



# CASE STUDY

Transforming a Struggling Business through HR Strategy

## Introduction

Company XYZ is a construction company operating in the infrastructure sector. Established 27 years ago, the company has experienced steady year-on-year growth in its topline revenue. However, despite consistent growth in revenue, the company has been struggling with low profitability due to increased manpower costs and product costing issues.

## The Challenge:

Despite its steady revenue growth, Company XYZ faced a significant challenge in maintaining profitability. The owner, noticed that the company's manpower costs were escalating, affecting the bottom line. Additionally, product costing issues further exacerbated the problem. Despite implementing various cost-cutting measures, the profitability continued to decline.

## Approaching a HR Strategy Consultant:

Concerned about the declining profitability, the owner sought our expertise to analyze the situation and provide solutions. We conducted a thorough assessment of the company's operations, focusing on manpower utilization, productivity, and overall organizational culture.

## Identifying the Key Issues:

Through the analysis, we identified two primary issues contributing to the company's profitability challenges:

**High Manpower Costs:** We found that the company had excessive manpower, leading to inflated operational costs.

**Low Individual Productivity:** Despite the large workforce, individual productivity was low. Employees were operating in a highly controlled environment, focusing solely on completing tasks rather than delivering quality work.

## The Solution

We proposed a comprehensive solution to address the identified issues and transform the business:

**Restructuring Manpower:** We recommended restructuring the workforce to optimize manpower utilization. This involved streamlining processes, eliminating redundant roles, and reassigning responsibilities to ensure optimal workforce deployment.

**Promoting Individual Ownership:** Recognizing the importance of individual accountability and ownership, we introduced a new organizational culture focused on empowering employees. This involved delegating more decision-making authority to individual employees, encouraging them to take ownership of their work, and fostering a sense of responsibility for outcomes.

**Setting Quality Benchmarks:** To address the quality issues, we implemented a system of quality benchmarks and performance metrics. Employees were trained to prioritize quality over quantity, with clear benchmarks established to measure performance.

**Creating an Effective Framework:** We developed a comprehensive framework outlining roles, responsibilities, and performance expectations. This framework served as a guide for employees, clarifying their roles within the organization and providing a roadmap for achieving individual and organizational goals.

## The Results

The implementation of our recommendations led to significant improvements in Company XYZ's performance:

**Reduced Manpower Costs:** By restructuring the workforce and optimizing manpower utilization, the company was able to significantly reduce its operational costs, leading to improved profitability.

**Increased Productivity:** Empowering employees and promoting individual ownership resulted in a notable increase in productivity. Employees were more motivated to deliver quality work, leading to enhanced efficiency and output.

**Improved Quality:** The establishment of quality benchmarks and performance metrics helped improve the overall quality of the company's products and services. Employees were more focused on delivering high-quality work, resulting in greater customer satisfaction and loyalty.

**Enhanced Organizational Culture:** The shift towards a culture of empowerment and accountability fostered a more positive work environment. Employees felt more engaged and motivated, leading to higher levels of job satisfaction and retention.

## Conclusion:

Through the strategic intervention, Company XYZ was able to overcome its profitability challenges and transform into a more efficient and profitable organization. By restructuring manpower, promoting individual ownership, and setting quality benchmarks, the company achieved significant improvements in productivity, quality, and overall performance, ensuring its long-term success in the competitive market.