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Home Depot’s unique culture is built on associate dedication and a commitment to n “ orange-blooded” entrepreneurial spirit. 1. Taking care of our people: The key to our success is treating people well. We do this by encouraging associates to speak up and take risks, by recognizing and rewarding good performance and by leading and developing people so they may grow.

2. Giving back to our communities: An important part of the fabric of The Home Depot is giving our time, talents, energy and resources to worthwhile causes in our communities and society. 3.

Doing the right thing: We exercise good Judgment by “ doing the right thing” instead of Just “ doing responsibility for our actions. 4.

Excellent customer service: Along with our quality products, service, price and selection, we must go the extra mile to give customers knowledgeable advice about merchandise and to help them use those products to their maximum benefit. 5. Creating shareholder value: The investors who provide the capital necessary to allow our company to grow need and expect a return on their investment. We are committed to providing it. 6.

Building strong relationships: Strong relationships are built on trust, honesty and integrity. We listen and respond to the needs of customers, associates, communities and vendors, treating them as ratters. 7. Entrepreneurial spirit: Home Depot associates are encouraged to initiate creative and innovative ways of serving our customers and improving the business and to spread best practices throughout the company. 8. Respect for all people: In order to remain successful, our associates must work in an environment of mutual respect, free of discrimination and harassment where each associate is regarded as a part of the Home Depot team.

Home Depot) Objectives and Strategies In 2002, Home Depot maintained its long-term objectives for continuous growth and expansion. CEO, Robert Narrated, plans on the opening of 200 new Home Depot stores in the U. S. In 2003. In addition, Home Depot will increase investments in technology and store modernization, as well as sustain its control through its vertical growth strategy in its value chain (Home Depot). With a strategy to enhance its core retail network through innovative and unique merchandise, Home Depot is committed to the changing needs of the home improvement market (Home Depot).

The company began to tap the residential homebuilders’ market with the 2002 acquisition of three of the top 10 turnkey providers of installed flooring (Annual Report). Using a “ customer-back” initiative in decision-making, Home Depot is dedicated to building relationships with the customers, whether they are the “ do-it-yourself (DID), the do-it-for-me (DIF), the professional, or one of many emerging customer segments” (Annual Report). Home Depot is pledges to provide service and products “ second to none” (Home Depot) (Annual Report). CORPORATE GOVERNANCE A.

BOARD OF DIRECTORS Robert L Narrated has served as Chairman, President and CEO of Home Depot, Inc. Since January 2002.

Under his leadership, Home Depot has set a long-term strategy for continued growth and expansion. Mr… Narrated also chairs the Hands On Network Advisory Board, serves on President Bush’s Council on Service and Civil Participation, and is a member of the board of councilors of the Carter Center (Home Depot).

He is credited with leveraging technology, innovative products and services, and acquisitions to expand a company at a rapid pace (Home Depot).

As the leader with GE Power Systems, Mr… Narrated transformed the company into a worldwide leader in the energy industry (Forbes). Since being with Home Depot, Robert Narrated has focused the home improvement retailer on enhancing its core retail network through distinctive and innovative researched, technology investment, and store modernization (Home Depot).

Because of Mr… Marinade’s experience, vision, and leadership, Home Depot prospered during post 9/1 1 economical turbulence and global conflicts (Annual Report).

In addition, Home Depot extended the scope of its business with expansions into new geographic and professional customer segments, online sales and installation services, and new store formats (Home Depot). \*\*President and CEO from 1978 to 1997: Co-founder Bernard Marcus \*\*President and CEO from 1997 to 2002: Co-founder Arthur M.

Blank (Hunger and Wheeled) Kenneth Lange, co-founder of the Home Depot, Inc. Has been the Lead Director of Home Depot since 1998 (Home Depot). Having originally laid out the plans for the Do- It-yourself chain, Mr…

Lange has seen significant change and growth in Home Depot, Inc. Since its inception in Atlanta in 1978. Mr…

Lange has and continues to make significant contributions to the home improvement retailer (Forbes) (Home Depot). Having established the orange-blooded culture, Kenneth Lange, Bernard Marcus, and Arthur Blank believed and wanted to pass on a commitment to maintain the principles of the company (Home Depot). We are committed to operating a safe environment for our customers and associates. We never walk by a customer or fellow associate without speaking. \* We don’t spend money on a fancy environment; that would make our prices higher. We train our associates so they can pass knowledge on to our customers.

\* We want associates to build relationships with customers, to educate the customers, and to give the customers the confidence to complete their projects. \* and wants. \* We stay flexible and make changes based on the customer needs We make an effort to never lose a sale. Gregory D. Brakeman serves on the Board of Directors for Home Depot Inc. And Automatic Data Processing, Inc.

He is Chairman and CEO of Outworks, Inc. A Houston based private equity firm, which focuses on corporate transformation.

Brakeman has served on many boards. Considered the “ Turnaround Titan Ready to Reload,” Mr…

Brakeman with his experience and board contributions has been a strength for Home Depot (Burger King). He has helped to lead Home Depot toward its Richard H. Brown is a member of the Board of Directors Committee (Home Depot). Mr..

. Brown had previously served as Chairman and CEO of Electronic Data Systems Corporation (DEEDS), global technology services company. His work at DEEDS centered on providing companies with business and technological (IT) solutions to help the impasses improve business (Forbes).

Richard Brown’s information technology experience with DEEDS has made a significant impact on Home Depot. With Brown’s influence in 2002, Home Depot’s investment in information technology tripled and successfully enhanced the customer shopping experience (Annual Report).

John L. Cleaning has been a member of the Board of Directors since 1996 (Hunger and Wheeled). Mr…

Cleaning is a Former Chairman, President and CEO of Bellybutton Corporation, and he believes that success and growth are due to adapting to changes with cultural stability (Bellybutton).

Clementine’s knowledge and expertise in immunization services can allow him to assist Home Depot in understanding the retail consumer and targeting particular customer segments. Berry. R. Cox has been a private investor and member of the Board since 1978 (Hunger and Wheeled).

He has seen Home Depot, Inc. Through several changes, and his investment experience is beneficial to the company. As an investor and Board member, Berry Cox is committed to maximizing shareholder value, while supporting management in business operations (Home Depot). Claudio X.

Gonzalez, as a member of the Board of Directors, is Chairman and CEO of Kimberly-Clark De Mexico, S.

A. De C. V. Annual Report). Mr..

. Gonzalez has been strength for Home Depot, as the company expands its international operations (Kimberly-Clark). Home Depot successfully entered Mexico and within a year established 12 stores, which made it the largest home improvement retailer in Mexico. Claudio Gonzales understanding of Mexico volatile economy has helped Home Depot’s slow and cautious entry into the Mexican market (Annual Report). Milled A. Hart, Ill has been a member of the Board of Directors since 1978 (Hunger and Wheeled).

While he serves on several boards, Mr… Hart is the founder and Chairman of the Board of Hart Group, Inc. ND Irma, Inc (Adductor and Forbes). He is the Chair of the IT Advisory Council on Home Depot’s Board and has been a driving force in Home Depot’s overall advancements in strategically and technologically (Annual Report and Forbes).

Bonnie G. Hill is a member of the Board. She is President of B. Hill Enterprises, LLC, a consulting firm specializing in corporate governance and board organizational and public policies (Annual Report and Forbes).

Serving on several boards for various industries, Ms.

Hill has invaluable experience and knowledge with monitoring and supervising top management, as well as developments both inside and outside the organization (Hunger and Wheeled) (Forbes). The New York Stock Exchange (Annual Report). His leadership experience in the world’s most technologically advanced equities markets is a valuable asset for Home Depot, Inc. (New York Stock Exchange) William S. David serves on the Board of Directors and is President Emeritus of The Von Companies, Inc.

Annual Report). His experiences in leading one of the largest supermarket operations in Southern California can provide Home Depot with new ideas for improving the customer experience (Shop Safely). Roger S. Pens is a member of the Board (Annual Report). Mr..

. Pens founded Pens Corporation and became its Chairman of the Board in 1982 (GE). Having experience on several boards, Pens is a benefit and active member of the Home Depot Board of Directors (Annual Report). The Board of Directors is actively engaged in the business of Home Depot.

With each member’s various scopes of experiences, routine store visits, and frequent operational reviews, the Board is recognized as one of the “ top 10 Best Boards” (Annual Report). B.

TOP MANAGEMENT (Do same thing like the what you did in the Board of Directors) EXTERNAL ENVIRONMENT: Opportunities and Threats (SOOT) A. NATURAL PHYSICAL ENVIRONMENT: SUSTAINABILITY ISSUES B. SOCIETAL ENVIRONMENT Opportunities Home Depot has been known for creating opportunity through community awareness and charitable contributions. They have made strenuous efforts to make an impact in the community.

By being involved in the community they are able to give themselves a good image. They might claim they are doing this out of the goodness of the “ company’s heart”, but everyone knows it is only dollars signs corporations see.

Home Depot claims they have a social obligation to help out. During a recession it is said that Home Depot maintains constant business because customers are more likely to pay cheap prices for materials and fix robbers themselves. This is a definite opportunity because this puts Home Depot at an advantage over other competitors and industries.

During the years of 2000-2002, recession. They also benefited from sass’s building and real estate expansion. This was caused by the steep decrease in interest rates.

Homeowners were able to refinance their homes, save money on a monthly basis, and put money back into their homes (Home Channel News Newsman. ) Some of this money was spent at Home Depot stores across the country. Home Depot bases store locations on demographic studies. It was demographic research as an ongoing opportunity. In 2002, Home Depot increased their number of stores to over 1000.

Its stores are located in populated areas and are close together to some other competitors. Home Depot also put stores in areas that are populated with “ Do It Yourself,” such as many southern areas. These Southern customers have a strong sense of cultural appreciation for quality. Home Depot has also recently (2000-2002) explored the global Market. They have started opening stores in Mexico and Canada, and opened resource stores in China.

Threats Some major threats came about from the years 2000-2002. September 1 1, 2001 andEnroncrashing created a downward spiral for the United States economy.

This affected almost every industry. Even though Home Depot maintained constant numbers during this time, they always had to worry about how fast to expand.

At this time there were many Americans leaving the country going off to war, and most Americans wanted to protect every penny not knowing what was to come. During a time of recession, companies have to be wary of customer spending. Another major threat to Home Depot is its competition, and when I mean competition we are zoning in on Loses. Loses is Home Depot’s only competitor that competes on consistent basis at the national level.

During 2000-2002 they have expanded almost equally with Home Depot (Curran).

This is a threat because Home Depot does not want a company with almost the same resources selling goods at almost the same prices. Loses should continue to grow at the same pace as Home Depot, so this will be something to watch out for. C. TASK ENVIRONMENT Threat of New Entrants The threat of new entrants is very unlikely. This industry if very mature and whenever a new competitor tries entering the market, Home Depot or Loses puts up a store right next to the new store knowing they will take most of its business.

There is no way a new competitor can compete with the big companies of this industry. These companies have already made a name for themselves and customers are going to go there instead of anywhere else. Also, these new companies do not have reducing costs. This has helped them sell their products at lower costs than its competitors. 2.

Bargaining Power of the Buyer The buyer always has power in deciding the price of the product that is for sale. This buyer is taken from the general population and then the prices are based on supply and demand.

Home Depot sells thousands of products at very low costs compared to the competition. When you sell you goods at low costs there is not much lower the product’s selling price can go. For the most part the buyer is very satisfied when buying a product from Home Depot.

They go to Home Depot because they know what they want and make the purchase. There are not negotiations on the floor to lower the price of the product. 3. Threat of Substitute Products or Services There are really no substitute services that can be created in this industry.

The only substitute services are companies that only sell lumber and would deliver that lumber at cheap costs to the customers.

These places are not very well known so this hurts them. This makes it hard to create a substitute service that can compete with the low costs Home Depot offers. 4. Bargaining Power of the Supplier The supplier also has power in the price they sell their products at. They want to keep their products at a price that they will make profits on while not going over a threshold in which buyers won’t want to purchase the different items.

Home Depot sets its prices at levels to beat out the competition.

Even if Home Depot does not make that much profit on one product, the company will make it up with the quantity of products they sell compared to their competitors. This is a major advantage big appliers have, because they can keep customers from the competition. 5. Rivalry among Competing Firms Home Depot has about 10 true competitors, and of those Loses Coos Inc is the only Competitor that really competes on the national level. Other Competitors include: Ace Hardware, Homeboys Inc.

, Hughes Supply, Waltham Lumber, and True Value Company.

This Just shows that Home Depot’s competition is far off the pace they are setting for the industry. Home Depot has no equal competition. This industry has not shown signs of growth with regards to up and coming competitors. No other competitor has the sheer size of Home Depot and this allows the company to sell their goods at lower prices than companies of smaller sizes.

Home Depot is also able to sell a more diversified line of products because of nearest Home Depot is and will search for their wanted products there instead of going to an “ Ace Hardware” which has a smaller selection.

This is almost always the case except for instances where customers have store loyalty and refuse to shop anywhere else. There are not many fixed costs associated with this industry. Home Depot and its competitors do not have set schedules to which they are restricted. Home Depot has the option to buy goods and resources when they need them. Through logistics they are able to decide the when, where and how much questions linked to the supply and demand of their products.

Home Depot has been able to increase their market share by opening up more stores across the country.

By 2002 they had 1, 050 stores open across the United States and Canada. This is 170 percent more than Loses, which is its closest competitor. This increase allows them to lower prices. There really are only a few exit barriers in this industry.

There are not many companies selling in this market and most of these companies have their set market share. With the real estate raked and new property, these companies are going to grow over the coming years. The only thing these smaller companies have to worry about is Home Depot taking more of the market share by opening up a store near them (Home Depot). . Relative Power of Other Stakeholders (Unions, Government, Special Interest Groups, etc.

) Other stakeholders are always going influence the industry. These stakeholders have invested money into the company, so they are going to influence final decisions. When Home Depot goes into contracts with other companies to sell their products in their stores, these companies have a say in how their product will be sold. Communities also have a say, because there are city and state regulations in which Home Depot must abide. The shareholders have some say in the decision process.

Most shareholders hold a very little share so they will not have much of a say compared to the bigger shareholders.

This is very common with Home Depot, because of the size of the company and that it is publicly traded.