CASES FOR CRITICAL THINKING

CASE 1A
Trader Joe's

While vacationing in the Caribbean, founder "Trader" Joe Coulombe discovered a way to differentiate his 7-Eleven–style corner stores from those of his competitors. Joe observed that consumers are more likely to try new things while on vacation. With a nautical theme and cheerful guides sporting Hawaiian shirts, Joe transformed his stores into oases of value by replacing humdrum sundries with exotic, one-of-a-kind foods priced persuasively below any reasonable competitor.[1]

For over fifty years, Trader Joe's has competed with such giants as Whole Foods and Dean & DeLuca. So what is its recipe for success? The company applies its pursuit of value to every facet of its operations. Buyers travel all over the world in search of great tasting foods and beverages. By focusing on natural ingredients, inspiring flavors, and buying direct from the producer whenever possible, Trader Joe's is able to keep costs down. The chain prides itself on its thriftiness and cost-saving measures, proclaiming, "We run a pretty lean ship," "Every penny we save is a penny you save," and "Our CEO doesn't even have a secretary."[2]

"When you look at food retailers," says Richard George, professor of food marketing at St. Joseph's University, "there is the low end, the big middle, and then there is the cool edge—that's Trader Joe's."[3] But how does Trader Joe's compare with other stores with an edge, such as Whole Foods? Both obtain products locally and from all over the world. Each values employees and strives to offer the highest quality. However, there's no mistaking that Trader Joe's is cozy and intimate, whereas Whole Foods' spacious stores offer an abundance of choices. By limiting its stock and selling quality products at low prices, Trader Joe's sells twice as much per square foot than other supermarkets.[4] Most retail mega-markets, such as Whole Foods, carry between 25,000 and 45,000 products; Trader Joe's stores only carry around 4,000.[5] But this scarcity benefits both Trader Joe's and its customers. According to Swarthmore professor Barry Schwartz, author of The Paradox of Choice: Why Less Is More, "Giving people too much choice can result in paralysis. . . . [R]esearch shows that the more options you offer, the less likely people are to choose any."[6]

Innovation keeps Xerox at the forefront of their industry. In fact, nearly 5% of revenue is dedicated to Research & Development and Engineering. Says Mulcahy, "Investing in innovation was indeed the best decision I've ever made. Despite the economic slowdown in technology spending, Xerox is still the prominent player in our industry, with a No. 1 revenue share. And at a time when we had a bunker-like mentality to save our company, we also empowered a small but entrepreneurial team to create our services business. Good thing we did. The offerings from Xerox Global Services have never been more relevant for our customers, who are knocking on our door looking for any way to save money . . . We're able to move quickly on these opportunities right now because we decided to fund innovation back then." With recent annual revenue of $21.6 billion, Xerox is the world's largest technology-and-services company specializing in document management.[2]

Xerox provides the document industry's broadest portfolio of offerings. Digital systems include color and black-and-white printing and publishing systems, digital presses and "book factories," advanced and basic multifunction systems, laser and solid ink network printers, copiers, and fax machines. No competitor can match Xerox's services expertise, which includes: helping businesses develop online document archives, analyzing how employees can most efficiently share documents and knowledge in the office, operating in-house print shops or mailrooms, and building Web-based processes for personalizing direct mail, invoices, brochures and more. Xerox also offers associated software, support, and even supplies such as toner, paper, and ink.[3]

By recognizing and respecting diversity and empowering individuality, Xerox creates productive people and an innovative company. Theirs is a corporate culture of inclusion whose commitment to diversity can be traced back to its very first chairman, Joseph C. Wilson. Chairman Wilson took proactive steps to create a more diverse workforce in response to race riots in the 1960s. With then Xerox President C. Peter McCullough, Wilson called for increased hiring of African Americans in an effort to achieve equality among its workforce. Throughout the 1970s Xerox established an internal affirmative action office and began to hire a significant number of minority employees.[4]

Xerox placed emphasis on the advancement of minorities and females in the 1980s. It was during this time that Barry Rand, an African American, was named the first minority president of a division. Xerox's Balanced Workforce Strategy (BWF) aimed to achieve unbiased representation for women and minorities throughout the organization at all times, including throughout times of restructuring. During the influx of women in its workforce Xerox recognized their struggle balancing work and family commitments. In response, Xerox Human Resources (HR) initiated "flex time" and other HR policies to maintain a high level of productivity and satisfaction among its workforce.[5]

In the 1990s sexual orientation was included in the company's Equal Opportunity/Affirmative Action and On-discrimination policy, GALAXe Pride at Work (a caucus group for gay, lesbian, bisexual, and transgender employees) was established, and Xerox began to provide domestic partner benefits for gay, lesbian, bisexual, and transgender employees. Annual diversity employee roundtables with senior managers were initiated, providing employees the opportunity to engage in unfiltered communication with management about best practices, strengths, and weaknesses of Xerox's diversity initiatives.[6]

Xerox's view on a diverse workforce is most eloquently expressed by Xerox Chairman Anne M. Mulcahy:

> I'm convinced diversity is a key to success. Experience tells us that the most diverse companies—companies ruled by a hierarchy of imagination and filled with people of all ages, races, and backgrounds—are the most successful over time. Somehow, diversity breeds creativity. Maybe it's because people with different backgrounds challenge each other's underlying assumptions, freeing everybody from convention and orthodoxy. We provide a shining proof point that diversity in all its wonderful manifestations is good for business . . . good for our country . . . and good for people.[7]

Xerox is proud to say that women and minorities make up more than 50% of its workforce. About 48.2% of Xerox senior executives are women, people of color, or both. The employee roster is made up of roughly 30% African-Americans, Latinos, Asians, and Native Americans. In fact, Xerox has been rated as one of the Top 10 companies in hiring minorities, women, disabled, and gay and lesbian employees by *Fortune, Forbes, Working Mother, Latino Style,* and *Enable* magazines. It is among *Working Mother*'s top 100 family friendly companies for women—and has been for the past 15 years.[8]

In 2007 Ursula Burns was named the first African-American female president of Xerox Corporation. In July 2009 she succeeded Anne M. Mulcahy as CEO. It was the first female-to-female hand-off in Fortune