

Document content

- **Context & objectives**

- Evolution and results of strategic and organizational changes
- Main issues of strategic and organizational changes
- Next steps and recommendations for Black & Decker

Black and Decker history

- Started in the early 1900's with a small machine shop in Baltimore Maryland owned by two young entrepreneurs S. Duncan Black and Alonzo G. Decker. They called it The Black and Decker Manufacturing Company
- 1917- Company built first plant
- 1922- First foreign subsidiary in Canada
- 1925- International Expansion in London England
- 1929- Established In Sydney Australia
- 1941- Began to Manufacture fuses and gun shells
- 1943- B&D received the Prestigious Army-Navy "E" award for production
- 1950- Milestone in the Company's History because the one millionth 1/4th home utility drill came off the assembly line
- 1974- Sales passed the \$500 million mark
- 1979- Annual Sales topped \$1 billion for the first time
- 1984 Consolidation of management and manufacturing was announced
- 1988 Awarded the Medal of Professional Excellence
- 1992 Launched a new line of products called DEWALT in North America
- 2004 announced the purchase of the Tools Group from Pentair Inc. for about 775 million in cash



Corporate strategy

The Vision Statement:

- “Black & Decker's objective is to establish itself as the preeminent global manufacturer and marketer of power tools and accessories, hardware and home improvement products, and technology based fastening systems. ”

The Goal of Black & Decker:

- “The goal is to be a diverse and inclusive organization that develops and utilizes the full talents and potential of our employees.”
- Black & Decker has an established reputation and markets leadership.

Diversification into Household Appliances:

- Black & Decker purchased General Electric's housewares segment in the mid 1980's
- B&D's acquisition of American Standard Inc., in 1987, was unsuccessful.
- B&D also attempted to acquire Oster/Sunbeam's appliance division, however they failed.

The Emhart Acquisition: (1988)

- The acquisition caused the stock price to drop fifteen points after it was announced.
- B&D agreed to pay for Emhart for the next 48 years.
- B&D sold whole divisions of Emhart to reduce the debt they acquired from buying Emhart.

The Vector Products, Inc. Acquisition: (July 2006)

- This acquisition allowed the Corporation to offer customers a broader range of products
- For \$160 million
- Had technology strengths in battery charging and a broad line of innovative charging, lighting and emergency-related consumer products.
- Products were distributed at such retailers as Wal-mart, Target, Home Depot and Sam's Club.



Product lines

BLACK AND DECKER:



“Black & Decker is a global manufacturer and marketer of quality power tools and accessories, hardware and home improvement products, and technology based fastening systems. Throughout our businesses, we have established a reputation for product innovation, quality, end-user focused design, performance and value. “

DEWALT:



“Is the leading manufacturer of industrial power tools including cordless power tools, woodworking tools and many other quality power tools. DEWALT tools can be found wherever tools are sold, nationally and internationally. With over 1,000 factory owned and authorized locations, DEWALT has one of the most extensive service and repair networks in North America.”

DELTA MACHINERY:



“After almost 90 years, Delta Machinery has earned its place as a market leader in stationary power tools and equipment. The company designs and manufactures the world's most complete line of woodworking machinery, stationary equipment, and related accessories for use in home workshops, building/ construction trades, and more. “

KWIKSET:



“Was acquired by B&D in 1989, when Emhart was purchased. Kwikset is America’s number one selling lockset. We manufacture and market a complete line of door hardware, including handlesets, knobs, levers, deadbolts, and pocket door hardware for residential and light commercial applications. For over fifty years, millions of families have relied on Kwikset for security and peace of mind. “



Product lines (cont.)

WEISER: **WEISER LOCK®**

Weiser Lock® is a recognized leader in innovation and product development providing high quality Fashion Doorware™ and offering a variety of solutions for both consumers and dealers.

BALDWIN: **BALDWIN**

You can see the difference in Baldwin craftsmanship. You can even feel it. Our quality shines in every finish. It is expressed in the smallest detail. Each piece, an heirloom to be treasured for generations.

Price Pfister™

PRICE PFISTER:  Pfreshest Ideas in Pfaucets.

Became part of the B&D Hardware and Home Improvement in 1999. For over 90 years Price Pfister has been a leader in the plumbing fixture industry. Produce high-quality kitchen & bar, tub & shower, and lavatory faucets, as well as kitchen and bath accessories.



EMHART TEKNOLOGIES:

Over the past several years, Emhart has developed into a global leader in the design and creation of unique assembly technologies.



PORTER CABLE:

Manufacturing a full line of power tools, equipment and accessories, Porter-Cable provides a product for every situation. From new home construction to building maintenance. From farms to upscale woodworking. Everyone from seasoned professionals to casual weekenders are putting Porter-Cable tools to work whenever they want the job done right.



Tools

House wares

Document content

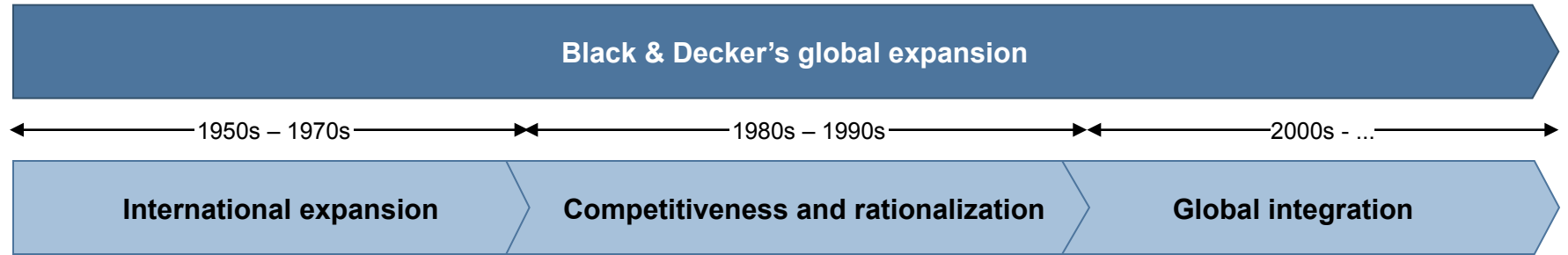
- Context & objectives

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Black & Decker: an example of international company... ... in constant adaptation to market environment

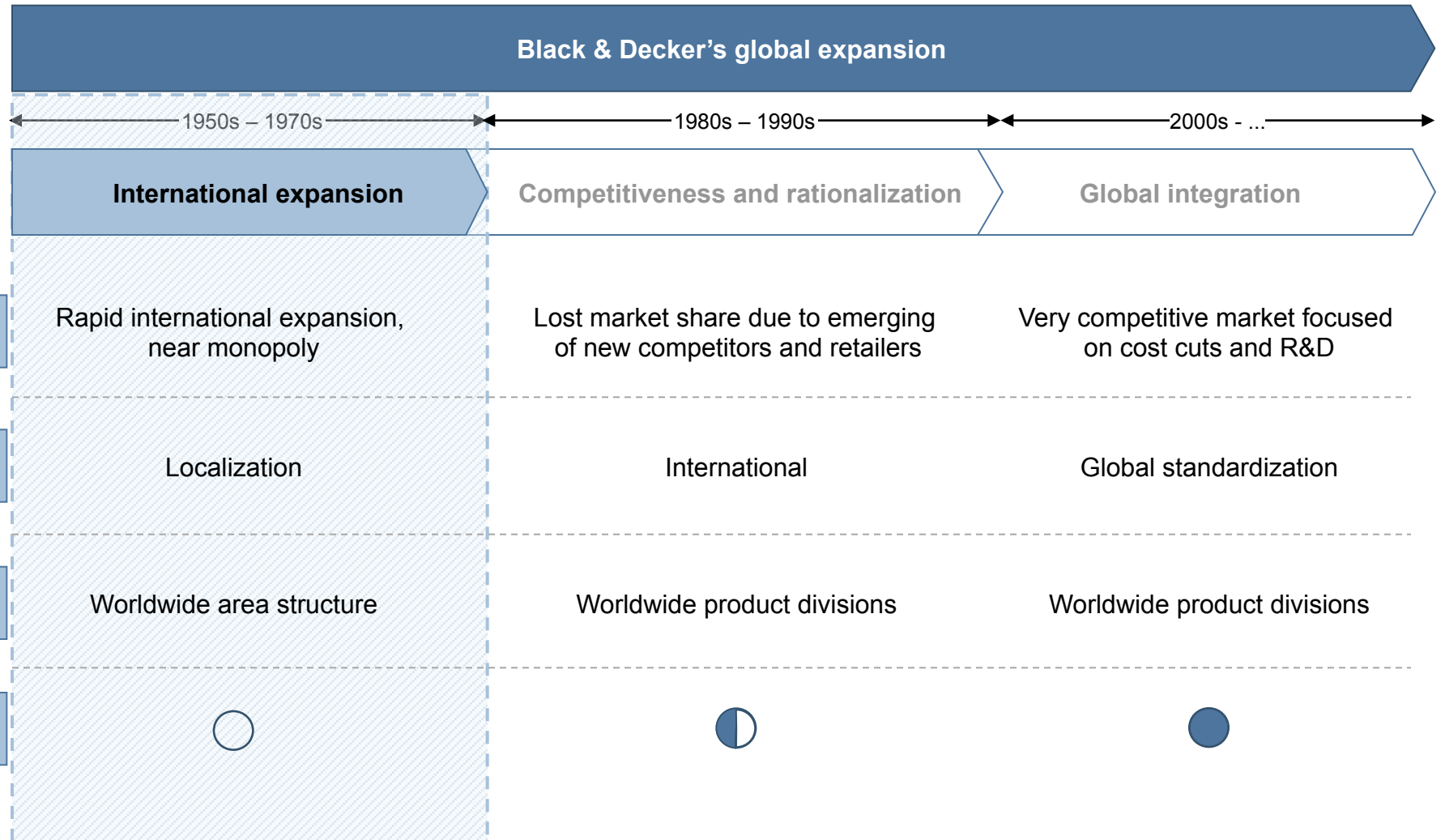
Level of centralization ● High ○ Low



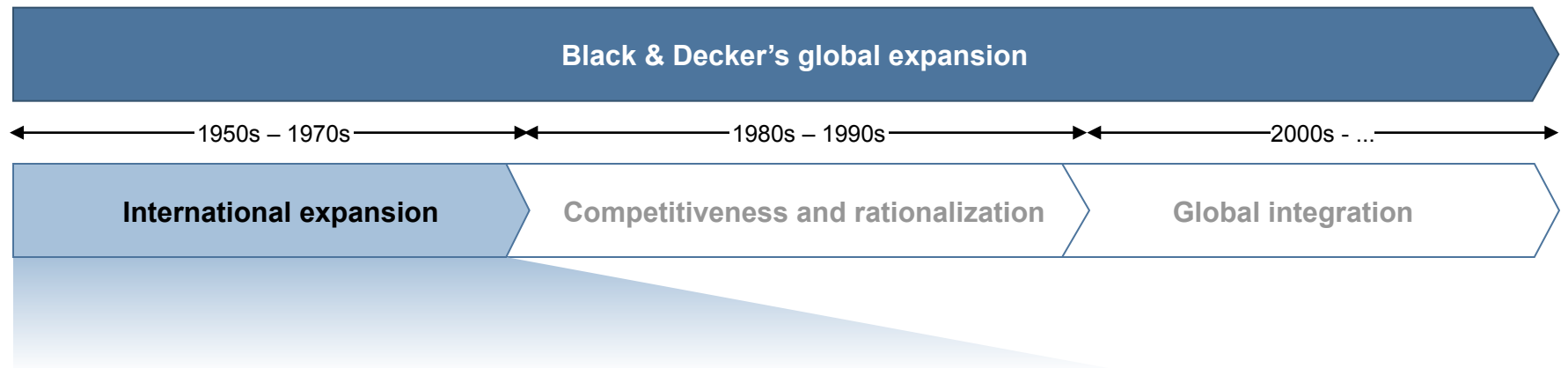
Environment	Rapid international expansion, near monopoly	Lost market share due to emerging of new competitors and retailers	Very competitive market focused on cost cuts and R&D
Strategy	Localization	International	Global standardization
Horizontal Structure	Worldwide area structure	Worldwide product divisions	Worldwide product divisions
Vertical Structure	○	◐	●

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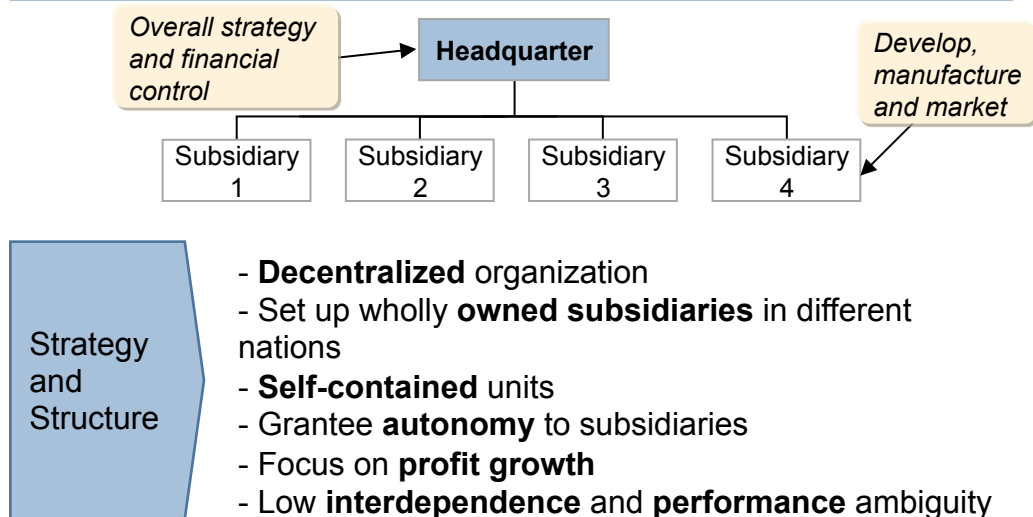
Decentralization to accelerate international expansion



Elements to consider

- Strong brand name
- Market pioneer (monopoly)
- Substantial differences across nations

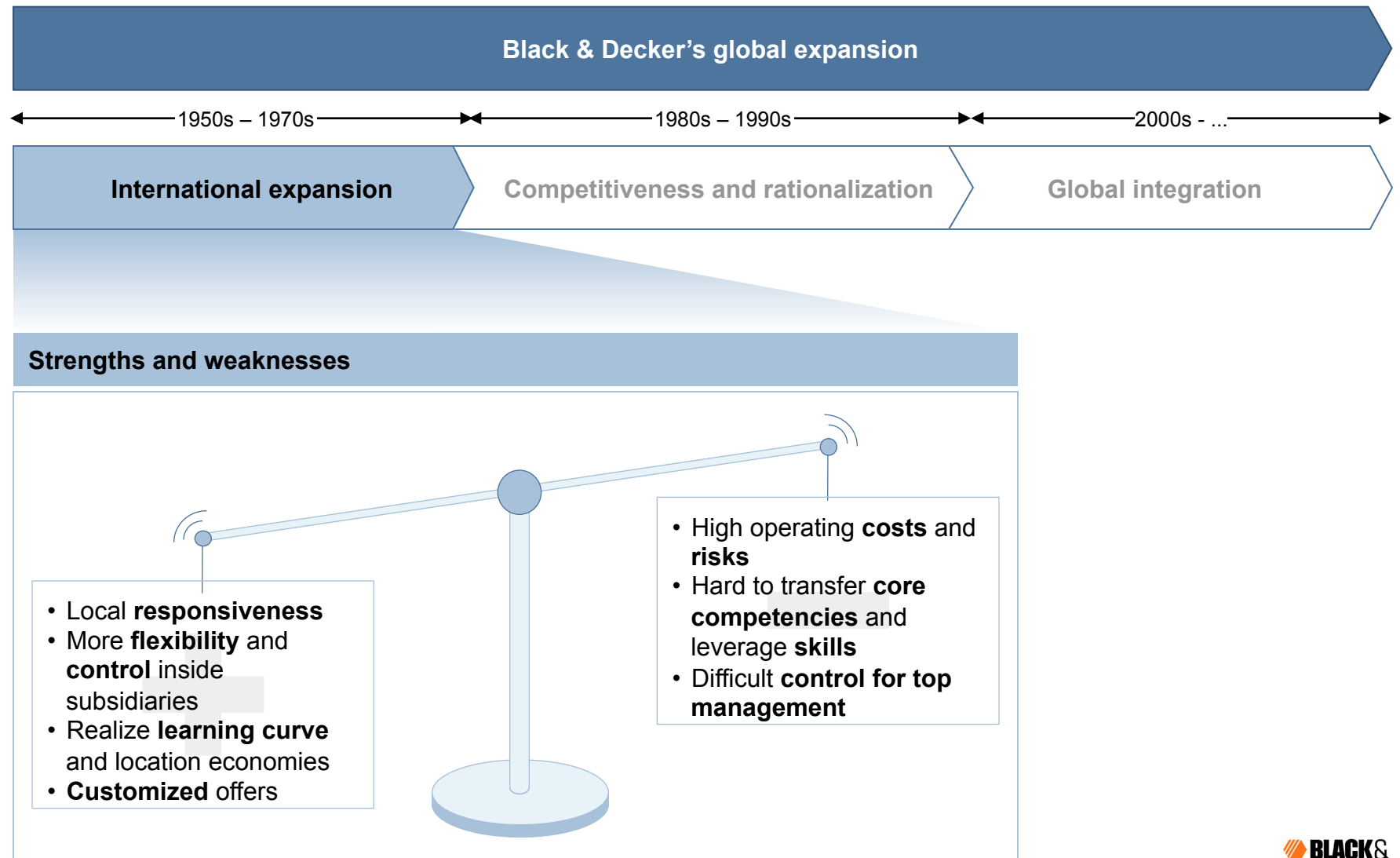
Strategy and Structure



Results

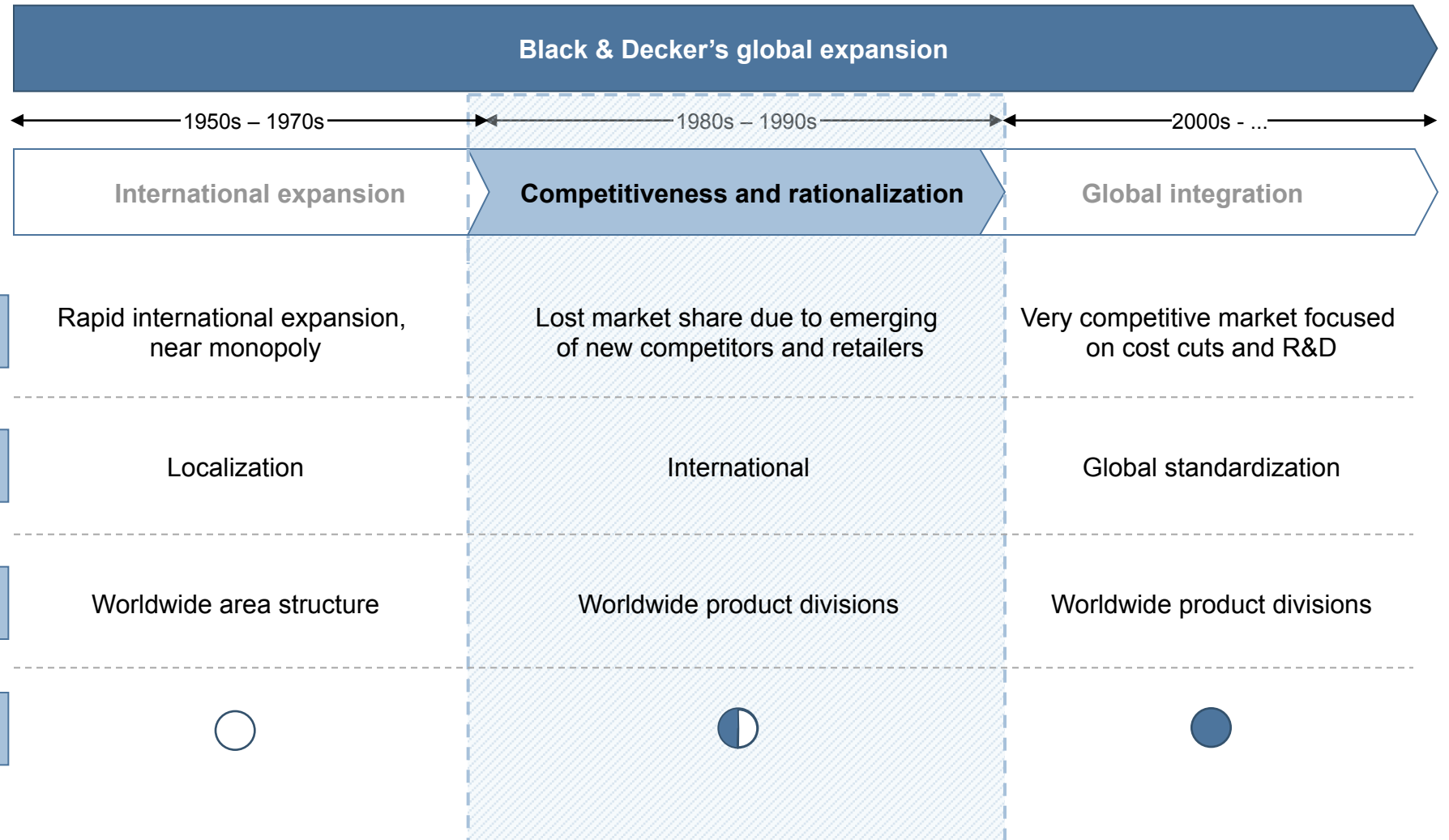
- 23 wholly owned subsidiaries
- 2 joint ventures
- Rapid international expansion
- Benchmark for decentralized organizations

Decentralization to accelerate international expansion (cont.)

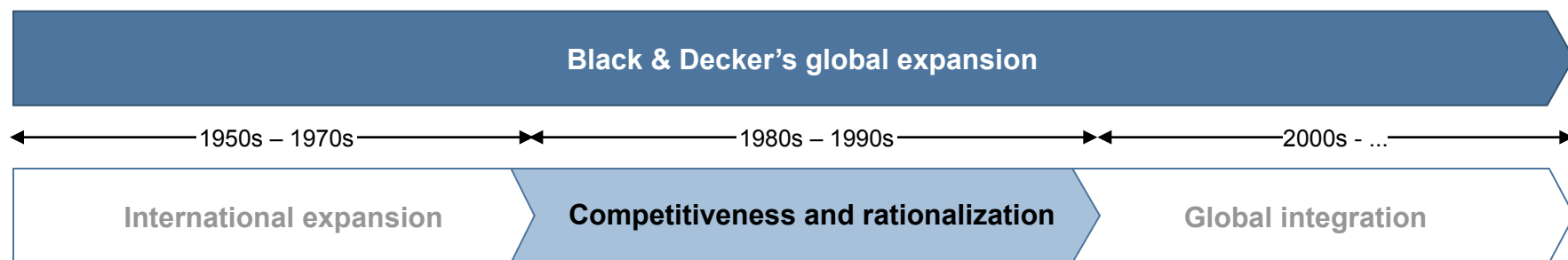


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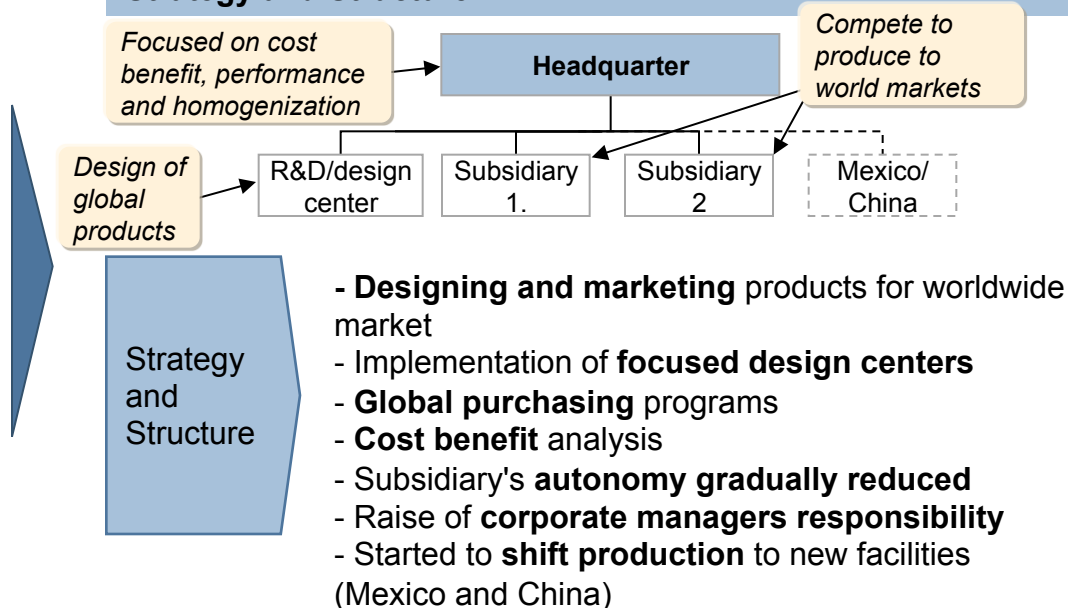
Optimization of strategy and structure



Elements to consider

- New competitors emerged (ex: Bosch, Makita, etc...)
- Monopoly position eroded
- Rise of powerful retailers
- Pressure for low cost

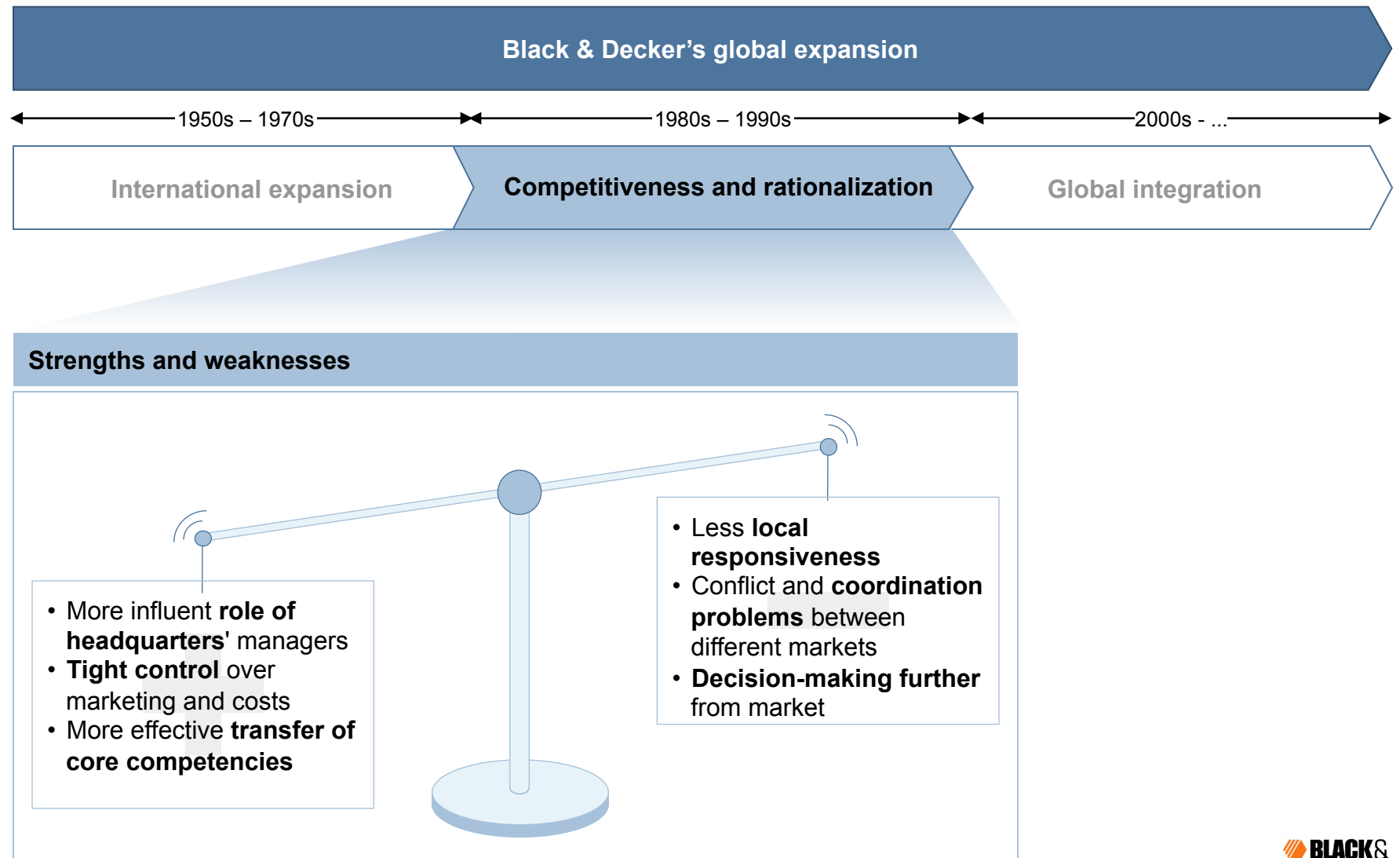
Strategy and Structure



Results

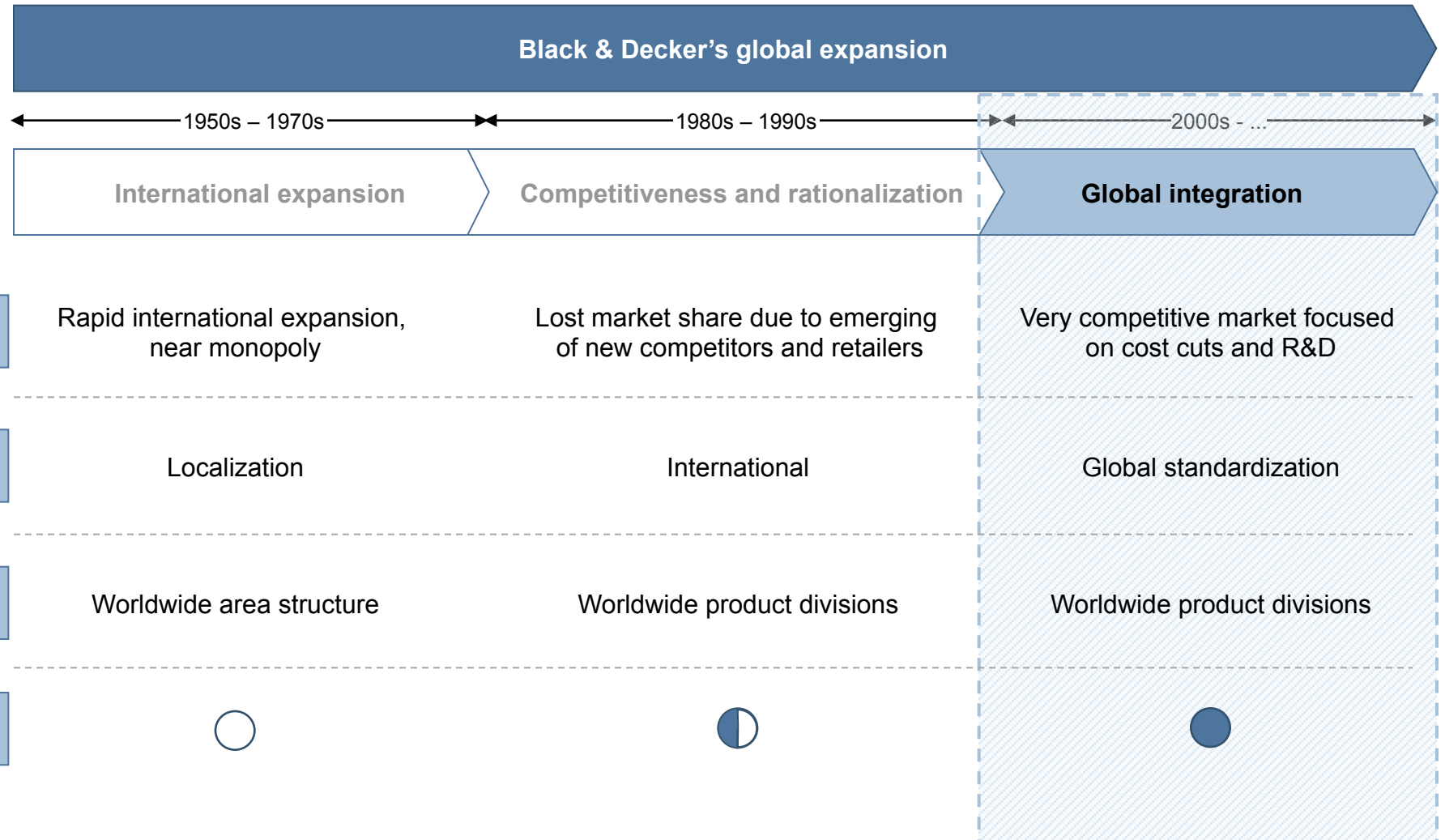
- Factories with low performance were closed
- Reduced number of basic R&D
- Increased manufacturing efficiency

Optimization of strategy and structure (cont.)

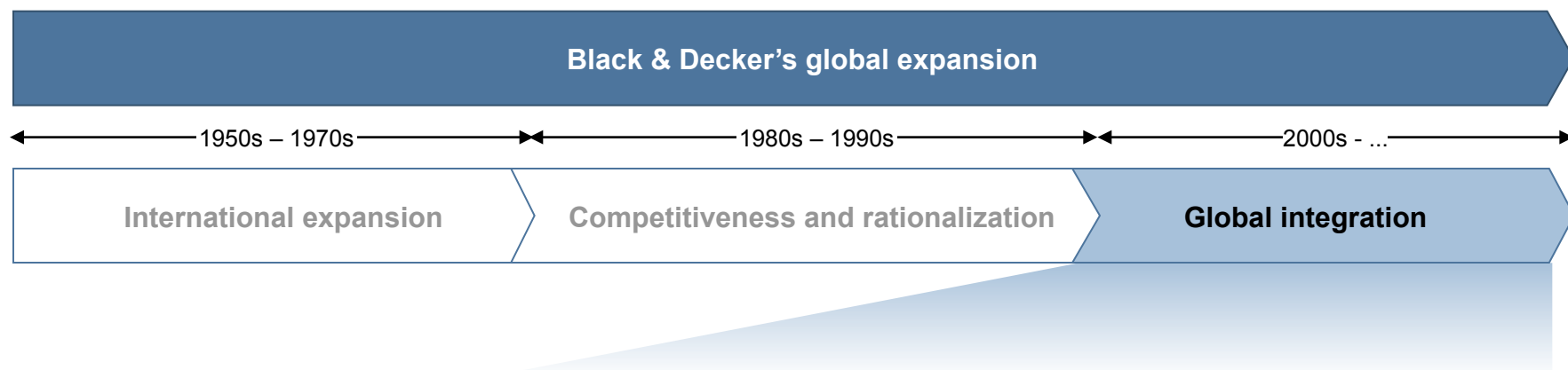


Black & Decker: an example of international company... ... in constant adaptation to market environment

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Globalization as a key strategic objective



Elements to consider

- Globalization
- Internet and e-commerce
- Strong global competitors (ex: retailers)

Strategy and Structure

Focused on cost benefit, performance and homogenization

Headquarter

Different core competencies

R&D/design center

B&D global div.

DeWalt global div.

Mex., China
Czech rep.

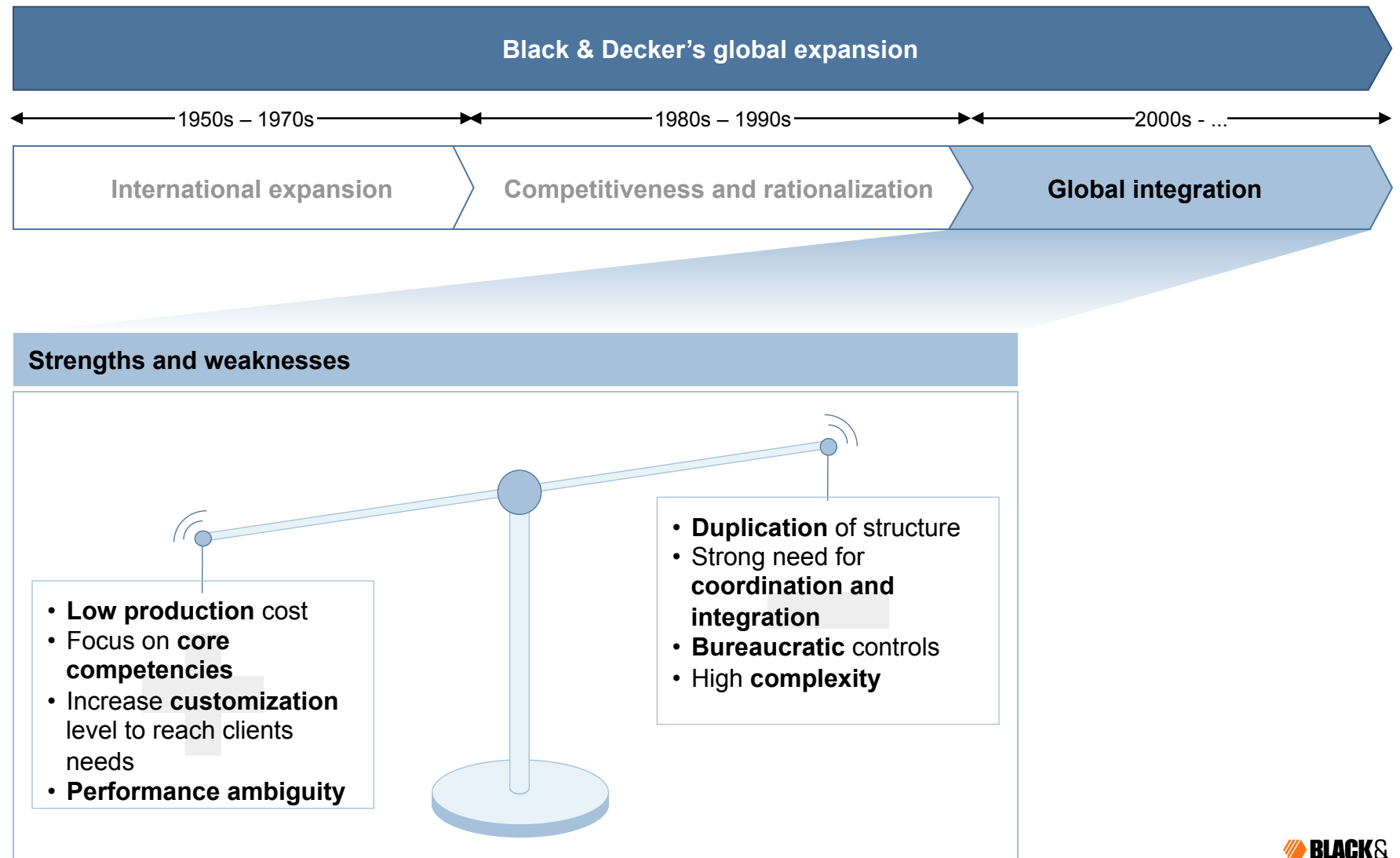
Strategy
and
Structure

- Continue to **shift production** to low cost facilities (China, Mexico, Czech Republic)
- Establishment of **two global divisions** charged with global development, manufacture and marketing:
 - **Black & Decker** (for consumers)
 - **DeWalt** (for professional)
- Centralize the **development of new-products** for global market
- Employing the **internet** and “**e-business**”

Results

- Reduced its workforce
- Shut-down long-established facilities
- Global market share leader
- Recognized for its high-quality power tools

Globalization as a key strategic objective (cont.)



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Organizational changes are unhurried and hard to implement

Issues for organizational change

- Cultural (ex: norms and policies)
- Power and influence (ex: roles and responsibilities)
- Internal & external resistance
- Preconceptions about business model
- Legal and regulatory
- Complexity

Principles of successful organizational change



- Black & Decker took more than **two decades** to implement efficient **organizational changes**
- The **autonomy of subsidiaries, preconceptions about the decentralized model and cultural differences** were the main issues

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Next steps and recommendations

- Black & Decker should keep following continuous improvement:
 - Change **strategy to transnational** (matrix type structure)
 - Implement/improve **control systems** and **incentive politics**
 - Guarantee strong **integration** among business units, headquarter, R&D and production facilities (ex: Mexico and China)

THANK YOU