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A Christmas Story

- Transformational Change at Santa Inc.

With thanks to [Heathrose www.heathrose.co.nz](http://www.heathrose.co.nz) for this case study

You've got to hand it to Santa and Mrs Claus. Their rapid response to elf grievances skillfully averted a potential global crisis and produced a solution that has had unimagined positive returns for their business, Santa Inc. They responded to industrial action by addressing the issues raised seriously and, in the spirit of Christmas, with a generous splash of goodwill – and they got it back in sleighloads.

The story begins in 2007 when 300 of the 1,000 elves employed by the Company went on strike (none of the 12 reindeer joined the action). The strike was over inadequate health and safety practices, low wages and poor working conditions. A story in the *Greenland Times* immediately damaged the Company's reputation with a story run under the headline '**Elves' union exposes sweatshop conditions in North Pole**'. It called on parents to boycott Christmas.

Every elf for 'hims-elf'

Management (popularly known as Santa and Mrs Claus) responded immediately with a climate survey. Interviews followed soon after with purposive sampling of the views of 20 elves, the Company CEO (Mr Claus), and the company HR manager (Mrs Claus). Elves were selected from a range of roles and were chosen to ensure representation of all ages and genders. A poor workplace culture, low elf morale, a deep mistrust of management and a climate that was described as "every elf for hims-elf", were uncovered.

The Company looked to High Performance Work Systems for solutions. "It's the ideal tool to address the issues raised by our workforce, and we got better results than we ever imagined!" said Mrs Claus. "We've offered our hard working employees a range of incentives and opportunities. The results? Innovation, creativity and a very positive and open attitude to change. The elves have greater autonomy and more interesting jobs and now we have increased motivation and productivity!"



"A number of older elves have considerable toymaking skills which are being lost over time.

With an increased demand for retro and traditional toys, we have actively sought to retain older elves to mentor our next elf generation of toymakers."

Mrs. Claus, HR Manager

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Staying ahead of the game

Since 2008, and the changes brought about by adopting HPWS, elf turnover has dropped from 24% to 1%. One of the key changes was the introduction of pay parity between seamstresses and toymakers that recognises the substantially similar skills and expertise of both roles. However, Mrs. Claus notes that despite the implementation of pay parity, *"it may take some time to break down the strongly gendered roles of each occupation"*.

The Company has also invested heavily in skill development, emphasizing the up-skilling of toymakers in traditional toymaking occupations with new competencies in the production of electronic gadgets and batteries. This has been accompanied by significant investment in elf literacy and numeracy as these skills have become critical with the rapid advancement in toy technology.

New work-life balance initiatives provide better support for elf participation in the workforce. These included a crèche for baby elves and part-time parental leave on the birth of a baby elf. All elves now have the right to request flexible work arrangements and this includes a package of flexible work options for older elves nearing retirement.

Longer rest breaks for elves working the delivery services branch of the Company have reduced the high rates of jetlag and accidents. "Having longer breaks between deliveries to our global depots has meant that I don't crash the sleigh nearly as often. I feel more awake," said a senior sleigh operator.

During the last two years, Santa Inc has transformed from a workplace with high elf turnover, low morale and poor union and management relations to a top performing workplace with high productivity. **Go the Clauses!**

Case study source: [Heathrose www.heathrose.co.nz](http://www.heathrose.co.nz)



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