oducts were placed in overheads in areas away from their display locations[i]. Previously, an would walk down the aisle and manually write down out-of-stocks from the shelves, take the computer room, generate a report with a "pick list," and then pick those products from e locations. With the new ordering cart, associates could walk down the aisles and scan any an empty space in order to electronically create a pick list. If additional stock of the missing as present in the store, it was included in the pick list so that associates would know the as in a storage location and would look for it. In the case of a discrepancy between what said the store had in stock and what actually was in stock, associates could make adjustments.[100] That is, associates could change the inventory levels in the computer eflect the physical quantities at the stores.

es to improve labor scheduling Nardelli invested in tools for Home Depot's store o better forecast staffing needs and to schedule labor. The new computerized workload nt system allowed store managers to see what activities were scheduled to take place at nd historical and future trends to inform decision-making about hiring, staffing and

lexibility for scheduling labor at stores, Home Depot announced it would extend benefits staff. The company tried to increase the number of part-time employees, from 15% of 50%.[103] Although a negative reaction to this caused top management to backpedal on the art-timers hired, the net increase of part-timers was still significant.[104]

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arrival resulted in significant changes for employees at the corporate and store level. ears of Nardelli's arrival, 22 of the company's top 29 managers left.[106] Between 2001 and Home Depot's 170 top executive positions changed hands, and over half of the new hires tside the company.[107]

t to recruit new managers and train them in the new management approach, Nardelli onovan—a former GE executive whom Nardelli recruited to join Home Depot as his esources officer—developed a two-year intensive program to fast-track new store he program carefully selected participants and aimed to train newcomers in company tics methodologies and culture.

of 1,142 future managers hired from outside the company had military experience.[109] ined that the company was seeking "people who deliver results, act strategically, and e," in contrast to traditional store managers who were frequently experts in hardware. in customer service," he said. "They inspire achievement, they live [with] integrity, g relationships, and they create an environment of inclusion. Junior military officers ntials."[110] A former Navy Lieutenant who in 2005 was Home Depot's director of –a position created to standardize processes at Home Depot—agreed. "Military similar to how our stores are structured," he said. "A store manager is basically the hip captain. You've got a leadership team under you, and I think the relationships ld between your hourly and management associates

Analyzing Metrics and Making Plan

Nardelli also introduced discipline through data analysis and performance evaluation. Store managers were required to "make plan" by achieving weekly and monthly sales or other performance targets. All personnel were ranked according to four "performance metrics:" financial, operational, customer, and people skills.[113] Nardelli and Donovan placed Human Resource managers in every store to track these metrics.[114] One market analyst gave the new discipline a positive review, saying Home Depot was becoming "much more disciplined, more numbers-oriented and more accountable for everything."[115] To reinforce the new discipline and to better communicate with employees and store managers, Nardelli established an internal TV Channel (Home Depot TV, or "HDTV") that piped in messages to stores.[116] Every Monday night, EVPs for marketing and merchandising delivered the store staff's "marching orders for the week" through a 25-minute live program named "The Same Page."[117] At other times, HDTV ran segments reminding staff of key messages and policies.

Under Nardelli, Home Depot developed personnel incentive plans with the aim of better tying incentives to employee performance. In 2002, the "Success Sharing" program debuted, specifically targeting hourly workers.[118] The program linked employee performance on the new metrics used for evaluation with bonus payments. In 2004, payouts from the program totaled nearly $90 million.[119]

The whole cloth culture change that Nardelli introduced, symbolized by the focus on analytics, did not always lead to the desired results. Managers had to monitor their store numbers, reducing the time they spent on the floor. Former Chief Information Officer Ron Griffin expressed his frustration at having to demonstrate a "return on every nickel."[120] Several stores responded to the "inventory velocity" metric requirement by reducing the amount of inventory coming in, leading to stockouts.[121] A former Home Depot merchandising executive explained, "On paper, all these changes make sense. Unfortunately, they don't work on the floor of the stores."[122] And employees resented the sensation that Big Brother was watching, generated by Home Depot TV. They surreptitiously dubbed it "Bobaganda."[123]

Reactions from Wall Street

Wall Street's initial reaction to the changes introduced by Nardelli was mostly positive. There was widespread agreement with Nardelli's assessment that what had made Home Depot successful in its first 20 years was unlikely to continue to work as the company aimed for $100 billion in revenues.[124] Although some analysts noted that Home Depot under Nardelli opted for a more centralized structure at a time when retailers were devolving more autonomy to stores, many agreed that in Home Depot's case, centralization was a necessary move.[125] Analysts approved of Nardelli's investment in information systems infrastructure, improved supply chain logistics, the strengthened opportunities for economies of scale through the centralization of merchandising, and Nardelli's introduction of greater analytics as a basis for decision-making.[126] Home Depot's strategic alliances with John Deere and others were also cited as strengths.[127] While analysts noted the disgruntlement of present and former employees with the changing culture at Home D