

# PHILIPS LUMILEDS: GETTING THE BASICS RIGHT

## Background

Founded in 1999, Philips Lumileds is part of the Royal Philips Electronics conglomerate which is headquartered in the Netherlands. The Philips Lumileds Lighting Company is the world's leading manufacturer of high-power LEDs and a pioneer in the use of solid state lighting solutions for everyday purposes, including automotive lighting, computer displays, LCD televisions, signage, signalling and general lighting. The Singapore plant located in Yishun is responsible for the initial phases (wafer, die) of the LED process. When production first started in Singapore in 2007, they had just 165 employees. In four years, the workforce has grown exponentially to 1,270 employees - 73% are in the production operator positions, 37% are males and the average age of an employee is 29 years old.

## Every Employee Our Customer

Walking in to the Human Resource Department, one cannot help but be drawn to the strategically located HR organisation chart put up at the entrance. Smiling photographs of its HR staff with their respective functions are clearly displayed. The HR office layout is welcoming and every workstation faces outwards. This was intentionally designed with the employees in mind. Philips Lumileds believe that the HR department should be an open and inviting environment and as employees walk in, they will feel welcome. With the organisation chart, it is easy for staff to know who they can speak to regarding their needs, reinforcing the notion that HR is here to serve them – that they are HR's customers.

## Why Work-Life Works in Philips

Philips Lumileds' work-life strategy is unique in its approach. It first focused its efforts on building strong fundamentals in the organisation which in turn enabled the growth of a sustainable work-life culture. For example, the organisation invests heavily in the training and development of its supervisors to ensure that they are well-equipped to manage, coach and lead their teams. A robust performance management culture is in place and staff are appraised on their achievement of performance targets rather than face-time.

Philips Lumileds' work-life culture has evolved organically, a natural outcome of its systemic approach to managing their workforce. It is this systemic approach, together their robust performance management culture that has enabled flexibility to be both possible and sustainable in Philips Lumileds.

### ***Hoshin Kanri: The Philips Lumileds' Human Resource Approach***

To understand Philips Lumileds' success in creating a sustainable work-life culture, it is necessary to first understand their HR strategy. The organisation has adopted a systemic approach, applying the ***Hoshin Kanri*** method to align and engage the entire organisation around its strategic and operational objectives. *Hoshin Kanri* is a Japanese term and it is a systems approach to defining long-term strategic organisational objectives and putting in

place operational plans and measures to manage the organisational workforce needs. 55 key areas are identified in Philips Lumileds' workforce management framework. Clearly defined roadmaps are drawn up for each of these 55 areas, each roadmap identifying the organisation's previous state, current state, next state (*where they must be in 12 months' time*) and future state (*long-term goal*), benchmarked to six progressive practice levels. The organisation's focus hence, is to make incremental and sustainable changes to all 55 areas every year instead of making quick fixes to some key areas.

*"On many years working in Manufacturing Operations, it is extremely rare to have an HR organization so closely aligned with the strategic vision of the company. Being in "Lock Step" with the HR organization creates a very powerful force for good in Philips Lumileds Singapore."*

**Mr Jim Day**  
**Manufacturing Director**

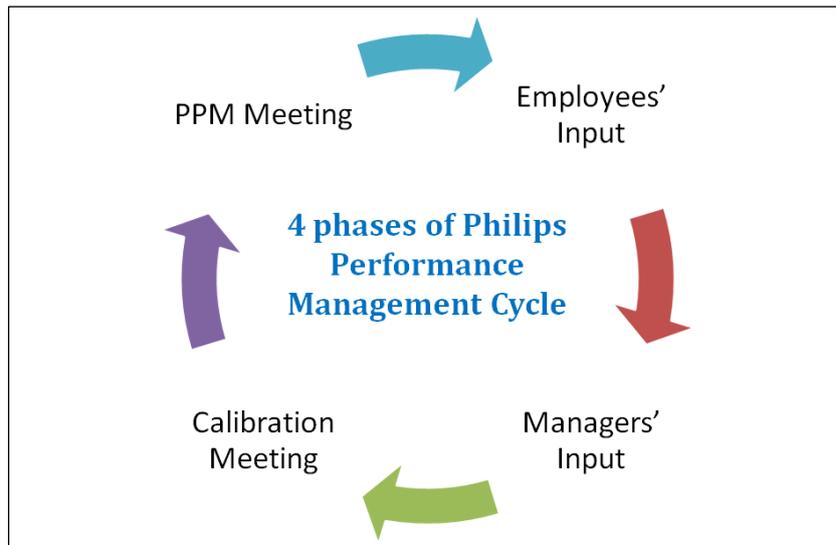
This approach differs greatly from that taken by most organisations which tend to focus on just a few key areas in a year. Philips Lumileds believes that the conventional approach would create an uphill challenge for HR to play the critical business partnering role as HR strategic directions would change from year to year. The *Hoshin Kanri* approach on the other hand provides the HR team with a strategy to ensure that changes made are sustainable and uniformly spread out across all the key areas.

### ***The Philips Performance Management Culture***

In a recent informal survey HR conducted with its managers, it found that 100% of all its managers across departments regularly grant time-off and approve telecommuting requests from employees. HR believes these statistics testifies of the effectiveness of its HR policies and practices. The results of the survey also shows that there is a maturity level amongst the management team to allow work-life integration practices and time-off policy to grow and permeate across all levels, such that these practices have become the norm.

To build its organisational managerial and supervisory capability, all supervisors go through four training workshops: "Building High Performance Team", "Performance Management", "Performance Coaching" and "Employee Engagement". Conducted on a monthly basis by HR, the one-day workshops gives HR the opportunity to equip its supervisors with people management skills while getting first-hand account of issues on the ground and understanding difficulties supervisors face.

These training programmes are further supported by a robust Philips Performance Management (PPM) System. Adopting the balanced scorecard metrics, Philips Lumileds believes that "What gets measured, gets improved." The PPM system covers both business and people metrics and one-on-one appraisal discussions are conducted for all employees, with equal emphasis given to both work performance and behaviours. There is a strong belief that for Philips Lumileds to have a sustainable future, its people must demonstrate both technical excellence and the right behaviours – based on Philips' ethical and "General Business Principles". The 4 phases of its performance management cycle is depicted in the diagram below.



**Figure 1: The 4 Phases of Philips Performance Management Cycle**

## Philips Lumileds' Work-Life Practices

### ***Flexible Work Arrangements & Time-Off***

It is not uncommon for executive employees across the organisation to telecommute, get time-off to attend to family matters, or go on part-time work arrangements. These requests are not tracked by HR. Such an arrangement has not posed any problems with Philips

#### ***Part-Time Arrangement***

*A working mother was granted a part-time work arrangement so that she can be home in the afternoon to care of her child's education.*

#### ***Telecommuting***

*An engineer was able to telecommute from India for a period of time in order for him return home to care for his ailing mother.*

Lumileds as employees are appraised by achievement of clearly defined and measurable performance targets and not face-time. Similarly managers are given the autonomy to grant time-off to their employees to attend to urgent matters.

*"The part time arrangement has freed up my afternoons to spend more time with my son and monitor his school work. With the extra time, it has helped me to be more patient and enhance relationships in the family. My son's school result has also improved and the family is happy.*

**~ Ms Helen Wang**

### ***Compressed Work-Week for Line Operators***

Other than telecommuting and other flexible work arrangements available for its executive staff to tap on, its production operators, technicians and assistant engineers also enjoy a “4334” compressed work-week arrangement. Staff on this arrangement work four 11-hour days in Week 1, followed by three 11-hour days in Week 2 and 3, followed by four 11-hour days in Week 4. The day shift starts at 7.50a.m and ends at 8.00p.m while the night shift is from 7.50pm to 8.00am, inclusive of a 1hr and 10minutes of break time. Production operators are permanently assigned to either the day or night shifts while technicians and assistant engineers work on rotating shifts, changing shifts once every three months. Such a work arrangement thus enables employees to enjoy more off-days at a stretch.

“Being on the ‘4334’ work arrangement in Philips Lumileds has helped me to find the balance between work and family. Now I spend less time travelling per week compared to my previous 5 ½ day work- week job. I can also spend quality time with my three children during my off or rest days. Kudos to Philips Lumileds for having such a work arrangement.

~ Ms Ramachandran Mageswari

### ***Comprehensive Health & Wellness Programmes***

In line with Philips’ corporate goal to improve people’s lives through meaningful innovation, Philips Lumileds’ goal is to provide innovative and efficient work environments for its employees. It achieves this through its comprehensive health and wellness programmes covering three main themes: (i) Active Lifestyle, (ii) Balanced Lifestyle and (iii) Healthy Lifestyle.

#### ***Active Lifestyle***

Organisation-wide sporting teambuilding events are being organised for employees throughout the year. These events provide opportunities for employees to be physically active while helping to reinforce the Philips’ behaviour “Team Up To Excel”. These events include futsal, badminton, bowling, basketball and table tennis tournaments.

#### ***Balanced Lifestyle***

Events and programmes organised under this theme aims to achieve the dual objectives of giving opportunities to employees to take a break from their normal work routine and/or to involve their family members in these activities. Events include the annual Chinese New Year luncheon, movie nights for employees and family members, annual ‘beer bust’ event etc.

## Healthy Lifestyle

With a belief that the quality of people's lives can be improved by focusing on their health and well-being, Philips Lumileds healthy lifestyle campaign aims to help its employees to "Live Well, Be Well". HR works closely with the canteen vendors to ensure that a good selection of healthy eating choices is available at subsidized rates to employees. Making use of resources from the Health Promotion Board, it has also organised programmes and talks in both English and Chinese to raise the general health awareness of its employees. Such programmes include health talks on cancer, eye-care, diabetes prevention and Body Mass Index Health Checks.

## Employee Support Schemes: Concierge Services

Recognising that its employees are busy people, Philips Lumileds also organises regular bazaars for external vendors to come into their facility to sell merchandise that would be useful to employees. An event that is particularly popular with its employees is the *Philips Employee Sales*. Happening biannually, employees enjoy the opportunities to buy a wide selection of Philips appliances at great discounts.

## Intentional Connection With Employees



With the many events it organises for close to 1,300 employees, Philips Lumileds has a structured and effective way to ensure that employees are kept informed of upcoming events while reliving past activities and events. A 50m long Employee Engagement Board is prominently displayed along the length the canteen's wall. Updated photos of activities happening from January to December are regularly updated. The business board provides employees with the latest industry news while the training board shows the schedule of upcoming training programmes. The colourful and bright displays connect the individual employee with the life of the organisation. This is reinforced by HR's bi-weekly lunch sessions with employees across departments and levels to "mingle with employees and care for them."

## **Conclusion**

Philips Lumileds has taken a holistic and “back-to-basics” approach to create a sustainable work-life culture in the organisation. While many organisations may prefer to take alternative approaches to manage their HR function, a key learning point Philips Lumileds offer us is the importance of laying strong foundations – equipping supervisors with management skills, creating a robust performance management culture etc.

Work-life strategy implemented in isolation cannot work. It needs to be supported and integrated with other effective HR systems such as a robust performance management system for work-life initiatives to be successful.

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