



### **What Would YOU Do? New Inventory Control System Thwarts Thieves**

When Ioma Industrial Enterprises management told its warehouse staff that it was introducing new technology to manage inventory, workers grumbled. Older workers objected to a new system thinking the current procedures worked well. Newer workers were more open, but were concerned the technology could eventually eliminate their jobs.

One of the first inventory control technologies the company introduced was computerized check-in of parts from suppliers. Before the new system, Ioma warehouse workers would simply verify items offloaded from trucks by manually filling out paper invoices and then leaving signed copies for eventual filing in the back office. However a company audit revealed significant human errors and unaccounted loss in the paper-based check-in process which cost the company tens of thousands of dollars.

Sitting through the first day of training, Nathan became interested in learning how the new check-in process worked. Now, instead of just signing for the delivered materials, the receiving Ioma staffer would be required to place computer barcodes on each piece and then scan it which automatically entered the item into a new computerized inventory control system. The barcode tracking software would enable management to know where a part was in the supply chain at any point in time.

During a break, Nathan overheard two employees talking. He slowed down when he recognized his supervisor's voice. "How are we going to get the stuff out now that we have to code everything? Before we could just take the stuff and then label a shrink-wrapped pallet of empty boxes and put it in back in deep storage, but if we have to label each piece with that barcode we're not going to be able to do that anymore." Nathan realized that something he suspected was true. Occasionally he noticed some guys in receiving throwing parts off to the side after signing for them. He wondered why they weren't going into standard company bins for storage in the warehouse. They were stealing the items and storing empty boxes. For all he knew, they could even be re-selling the stolen parts to the company!

Nathan knew they wouldn't be able to keep up the scam with the new barcode system but wondered if he should tell his supervisor's boss about the conversation he overheard and what he noticed at the loading dock. His supervisor was nearing retirement and the system would probably fix the problem anyway so the theft would stop. What do you think Nathan should do? Why?

