

Case study: hunter douglas group



This is a case study report to analyse how Hunter Douglas Group manages its human resource planning and how the activities involved in the human resource planning process contributes to the success, as well as to ensure future success, of this large multi-national organisation in line with its corporate vision, mission, core values, strategic planning and objectives.

Human resource planning provides the means to accomplish the desired outcomes of the organisation and achieving objectives by ensuring that the organisation has the right number of quality people available to achieve objectives through strategy implementation. This is based on a close working relationship between the human resource practitioners and line managers in each company (business unit) of its decentralised organisational structure.

The human resource practitioners serve as consultants to line managers concerning the people management implications of business objectives and strategies. Line managers, in turn, have the responsibility to respond to the business implication of human resource objectives and strategies.

We also see that the environmental and contextual changes present a number of competitive challenges to this organization which requires its human resource management to be involved in helping to create and build new capabilities. The challenges include:

Globalisation: the challenge is to move people's ideas, products and information around the world to meet local needs.

Technology: the challenge is to make technology a viable, productive part of the work setting

Competition: in order to remain competitive and remain as a market leader, Hunter Douglas is aware of the importance of continuous training of its people.

Economics: economic growth or lower interest rates cause the increase in spending and often increase in business opportunities. Changes in the labour market has an impact on the organisation's ability to find and keep employees

Workforce changes and ability to cope with change: these include resignations, terminations, leave of absences, death, change in employment status and retirement

The success of a business is directly linked to the performance of those who work for that business and Hunter Douglas Group is fully aware of this as it believes in the power of learning and providing its employees growth opportunities to develop their skills. Hunter Douglas Group acknowledges that its employees' commitment is the key ingredient to the Group's continued growth and success.

Hunter Douglas Group prides on the diversity and strength of its corporate culture that empowers its employees to build and run the business like their own businesses. The Hunter Douglas Group acts like a federation of entrepreneurial companies who think globally but act locally. The character and creativity of its 21, 000 employees in 169 countries worldwide have built the dynamic and entrepreneurial company that the Group is today. With numerous benefits encouraging wellness and a work-life balance, Hunter

Douglas Group regards its employees as its most valuable resource which is the key to the Group's success.

Background

Corporate Mission and Core Values

Corporate Mission:

Hunter Douglas is the world's market leader in manufacturing a wide range of innovative and quality architectural and window covering products. Hunter Douglas provides on-time delivery, reliable and friendly service at a competitive price. Its aim is to offer fulfillment to its staff and to secure a reasonable return to its shareholders.

Core Values:

Customer Oriented

Putting customers first

Providing reliable and friendly service.

Achieving on-time delivery

Innovation

Seeking continuous improvement and new ideas to create value to our customers

Striving for creative ways of doing our work better

Teamwork

Working together harmoniously to achieve common goals and objectives

Integrity

Honouring commitments to customers, staff and organisation

Being sincere and truthful

Communication

Showing respect and understanding for each other

Being frank, open and receptive

Staff Well-Being

Providing continuous training and development

Recognising good performance

Corporate Structure

Board of Directors

Hunter Douglas Group has a one-tier corporate structure. Under its Charter, the Board of Directors is responsible for the overall management and control of the Company. The Board is appointed by the shareholders at the annual General Meeting. The Board has four regular meetings per year and additional meetings as required. Board members may not be members of more than five boards of public companies.

Independence

The Board has six Members, of whom four are independent. It acts collectively by majority resolution.

Functions

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The Board reviews the overall strategy, financial objectives, budgets, acquisitions, divestments, capital expenditures, currency and aluminium hedging, portfolio composition and returns, results and risks in the Company's business.

Audit and Compensation Committees

The Board has an Audit and a Compensation Committee, whose members are independent. The Audit Committee reviews the Company's accounts, internal controls and meets with the Company's external Auditors twice a year. The Compensation Committee reviews the Directors' and Officers' compensation and stock options.

Chairman, President & CEO

Mr. Ralph Sonnenberg is Chairman of the Board of Directors, President and Chief Executive Officer.

Officers

The Board annually appoints the Officers of the Company: the President, the Co-Presidents, four regionally responsible Vice Presidents, two Staff Vice Presidents and a Corporate Secretary. The Vice Presidents and Corporate Secretary report to the President.

Financial Reporting

In accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The annual report includes a fair review of the development and performance of the business and the

position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Major Business Processes

A business process is a collection of structured, related tasks or activities which produce a specific product or service which serves a particular goal for customers. The main types of business processes observed in this case study report are Management Processes, Operational Processes and Supporting Processes.

Management processes: processes which govern the operation of a system in an organisation. Typical management processes include ‘ Corporate Governance’ and ‘ Strategic Management’.

Corporate Governance

The Hunter Douglas Group is incorporated in The Netherlands Antilles and has its statutory seat in Curaçao. Hunter Douglas is therefore not subject to The Netherlands Corporate Governance Code. However, Hunter Douglas adheres to good Corporate Governance.

The Group has the following key internal controls:

Conflicts of Interest Policy

The ‘ Conflicts of Interest Policy’ is applicable to all key employees covering relations with customers, suppliers and other third parties.

Insider Trading Policy

The ‘ Insider Trading Policy’, as prescribed by the Authority Financial Markets (‘ AFM’), restricts trading in the Company’s shares by Directors, Officers, key employees and related persons.

Internal Audit Function

Hunter Douglas’ principal Operating Companies have an Internal Audit Program.

Authority Limits

Every Manager, including the Regional Vice Presidents, has clearly defined Authority Limits.

Whistleblower Policy

Hunter Douglas has a ‘ Whistleblower’ Policy in each and every Company within the Group.

Compensation

Compensation is reviewed by the Compensation Committee of the Board. The Company also follows the ‘ best practices’:

Stock options

Stock options are granted for five years with vesting starting after two years.

Stock

It is not the Company’s Policy to provide stock at no cost.

Loans

Loans to Directors, Officers or other employees bear market interest. There is no forgiveness of principal or interest.

Investor Relations

Hunter Douglas has an Investor Relations Website, regularly issues press releases and holds analysts and investor meetings.

Strategic Management

Strategic management is a process through which organizations analyse and learn from their internal and external environments, establish strategic direction, create strategies which are intended to move the organisation in that direction and implement those strategies, all in an effort to satisfy stakeholders, as illustrated in the diagram below:

External Analysis

(External Environment)

Strategic Controls

Direction Setting:

Generate,

Allocate

Build

Develop

Vision

Evaluate,

and

relationships

Control

Mission

and

Manage

Systems

Values

Select,

Resources

Design

Strategies

Structures

Measure and

Evaluate

performance

Internal Analysis

(Internal Environment)

Strategy Formulation

Strategy Implementation and Evaluation

Hunter Douglas Group has been successful over the long term because the Group has effectively acquired, develop and manage resources and capabilities that provide competitive advantage. The Group has, over the years, achieved strong brand recognition such as the HunterDouglas® in North America and Asia as well as for Architectural Products worldwide. Luxaflex® for residential window coverings in the rest of the world.

The Hunter Douglas Group, with its 21, 000 employees in 169 countries worldwide, takes advantage of its organisational strengths and environmental opportunities. It continues to neutralise or overcome organisational weaknesses and environmental threats by managing its business processes well and applies ‘ best practices’.

Operational processes: processes which constitute the organisation’s core business and create the primary value stream. Typical operational processes include Purchasing, Manufacturing, Marketing, and Sales.

As a highly decentralised organisation, each company in each region within the Hunter Douglas Group manages autonomous operations with minimum interference and maximum accountability, growing their businesses within the group’s entrepreneurial environment following the corporate governance, vision, mission and values.

Supporting processes: processes that support the organisation's core processes. Examples in this category include Accounting, Recruitment, Technical support.

Although highly decentralised, each company in each region within the Hunter Douglas Group has to follow an Internal Audit Program when it comes to financial and accounting matters.

Recruitment and Human Resource matters are set in line with the business plan and strategies of each company in each region as well as in line with the directions and corporate governance, vision, mission and values of the Group.

Business Strategy

Porter's Generic Strategies

Target Scope

Advantage

Low Cost

Product Uniqueness

Broad

Cost Leadership

Differentiation

(Industry Wide)

Strategy

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Strategy

Narrow

Focus Strategy

Focus Strategy

(Market Segment)

(Low Cost)

(Differentiation)

Hunter Douglas Group's strategy is to grow the market and the Group's market share by continuing to introduce innovative and proprietary new products and by expanding its presence in key geographic markets.

It was observed that Hunter Douglas Group has been successful in using the Differentiation Strategy by having the following internal strengths:

Access to leading research and development

Highly skilled and creative product development team

Strong sales teams with the ability to successfully communicate the perceived strengths and benefits of the product.

Corporate reputation for quality and innovation

Differentiation Strategy

A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that

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customers perceive to be better than or different from the products of the competition. The value added by the uniqueness of the product may allow the firm to charge a premium price for it. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique product. Because of the product's unique attributes, if suppliers increase their prices the firm may be able to pass along the costs to its customers who cannot find substitute products easily.

The risks associated with a differentiation strategy include imitation by competitors and changes in customers' tastes.

Generic Strategies and Industry Forces

Industry

Generic Strategies

Force

Cost Leadership

Differentiation Strategy

Focus Strategy

Strategy

Entry

Ability to cut price in

Customer loyalty can

Focusing develops core

Barriers

retaliation deters

discourage potential

competencies that can act

potential entrants

entrants

as an entry barrier

Buyer

Ability to offer lower

Large buyers have less

Large buyers have less power

Power

price to powerful

power to negotiate

to negotiate because of few

buyers

because of few close

alternatives

alternatives

Supplier

Better insulated from

Better able to pass on

Suppliers have power

Power

powerful suppliers

supplier price increases

because of low volumes,

to customers

but a differentiation-focused

firm is better able to pass on

supplier price increases to

customers

Threats of

Can use low price to

Customer's become

Specialised products & core

Substitutes

defend against

attached to differentiating

competency protect

substitutes

attributes, reducing

against substitutes

threats of substitutes

Rivalry

Better able to

Brand loyalty to keep

Rivals cannot meet

compete on price

customers from rivals

differentiation-focused

customer needs

Relationship With External Entities

In order to remain successful and continue to expand its market share, Hunter Douglas Group has learned to develop and manage relationships with wide range of organisations, groups and people that have a stake in their business. The emergence of a fiercely competitive global economy means that the companies within the Hunter Douglas Group have to expand their networks of relationships in their region and cooperate with each other to remain competitive.

Education

Hunter Douglas Singapore team up with the National University of Singapore's Department of Architecture to organise the NUS-Hunter Douglas Award for the innovative use of technology in Architecture.

Hunter Douglas Group has developed multi-level training and education programs for its fabricators, retail dealers, professional designers and installers.

It holds consumer seminars to help prospective buyers understand the importance of window coverings for home fashions and for light control and energy efficiency.

It provides training seminars and hands-on workshops for retailers, designers and installers, which includes CD-Roms, videotapes and web-based instructions, throughout the world.

It has created the industry's first and only formal Retail Alliance Program, offering its very best dealers a choice of tiered partnership options that

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reward their brand loyalty with lucrative business-building benefits, including financial incentives and exclusive products and programs.

Through Hunter Douglas Group exclusive partnership with Archiprix International, it builds relationships with the next generation of architects as they begin their careers after college. With Hunter Douglas Group's support, Archiprix organises a biennial international competition for the best graduation projects in architecture. Finalists travel to a host city with hundreds of architects from around the world where an independent jury evaluates the student entries and recognizes the most outstanding work with the Hunter Douglas award.

Hunter Douglas Singapore was conferred the Singapore Institute of Architects' Friend of Architecture Award in recognition of the company's contribution to Architecture in Singapore and its continuous support for the Singapore Institute of Architects.

Its 'Windows of Opportunity' seminar on the use of window fashions in interior design reaches more than 2, 500 design school students and designers in major United States' markets each year.

At the Fashions Institute of Technology in New York and other leading design schools, Hunter Douglas provides design students with industry overviews and a business perspective through teaching opportunities.

At the renowned Pratt School of Architecture, Hunter Douglas has sponsored design studio projects that challenge students to envision new and novel ways to integrate its products and materials into architectural structures.

Corporate Citizenship

Hunter Douglas Group actively supports the communities in which they live, work and do business. Decisions about which causes to support and the form that support takes are made locally by the management in each country.

It provides window coverings to hospitals, research centres and healthcare facilities around the world.

It supports educational opportunities for the families of its staff and less privileged members of our communities.

In the United States and Canada, Hunter Douglas sponsors Habitat for Humanity, donating custom window coverings for the homes Hunter Douglas has built for low-income families since 1993. Hunter Douglas' employees have also contributed thousands of hours in sweat equity assisting with the building of these homes at the local level.

Hunter Douglas stimulates students' awareness of its products and encourage their creativity through competitions in which they are judged upon the innovative application of its products in their design projects.

Hunter Green™ and Keen on Green are important new company-wide environmental initiatives being undertaken by the Hunter Douglas branded companies to reduce energy consumption, water usage and its overall carbon-footprint. It also includes an ongoing consumer marketing effort creating increased awareness of Hunter Douglas corporate commitment to the cause as well as the superior energy-saving benefits of its products.

The Process of Human Resource Planning in the Organisation

Manpower Planning

Manpower planning is a process of getting the right number of qualified people into the right job at the right time. It is a system of matching the supply of people internally, who are the existing employees, and externally, potential talents to be hired or searched for, with job openings which the Group expects to have over a given time frame.

This planning requires the human resource departments in the Group to prepare an inventory of skills and talents already available as well as coordinating and controlling various activities in the Hunter Douglas Group. Manpower planning involves reviewing current manpower resources, forecasting future requirements and availability as well as taking steps to ensure that the supply of people and skills meets demand. It utilises the concept of planning to visualise how the Hunter Douglas Group can go through the allocation and control of its manpower resources in a better manner. It is also a tool for higher management to equip themselves with the necessary data on its human resources available immediately within the Group and from outside, when the need arises to meet market's demand.

Manpower Planning Model

Forecast Demand

Forecast Supply

Considerations:

Internally

Product/ Service demand

Staffing tables

Economics

Balance Supply and Demand

Markov analysis

Technology

Skills inventories

Financial resources/ limitations

Recruitment (Shortage)

Management inventories

Absenteeism/ turnover

Full-time

Replacement charts

Organisational growth

Part-time

Succession planning

Management philosophy

Recalls/ transfers

Overtime

Externally

Techniques:

Outsourcing

Demographic changes

Trend analysis

Reductions (Surplus)

Education of workforce

Managerial estimate

Terminations

Labour mobility

Delphi technique

Layoffs

Government policies

Leave without pay

Unemployment rate

Outplacement

Demotions

Retirement

Factors

Economic

Competition

Government action

Organisational

Divisional

Skills and

Historical Data

Objectives

Department

abilities

Nature of company

Objectives

required

Skills

Inventory

Net human resource

Types, numbers,

requirements

Human Resources

Negative:

Layoff, terminations,

resignations, retirement

Manpower planning, as observed in the Hunter Douglas Group, consists of the following steps:

Identify the Group's objectives and strategies which are stipulated in the business plan and from the strategic planning processes of the companies within the Group.

Determine the impact of the organisation's objectives on specific organisational units. For this purpose the cascade approach can be used, whereby the organisation's long term strategies are translated into the shorter term performance objectives and time schedules per division and department.

Define the skills, expertise and total number of employees (demand for human resources) required to achieve the organisation and department objectives by using the different statistical methods and managerial estimates.

Perform an analysis of the Group's current human resources. By doing a skills inventory will shed light on the number of current employees in terms of their different competencies, skills, training levels, qualifications, work experience, etc.

Determine the additional (net) human resource requirements in light of the Group's current human resources.

Develop action plans to meet the anticipated human resource needs which may include a comprehensive succession plan for each department, resultant recruitment strategies, the design and implementation of managerial development and other training programs, making available bursary schemes for current participants who may eventually fill scarce positions, designing compensation packages to attract and retain quality staff.

The key activities of Human Resource Management carried out by both line managers and the Human Resource practitioners in the Hunter Douglas Group are:

Organisation

Organisation structuring: developing an organisation which caters for all the activities required, groups them together in a way which encourages integration and cooperation.

Job design and role specification: deciding on the contents of the jobs which involve the employees' duties and responsibilities and the relationships that exist between job holders and other employees within the Hunter Douglas Group.

Organisational development: stimulating, planning and implementing programmes designed to improve the effectiveness with which the organisation functions and adapts to change.

The employment relationship

Improving the quality of the employment relationship

Creating a climate of trust and self propulsion

Developing a more positive psychological contract

Achieving a highly committed organisation

Resourcing

Human resource planning: assessing future people requirements in terms of both numbers and all levels of skill and competence. Formulating and implementing plans to meet those

requirements through recruitment, training, development, etc.

Recruitment and selection: obtaining the number and type of people the organisation needs

Performance management

Getting better results from the companies, teams and individuals by measuring and managing performance within agreed frameworks of objectives and competence requirements; assessing and improving performance.

Human resource development

Organisational and individual learning

Skill improvement through systematic approach to training

Reward management

Job evaluation: assessing the relative size of jobs as a basis of determining internal relativities

Pay: developing and administering pay structures and systems

Non-financial rewards: providing employees with non-financial rewards e. g. recognition, increased responsibility and opportunity to achieve and grow.

Employee benefits: providing benefits in addition to pay which cater for personnel security and personal needs

Employee relations

Employee relations involving managing and maintaining formal and informal relationships with trade unions and their members

Employee involvement and participation which means sharing information with employee and consulting them on matters of mutual interest

Communication: creating and transmitting information of interest to employees.

Health, safe