IMPLEMENTING CHANGE AT HUDSON’S BAY COMPANY

The Canadian–American department store conglomerate, Hudson’s Bay Company, is ‘flattening’ its hierarchy by cutting 2000 jobs across its businesses as part of its ‘Transformation Plan’. This will result in $350 million in annual savings when the changes are fully implemented.

In a press release, Hudson’s Bay Company laid out its Transformation Plan (resulting from six-month review that identified inefficiencies), which aims to streamline and improve productivity in the company’s retail stores in Canada. The changes include significant improvements in its organisational structure, store operations and procurement strategy (how it acquires materials, supplies and services), all of which reflect the company’s efforts to drive the business forward, deliver a best-in-class all-channel experience and operate stores more efficiently. The Transformation Plan will also help the company respond to changing customer preferences and a rapidly changing retail environment.

The savings will reduce cost pressures and will involve redundancies. This alone will allow the company to save $30 million. Employees at the company are concerned about the impact of the Transformation Plan on them and their future and they believe the change is unnecessary.

The plan calls for major changes in management and includes the creation of two leadership teams. Alison Colville has been named one of these leaders. She has held leadership positions at the department store since 2005.

‘Alison is a seasoned professional with more than 30 years of experience in Canadian retail, nearly two decades of which has been spent at HBC’, Jerry Storch, Hudson’s Bay CEO, said in a statement. ‘She has proven herself to be a dedicated leader with great intuition and knowledge of the market and retail sector. I believe her track record, keen insight, and bold vision make her the ideal leader to drive our strategy forward and accelerate our growth plans for Hudson’s Bay.’

Examples of the initiatives outlined in the Transformation Plan are:

• integrating digital functions across the company from marketing to operations and technology, which will streamline business functions and improve the online and in-store shopping experience for the company’s customers

• optimising in-store service and enhancing sales training for store associates

The company has been underperforming and there has been pressure for change from a variety of stakeholders. In particular, there has been an increase in customer complaints and a loss of market share, both locally and internationally. However, Hudson’s Bay Company has reviewed its sales for the past year, and while retail sales decreased by 3 per cent in the previous year, digital sales increased by 5.6 per cent.

Reference: ‘Hudson’s Bay Company slashes 2000 jobs after shrinking Q1 sales’, *Epparel*, 9 June 2017, <http://apparel.edgl.com/news/Hudson-s-Bay-Company-Slashes-2,000-Jobs-After-Shrinking-Q1-Sales109849>