ChocCo – A Case Study

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Plant managers developing HR strategies in an uncertain organizational climate

As one of Britain's largest chocolate confectionery companies ChocCo made profits of £330 million in 1992-3. Its shares outperformed the UK food sector from mid 1991. Until autumn 1992 the company had impressed the City with the quality of its managers, its tight focus on core businesses and its strong commitment to product innovation and brand support. However, in 1993 the company's image and share price slipped, raising long-term doubts about its future. Key economic commentators suggested that the company had outgrown the UK but lacked a convincing international expansion strategy and that to secure future growth a bold strategic initiative would be necessary. It is within this uncertain climate that we can explore some of the difficulties managers face in developing HR strategies.

The corporate culture of ChocCo is a result of its traditionally paternalistic employment practices. From the late 1980s the company sought to distance itself from its history, adopting what senior managers regarded as a sophisticated solution to the problem of managing employees across several sites. CocCo had traditionally adopted a common approach to employee relations across the different factories within the company. However, in an attempt to break away from this in 1990 the company decentralized collective bargaining to each factory. Senior executives believed this would allow the different sites to recast their employment strategies more in line with their needs. Two factories in particular, AssortedChoc and BarChoc, developed very different solutions to the challenges they faced.

When Doug McCaffer took up his appointment as factory manager of AssociatedChoc in 1990 he had been working at ChocCo for 26 years. In his most recent post in the buying office his role had been to 'introduce competition'. When appointed to his new job the managing director had told him, "it's a shambles, get in there and sort it out". In the three years before his arrival the factory had lost £7 million. In describing how he had begun to turn around the factory McCaffer admitted, "my basic style is one of hands-on management and I tend to be autocratic rather than democratic. His first act was to call together the factory management committee to inform them that they had six weeks to persuade him to keep them. McCaffer explained that he held managers personally responsible for permitting a situation of high earnings, high overtime and a high level of absenteeism to develop. Initially he had tried to persuade the trade unions to "come on board" and plan future changes. When this failed he cut the number of shop stewards from 50 to 20 and the number of convenors from five to one. The production process at AssortCo was labour intensive, employing mainly unskilled female workers with seasonal variations in the amount of labour needed. When McCarrer took over the factory there was a mixture of full-time and part-time workers frequently retained even during periods of slack demand. Overtime was high, quality low and there were piecework elements in the payment system. Historically,