



Improving Production Efficiency at DIGI Camera, Malaysia

VENKATESWARAN NAGAPPAN^a AND MURALI SAMBASIVAN^{b*}

ABSTRACT

The case discusses the problems in achieving production efficiency at DIGI Camera, Malaysia. The parent company was established in Japan in 1928 and since then, had been consistently introducing new and advanced technologies in their line of products. The company introduced digital lens cameras in March 2001 and was struggling to meet the production targets because of high rejection rates. The company was respected for its high quality products and the current situation was completely unacceptable to the company's top management. Through systematic analysis, the causes for high rejection rates were identified. The case provides information on the costs and benefits that could be obtained by eliminating these causes. This study illustrates how systematic analysis of quality problems can help generate viable solution alternatives and can help select the best alternative to implement.

Keywords: production efficiency, quality problems, cause and effect

INTRODUCTION

On November 4, 2001, Mr. Shamsudin, the manager of the Digital Lens Department in Digicamera Malaysia (DM) received a phone call from his boss, Mr. K.T. Kan. He said, "*Din, once again we have not met our production output for the month for digital lens products. The production status is unstable and I am unable to give my boss any more excuses. Do something about this matter and do it fast. I am giving you two months to do a turn around*" and slammed the phone down.

Mr. Shamsudin was already aware of this even before he received the phone call from his boss. Looking at the monthly updated production status, Exhibit 1,

^{a&b} Graduate School of Management, Universiti Putra Malaysia

*Corresponding author. Email: murali@econ.upm.edu.my, Phone: 603-89467698