

Management Connection

HOW TEAMS WORK AT WHOLE FOODS MARKET

Whole Foods Market has a purpose beyond profits, and even a purpose beyond selling gorgeous vegetables and great cheeses. The chain of more than 300 health-food stores in the United States, Canada, and the United Kingdom seeks to do no less than "contribute to the well-being of people and the planet." This mission shapes the selection of merchandise grown organically and sustainably, including fresh produce, meats and fish, and whole grains, all attractively displayed. It also shapes the way the company treats its 70,000-plus employees.

Management of employees is based on key values: personal responsibility, valuing diversity, and commitment to the organization's purpose. To sustain this combination of values, the company operates as a set of teams, with every employee being a team member. A team may have between six and a hundred members, with the large teams divided into subteams. The leader of each team in a store is a member of the store's leadership team, and the head of each store leadership team is a member of a regional team. At the top of the Whole Foods hierarchy is an executive team. Each employee is responsible for participating in decisions related to his or her team's work. Team members have a vote in which employees are part of the team and what benefits will be included in their compensation packages.

Team spirit and empowerment at Whole Foods has laid a strong foundation for business success. Cofounder and CEO John Mackey says living out the store's values creates a climate that frees employees to



innovate without fear, and the creative, fear-free environment feels great to shoppers. It is one of a handful of companies that has attained a spot on *Fortune's* list of Best Companies to Work For in every year the list has been compiled. Most recently, on the global Best Companies list, Whole Foods was ranked number one among food and drug stores. Consistent with that ranking, Whole Foods reports employee turnover of just 10 percent per year (the industry average is ten times that). And after year upon year of strong growth, Whole Foods has become the world's largest super-market chain specializing in natural and organic foods, with investors seeing far more room to grow in the future.¹

Whole Foods Market expresses a strong commitment to its employees, empowers them to make decisions, and expects a high level of commitment to serving customers. As you read this chapter, consider whether these ingredients are enough to ensure truly effective teamwork.

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SELF-MANAGED TEAMS AT WHOLE FOODS MARKET

To spur innovation and strengthen commitment, Whole Foods Market empowers employees to participate in planning and decision making with their teams. Within a store, members of teams are involved in decisions concerning product selection and merchandising (the way products are displayed to entice buyers) as well as efforts to improve efficiency. They also contribute to decisions about hiring and compensation.

The company is widely known for team member involvement in hiring decisions, but employees support rather than control the entire hiring process. A human resource employee at each store or other facility screens job applications and selects candidates with the necessary skills and concern for customer service. Candidates who pass the initial screening may be interviewed by one or more store leaders. (Applicants to lead teams

generally interview with a group.) Each employee hired then begins an orientation period, during which he or she has probationary status. After the new employee has worked with the team for one to three months, the team meets to decide whether to keep the person on the team, based on whether he or she meets the job requirements, follows company policies and procedures, provides excellent customer service, and works well with the team. Two-thirds must vote in favor of the employee; otherwise, the person can try to join another team or will have to leave the company.

Whole Foods recognizes that for empowerment to succeed, employees need information and other resources to support them in carrying out their responsibilities. Managers share information about the company's financial performance, and everyone can see a list of the gross pay of

every team member, including top executives. The company also provides key information for decisions about benefits, starting with the total amount the company will allocate to that expense. Every three years, employees vote on which benefits they want to receive as part of their compensation package. The company provides a list of possible benefits, identifying the cost of each one. Then the employees set priorities within the spending limit.

Rewards, too, are linked to teamwork. Most incentive pay, such as bonuses, is tied to team performance. As

CEO John Mackey has said, "We have a shared fate. We either succeed together or we fail together."²⁶

- What advantages does teamwork offer to Whole Foods Market?
- Why do you think human resources professionals conduct the initial screening process for new hires? What might be the consequences of having the store teams carry out the entire process of hiring and rewarding team members?

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COHESIVENESS AND CONFLICT AT WHOLE FOODS MARKET

What unifies employees at Whole Foods Market is the sense of mission and shared values. Serving on a team fulfilling a mission gives each team member a sense of purpose, and the team monitors performance, making sure everyone contributes. In addition, unlike many retailers, Whole Foods schedules most of its employees for full-time work, which enables them to learn more about their jobs, build stronger team relationships, and develop a greater commitment to the organization.

A challenge to cohesiveness, however, is one of the very values the company espouses: appreciation of diversity. Whole Foods stresses its commitment to hiring employees from many ethnic backgrounds. Compared with other supermarkets, its dress code offers wide latitude for personal style. To counteract misunderstandings that can occur when people come from different backgrounds and express themselves differently, the company expects team members to communicate frequently and respectfully and to show appreciation for what others contribute.

CEO John Mackey sees a role for competition as well as collaboration. The company encourages teams to compete with one another to be best at what they do. For example, the produce teams might strive to have the biggest sales increase in their region or among all the company's stores. The glory of being the best Whole Foods produce team is a compelling motivator, with or without a bonus. As team members collaborate in trying to outdo

other teams, they build the sense of identity Mackey sees in what he considers the company's strongest teams. Some teams, for example, invent team names.

Beyond this kind of desirable competition among teams, conflicts do occur within teams. In one incident that recently made national news, two team members at a store in Albuquerque were suspended (with pay) after they became upset during a team meeting. At the meeting, discussion turned to the men's use of Spanish at work. The two men interpreted statements by the team leader to mean they were forbidden from speaking Spanish while on the job, and they became angry. Management saw their anger as "rude and disrespectful both in an office and in the store in front of customers," so the two were suspended. Through official statements, Whole Foods said it uses English as its "default" language, especially for safety matters, but does not forbid the speaking of other languages. It added that its leadership team would soon review the company's language policy.¹⁰⁹

- How does Whole Foods promote team cohesiveness? What else can it do?
- How should Whole Foods manage the conflict in its Albuquerque store? What should it do to minimize similar conflicts in the future?
- If you were in this situation, would your conflict management styles involve avoidance, accommodation, compromise, competition, or collaboration? Why?