

Paper 17 - Strategic Performance Management

Case Study 1

Candy making is a fun business, and so it's no surprise that it's fun to work at the Jelly Belly Candy Company of Fairfield, California. But at this family-owned company, there's no fooling around when it comes to promoting employee performance and job satisfaction. So when Jelly Belly decided to overhaul and automate its antiquated employee performance and talent management process, it was looking for a serious solution to help give its employees across the United States fair, accurate performance appraisals.

Herman Goelitz Candy was founded in 1869 by Albert and Gustav Goelitz, whose great-grandsons own and run Jelly Belly today. The Jelly Belly Candy Company makes Jelly Belly brand jelly beans in over 50 flavors, as well as candy corn and other treats. Introduced in 1976 and named by former U.S. president Ronald Reagan as his favorite candy, the company's jelly beans are exported worldwide.

Like almost every smart company, Jelly Belly recognizes that employees are more likely to stay with their employer when they feel connected and recognized for their efforts. Programs for managing and evaluating employee performance are critical to aligning corporate and employee values and priorities.

Jelly Belly's search for a new employee performance and talent management system began several years ago, when two branches of the family business were reunited into a single company. One branch was using an outdated performance management software program. The other was doing its employee performance appraisals manually, using paper forms.

Having a variety of jelly bean flavors is great — a variety of employee appraisal processes in a single company is not. The task of updating and consolidating the performance management process fell to Margie Poulos, HR Manager of Jelly Belly's Midwest operations. She and a small team of Jelly Belly HR staff were charged with finding a single automated system that could be used for all of Jelly Belly's 600 employees in three locations.

The driving factor behind Jelly Belly's performance management automation was the belief that thorough, accurate reviews help employees to better understand what's expected of them, so that they can set clear, measurable objectives. That translates into higher employee satisfaction, said Jeff Brown, Jelly Belly's Director of Human Resources. "When employees feel they have gotten a thorough and accurate review, it boosts their morale," Brown said. It also leads to improved talent management and makes it easier to retain valuable employees, which management experts know is a key factor in corporate growth and market leadership.

To meet their strategic goals, Poulos and her team drew up a list of the criteria that a new system had to meet. Top on the list was ease of use. "We didn't want to end up with a system that is so complicated that the managers wouldn't use it," Poulos said. A new system also had to save time. Because employees were in multiple locations, it needed to be web-based for accessibility. And it had to be flexible, easily incorporating core competencies into different forms.

Jelly Belly's selection committee looked at products from different software vendors. "We eliminated right away those that were geared to very large companies and those that were not web-based," Poulos said. "We also eliminated those that offered too many options for customization. It's one thing to offer options, but another thing when the product requires so much customization that it becomes overwhelming."

The committee selected Halogen eAppraisal, a web-based application for managing employee performance from Halogen Software. "We liked the way it looked, and we really liked the user-friendliness of it. It's easy for the managers to use and it's customizable without overwhelming them," Poulos said. After two days of training by Halogen staff, four members of Jelly Belly's HR team set out to train the company's supervisors on the new system. About 50 managers received a crash course in using Halogen eAppraisal, and then used it to complete annual employee evaluations in May. Jelly Belly's HR team is now customizing the software to include more relevant competencies and to respond to comments from managers and staff on the new system.

"The feedback has been really positive, from both managers and employees as well. Some staff said this was the best appraisal they've had," Poulos said, "They felt the evaluations were fair and realistic, and supervisors had the scope to provide more relevant and legitimate comments than they could before. Rather than just clicking on a bunch of canned comments, they were accurately reviewing the employee."

The new automated employee performance appraisal system has completely formalized and organized Jelly Belly's employee evaluation process. "It allows us to standardize competencies across job classifications, add signature and comment sections to make our process more interactive, and increase accessibility for remote managers," Brown said.

Under Jelly Belly's old system, employees conducting reviews started from scratch once a year with new performance journals. Halogen eAppraisal will let them log notes throughout the year and regularly update their on-line appraisals. Employees use one consistent employee evaluation form to add comments and to sign their appraisals.

The web-based product helps remote and traveling managers maintain access to the forms and the data they need to evaluate their staff. "In our old system, a few folks in Chicago would have access to the system. But we have managers in California with Chicago subordinates. It's important that they can share the same forms across the board. And we have folks who are on the road a lot or are working out of home offices, so having them be able to access this is a huge point for us," Brown explained.

Organizing and automating the appraisal process results in performance appraisals that are more accurate and fair, Brown noted. "This is important because, after all, an employee appraisal is a legal document," he said.

The new system is also helping Jelly Belly track training requirements and development in its staff, Poulos added. "We've always had a separate training manual. Now we can go in to the evaluations and more easily monitor employees' skills development, see what training is needed by individuals and check the due dates for training and renewal. That makes it much easier for us to keep track," Poulos noted.

The new employee performance and talent management system has proven to be a big time-saver for Jelly Belly's HR team. "Since this year was the first time using the new system, it took us a little longer than it will next year. But the process was a whole lot faster," Poulos said. "It has already saved us a lot of time, and we got everybody's appraisals done in one shot." The new system is also helping Jelly Belly to better align employee goals with the company's business objectives. And for one of America's best-known candy companies, it doesn't get any sweeter than that.

Required:

- (a) Discuss the challenges faced by the company.
- (b) What was the strategy adopted by the company to solve the problem?
- (c) What was the result of the company after adopting the strategies?

Case Study 2

The Brookfield Zoo is one of the top zoological institutions in the country. Yet their ability to generate strong customer loyalty had dropped over several decades. In supporting the organization in moving to a different direction, key leaders from Brookfield came to Orlando for a week-long retreat. From there a customer loyalty strategy was crafted that included a number of strategies. Leaders were trained to lead customer-focused initiative. Zoo facilitators were selected and trained to deliver customer service programming. The trainers facilitated sessions for approximately 1,500 Crew Members and collectively spending over 900 hours on this effort. Leadership tool kits were implemented so that daily conversations could occur with staff around service excellence. Though the program was implemented late in the Spring of 2005, according to summer surveys, non-member ratings for overall zoo visit – those who were “extremely satisfied” -- increased 18% over 2004. Some other significant improvements include:

- Non-member ratings of overall value for cost – those who said the visit was an “excellent value” -- increased nearly 12% over 2004.
- Non-member ratings of the helpfulness of zoo staff – those who thought we “exceeded expectations” -- increased nearly 8% over 2004.
- Non-member ratings of “definitely will visit the Zoo again next year” – increased nearly 7% over 2004.
- Nearly 65% of non-members listened to or interacted with zoo staff or volunteers regarding animals during their visit, compared to only 9% in 2004. This is an enormous behavioral change among staff.

Required:

- (a) What is Benchmarking? List the steps of Benchmarking.
- (b) In the present case how Brookfield Zoo benchmarked its activities?
- (c) What are the positive results that are derived from such benchmarking?

Case Study 3

ABC Ltd. have two alternative projects (A & B) under consideration, the company can select the project and loose the other, as all the projects have to be done now. The information on the projects is given below:

Project A – Capital investment of ₹60,000 is required. If the project is completed in time then revenues of ₹1,00,000 will be received. If not completed on time, a penalty of ₹5,000 per day of delay will be deducted from ₹1,00,000 with a maximum penalty of ₹15,000. The probabilities of delay are:

0 days delay	0.75
1 day delay	0.10
2 day delay	0.10
3 or more day delay	0.05

Project B - ₹75,000 are required as initial investment. After the first phase is completed, the company will get ₹75,000. If completed in 2 days, ABC Co., have the option of getting a follow up project that will require expenditure of ₹20,000 and revenues of ₹50,000 with 70% chances and ₹75,000 with 30% chances. If more than 2 days are required for the first, the option for follow up project will not be there. ABC Co. feel that they have equal chances of completing the first phase in 2 days. Construct the decision tree, analyze and give the conclusion.

Case Study 4

There were a large number of computer-education companies in South Africa in 1970s. These were concentrated in big cities, having population of 1,00,000 or more, as there was a prevalent belief that a computer-education company can succeed only in big cities.

Future Information (FI), a firm in computer-education business, was started by Peter Rice in Johannesburg in 1978. Peter Rice did not agree with the rest of the entrepreneurs in the industry about the location of the service centers. He decided to go to the smaller towns. According to Rice any town having at least one high school could house a successful computer-education centre. In 1983, 20 centers of FI were opened in small towns. These were like 'local' monopolies because the towns were not big enough to accommodate another centre.

In 1970s and early 1980s, there was a boom in computer-education business, but by the late 1980s, a downturn started in this business and many big firms went bankrupt. On the other hand, FI kept on going from strength to strength all this while – by 1990 its centers went up from 20 to 60. Now, it dawned on other firms that FI was following a pragmatic (through unconventional) approach. Rivals, therefore also to contemplate about following FI expansion strategy, as there was still a largely number of small towns left uncovered by any computer-education centre. FI realized that if this happens, they would be left behind. So the situation was like a pre-emptive game. Where every firm would like to enter each town first. FI calculated the payoff such game as follows:

Particulars	Enters	Does not enter
F ₁ Enters	-50, -50	100, 0
Does not enter	0, 100	0, 0

Required:

- Discuss the limitations of Game Theory?
- Describe - Mixed Strategy, optimal Strategy, Two person zero – sum Game.
- Write down the impact, if other companies enter into the business in the context of the above caselet.

Case Study 5

Food Corporation of India (FCI) was established under the Food Corporation of India Act 1964 for the purpose of trading in food grains and other foodstuffs. The Act extended to the whole of India. The Corporation acts as a body corporate. The general superintendence, direction and management of the affairs and business of the Corporation vests in a board of directors, which exercises all such powers and does all such acts and things as may be exercised or performed by the Corporation under the FCI Act.

FCI performs the major functions of procurement, storage preservation, movement, transportation, distribution and sale of food grains and meets the requirements of Public Distribution System (PDS) in the country. In other words, it handles or manages the entire supply chain in food grains distribution in India. It acts as a nodal agency of the central government based on ethical business principles having regard to the interest of the producers (farmers) and consumers.

Supply chain management of food grains by FCI is actually a joint responsibility of the Central Government, the state governments and the union territories involved in the actual implementation of PDS. Functions of the centre are to procure, store and transport. The implementation and administration of PDS is the responsibility of the state government and the UT administration. They lift these commodities from central godowns mills and distribute them to consumers through the massive network of fair price shops. Monitoring, inspection and enforcement of legal provisions is also done by the state government and the UT administration.

The network of fair price shops (FPS) has been expanding over the years, adding to the supply chain. During the last decade, the number of fair price shops had increased from 3.61 lakh (1990) to 4.59 lakh (2004) as indicated in the following:

Increase in No. of Fair Price Shops

Year	No. of FPS (in lakhs)
1985	3.19
1987	3.38
1990	3.61
2004	4.59

An efficient supply chain management requires the establishment of a close link between production, procurement, transportation, storage and distribution of selected commodities. Infrastructure needs to be strengthened, particularly in the backward, remote and inaccessible areas. The system also needs to be much improved to make it cost-effective. There is need for buffer stock in such a system. But, buffer stock can be reduced by timely procurement, transportation and storage.

This would reduce the carrying costs of the goods meant for distribution. The costs can also be reduced by increasing efficiency in the distribution network.

Leakages during the movement of food grains, etc., need to be plugged. Proper and timely checks of the fair price shops, godown, etc., can also lower the cost of PDS operations and the total supply chain management. FCI has to ultimately ensure a cost-effective supply chain and, for this, appropriate modalities have to be worked out.

Required:

- Explain the objectives of Supply Chain Management?
- Describe the Importance of Supply Chain Management?
- Discuss the advantages and disadvantages after implementing the supply chain management by FCI?
- Mention the component of Supply Chain Management.