

The key elements of mattels strategy



Mattel is the worldwide leader in the design, manufacture and marketing of toys and family products in 150 countries. The company's main products include Barbie, Fisher-Price toys, Hot Wheels and Matchbox cars, American Girl dolls and books and items licensed by Sesame Street, Barney & Friends and Ferrari. In 2000, Robert Eckert replaced Jill Barad as CEO of the company. Soon after, he came to realize the importance of creating a basic workforce management plan for the company. That would motivate the workforce and generate a more skilled and competitive workforce. He decided to set up a systematic succession strategy that would help the company to retain its original talent.

Key elements of Mattel's HRM strategy

Mattel's HRM strategy constitutes the following:

Leadership development

Succession planning

Performance tracking

Motivating the workforce

Employee training

CRITICAL EVALUATION OF HRM STRATEGY IN RELATION TO THEORIES

Leadership development

" Leadership Development refers to any activity that enhances the quality of leadership within an individual or organization". Robbins et al., (1996)

In Mattel, ambitious initiatives were proposed to make the workforce more disciplined. The idea was to create tangible development programmes to generate a more skilled and competitive workforce.

Succession planning

“ By succession planning we mean the development of ‘ high potentials’ to effectively take over the current leadership when their time comes to exit their positions”. Morgan Witzel (1999)

Eckert wanted to set up a systematic succession strategy at Mattel that would enable the company to retain its home-grown talent. The new succession planning process encouraged executives in strategic positions to exchange the information with one another and among employees at different levels. There was a 360-degree feedback system that let employees know how well they were doing.

Motivating the workforce

“ Motivation is defined as a driving force that initiates and directs behaviour. In other words, motivation is a kind of internal energy which drives a person to do something in order to achieve something.” Richard Romano, (2007)

Getting the company on healthy footing is an essential step for any organization and so does for Mattel. Eckert realised the importance of motivating his workforce to get best possible results from them. For that he decided to carry out following actions.

Internal promotion

In Mattel, Eckert focussed on internal promotion. That is why 75% of open positions are filled internally to increase the internal promotion level.

Employee opinion survey

Many of talent development seminars are carried out at Mattel that serve as a platform for employees worldwide to exchange their ideas and advice and also encourage them to reach out.

Employee training

“ Training involves an expert working with learners to transfer to them certain areas of knowledge or skills to improve in their current jobs.” John et al., (2008)

Eckert wanted to reduce the “ throw spaghetti against the wall and see what sticks” dynamic that was in place at MATTEL. His solution was to train and develop the company’s people to make them competitive and properly skilled.

MATTEL’S HRM STRATEGY & CURRENT EXTERNAL ENVIRONMENT

Below is the assessment of Mattel’s HRM strategy in relation with current external environment:

Economic Factors

Today people look for budget friendly toys that lend themselves to long-lasting play. Also changes in the growth of employment are also affecting demand. Therefore Mattel must keep a check on their price levels.

Social Factors

The expectations of consumers about the quality of toys are increasing day by day which requires continuous quality assurance by Mattel. Also there is a rising trend of computer games which helps Mattel to gain market share. Furthermore, Toys at Mattel also help children to learn social norms by teaching them certain kinds of play.

Technological Factors

The absence of quality of toys in market is an opportunity for Mattel to step into to gain more market share. Also, development of interactive software programs may help the company a lot as there is a high demand of variety of software programs. It has been noticed that the tiny magnets used in the manufacturing of toys may fall off the toys which are deadly if swallowed which is a kind of threat to Mattel.

Cultural Factors

Customer looks for product quality, safety, affordability and uniqueness of the product. However Mattel needs to create some common aspirations and fantasies for boys and girls to attract them towards toys market.

Competitors

There are various competitors of Mattel including Wal-Mart, Toys R Us, Hasbro, Louis Marx and Milton Bradley. The ability to retain talent is particularly critical in the fiercely competitive toy industry.

Market Forces

Mattel is facing a high threat of both new entrants and its competitors. Changes in consumer sentiment also have a significant effect on demand.

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Competition in this industry is high and increasing. A changing market, shaped by the emergence of new competitors and the increased bargaining power of retailers like Wal-Mart, has made the industry particularly complicated.

POTENTIAL ISSUES FACED BY AN ORGANIZATION

After a thorough reading and analysis of the case study, I understand how important it is for a company to keep a balance between its organizational HRM strategy and divisional personalization. For that every company must look for a strategic balance between the company itself and its individual business units and so did Mattel. This helps the company to maintain a degree of personalisation among its units and at the same time helping them to carry out performance management, succession planning and tracking using certain guidelines.

Following are the potential issues that the company face in balancing the organisational HRM Strategy with divisional ' personalization'.

Rigid Silo Mentality

Lack of close-knit communities and strong group dynamics

Disconnected subcultures

Absence of ' One Vision/Goal'

Inefficient level of commitment to workforce development

Lack of proper flow of information among employees at different level

Lack of Creativity and innovation of talent

Poor Communication

Weak Team Spirit

Lack of employee training

Lack of Motivation in Employees

CONCLUSION

The overall analysis of Mattel's HRM strategy shows that all of the top managers at Mattel tried to run the company in the best possible way in their respective time period. But somehow there had been some critical issues that were not handled accurately which led to the company's decline at some stage. However, Eckert's strategy to lead the company towards its unified goal by understanding the importance of workforce management along with other monetary concerns was

successful to some extent. However it's important for a company to focus on following key issues for long-term success.

Employee Motivation should be considered as a major function of Management.

Multi-tasking and employee shuffling within the organization is necessary for broad vision and proper understanding of the company's objective.

Knowledge Management should be considered a key strategic resource when it comes to the competitiveness of a company.

Management should be able to find ways of making production more cost-effective.

Self-discipline and willingness to take risks must be given due importance.

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PART 2

PERFORMANCE MANAGEMENT

INTRODUCTION

Performance Management is a key to success for an organization. It should be strategic and integrated. It should link various aspects of the business, people management, and individuals and teams. It helps to establish a culture in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills, behaviour and contributions. Cunneen, P. (2006). Each individual at Mattel had its own distinct culture, language and way of doing business. Instead of close-knit communities and strong group dynamics, there were 'disjointed' subcultures. Therefore Eckert made certain changes to performance management to motivate employees and to redirect them towards a combined goal.

DEFINITION

"Performance Management is a process which contributes to the effective management of individuals and teams in order to achieve high levels of organisational performance" Armstrong et al., (2004)

ORGANIZATIONAL EXAMPLE

D & S TOYS CO LTD- HONG KONG used following approaches to increase its organizational performance.

Benchmarking: It used standard measurements for comparison to other organizations in order to gain standpoint on organizational performance.

Business Process Reengineering: It helped them to increase performance by re-designing the organization's structures and processes.

Continuous Improvement: They focussed on improving customer satisfaction through continuous improvements to processes by removing unnecessary activities.

CRITICAL ANALYSIS OF THE CHANGES MADE TO PERFORMANCE MANAGEMENT BY ECKERT

Here I am going to analyze the changes made to performance management by Eckert, with the help of performance management framework put forward by David Otley in 1987 that includes five sets of following issues:

Key objectives of the organization

Strategies and plans adopted by the organization

Setting appropriate performance targets

Rewards gained by achieving these performance targets

Feedback that helps the organization to learn from its experience

Objectives

Eckert's main objectives to bring a change in performance management were "One Mattel" approach along with creating a leaner and more agile organization.

Strategies and Plans

Eckert's strategy was to create a basic workforce management and leadership development plan. Different coaching courses were held to develop interpersonal skills, emotional Intelligence and negotiation. For proper performance tracking, Eckert established pay & rewards system in combination with the 360-degree feedback system. He also made serious training investments for team building, exchanging ideas and identifying rising stars within the company.

Targets

Making changes to performance management by Eckert, was basically targeted to generate a more skilled and competitive workforce along with the institutionalization of people development. The main purpose was the removal of disjointed subcultures by giving rise to workforce development and giving the employees a single approach to accomplish Mattel's vision. Overall, I analyse that Eckert's basic targets were to:

Plan where the business is heading and manage progress against plan.

Respond faster to changing market.

Reduce costs and improve productivity across business units.

Analyze business information to understand what is driving trends.

Rewards

After making these changes to performance management, some of the basic rewards that Eckert gained were:

Motivated Workforce

Increased employee morale and overall productivity

More disciplined workforce

Reduced debt by \$ 759 million

The company generated \$ 3. 56 billion of cash between 2001 and 2005

More discerning employees who were able to make better predictions

Disappearance of rigid silo mentality

Feedback

Regular monitoring and performance appraisals helped Eckert to make its workforce more motivated. Furthermore following up planned actions ensured the improvement in company's growth. Individual performance and development plans resulted in trained workers which were observed to be more disciplined and competitive.

SUSTAINABILITY OF MATTEL'S APPROCH TO PERFORMANCE MANAGEMENT

It is easy to establish a system than to retain it. Therefore Eckert needs to develop a continuous approach as follows to help retain its performance management level

Continuous skill development to train the employees in order to achieve company's goal.

Maintaining True pay-for-performance culture so that each employee is rewarded for what they deserve.

Recognizing gaps will enable the company's management to properly map out succession plans while employees develop attainable career paths.

Making Professional development programs that are better aligned directly to achieving business level goals.

Improve Performance by identifying the metrics that have the greatest impact on goal attainment so you can make the most informed strategic decisions.

High confidence in bonus payment process

Coaching classes for continuous employee retaining

Continuous Improvement in interpersonal and communication skills

Keeping the system alive is the greatest challenge for Mattel. This can be done by keeping the performance management system viable for future by evaluating PM system, aligning the system, delivering refresher training and through proper communication among different levels within Mattel.

By promoting behaviours that are aligned with its values and culture.

CONCLUSION

Performance Management is considered as a critical business tool that plays an important role in translating business strategy into results. Success with performance management does not happen automatically, it requires work.

Those individuals responsible for implementing and maintaining the performance management system must ensure that their management team understands the potential of effective performance management and is committed to success. Fischer, R. J. (1994). Overall analysis shows that Mattel's workforce strategy is successful and workforce has become more disciplined. They have the skills and the know-how to make better predictions. Employees are benefiting from the new dynamic as it has opened up career advancement opportunities beyond their division. Eventually the company needs to sustain its growth by continuous follow up and improvement in its systematic approach with the changing times. Summarizing all above I must say that management at Mattel must highly focus on encouraging and enabling effective and on-going performance discussions and coaching between managers and employees as this is the basis to any performance management initiative.