

IKEA Cuts Costs and Builds Corporate Culture with Videoconferencing

About IKEA

IKEA is a leading home furnishings company with stores in more than 33 countries, 2001 sales of \$9.6 billion and more than 70,000 employees. The Company was founded in Smaland, a farming town in south Sweden, where people are renowned for working hard, prospering on small means and leveraging resources for maximum benefit. This is a prominent philosophy at IKEA, so the Company continuously strives to find solutions that will enable the organization to run more quickly, efficiently and cost-effectively. Streamlined production and cost-cutting initiatives allow IKEA to accomplish its mission – to offer a wide-range of home furnishings with high-quality design and function at affordable prices.

The Challenge

Constant Travel Required for Geographically Dispersed Offices, Diminishing Productivity and Profits

IKEA has more than 31 offices dispersed throughout the United States and Canada, and employees were traveling extensively between offices to accomplish day-to day business. In the wake of September 11, IKEA was faced with rocketing travel costs and long security lines, which made traveling an increasingly less cost-effective method of conducting business. Employees were wasting valuable time that could otherwise be spent productively at the office. Because IKEA prides itself on promoting work/life balance, the Company needed a more effective solution. IKEA needed its employees to communicate face-to-face with co-workers throughout the world during the day, and still make it home in time to cheer at a child's soccer game or to eat dinner with family or friends.

“We were searching for a solution that would fulfill our business development initiatives to be faster, leaner and simpler, to improve costs and to reinforce our corporate culture,”

said Jane Hedley, purchasing manager at IKEA. “Basically, we wanted a solution that would provide all the benefits of face-to-face meetings, without the negative consequences associated with travel.”

The Solution

Due to its reliable and interactive nature, videoconferencing was the natural solution to meet IKEA’s needs. After evaluating a variety of videoconferencing vendors, IKEA turned to TANDBERG.

“TANDBERG’s systems were the most technologically advanced, and provided not only great quality, but ease-of-use. This was crucial – as employees need to feel comfortable and secure with the technology in order to incorporate it into their daily routine,” explains Hedley.

TANDBERG systems were quickly installed in every IKEA store, terminal and service office in the United States and Canada. Stores are equipped with the TANDBERG 2500, IKEA headquarters installed a TANDBERG 6000 for its increased functionality, and telecommuting senior management were offered TANDBERG 1000 systems as a convenient, functional solution. The systems are now used daily for a multitude of applications, including department meetings, development, planning and sales training projects.

Used extensively at headquarters for department meetings, videoconferencing allows senior and mid-level executives to connect with any IKEA store throughout North America without having to leave their building. Meetings that would previously have required hours, or even days of travel, are now accomplished in the amount of time it takes to dial a phone number. The hours saved have allowed IKEA to slash travel costs, significantly increase productivity and augment the company culture. The benefits have been so significant that travel request forms have been modified to reflect the videoconferencing option – and travel is not approved if the meeting can effectively take place via videoconferencing.

In keeping with the Company's work/life initiative, IKEA also offers employees, where appropriate, the opportunity to telecommute from a local store with a videoconferencing system. For example, in Canada, two members of the management team telecommute from the store in Montreal to the Burlington, Ontario, office. These key employees communicate productively without compromising any of the necessary face-to-face time with their co-workers. Allowing employees to live where they choose, avoid stressful commutes and thereby live less stressful lives, bolsters morale and propagates the IKEA culture.

Videoconferencing is also facilitating IKEA's human resources initiative. Human resources regularly conducts interviews and training sessions via videoconferencing, reducing travel costs and still enabling the face-to-face meetings that are crucial. Both the Company and job candidates are able to determine whether there is a good fit, without the candidates having to take time away from busy schedules for travel and without the Company having to pay exorbitant travel expenses. In addition, employees frequently coordinate videoconferencing meetings to work on projects necessary to meet Company training requirements.

Future Plans

Because IKEA has seen videoconferencing significantly help the Company boost productivity, lower costs and help retain a work/life balance in its organization, plans are to make TANDBERG systems standard equipment in all of its new stores. The Company also foresees an evolution from ISDN- based videoconferencing to Internet Protocol (IP), due to the increasing advantages and benefits that type of network offers.

"Videoconferencing touches almost every aspect of business at IKEA headquarters. Everyday, we discover new potential and uses," said Hedley. "We plan on eventually expanding the use to sales – so employees can discuss merchandise between stores."

###