**Proposed Culture Change Initiative for a Retail Store**

**Written by Diana D. Williams, BSc., MSc., GCLC**

**April 30, 2019**

**Retail Change Initiative**

***Vision and Purpose***

Walmart founder, the late Sam Walton, had a vision that if he could sell people merchandise at lower prices, their lives would be better. His vision was to make the lives of every-day people better by leaving more money in their pocket. His purpose was to sell items at the lowest possible cost, but his *vision* was to make their lives better.

Organizational culture is embedded by those who are “*in charge”*. It is possible that those in charge have skill-sets to create profits, all of which relate to purpose, yet without vision. While *purpose* unites people for profit or to earn a living, it is not the same as *vision.* Because of the intrinsic value contained in vision, it alone has the capability of producing the energy and long-term commitment that is not found in purpose. Purpose provides opportunity, while vision provides meaning. Vision is sustained through its values, which explains why when there is no vision, things tend to deteriorate over time (Senge, 1990).

Managers and visionaries have a different primary focus. Neither is right or wrong, just different. Both are necessary for sustaining success. Just as it is impossible to achieve a lofty vision without resources, it is equally impossible to achieve long lasting purpose without vision. It is the underlying vision that touches hearts and generates the energy and passion for commitment.

***The Role of Culture***

Culture is a powerful abstract construct that affects every part of organizational life: the people, the purpose, and the vision. It drives how and what people do; and reflects what they believe about the organization, as opposed to what they say. Although culture cannot be seen with the eyes, member behaviors, e.g. style of dress, communication, even the physical building itself, are all reflections of culture. It ultimately determines “who” the organization is much like personality and values determine who a person is. It is created and embedded into the organization by those with authority, making the distribution of delegated authority, a crucial component to the type of culture that will ultimately decide important features and fate of the organization.

***The Need for Change***

As the world’s largest employer with more than 2.3 million associates throughout 11,700 stores, Walmart has been an innovative leader from its inception, based on a strategy of developing a huge supply chain that facilitates immense bargaining power through its relationships with third-party suppliers, and a four-pillar business model to lead the retail industry with every-day low prices (EDLP), offering a competitive array of merchandise with a variety of platforms, while offering a great in-store experience.

Despite Walmart’s long history of wins, profit margins have been almost consistently shrinking since 2015. Many of the external drivers for their losses, are the identical drivers driving the need for change today, only with increasing velocity and consistency. Globalization continues to produce unprecedented competition, and the Internet with an endless supply of informative data, continues to empower consumers to be more selective in how and where they spend their consumer dollars.

***Qualifications of a Change Agent***

Before looking at the assessment of a store, it is helpful to note that most change agents are invited into an organization. It is probably a rare and unique opportunity for a change agent to have personal experience from within an organization, and especially one presented from the vantage of the lower ranks of that organization. What that person may lack in consulting experience, may become less inadequate, however, when specialized knowledge is added to their experience; especially in this age where knowledge is identified as the new labor, and where specialized knowledge is the essence of success in business activity (Marquardt, 2011).

***Assessment of Store***

The store has been an effective innovative retail business leader with its ecommerce efforts and online shopping platforms, i.e., Walmart.com, scan and go self-checkout lanes, and even robotics helping to replenish shelves and sort shipments of merchandise, saving time, money, and allowing associates to be usefully deployed in other ways. While these are great innovations, it is the fourth pillar of the Walmart business model that has not been adequately addressed; i.e., *creating a great in-store experience*.

**Three Observations**

*Fewer customers:*The primary behavior of loyal customers is repeat business, positive affirmations, and a refusal to be persuaded to go elsewhere. When customers make fewer visits to a store, they are probably not having a *great* customer experience. This is a reasonable assumption based on observation, and the fact that the number of hours for sales associates have significantly diminished, evidencing a decrease of business (Dickinson, n.d.).

*High turnover and more job dissatisfaction:*A second indication that the fourth Pillar is not being achieved is the high turnover and increased complaints by Associates, indicating a higher level of job dissatisfaction. High turnover and fewer working hours creates uncertainty about one’s future, as well as a lack of focus on business goals as Associates attempt to make sense of their employment situation.

*The Effect of Company Image:*Customer loyalty represents both a cognitive and emotional appraisal on the part of the customer, based on certain drivers related to their experience with the enterprise. The drivers of the cognitive appraisal relate to customer perception of things such as pricing fairness, value, convenience, and the level of satisfaction from their interaction with the enterprise. A major aspect of the customer’s emotional assessment is based on the public image of the enterprise. That public image is either affirmed or negated to some degree, based on the customer’s in-store experience. From the perspective of the Walmart Associate, who hears the negative press, it is reasonable to assume there is some influence on their perception of their employer, even in the face of good-will efforts made by the company such as pay raises (Bloomberg, 2018).

Efforts to change the Walmart image have primarily centered around aesthetic changes as opposed to cultural changes. Culture is seen by customers and experienced by both customers and associates. Therefore, the fourth pillar in the Walmart business model – creating a great in-store experience -- can only be achieved by changing the culture from what it is to something better; i.e., a learning culture.

***Anticipated Effect of a Culture Change on Stakeholders***

*Customers Experience a Rich In-store Interaction:* When you change the culture, you change behaviors and attitudes. In a learning culture, as Associates learn to engage with their work environment as skilled *knowledge* workers, they become more productive and effective, which produces a richer in-store experience for **C*ustomers***. Employees learn to work with greater flexibility, speed, and creativity, all of which will contribute positively to the customer experience (Marquardt, 2011).

*Perception of Organizational Justice Mediates Commitment to Company Goals:* Research shows that employees who believe their employer is unfair and uncaring, will have a higher degree of job dissatisfaction which increases turnover, and decreases commitment to company goals. As ***Associates*** are empowered with new opportunities from the new learning culture, e.g., aligning their career goals with company goals, they will feel better about themselves and their employer. Their commitment to company goals will increase (Sahin, 2013).

***Business leaders and financial investors*** have enabled Walmart to remain a technical innovative leader since its inception. Founder Sam Walton understood the power of shared vision, evidenced by his legendary morning visits to stores to share his vision with Associates. The Fourth Pillar of the Walmart business model has been neglected, and as such, has become the missing puzzle piece that can change Walmart’s public image and impact its future success.

***The Role of the Leader and The Shift in Power***

The most important role of the leader in this proposed change initiative, will be his ability to shift his own mental model of power. Every parent understands this challenge when they must acknowledge their new young adult has a degree of autonomous power over their own life and decisions. It is not easy to let go, but smart parents -- and leaders, develop a healthier new collaborative relationship based on mutual respect (Li, 2010). John Maxwell calls this the Level 5 Leader who rises to the Pinnacle of Leadership. It requires a mindset of a leader who is willing to share power with others who reciprocate their appreciation, with voluntary permission to lead (Maxwell, 2011).

***“Everything rises and falls on leadership,” (Maxwell, 1998)***

The Leader must also . . .

* *Be completely and publicly committed to the change:*

Because leaders establish culture through influence, changing a culture cannot be accomplished without the full and total support of the leader(s).

* *Himself be a life-long learner*:

Vision is based on values. The Learning Culture is based on a central value of life-long learning, and how constant learning through every-day work experiences can create a competitive advantage in the marketplace.

* *Be committed to empowering others for the sake of the business purpose and vision:*

Change, complexity, diversity, instability, and many other factors make it virtually impossible for any one person to manage an organization effectively today. The leader must be willing to face the reality that he or she needs others to create a sustainable competitive edge.

* *Be willing to remove barriers that only the Leader can remove*: There are some things that only a responsive leader can do; e.g., removing certain barriers and obstacles so others can do the work. The leader must be engaged and committed to removing those obstacles that are detrimental to the vision.
* *Be willing to engage in dialogue (Marquardt, 2011)*: Learning can only occur by engaging in high level of listening and discussion, while allowing themselves and others to discuss and explore what may be sensitive issues, without defensiveness.
* *Create a reliable Channel of Communication:* Only the leader has the resources to establish a rich and reliable channel of communication, through which he or she can share their concerns, questions, and desires.

**The Roles of Change Agents**

 The Leader will be responsible for opening the appropriate door for the Lead Change Agent (LCA). The LCA will use a coaching platform as opposed to an authoritative one, perhaps in conjunction with a school project; which could be an effective approach for several reasons. First, it will bypass commotion likely to occur with any type of authoritative position for an LCA who has had no prior authority in the organization. It also provides time for the LCA to be viewed as a non-authoritative tool of the leader, and one who merely reiterates the vision following an initial presentation by an authority figure. By using a coaching platform, it gives the associates both time and opportunity to develop a new mental model of the LCA.

 The initiative begins with a Change Lead Team (CLT), trained to present the vision, respond to questions and criticisms, and to facilitate activities of other self-directed teams who will follow later. Members selected for the CLT, should be people from the work community who would be excellent role models for the new vision. It will be their responsibility to learn the necessary skills to influence others to join in, so they should people with passion for the vision (Kotter, 2002). There should be no more than 10 members of the CLT.

**Application of the Change Model**

 The strategy for applying the change model is to use self-directed teams for strategic purposes. Because this is a company-wide initiative, it is important to get as many people participating as possible, once up and running. Teams will not be autonomous. They will work on projects and tasks, which will be first submitted to the CLT for review, before being submitted to The Leader for approval. It is through these tasks and projects that people will experience how to engage in dialogue and work effectively with a team, and how to learn as they engage with the environment. It will empower them to be a part of creating their own Learning Culture.

**We Will Overcome Barriers to Change by:**

* Having prepared answers to anticipated questions criticisms;
* Learning to respond to criticism non-defensively;
* Training on how to increase awareness of the onset of certain emotions, and how to use emotions intelligently.
* Identifying those who attempt to present major barriers to change, and how they are doing it; and
* Finding ways to create fast and easy wins early on.

**Conclusion**

 Founder, Sam Walton, believed that he could make the lives of people better by helping them keep more money in their pocket, by selling merchandise at lower prices. He developed a four-pillar business plan to offer every-day low prices on a wide variety of merchandise offered through several selling platforms, while providing a rich in-store experience to customers. Although the store has been successful with the first three pillars of the business model, they have not been effective in creating a rich in-store experience, based on observations, high turnover and increase job dissatisfaction, and a poor public image. The effect of changing the culture to a Learning Culture will improve the customer in-store experience, empower Associates by making them more satisfied with their job, and create sustained profitability for investors.

References

Boyle, M. (2018). Walmart’s image takes a dive despite effort to alter narrative. Retrieved from

[Bloomberg](https://bloomberg.com/amp/news/articles/2018-06-25/walmart-s-image-takes-a-dive-despite-effort-to-alter-narrative).

Kotter, J. P. and Cohen, D. S. (2002). *The heart of change real-life stories of how people change*

*their organizations*. Harvard Business Review Press: Boston, MA.

Li, C. (2010). Open leadership how social technology can transform the way you lead. Jossey-

Bass A Wiley Imprint: San Francisco, CA.

Marquardt, M. J. (2011). *Building the learning organization achieving strategic advantage*

*through a commitment to learning*. Nicholas Brealey Publishing: Boston, MA.

Maxwell, J. C. (1998). *The 21 irrefutable laws of leadership*. Thomas Nelson, Inc.: Nashville,

TN.

Sahin, S. (2013). *Mediator role of organizational justice in the relationship between learning*

*organization and organizational commitment*. International Journal of Academic

Research, Vol. 5 No. 6 November 2013. DOI: 10.7813/2075-4124.2013/5-6/B.11.

Schein, E. H. (2010). *Organizational culture and leadership 4th edition*. Jossey-Bass, a Wiley

Imprint: San Francisco, CA.

Senge, P. M. (1990). *The fifth discipline.* Doubleday: New York, NY.