Inventory was not always ordered on time or for the correct items or quantities. Scheduling was usually prepared at the last minute and there were often errors: too much or too little staff during some shifts.

Financially, there were additional problems. The registers were consistently short by \$20 or more. The petty cash fund was rarely reconciled and when it was, there was usually a shortage. As Janice had feared, James' inexperience in management was damaging the profitability and operational reliability of the diner. Although Janice had no evidence, she began to consider the possibility that James may be stealing from the company. Janice decides to call her Assistant Manager, Amanda Davis, to discuss her suspicions.

J: Hi Amanda. It's Janice. Do you have a minute? I need to talk to someone, and I'm not sure who to turn to.

A: Sure, this sounds serious. What's going on?

J: I'm so frustrated. Ever since Cathy was transferred, this place has been going downhill. I'm sure you see the differences too. If it's not a staffing issue then it's the supplies or food orders. The registers never reconcile anymore. The place is a mess. I hate going to work! I don't know what to do... James isn't managing the place effectively.

A: Janice, please calm down. I can hear how upset you are. Let's sort through this piece by piece.

J: I'm sorry if I sound hysterical. It's just that James has been accusing others of stealing and shifting the blame for our poor performance. I can't afford to lose this job. If the restaurant does badly, I can't afford to be blamed and then fired, and I can't afford to drive to another location if my diner is closed. You're the assistant manager; I was hoping you could talk to him.

A: I don't think there is anything I can say that would make a difference. Listen... Last week, I stayed late to close up with James. I was so exhausted at the end of the shift that I decided to go to the ladies room to splash water on my face before getting into my car. As I was heading over that way, I realized I was missing an earring. So I got down on my knees to search for it. Since I was on the floor, James didn't know that I wasn't in the ladies room when he approached the register. I saw him take 2 twenties from the drawer.

J: He didn't know that you saw him?! What did he say when you confronted him?

A: Confronted him?! Are you kidding me?! I didn't say a word! James is writing my performance appraisal next month. I'm not going to jeopardize my annual review. I've worked too hard; I want a raise.

J: What about talking to Norm Peters?

A: The district manager?! Why do you want me to stir up trouble? It won't do any good. Plus, Norm and James are friends from college. How do you think James got to be the general manager here? Trust me, nothing good will come of talking to Norm.

J: But you can't be certain of that. Shouldn't someone in the company be told about the thefts? Or the mismanagement? This diner's going to be ruined. It's just not right.

A: Well, life's not fair... and bad stuff happens. Do me a favor... Just forget that I told you anything about James.

Janice felt more confused and frustrated than before she placed the call to Amanda. She replays the call in her mind, over and over, considering her options. Janice could speak with James directly but that is a really risky choice. Or, she could talk to Norm Peters, but she suspects Amanda is right, it won't do any good. Janice considers going above Norm, to the Regional President, Rich Young, but she doesn't have evidence, just suspicions.