

## Group work, No. 8

Naghmeh Hajipour

Elham Zarei

Frasima Givchchimotlagh

Kiarash Doostighochchbagloo

Mohammad Ali Bagheri Orimi

Alimohammad Ziae Bakhsh

Behrooz Nuri

Byriel and his management team were simultaneously focused on a wide range of challenges. One of these was Kvadrat's expansion into Asia. Byriel believed that for a truly global company doing business in China should be just as natural as doing business in Germany. How should they ensure that Kvadrat delivered high-value all over the world?

According to differences in Global values and norms and the model of Hofstede in practice we should care about the norms and values of Chinese culture. Kvadrat conducts periodic analyzes to improve its growth process, which we have examples of reports. According to the SWOT analysis and Scorecard, Kvadrat has a special global position. The main marketing principles of strong brands, which are differentiation, focus and quality, can be seen strongly in their products, as well as they have other influential factors such as the ability to create colors and the ability to customize products, the color and design of the product has a lot of competitive power according to the Asian culture gives them. On the other hand, for cost leadership and global access, they used local forces and industries, considering the cheap labor in Asia, the ability to produce products in a country like China while maintaining quality is a smooth path for them.

(We must be one of the five strongest architecture and design brands in Europe and Asia. We must achieve a minimum turnover of €100 million. ) In scorecard 2012 they are near of this amount and they have 95% customer satisfaction. Compare to SWOT in 2009 and Scorecard in 2012 it shows they were able to take advantage of opportunities in their journey and performed well against weaknesses and threats I mean that Kvadrat's 2012 sales in Asia had exceeded management expectation, Consolidation of purchase with fewer suppliers, Taking advantage of the possibility of growth in the global market, etc.

Second, management was focused on the build-out of the retail sales segment, transforming Kvadrat's traditionally two segment business model into a three segment model. How should Kvadrat become #1 in all three of its key segments?

There are two goals in planned change:

- improving the organization's ability to adapt to changes in its environment,
- changing employee behavior

On the other hand, it is a problem-focused

According to Lewin's Three-Step Model, Kotter's Eight-Step Plan for Implementing Change Organizational Development can be used. It means that

- They were among the best in the previous two segments, and by building out the new segment, they want to compete in a big market, and this is necessary for the global growth of the company.
- Change management requires strong managers
- The progress in this sector was the progress of the business, so they should define their vision and strategic movements with KPI management indicators
- They should choose people who take risks and accept change and try to creatively solve problems by creating partnership and cooperation with other employees, creating communication, commitment and a sense of security.
- Plan for and reward short-term "winners" who move the organization toward the new vision.
- They must collect real data from the new market, identify customers, opportunities, shortages and real needs of the market as well as the resources and facilities of the organization. Data analysis, feedback, quick action and performance evaluation show a clear path.
- Reinforce change by demonstrating the relationship between new behaviors and organizational success.

According to the exhibit 6d, they know their competitors, they don't want to know what strategies and advantages the competitors have over them in the market. It is very important to have trained personnel to survey the market because there are competitors who are performing better in the same market.

Third, what needed to be done to accelerate growth in Soft Cells and turn around lagging sales in curtains?

In order to sell products, there is a clear need to know the market and competitors' performance. With Porter's 5 analysis, they will have complete information about the market.

Kvadrat has good connections with various industries and can have good links with construction and architecture projects and use its good connections to present its product.

Holding an event for key and loyal customers along with the introduction and display of new products or even a special invitation to test it and provide feedback. This exclusive offer is a great customer engagement strategy.

Participating in construction events and considering attractive offers for consumers or even becoming a sponsor in important events.

Training of expert sales force and strong marketing is another way to increase sales because they realized the lack of professional force in this field

Even for curtains, Kvadrat can start marketing and selling by offering special offers or even providing packages of curtains and furniture.

Fourth, management was building a strategic HR practice, with an emphasis on the further development of Kvadrat's culture and providing the necessary personnel resources to support management's growth agenda. How should management further develop people practices and the Kvadrat culture across borders, brands and segments?

Let's start with "Personality theories": As mentioned in the case " in recent years Kvadrat had transformed from a rules-based, hierarchical, highly-centralized organization into one which made "as few rules and policies as possible" and empowered its employees to think and act on their own". We think to implement this new culture at first place, this kind of personality for almost all personnels is needed. If we want to let the employees act on their own, we need to hire employees with this personality characteristic, referring to "Big 5 Model OCEAN" with high score in OPENNESS trait. In addition to hiring such employees we can also train and develop them using the Myers-Briggs type indicator (MBTI) and as it determined the ENTP (Extroversion, iNtuiting, Thinking and Perceiving) combination whom is innovative, is very useful since the most thing that is required in Kvadrat is innovation. Drawing on Big 5 model, people high on openness to experience fit better in organizations that emphasize innovation rather than standardization.

Referring to Table 1, this type of control would be "Market" that its characteristics are listed.

Table 1: Type of Control and Culture.

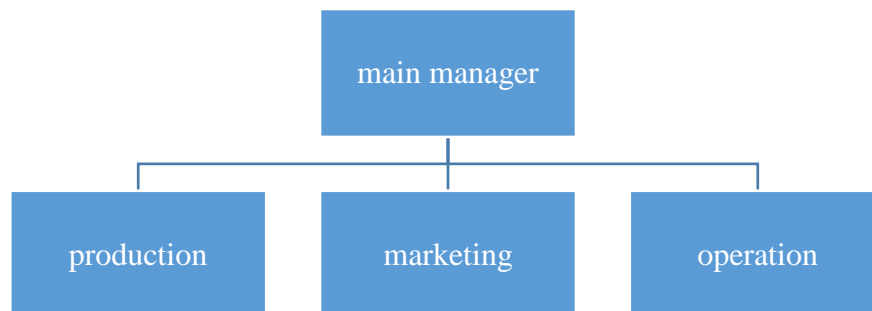
Type of Control	Mechanisms	Basic Orientation	Values held by people	Comments
<b>Market</b>	Prices, competition, exchange relationships	Achievement	Communication, competence, and competition	Output must be explicit and measurable

The most common means of measuring personality is through self-report surveys, by use of this survey we can measure the characteristic of employees.

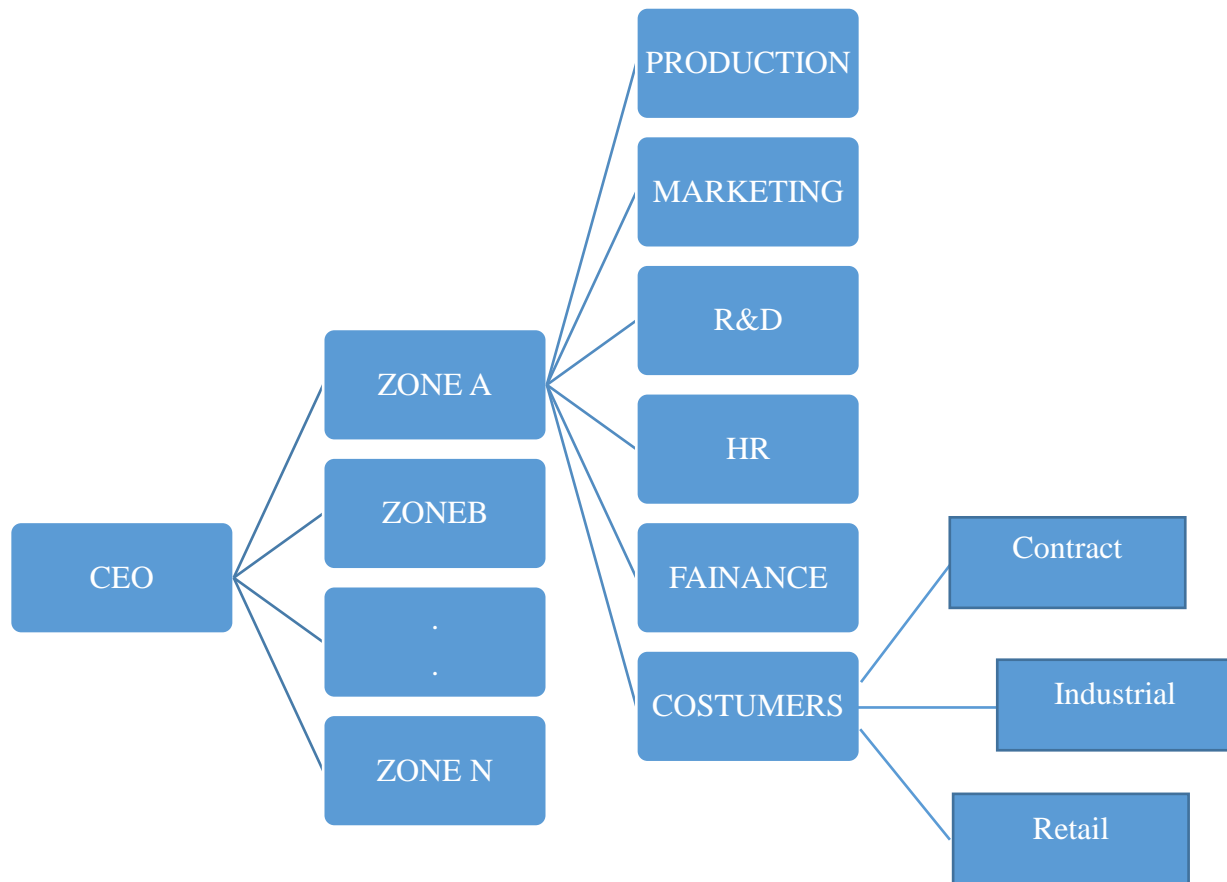
To effect change, involve top management and strategize a long-term plan is needed.

Fifth, did Kvadrat's organizational design align with its overall corporate objectives? How should management ensure that key account thinking and segment specialization become truly integrated into their way of working?

The company started its work by selling two products, curtains and upholstery under the direct supervision of the management. A Danish company that had a simple design



Since 2000, when the sons took the management of the company, fundamental changes were made and the structure of the company changed from a simple organization to a divisional one that is the good organization for them because activities are grouped together by geographical areas, Semi-autonomous units, Adaptability to differences in products, regions, customers , Flexibility of overall structure, Product innovation . They expanded the company and the division was in the form of regions where each region had its own p&l and sales were done through 16 sub-companies.



And this trend existed for all ZONES,

This model definitely has weaknesses compared to the speed of development and expansion of the company, as well as the complications and external changes of the company such as higher costs of structure (costs for departments' duplication) and reduced economies of scale and specialization across divisions

To further expand the organizational plan, Matrix Configuration can be the next option, but it has a high cost. In our opinion, going to Divisional Configuration with central functions provides the possibility of exploiting some economies of scale and reducing repetitive costs.

Kvadrat largest customer accounted for only 3% of sales, and the top 25 customers contributed 25% of sales. Kvadrat's overall organizational design had recently been transformed to reflect a key account management (KAM) approach with Kvadrat's business differentiated by value proposition (contract, industry, retail). As a result of the new regional changes, KAM is easier since each region is in control of its own accounts as a separate company. For example, when a key account manager manages up to five accounts at most, there is a lot of room for efficient

growth of these large accounts with a focused approach. Centralized regional leadership is a way to implement this plan.

Additionally, Byriel worried how best to avoid complacency at Kvadrat and how to maintain the high level of concentration and energy necessary to keep growing the company.

Was such an extensive growth, turnaround and internal development agenda feasible? And, were the initiatives being considered the right ones for Kvadrat? Did a KA-focused, hedgehog strategy provide enough of a common thread to unite such wide ranging initiatives? Or, was management attempting to do too much at once?

The most important thing is that they knew what they wanted. They invested a lot in their industry and in cooperation with other industries. It was a hedgehog strategy based on KA but they did a lot of periodic analysis like Porter's 5. I think they had a good knowledge of their market like customers, competitors, substitutes and even market shortages because they competed not only with their peers but also with producers of alternative textiles such as leather and mesh.

- They had three basic strategic options to gain competitive advantage: cost leadership, differentiation and focus
- Spending a lot of capital for branding and making the brand stronger
- Proper product development, creation of high quality products, integration of art and industry, initiative and innovation in creating new and innovative products and cooperation with different industries at a professional level.
- They paved the way for their development with targeted investments, and by having expert forces, clear principles, clear goals and proper training to find the right markets, they gave their best in all the fields they entered.
- Customizing products, right advice
- Putting sellers next to customers
- Creating global reach for large projects means creating good connections
- They even invented acoustic panels. They dared to take risks and go beyond the existing products in the market.

- Even by removing cumbersome and hierarchical rules, they gave their employees the feeling that they are part of the organization and have the power to act and make decisions, and with this, employees work more responsibly and loyally.