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Kvadrat A/S is a leading textiles company, specialising in the design and sale of high-quality interior textiles. In addition to designing textiles for furniture and curtains, the company has extended its portfolio to include textile-related products, while entering new markets such as the retail and shipping industries. Kvadrat has made a strong comeback since a recession affected the industry in 2002, by adopting a forward-looking strategy aimed at future growth. The company's 2007–2010 strategy comprises a core part of its vision, based on product diversification and market expansion through partnerships, as well as consolidating the company's position in Europe while expanding its position outside of Europe. Key challenges for the future include price pressures in the furniture industry, along with the need for employees with specific competencies.

Company development

Kvadrat is a leading high-end interior textiles company in Europe. The company was established in 1968 in the town of Ebeltoft on the east coast of Denmark by the Rasmussen and Byriel families. Kvadrat remains a family-owned business, managed by the second generation, and its headquarters are still located in Ebeltoft.

Main products, customers and suppliers

Kvadrat does not have its own production facilities, but instead concentrates on its core competencies – namely, the design and sale of high-quality interior textiles. The company operates on the basis of a strong service concept and short delivery times.

Kvadrat is engaged in the high and mid-end markets, largely in Europe, but also in other continents such as Asia, Australia and the United States (US). Its main products are textiles for furniture and curtains.

In addition, the company's product portfolio has been expanded to include textile-related products: these encompass textiles for acoustics walls and ceilings, based on building components which use tensioned textiles, known as 'soft cells', and which constitute a new way of managing sound and acoustics; other textile-related products include textile walls, known as 'north tiles', which are a new way of creating and dividing space.

Thus, since the formulation of its most recent strategy for the period 2007–2010, Kvadrat describes its core purpose in relation to both modern textiles and textile-related products as follows:

We develop high-quality modern textiles and textiles-related products for both architects to specify in public spaces and for private consumers for the home. This is our core purpose – it is why we exist, it's the enduring essence of our company, upon which all our strategic thinking is based.

In addition, Kvadrat has started to sell whole products – such as pillows and blankets – to retail companies, to enable it to increase its visibility in home interior departments.

Although architects are still Kvadrat's main customers, private consumers are increasingly becoming part of its customer base. Kvadrat's sales used to be 100% contract based; however, the delivery of whole products to retail companies comprises an increasingly larger share of Kvadrat's total sales and turnover. As contracts for curtain textiles have decreased, the company now also prioritises textile-related products and wholesale to retail. Moreover, new market segments have grown considerably since 2003 – for example, in retail and in the shipyards and shipping sector (cruise transport): Kvadrat currently has three full-time employees who sell textiles for ship interiors. The latter constitute a highly specialised and concentrated group of customers within the company's non-standardised product line, but also an economically lucrative customer group.

Today, only six out of a total 30 suppliers make up 90% of Kvadrat's product flow. The company has always prioritised good relations with its suppliers.

Kvadrat maintains that it has a strong competitive position, good quality products and a strong brand. In fact, the company perceives itself as being a European market leader with a significant global position within its segment. This picture is based on sales figures, which show that Kvadrat holds a commanding position in various countries. The company aims to expand this position in the future.

Economic results and future outlook

The results in Table 1 below reflect Kvadrat's success as a company: for several years, its total turnover has been increasing, while the company has maintained a favourable profit level. At the same time, the number of employees has been increasing, although the rate of increase in total turnover has been exceeding the rate of increase in the number of employees.

Table 1: *Kvadrat turnover, results and number of employees, 2002–2008*

	2002	2003	2004	2005	2006	2007	2008 (estimate)
Turnover in DKK 1,000, Kvadrat A/S	137,498* (6 months)	285,146	287,770	325,554	341,738		
Turnover in DKK 1,000, Kvadrat A/S + subsidiary companies		334,000	361,000	408,000	439,000	515,000**	
Results in DKK 1,000				15,079	11,463	16,000**	25,000***
Net result in DKK 1,000	(4,979)	748	5,302	10,525	7,439		
No. of employees in Kvadrat	109	-	-	116	123	140	-

Notes: €1 = DKK 7.46 * In 2002, Kvadrat changed its accounting practice to follow the calendar year.

** Figures for 2007 are based on estimates.

*** Figures for 2008 are based on expectations.

Source: *Koebmandsstandes oplysningsbureau A/S and Kvadrat Annual Report 2006*

Most significantly, Kvadrat has made a strong comeback since 2002, when the company was negatively affected by the severe recession in the international building and construction industry which led to a 40% downturn in the furniture industry. Being a supplier to the furniture industry, Kvadrat experienced a slowdown in its 2002 turnover and results.

During this recession period, Kvadrat was determined not to cut costs through staff redundancies. Instead, the company took a risk and chose a more forward-looking strategy of investing in and seeking to expand its customer shares, and thereby its market shares, in anticipation of better days. For example, Kvadrat visited its customers four times a year, despite the fact that their businesses were experiencing a downturn at the time. This provided a good platform for growth when the recession started to lift.

Table 1 also shows that Kvadrat holds an optimistic view for the future, expecting a considerable increase in its total turnover and results for 2008. Reaching these goals represent important steps for realising the company's current 2010 vision, which was formulated in 2007 and covers Kvadrat A/S along with its subsidiary companies. As the company outlines in its 2007–2010 strategy:

We must be one of the five strongest architectural and designer brands in Europe and Asia. We must achieve a minimum turnover of €100 million.

The company's vision has been formulated so that it is measurable. For instance, the strength of the Kvadrat brand is to be measured on the basis of questions posed to key architects in the market. Kvadrat's marketing department is currently preparing such a measurement tool in order to obtain a mid-term assessment of the first part of its vision. The strategy which seeks to achieve this goal by 2010 is based on systematic marketing. In Asia, for instance, this strategy will involve increasing awareness of the Kvadrat brand and company. In Europe, this will entail building up more favourable and stronger relations by inviting the largest architectural companies to visit Ebeltoft rather than relying on advertising alone. The company's aim of reaching a turnover of €100 million is based on an organic business approach, and if this approach proves insufficient, Kvadrat will consider buying up other companies as a means of reaching such a goal – or in the wording of its own strategy, the company seeks 'to continually consider the options of buying'.

Location of activities

The main reason why Kvadrat is located in Ebeltoft is related to the company's history – namely, the fact that the company was established by families living in Ebeltoft.

In addition, the company maintains a presence in various companies in cities throughout the world, including the following: 10 subsidiary companies in various western European countries, in which it owns shares of between 80% and 100%, mostly sales agencies; the two associated companies Kvadrat Soft Cells in Denmark (50% ownership) and Kvadrat Maharam Pty Ltd in Australia (47.5% ownership); and in 13 showrooms located in large European cities, as well as in Sydney, New York and Toronto. The decision to locate activities in other countries was based on sales and market strategies, in which proximity to customers is highly important – particularly, for instance, in the fragmented furniture industry. Moreover, Kvadrat's strong emphasis on service based on short delivery times makes proximity to markets essential.

Kvadrat does not have its own production facilities as such, but relies heavily on high quality suppliers. Most of its suppliers are located in Europe, due to their reputation for producing the best quality textiles. In addition, Kvadrat cooperates with two suppliers in Japan which are leaders in the field of micro fibres. Some suppliers are outsourcing parts of their production to help reduce costs; however, this approach is limited due to quality and short delivery time requirements.

Expansion through partnerships

A key element of Kvadrat's strategy involves product diversification and market expansion through partnerships. Expanding its product portfolio has the advantage of offering customers a 'one-stop-shop' service and thereby enabling the company to sell more products per project.

In 2003, Kvadrat initiated a partnership, or strategic collaboration, with its largest competitor, Maharam in the US. This strategy sought to help the two companies enter the American and European markets respectively. Thus, Kvadrat has agreed to handle the marketing of American textiles in the European market, while Maharam has agreed to do the same for Kvadrat in the US. The two companies are also developing wall covering for businesses such as hotels and cruisers, primarily for the American market in an initiative which was not part of Kvadrat's product portfolio prior to this partnership. Thus, this partnership has allowed Kvadrat to enter the American market, but more importantly it has served as a basis for controlling what was perceived as one of the biggest threats – competition from the US.

Although the partnership has been less economically favourable to Kvadrat than it had initially expected – resulting in only a third of anticipated sales in the US market – it has given the company invaluable insights into the strategies of a large competitor and into the US market, along with fast access to information about market and product development. Moreover, the cooperation has enabled Kvadrat to enter the Japanese, Australian and Korean markets. In Australia, for instance, the two companies currently share a showroom.

More recently, Kvadrat has established important partnerships with the following companies:

- Fanny Aronsen – a Dutch high-end textiles designer whose fabrics are stored, quality controlled and distributed through Kvadrat’s headquarters in Denmark. The collaboration with Fanny Aronsen serves as an important basis for expanding the company’s product portfolio within the high-end textiles market;
- Art Andersen – a research and development (R&D) company in Copenhagen, involved in solar control and other architectural mechanics, with which Kvadrat has developed its Soft Cells initiative. The aim is that private consumers should be able to buy the components in local do-it-yourself (DIY) markets and create their own walls. Sales and distribution of soft cells are based on the existing organisation, while a small company of four people manages and coordinates the production, which is outsourced to Poland;
- Silent Gliss – a Swiss company which is a leading global supplier of motorised and manual curtain and blind systems in the high quality market. The company sells Kvadrat’s standard textiles and, in exchange, Kvadrat sells their runways. Based on this partnership, the two companies offer interesting alternatives to traditional curtains. Silent Gliss is located globally and represented in all major markets.

Consolidation and new markets

Kvadrat’s market strategy seeks to consolidate the company’s position in Europe and to expand its position outside of Europe.

In Europe, Kvadrat maintains a leading position in various countries – such as Denmark, the United Kingdom (UK), Germany, the Netherlands and Sweden – while it has developed a stronger position in other countries in recent years. In Sweden, Kvadrat bought the company Sanden in 2005. Prior to this, Kvadrat ranked second in terms of selling furniture textiles and sixth in the sale of curtain textiles; Sanden was the number two company within this segment. Following the merger, Kvadrat Sanden is now the leading company in Sweden, with a total turnover of DKK 55 million (about €7.4 million as at 19 May 2008). In addition, Kvadrat has grown considerably in the Dutch and German markets, obtaining the lead position in these countries. A few years ago, Kvadrat entered the Spanish market and plans to establish a subsidiary sales company in Spain next year. Having entered the Swiss and Austrian markets in 2003, Kvadrat has also increased its presence in these markets, albeit on a smaller scale. Recently, Kvadrat also entered the market in the Baltic countries.

Outside of Europe, Kvadrat and Maharam established a joint subsidiary company in Dubai in 2007. The company is also reportedly doing well in the Japanese and Australian markets: together with Maharam they have gone from having no presence to becoming market leaders in these countries.

Product development and innovation

Just-in-time delivery of sophisticated products is a key element of Kvadrat’s strong competitive position in the mid and high-end markets. As a result, Kvadrat is extremely focused on being innovative – both in terms of its processes and products.

Four employees coordinate and manage projects within the company’s product innovation division. The largest part of the actual product development is undertaken by the company’s suppliers. Both Kvadrat and its suppliers devise new ideas for product development. On a temporary basis, Kvadrat also involves highly-qualified external professionals to assist in its product development, the majority of whom are designers, along with other experts such as those involved in nanotechnology. In addition, Kvadrat collaborates with strategic partners on a regular basis, developing entirely new products based on new applications of textiles, such as Soft Cells and North Tiles; the latter has even been accepted into the design collection of the Museum of Modern Art in New York.

Although Kvadrat does not have its own R&D department, the company is able to participate in larger-scale innovation projects through different consortia. Among the aims of such collaborations is to develop new applications of textiles, or new textile-related products based on technology for instance. Kvadrat currently participates in between four and five funded consortia involved in product innovation in fields such as ‘intelligent textiles’ and ‘healing architecture’.

In addition, Kvadrat is very interested in user-driven innovation: in this respect, it has applied for financial support for a healthcare project in the hospital sector together with the Technical University of Denmark (*Danmarks Tekniske Universitet*, DTU).

External dynamics and company changes

Changes in external environment and company reactions

Over the last five years, the most significant changes in the external environment which have had a direct impact on Kvadrat specifically and on the textiles sector in general are the macroeconomic fluctuations that largely determine activity levels in the construction sector. Equally, Kvadrat believes that macroeconomic development represents the biggest future challenge for the company. During the last economic recession in the construction sector, Kvadrat chose an offensive strategy of investing and preparing for an expected upturn, which in retrospect seems to have paid off.

Nonetheless, Kvadrat considers itself to be extremely robust, given its expansion into other areas, thus making it less vulnerable to changes in the external environment.

On a regular basis, Kvadrat adjusts its products to adapt to changes in fashion and taste. Interestingly, it is expected that the environmental issue will become an important priority, fuelled by the political agenda as well as customers’ demands. Anticipating this, Kvadrat prioritises sustainable and environmentally compatible production, which for a converting company like Kvadrat is the equivalent of having control over its suppliers. Moreover, Kvadrat is documenting and exploring various proactive initiatives which are environmentally friendly. Thus, the company’s environmental strategy has a dual purpose: to adhere to and anticipate current and future regulations by ensuring and documenting high standards in the entire value chain through various certifications; and to proactively demonstrate a leading edge in this field in order to strengthen the company’s ‘green image’.

Challenges from customers

One of the biggest threats perceived in 2003 was the increased market concentration in the furniture industry (see [EMCC case study \(136Kb PDF\)](#)¹, p. 2): when furniture companies expand, suppliers in the textiles industry become more vulnerable, as losing one of their furniture customers is equal to a relatively larger loss in expected sales. In this regard, Kvadrat perceived itself as being particularly vulnerable due to its relatively high price levels arising from its high quality standards. In addition, Kvadrat had not harmonised its price levels in the various countries at that time. Thus, from the perspective of one company in a particular country which buys a company in another country where Kvadrat’s prices are lower, Kvadrat would have a problem explaining the different price levels, and the customer would expect to get everything at the lower price level in the other country.

¹ http://www.eurofound.europa.eu/emcc/publications/2004/ef0465en_3.pdf

However, and quite unexpectedly, the market concentration in the furniture industry did not in fact arise and the average company did grow considerably. While buying up other companies emerged as a clear trend in 2001, following the recession in the construction industry, this trend suddenly stopped as furniture companies became more preoccupied with re-establishing their core business; for many companies, it took them an estimated three to four years to re-establish themselves. Only in Italy have four companies chosen to merge, while in Sweden the company Kinnarps has bought up four smaller players which are continuing nevertheless as independent companies.

In terms of the future, market concentration is still highly likely, but when this will actually occur is more uncertain. Meanwhile, Kvadrat has prepared itself for perceived threats by harmonising its prices, expanding its customer base and entering new markets. In addition, the pressure on prices has led Kvadrat to initiate cost-reducing projects among, and in cooperation with, its suppliers.

It should be noted that market concentration is not necessarily seen as a threat. In fact, it could be advantageous for Kvadrat if a few of its customers did expand and become more internationalised. The high degree of fragmentation in the furniture industry – where each company only serves markets in one or a few countries – makes it difficult for Kvadrat to benefit from its presence in various countries when doing business with the individual furniture companies.

Challenges from competitors

As regards competition, while Kvadrat faces local competition everywhere, it does not generally feel threatened by any particular competitor and no new significant competitors have entered the market since 2003. The biggest competitors are focusing on lower market segments and/or are more price or cost driven based on other business approaches. In contrast, Kvadrat is focusing on the mid to high-end market segments. Moreover, the company is also affected by the increasing pressure on price levels, which it manages by initiating cost-reducing measures in cooperation with its suppliers.

Competition from Asia was not considered a threat in 2003. Although competition from Asia is perceived as inevitable today, it is still not considered a real threat. This would necessitate Asian textile companies to build up strong relations in the furniture industry in European markets, which is unlikely to occur due to different quality standards and requirements in the European furniture industry and markets.

Similarly, competition from the US is no longer considered a threat due to the company's strong partnership with Maharam. In addition, Kvadrat has found that Maharam has experienced difficulties in selling to the European market – both due to differences in taste and aesthetics and because its quality standards have not been harmonised with the stricter European standards: for example, fire resistance standards are more liberal in the US. As a result, only 20% of Maharam's collections are sellable in Europe.

Changes in business approach

Kvadrat's business approach is based on focusing on its core competencies – namely, the design and sale of high-quality textiles and textile-related products. Kvadrat constantly expands its sales activities within the framework of a business model that creates subsidiary companies in other countries when sales have reached a level of about DKK 20 million (€2.7 million). When the numbers of possible contracts are maximised, the company starts selling to retail companies. In 2003, Kvadrat did not have any dedicated salesperson working with retail customers; today the company employs eight people in this segment alone. Hitherto, value-chain integration has not been part of Kvadrat's business concept. Instead of having its own production, Kvadrat is cooperating with production companies in other European countries. Expanding and consolidating sales through subsidiary companies will continually be pursued in the future. At the same time, changes in the business concept are also underway.

As a converting company, Kvadrat has not had much control over the production aspects of its value chain. However, among its main suppliers, which undertake 90% of the company's production flow, Kvadrat makes up 80%–100% of their activities. Thus, its interdependent relations are very strong, which has led Kvadrat to acknowledge that it might be a good idea to engage more actively in the entire span of activities in the value chain and work more intensively with its suppliers on strategic initiatives. In addition, the pressure on prices in the furniture industry implies an equal pressure on prices in the textiles industry, including the mid to high-end of the market. This increases the need to work strategically on cost-reduction measures in cooperation with the company's suppliers, as the cost-reduction potential is highest at supply level.

As a result, Kvadrat has decided to cooperate more intensively with a fewer number of suppliers which the company supports more actively. This includes working in partnership with some of the suppliers, in an effort to enhance their efficiency and lower their costs for the mutual benefit of both parties, and with the aim of lowering product prices. This strategy has materialised into various initiatives, including lean production projects and strategic support aimed at dividing the company's value chain into sub-activities, so that certain activities can be carried out by third parties at lower costs.

The biggest and most radical initiative – which has involved adding a whole new perspective to Kvadrat's hitherto solid business concept – is the decision to engage more directly in production by establishing a production company in China in partnership with one of Kvadrat's key suppliers, which possesses the required expertise in this area. The company in question plans to start production operations in November 2008 in China, initially aiming to produce a half a million metres of fabric.

Consolidation among existing customers is another reason behind the decision to establish a production company in China: Kvadrat's largest customers in the furniture industry are relocating, or are expected to relocate, production to Asia. As Kvadrat's strong market position partly relies on its service concept, it is necessary to produce and deliver products in close proximity to the company's customers in order to fulfil its delivery requirements. Outsourcing to Asian companies is not an option for Kvadrat due to its high quality standards. Moreover, achieving the position of being among the top five textiles brands in Asia also necessitates that the company establishes a base in the area.

For Kvadrat, the initiative of establishing a production company in China implies not only the challenge of perceiving itself as a production company but also of actually becoming one. Without having the production expertise, it is necessary to hire people with a solid understanding of and insight into production prerequisites.

Organisation and internal processes

Kvadrat organises its activities on the basis of a matrix structure, which takes into account both geography and market segments, such as the cruising segment and the hospitality segment.

On location, the company's organisational structure is very 'flat', and Kvadrat does not manage on the basis of rules and policies. Instead, all employees are made aware of the vision and objectives through the company's strategy, which helps guide their actions, reducing the need for instruction.

Internal organisational changes are continually carried through to help optimise the use of human resources and increase the level of sales by employees. Altogether, Kvadrat has formulated 17 projects aimed at enhancing optimising internal processes, involving rationalisation of the company's administration, stock and customer services department.

One of the projects seeks to enhance efficiency and minimise the amount of stock in trade by implementing a system that can control the product flow more intelligently and efficiently. Today, all products automatically go directly from the suppliers to Kvadrat's warehouse in Ebeltoft. The aim is to reduce this flow to 50%, implying that the remaining 50% will go directly from the suppliers to the customers. This represents a significant challenge in terms of quality assurance, involving a complete change in well-known and solid procedures, as until now, all products have been quality controlled in Ebeltoft.

Meanwhile, in the customer services department, the typing of orders is set to be handled completely by information and communication technologies (ICT), leaving the employees to concentrate more on sales and customer services.

In addition, Kvadrat is working hard to expand its e-business division. When the company began its e-business operations two years ago, it took a while to entice customers and suppliers online. Today, however, 18% of the company's customer flow and 40% of its supplier flow are operated online. The aim is to increase this level to 40% among customers in 2008. The biggest challenge in this regard is the furniture companies which feel that their workload is being doubled as a result.

Training strategy

Although Kvadrat has implemented extensive organisational changes leading to increased efficiency in various parts of the organisation, this has never led to staff redundancies. Instead, employees have either been assigned new kinds of tasks or transferred to other functions. Moreover, these employees have been prepared for such changes through dialogue and training courses.

In general, Kvadrat relies greatly on the highly qualified workers it employs throughout the entire organisation. Educating and training the employees is highly prioritised, particularly at managerial level, where an emphasis is placed both on further education and on developing a common management language.

Each employee is assigned an educational plan, the main part of which involves training in ICT, languages and communications. Moreover, Kvadrat continually works on ensuring an awareness of the company's strategy among all employees – for example, through workshops and seminars – which is measured annually.

Five years ago, Kvadrat established its own educational academy, which seeks to recruit, train and retain employees. In particular, the company sought to reduce the timespan between hiring a new salesperson and ensuring a high level of performance. The academy offers tailor-made programmes to the employees, using both internal and external teaching resources, and new employees within the company's sales division are required to undergo one year of training at the academy.

Profile of workforce and retention strategy

While the number of employees has been steadily increasing for years, the gender composition of Kvadrat's workforce has remained almost equal, comprising approximately 45% men and 55% women. Although the company generally tries to maintain a good balance between the number of men and women employed, such a policy is not explicitly pursued: rather, Kvadrat bases its recruitment criteria on finding the best qualified employees for the job.

The ratio between Danish employees and those of other nationalities has been shifting from 75 to 25 since 2003, to 65 to 35 today. This is attributed to the fact that Kvadrat is no longer hiring Danish people for sales positions in other countries, as fewer Danish people are interested in pursuing a career in another country. Kvadrat has found that local people are just as qualified in this respect, as well as having the added advantage of speaking the national language.

The majority of Kvadrat's employees work in the warehouse and the customer services department. Some 25 people in total work in managerial positions. A significant proportion of the employees are either unskilled, such as those working in the warehouse, or office workers. Within the sales division, a large share of the employees has a degree in economics (two-year programmes at short-cycle higher education level). About eight of the employees have a masters degree. Although Kvadrat is a leading edge company in terms of technology and innovation, sales and marketing, the proportion of employees with high formal qualifications is relatively low and is not increasing. Kvadrat does not describe itself as a knowledge-intensive company. When recruiting, the company values actual competencies rather than formal qualifications, and many employees are self-taught with highly relevant prior experience. For instance, the head of the marketing department is 32 years old, educated to upper secondary school level and has experience from the media industry.

Although Kvadrat is not among the leaders in terms of wage levels, the company has a low staff turnover. Average seniority is about 8.5 years among Kvadrat's workforce and 15 years among chief management. Instead of retaining employees through higher wages, the company prioritises and offers good health insurance, flexible working conditions and a favourable working environment, along with other benefits such as employee bonds, and education and training measures. Kvadrat has not lost a key employee in five years.

Skills needs and recruitment strategy

In terms of new types of skills needs, the company has a growing need for employees who are able to manage logistics and production, and Kvadrat has recently hired three people with such competencies. In addition, the company requires competencies in relation to the technology part of product development – in particular, employees who are able to coordinate and communicate with external experts and suppliers within the areas of technology, production and quality. Currently, all of the employees who are currently managing and coordinating the company's supply are self-taught.

Furthermore, in the near future, Kvadrat will have a growing need for specialists, such as a chief manager within the retail segment. The increasing need for specialists within sales in a certain country or segment is necessitated by the company's matrix structure based on decentralisation.

In terms of quantity, most of the future recruitment will be in the area of sales. The majority of the company's existing sales managers were hired 10 to 12 years ago. At that time, the labour markets were highly favourable from an employers' point of view, and Kvadrat chose to recruit the best candidates directly from schools. Typically, these workers were about 23–24 years old and would receive a year's training from the company before being sent out; other companies prioritised people with experience. Today, the labour market is very different and it is generally much harder to find qualified workers, both those with or without experience in the industry. As a result, Kvadrat has changed its recruitment strategy, recruiting people in other countries and those with experience in the industry (textiles and furniture), through contacts, networking and head hunting.

Moreover, Kvadrat continually needs people to work in the warehouse or in customer services. These workers are usually hired from the local area; recruiting people locally is not a problem, as many companies in the area have been closing down in recent years.

The company has found it difficult to recruit people currently living in the capital city of Copenhagen to work in Ebeltoft in Jutland. As a result, Kvadrat is allowing for more flexibility and is also increasing its activities in its location in Copenhagen, where it operates Soft Cells activities and a showroom.

SWOT analysis

The company's main strengths, weaknesses, opportunities and threats (SWOT) are identified in Table 2 below.

Table 2: *SWOT analysis*

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none">• Product development• Sales• Low level of competition within its segment• Ability to retain key employees• Broad and strong presence in various markets	<ul style="list-style-type: none">• Being a production company• Not 'cynical' enough in terms of earning money	<ul style="list-style-type: none">• Production in China• Increased efficiency, particularly among suppliers	<ul style="list-style-type: none">• Production in China• Increased efficiency, particularly among suppliers• Pressure on prices

Source: *Interviews with Kvadrat personnel*

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