Notes for Judges

SONOCO PRODUCTS COMPANY case

NHRMA Student Conference, April 2015

Hello judges,

Here are some thoughts as you prepare for the student case competition this week. As with most cases, there are multiple ways to approach a situation, and many options for solutions. But since I’ve had more time to read the case and do some research, allow me to share some insights with you to save you some time.

This case was selected because it’s a quick read and gives the students specific questions to answer. This will likely give you better ability to compare the various teams’ offerings.

Students should acknowledge that HR has made significant strides since Cindy Hartley arrived, but there is more work to do. The changes up to this point have simply set the organization up for additional changes. In particular, Recruiting and Talent Development are the big initiatives to tackle next. If time allows, some of the better teams may offer their thoughts on these two initiatives, but no specific questions are asked about this.

At the heart of this case is the decision to select option 1 or option 2 for the HR restructure. Each option has advantages and disadvantages, and I believe the best teams will identify the following:

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| Option 1: Centralization Advantages |  | Option 2: Hybrid Advantages |
| More cost savings: this reaches the CEO’s target to reduce costs by at least $2.8 million, the other option only garners $2.7 million |  | More ability to get things done since the HR reps will work within each division in standardized roles regarding talent mgt, coaching, succession planning, and admin |
| Gains consistency and ensures the best practices will be shared throughout the company |  | More influence in the business units; line managers are already used to local HR support and this fosters relationships |
| The centers of excellence approach would operate at the strategic level and there would be more ability to drive key initiatives company-wide |  | More accommodation of regional and business complexity as decentralization allows for flexibility and adaptability to each business units unique needs |

Students should choose the option they feel meets the needs of the business. CEO DeLoach’s goal is to reduce HR costs by 20% or $2.8 million dollars. Only option 1 does this, so if students select the tempting Option 2, they must present a discussion as to how they plan to meet the CEO’s charge.

As far as the specific questions: the first talks about “flexibility,” and students again may argue for a decentralized approach, but a centralized model is actually better for quick reactions due to continued market changes that Sonoco will likely face in the future.

I’m not sure the case provides enough information to say which option will put the “right people in the right seats,” but one could argue the hybrid model has more seats and, therefore, would allow HR to keep more talent. The hybrid approach also creates more exposure of HR people and their work by embedding them in the divisions.

Both options honor the “people build businesses” principle. The centralized option 1 places HR in a better strategic role overseeing all business practice that affect people. In the hybrid option 2 less people are separated from the company, and some may say this concern shows that people matter.

With the information in the case only, I would likely select option 1 – Centralized approach. It more than meets the CEO’s call for a 20% reduction and option 2 falls a little short. HR will be viewed as more strategic in option 1 and consistently oversee the HR initiatives that will help make Sonoco successful.

In real life, I would look for a way to make option 2 work. And in fact, that’s what Sonoco actually did. What the case doesn’t say is the HR person convinced the CEO to adopt the hybrid model in all corporate functions and the resulting savings more than met the CEO’s goal. The students don’t have this information unless they look it up online. ☺ So if they choose option 2 they really need to explain why they are denying their CEO and what options they propose to further reduce costs.

OK, I better stop writing or this will be as long as the case. Of course you can add your own insights and disagree with me, but I thought this would be helpful and so take it for what it is.

Respectfully,

Rick Howell