

Nordstrom's Performance Goals

This case focuses on the issue of performance. As discussed in the text, clear and effective goals help improve employee performance, reduce role stress conflict and ambiguity, and improve the evaluation of employees' performance. The text also discusses the various elements that are involved in managing performance. These include defining performance, measuring it, providing feedback, rewarding poor performance, and correcting poor performance.

At Nordstrom, employee performance is directed towards a single goal – extraordinary service that produces extraordinary sales volumes. Every measure by which an employee is evaluated and rewarded is based on this goal. This is evident in Nordstrom's training programs and its reward and incentive structure. A central way in which Nordstrom tries to improve employees' performance is by fostering an open, competitive environment in which employees are a part of teams, but also pursue individual achievements. The company encourages creative tension among associates by making the performance information of every employee available to every other employee.

Case Study: Nordstrom: Performance Goals

The sales staff at Nordstrom is motivated to give extraordinary service, because extraordinary service produces extraordinary sales volumes and extraordinary profits. Like competitive athletes, these employees are highly focused, eye-on-the-prize individuals who pay full and careful attention to the individual customer.

Nordstrom regularly distributes videotaped interviews with top salespeople who share advice to fellow employees. Staff meetings become workshops in which associates compare, examine, and discuss sales techniques. Nordstrom also employs STEP (Sales Training Education Program), developed by the Washington region's personnel department which enables associates to share information with other salespeople and department managers.

Like competitive athletes, Nordstrom associates are a part of teams, but also pursue individual achievements. The company insists that all associates be team players who work together while at the same time encouraging everyone to become a star performer.

Star performers among team players? Herein lies the creative paradox that energizes the Nordstrom culture. The company encourages creative tension among associates by making available information about the performance of all other associates. Any associate can know where they stand and how their performance compares with anyone else in the company. Twice a month, every associate's sales-per-hour numbers are posted for all to see. In this open environment, rewards follow performance. There are cash prizes, trips, and awards given for outstanding sales-per-hour and sales-per-month performances. Associates earn rewards the old-fashioned way; they earn them.

In this kind of atmosphere, Nordstrom must manage inter-group competition well so that

associates do not destroy each other in the competitive process. From its earliest days, Nordstrom has aimed to create creative, rather than destructive, tension. The competitive environment is also disciplined by goal-setting. Nordstrom is organized as an inverted pyramid, with sales associates at the top, the buyers in the middle and the managers at the bottom. What binds the three tiers together is goal-setting. Each member of each tier strives to meet personal, departmental, store, and regional goals. This leads to a disciplined, well ordered, and competitive structure within which performance expectations are clear, feedback lucid, and results understandable.

Write 2-3 page paper. In your paper answer the following:

1. Nordstrom creates an open atmosphere, in which every associate's sales figures are made available to everyone else. Explain the positive impacts.
2. Twice a month, Nordstrom releases sales figures and rewards top-performing employees. In your opinion, is this the best type of reinforcement schedule for everyone, or would you take a different approach?
3. Give an example of a reinforcement schedule you have experienced or seen. Explain the effort, the reinforcement schedule, and the motivation to succeed. Was the outcome positive motivation or were there negative impacts?

Include a title page and 3-5 references. Only one reference may be from the internet (not Wikipedia). The other references must be from the Grantham University online library. Please adhere to the Publication Manual of the American Psychological Association (APA), (6th ed., 2nd printing) when writing and submitting assignments and papers.