

"Whole Foods Market – A Case Study"

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Snapshot of the Company

Whole Foods Market is a supermarket chain which primarily caters to the grocery and healthcare needs and is based in America. It was founded by John Mackey in 1980. Its headquarters is in Austin, Texas and currently operates 365 stores. As of 2012, its operating income was around 9mn USD, with a net income of 246mn USD. However, it's not just these numbers but also the people in which Whole Foods Market takes immense pride in. The current CEOs are Walter E Robb IV and John Mackey.

Organizational structure

The organizational structure of Whole Foods Market was centred on teams. Entire Whole Foods Market was divided into teams even upto the highest level in the hierarchy. There exists about ten teams per store, each one responsible for a particular operating activity e.g. bakery, seafood etc. There exists a team leader for each of these teams and the team leaders of all the teams in a store makeup another, more senior team within the store.

Additionally, each store has technical support structures with accounting and HR functions integrated at a store level. Moving up the hierarchy, store managers report to the regional offices, which in turn report to the global headquarters.

People Management Strategy

Whole Foods Market has adopted a lot of people-centric strategies. The best part about its policies is the democratic nature of the system. It provides handsome compensations to its employees besides all the benefits. It has a very clear idea – to empower the employees so that each one does not work for himself, but for his team at the micro level and organisation as such in the macro level. The level of transparency is very high right from top to the bottom of the hierarchy. Each individual is accountable. Culture is at its core and it realises the importance of work-life balance.

Power

The company employs a mix and match plan for control structures. Although each individual store has a sufficient level of autonomy in order to adjust with the market dynamics, a centralised control structure still exists to monitor the performances.

Whole Sale Foods primarily believes in imparting sufficient power at the team level. Decisions right from recruitment of team members to selection of team leaders (details about which are discussed later) lies with each team member.

Innovative HR Practices

Innovative Reward & Compensation system:

Whole Foods Market Inc. had a unique approach to the reward structure which consisted of 3 parts:

1. Above average hourly wages : This policy gave Whole Foods the opportunity to attract the best talent.
2. Unique benefit system : The benefit structure is changed every three years and it is decided by the employees by means of votes.
3. Stock option plans: When employees purchase the stocks of their own companies, they tend to align their goals more with the organisation's and have an incentive to work for the overall betterment of the organisation.

Innovative Recruitment Process:

Whole Foods Market places a lot of emphasis on the cultural fit and team fit of any new employee. Every new employee is generally recruited at the team member level and is put on probation for 30 days. After 30 days, the rest of the team members vote for offering him a permanent place in the team. Only when the votes were 66.67% in favour, a permanent offer was made.

Whole Foods Market has high rate of retention. Generally the positions above team member level are filled by internal employees. This way the leaders are well aware of the culture system of the company and also the selection process is democratic. Hence the team bonding with the leader is generally high.

Culture

Culture is integrally important for Whole Foods market. Its mission is making a difference in the lives of the team members, customers it serves and communities and environment in which it operates. Various aspects of its culture are broken down into parts to help us understand each aspect of Culture and how it is in line to create a unique Whole Foods Culture. Also refer Exhibit 2 which gives a holistic picture of how culture takes the centerstage in Whole Foods.

Routine:

Family atmosphere: Every team member can vouch for the fact that they have a family atmosphere which makes them stand out from the rest organizations.

Employee Individuality: Employees are given freedom to be themselves during job hours. A lax dress code and selection of people as per the job corroborates this fact.

Rituals:

Training and Development: Whole Foods quality differentiation depends on skills of the workers. Hence it invest a large amount in training and development of the team members.

Internal Job Market and Promotion: Whole foods maintains an internal job market to provide opportunities for growth to those deserving.

Stories:

Awards: Whole Foods has always prided itself for what it does for team members and has been featuring in Fortune magazines "100 Companies to work for" List for 13th year in a row. It is also selected among the world's most admired and ethical companies of 2013. Refer Exhibit 3 for list of awards.

History: Whole Foods has always been involved in philanthropic activities. Whole planet Foundation and animal Compassion Foundation are its two philanthropic arms.

Employee Happiness: Core values of the company includes Team member happiness and satisfaction which reflect upon the company's concern for its employees.

Symbols:

Team member: Whole Foods doesn't have a single employee but team members.

Slogan: Whole Foods, Whole people, Whole Planet emphasis that vision extends beyond retailing.

Organic and natural: Whole Foods has core value of selling natural and organic foods to its customers.

Transparency

In the most unheard of practices, Whole Foods Market voluntarily discloses critical financial information to its employees. Every year, the company releases a vast amount of data giving the various operational metrics of the business.

Another stunning practise is the maintenance of a 'salary book' wherein Whole Foods Market discloses, the annual salaries of all its employees across all its locations. Also, the company had a salary cap, which restricted CEO John Mackey's pay to 14 times the average annual salary of all full time employees. These measures were thought to have played an important role in creating a culture of trust and openness at the company. Competitiveness was also promoted at WFM, which encouraged teams to benchmark their performance against that of others within the system, leading to a culture of 'excellence'.

Exhibit 1: Organization Structure

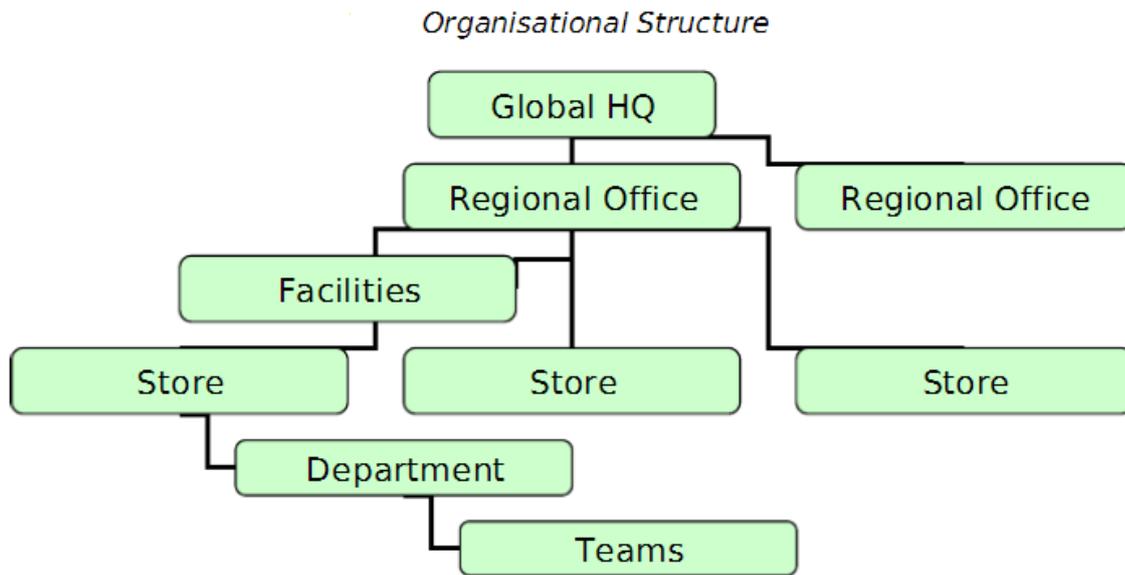


Exhibit 2: Organization Culture

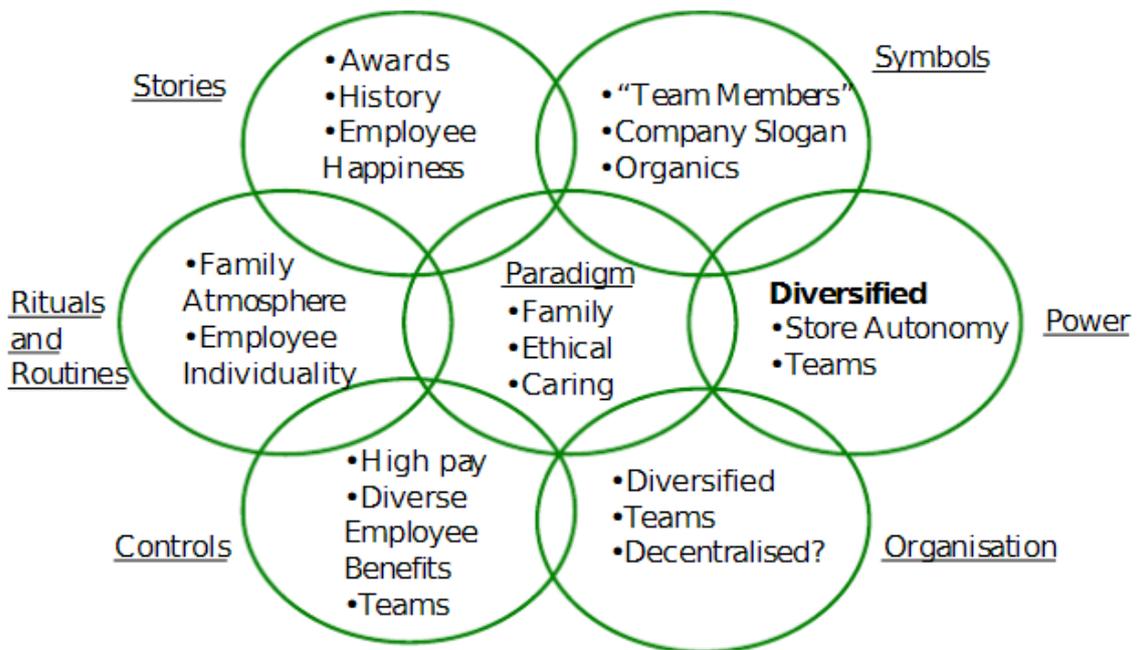


Exhibit 3: Awards and Recognitions

1. Whole Foods Market has been included in Fortune magazine's annual list of the "100 Best Companies to Work For" every year since the list's inception in 1998, most recently at No. 5 in 2007.
2. CEO John Mackey was named to Barron's list of the world's best CEOs, which recognizes 30 top corporate leaders who excel in not only profit growth and stock-price gains but also leadership strength and industry stature.
3. The Environmental Protection Agency awarded Whole Foods Market its top honour of Green Power Partner of the Year for 2006. The company was also presented with the Green Power Leadership Award in 2004 and 2005.
4. Based on 2005 revenue, Whole Foods Market is the fifty-fifth largest retailer in the United States.
5. In the 2006 Harris Interactive/The Wall Street Journal ranking of the world's best and worst corporate reputations, Whole Foods placed 12th overall and received the best score of any company for social responsibility.
6. Whole Foods was included in Corporate Responsibility Officer magazine's annual "100 Best Corporate Citizens" list for 2007, ranking No. 54 out of 1,100 U.S. public companies surveyed. The ranking is based on measures of corporate service to eight groups: shareholders, community, governance, diversity, employees, environment, human rights and product.
7. Supermarket News ranked Whole Foods No. 23 in the 2007 "Top 75 North American Food Retailers" based on 2006 fiscal year sales of \$5.6 billion.
8. CEO John Mackey was named the 2003 Overall National Ernst & Young Entrepreneur Of The Year.
9. Whole Foods was named 'World's Greatest Food Retailer' by the British trade magazine The Grocer in 2006.

Exhibit 4: John Mackey

John Mackey, co-founder and co-CEO of Whole Foods Market, has led the natural and organic grocer as it has grown from a single store in Austin, Texas, founded in 1978, to an \$11 billion Fortune 300 company, and a top U.S. supermarket with more than 340 stores and 70,000 Team Members worldwide.

While devoting his career to helping shoppers satisfy their lifestyle needs with high quality natural and organic foods, Mackey has also focused on building a more conscious way of doing business. For 15 consecutive years, FORTUNE magazine has included Whole Foods Market on its "100 Best Companies to Work For" list.

Mackey has been the visionary for many successful programs at the core of Whole Foods Market. He founded Whole Planet Foundation to help end poverty in developing nations; he launched the Local Producer Loan Program to help local farmers and food producers expand their businesses; he created the Global Animal Partnership to set standards for humane farm

animal treatment; and he laid the foundation for the company's Health Starts Here initiative, which encourages health and wellness among customers and Team Members.

He has been recognized for his work over the years by being named Ernst & Young's "United States Entrepreneur of the Year," Institutional Investor's "Best CEO in America," Barron's "World's Best CEO," Market Watch's "CEO of the Year," FORTUNE's "Businessperson of the Year," and Esquire's "Most Inspiring CEO," among many others.

A strong believer in free market principles, Mackey co-founded the Conscious Capitalism Movement to challenge business leaders to rethink why their organizations exist, and to acknowledge their roles in the interdependent global marketplace. He recently co-authored "Conscious Capitalism, Liberating the Heroic Spirit of Business" to boldly defend and re-imagine capitalism while encouraging others to implement a way of doing business that is grounded in ethical consciousness.

Mackey cut his pay to \$1 in 2006 and continues to work for Whole Foods Market out of a passion to see the business realize its potential for deeper purpose, for the joy of leading a great company, and to answer the call to service he feels in his heart.

Exhibit 5: Whole Foods in Fortune Best companies list

100 BEST COMPANIES TO WORK FOR 2007				FORTUNE	
Rank	Company	Job growth %	Company size	U.S. employees	
1	Google	67	Medium	6,500	
2	Genentech	25	Medium	9,979	
3	Wegmans Food Markets	8	Large	33,737	
4	Container Store	14	Medium	2,866	
5	Whole Foods Market	15	Large	37,806	
6	Network Appliance	33	Medium	3,553	
7	S.C. Johnson & Son	0	Medium	3,400	
8	Boston Consulting Grp.	15	Small	1,434	
9	Methodist Hospital Sys.	5	Medium	9,424	
10	W.L. Gore & Associates	9	Medium	4,945	
11	Cisco Systems	3	Large	27,493	
12	David Weekley Homes	19	Small	1,622	

References

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