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Hickory Chair: Manufacturing Competitively in the U.S.

Throughout the 1990s, the furniture industry in North Carolina was in rapid decline as manufacturers, chasing lower labor costs, moved overseas. Hickory Chair, a boutique manufacturer of fine custom furnishings, locally operated in Hickory, NC since 1911, was feeling increasing pressure to follow suit.

But company president Jay Reardon knew there had to be another solution. In 1997 Reardon, intent to save local jobs and keep Hickory Chair alive, set about transforming the company's culture with a program called EDGE: Employees Dedicated to Growth and Excellence. In a few years, EDGE dramatically improved Hickory Chair's productivity, sales, and morale and enabled the firm to maintain its operations in the United States.

The EDGE system is designed to raise quality at every level of production. Employees are continuously engaged. Their suggestions and expertise are routinely utilized and experimentation with new processes to make their work safer and easier is openly embraced.

Reardon described the performance improvements captured from the employees in EDGE: shorter cycle time, reduced waste, higher quality and faster product shipment. EDGE amounted to not just to a change in the company's production system, but a wholesale shift in its culture. Customers have benefitted as well with increased options for personalization on most pieces manufactured by the company. The company's leadership lived and breathed it; employees at all levels adopted it. Connectivity between departments increased. Employees began to receive annual bonuses tied to profitability and managers' salaries became dependent on the company hitting its goals.

Hickory Chair went six years without increasing product prices. The firm was consistently profitable. According to Reardon, some of Hickory Chair's suppliers were so impressed by the EDGE system that they adopted it. More recently, environmental stewardship has become a key part of EDGE.

Based on his own experience, Reardon identifies several best practices for introducing employee engagement at an existing firm:

- “Few and do is better than a lot and not:” Limit the initial changes to two to three things per week that employee teams can commit to accomplishing.
- Invest in middle management: make sure managers fully understand what you are trying to achieve and can facilitate engagement of employees at all levels.
- Make sure the reward system is driving the behavior you want: If you want an increase in team productivity, make sure the compensation system rewards team results rather than individual behavior.
- Upfront investments in people and culture can result in long term payoffs: for example, Hickory Chair has sometimes won bids because the customer likes how they treat their people, according to Reardon. “People like to be associated with companies that are treating their employees well,” he said. “And if you treat your employees right, they will treat customers right.”

KEY TAKEAWAYS:

Employee engagement strategies can provide a key competitive advantage for older businesses facing pressure to manufacture overseas.

