

Yummy company goes to davao



**ASSIGN
BUSTER**

Yummy company is a producer and marketer of fruit juices packaged dried fruits, and canned jams made from all natural exotic tropical fruits. The company has been in the business since 1960 and its primary plant is located in Tagaytay City, Cavite. It distributes its products locally and exports dried fruits and jams to Japan. Originally, it produced only packaged dried fruits, but the firm expanded its business by canning exotic fruit jams and fruit juices. Yummy has experienced tremendous growth during the past two years.

The company has a workforce of over 1, 200, 900 whom are regular employees and about 300 are seasonal or temporary employees. The employees are currently non-union. Its revenue has increased by 20% in 2004. In 1990, yummy bought two small canning companies located in southern Luzon. This acquisition did not go smoothly since one of the acquired companies had unionized employees and their HR was not prepared to handle the diversity in HR practices and producers brought about by the acquisition of the two factories.

The HR director was not involved in the strategic planning process. He was just informed of the acquisition after the deal was sealed. The strategic planners were mainly concerned with the financial implications of the move. As a result of this lack of concern for HR-related problems for at least three years and this proved to be detrimental to employee morale and productivity.

Some of the problems pertained to the acquired companies' lack of performance management, and formal pay scales for non-union employees,

hiring practices that allowed members of the same family in a supervisor-employee relationship, absence of training facilities, inconsistent enforcement of employee discipline procedure despite the presence of a collective bargaining agreement and high incidence of theft.

It took the next six years for management to smooth out these problems and to build a unified corporate culture. A recent employee survey showed that now, employees have a high level of job satisfaction and HR had succeeded in developing and implementing human resource policies and procedures, and training programs in all its locations. Recently, Yummy has announced to the management team that Board is considering acquiring a small canning factory in Davao City next year.

This company is canning fruit jams out of fruits available in Mindanao such as marang, durian, and mangosteen. Its product is distributed in the Visayas and Mindanao Regions. The availability of these fruits where the factory is located will be a strategic advantage for Yummy. However, the company is managed in a very informal although autocratic manner. There are no written HR policies and procedures; and communications flow through the grapevine.

Yummy plans to purchase new equipment that will improve productivity and efficiency of the canning and packaging processes in all locations. As a result, it is possible that Yummy will need fewer than 400 employees in Davao when the new equipment becomes operational. In addition, Yummy is considering the establishment of a distribution office in Japan to facilitate the

marketing, sales and distribution of its goods in Japan. The company intends to accomplish this soon after the acquisition of the Davao City Facility.