

5-17-2012

# Whole Foods Market™ Case Study: Leadership and Employee Retention

Kristin L. Pearson

Johnson & Wales University - Providence, [klpearson@jwu.edu](mailto:klpearson@jwu.edu)

Follow this and additional works at: [https://scholarsarchive.jwu.edu/mba\\_student](https://scholarsarchive.jwu.edu/mba_student)



Part of the [Business Administration, Management, and Operations Commons](#), [Business and Corporate Communications Commons](#), [Business Law, Public Responsibility, and Ethics Commons](#), [Corporate Finance Commons](#), [Human Resources Management Commons](#), and the [Labor Relations Commons](#)

---

## Repository Citation

Pearson, Kristin L., "Whole Foods Market™ Case Study: Leadership and Employee Retention" (2012). *MBA Student Scholarship*. 8.  
[https://scholarsarchive.jwu.edu/mba\\_student/8](https://scholarsarchive.jwu.edu/mba_student/8)

This Research Paper is brought to you for free and open access by the Graduate Studies at ScholarsArchive@JWU. It has been accepted for inclusion in MBA Student Scholarship by an authorized administrator of ScholarsArchive@JWU. For more information, please contact [jcastel@jwu.edu](mailto:jcastel@jwu.edu).

Johnson & Wales University  
Providence, Rhode Island

Feinstein Graduate School

**Presented to Professor Martin W. Sivula Ph.D.**

Whole Foods Market™ Case Study: Leadership and Employee Retention

A Research Project Submitted in Partial Fulfillment  
of the Requirements for the MBA Degree

Course: RSCH5500

**Kristin L. Pearson**

05/17/2012

**TABLE OF CONTENTS**

	Page
I. ABSTRACT.....	2
II. INTRODUCTION	
Research Objectives	
Problem Statement / Hypothesis.....	3
III. REVIEW OF RELATED LITERATURE	
Who is John Mackey?.....	4
Job Satisfaction.....	11
Fortune Magazine’s 100 best companies to work for.....	12
Breakdown of Whole Foods Market Retention Strategy.....	14
Turnover Costs.....	16
Retention.....	17
IV. METHODOLOGY (DATA COLLECTION).....	18
V. ANALYSIS OF RESULTS	
Field Research, Employee Observation.....	19
Qualitative Interviews.....	21
VI. SUMMARY.....	25
VII. REFERENCES.....	26
VIII. APPENDIX A: Fortune Magazine’s 100 Best Companies to work for	
APPENDIX B: Fortune Magazine’s Whole Foods Market 2011 & 2012 Summary	
APPENDIX C: Fortune Magazine’s Best Companies to work for- sub categories	
APPENDIX D: Field Notes, Detailed Recorded Observations:	
APPENDIX E: Interview Questions	

### Abstract

Employee retention can be a challenge for Human Resources in today's business climate, especially in retail food service occupations due to long and sometimes unpredictable hours, limited benefits, and growth potential to name a few. Despite the obstacles, Whole Foods Market has been able to overcome such limitations allowing employees flourish and as a result have set an industry benchmark for reducing voluntary turnover. This case study research is an examination of Whole Foods Market CEO John Mackey and his modern approach to leadership and its effect on employee retention. The purpose of the research is to examine the association between employee retention and modern leadership practices. Primary data was collected from observational field research and qualitative interviews with six Whole Foods Market personnel whom currently or have previously held positions throughout various departments within the company. To identify the perceptions of employees, detailed notes were transcribed, collected and evaluated. The study provided a number of key findings of successful practices: (1) establish a mission and values driven culture; (2) provide a thriving environment in which your employees can be their true selves; (3) empower employees by encouraging innovation and dispersed decision making; (4) offer individual and team incentives for ideal behavior and performance; and (5) promote growth opportunities both vertically and laterally within the company. The conclusion answered the primary research question and argues for emphasis on the role of modern leadership approaches such as servant, values and decentralized leadership theory to improve retention efforts.

*Keywords:* John Mackey, Whole Foods Market, leadership theory, decentralization, food service/retail industry, human resources, employee retention.

Employee retention is of growing concern for Human Resources regardless of business initiatives to reduce turnover costs and strengthen competitive advantages. Due to the nature of food service, hospitality and retail industries including low wages, long working hours, unfair healthcare, inadequate benefits, insufficient training & development in addition to limited job growth, employee dissatisfaction and voluntary turnover is on the rise. The importance of this subject is to be able to provide collected qualitative data in the form of best practices in support of foodservice retail companies so they too are able to retain valuable human capital in a similar fashion as Whole Foods Market has been able to do. This case study research investigation will evaluate the effects of John Mackey's approach to reduce voluntary turnover and improve employee retention at Whole Foods Market as seen through the eyes of current and past employees of the company.

The objectives of this case study research are:

- Review and dissect literature on employee retention, turnover and job satisfaction
- Examine the non-traditional leadership concepts, culture and philosophies of Whole Foods Market, honing in on Co-founder, Chairman and Chief Executive Officer, John Mackey
- Interpret observation and qualitative results of interviews conducted with current and past employees (Team Members) of Whole Foods Market
- Study factors that contribute to a sustainable work force and strong organizational mission, values and culture

## **REVIEW OF RELATED LITERATURE**

### **Who is John Mackey?**

If you asked the business world what they think about John Mackey and his leadership style you may get a response such as this; A liberal leader who pushes conventional boundaries to inspire trust through authentic transparency, honesty, and integrity. A modern visionary who empowers, challenges and motivates employees, strengthens suppliers as well as local growers, educates customers providing them with the highest quality product possible.

Who is this controversial yet inspiring leader, who is John Mackey? Simply put he is the co- founder, Chairman and CEO of Whole Foods Market, a Fortune 500 company based in Austin, Texas. Often criticized for his untraditional approach to business and business decisions, John Mackey does what he believes is right and promotes a lifestyle and company of health, fulfillment and ethical principles. It is no surprise that his approach may be different, because he is different.

Raised in Houston, Mackey studied philosophy at the University of Texas in Austin, but he never got a degree. He remains an omnivorous intellect (Fishman, 2004).The article “Not your average Grocer” mentions that John has dropped out of college six times in order to find meaning in his life, later people would come to learn that the types of life decisions he made would prepare him for a life dealing with controversy of going against the grain in a cookie cutter business world. As a result of Mackey’s yearning to be unique and do what satisfies his inner self and the greater good of people as well as the world, he has been passionately, innovative in his concept of a “not your average grocer”, grocery store.

Mackey's modern leadership approach is a hybrid of both servant and values leadership. He has taken a completely different route from traditional management, a style in which one is all knowing, controlling, and demands authority to his own ideal of what a leader can and should be. The outdated temptation to over-manage or over-control is a central cause of extreme stress and detriment, rather than being a hindrance in productivity; new ideals can improve both morale and productivity (Fairholm, 2011). The image of a servant leader contrasts with the industrial paradigm of the leader as a power-wielding authority figure. A servant leader's first responsibility is to consider the needs of others and to create conditions where the led can become the leaders themselves (Shriberg, Shriberg, & Kumari, 2005).

Under Mackey's servant leadership direction, the management and employees, referred to as Team Leaders and Team Members at Whole Foods have are provided numerous resources, education, and benefits to succeed in both their personal and professional lives. Also, employees have not been mandated but instead are empowered to engage in the values of the brand. They offer customers' outstanding service, while selling a variety of high quality products that are organic with no artificial preservatives, coloring, sweeteners, or Tran's fat (Schorn, 2011). Modern leadership has focused on the leader- follower relationship that prioritizes meeting each other's emotional needs (Fairholm, 2011).

Values leadership is similar to servant leadership as they are both normative approaches, modern leadership theory embraces the servant leadership model and codifies key elements of values leadership such as service, vision, inspiration, trust, intuition, continuous learning and empowerment (Fairholm, 2011).

Mackey (2010) in a self-published article appropriately titled *Creating a High Trust Organization*, outlines his overall leadership concepts including the following strategies for inspiring trust. He says all companies should have a higher purpose including improving health, education, communication, and the quality of life for all. Businesses should know exactly why their organization exists and what they are trying to accomplish with delivery and execution of the mission statement and values of the company. Along with this understanding, leaders should encourage, inspire, and educate others to foster as well as embrace the company culture.

Mackey highlights how to be a conscious leader and live the life of a person with high integrity, in other words lead by example- don't just talk the talk, but be able to walk the walk; he states: "I communicate the mission and values of Whole Foods at every opportunity and I try to live those core values myself with complete fidelity. Fidelity to the mission and values builds trust, while any deviance undermines it. High trust organizations and hypocritical leadership are mutually exclusive." Changing and improving the world and standing up for what you believe in is true and right and good, He says you could call conscious leadership, servant leadership; where leaders identify their own flourishing with the flourishing of the organization (Mackey, 2011).

Much like John Mackey's personal style, whether it be labeled conscious, servant or values leadership, they form relationships patterns that rely not on the values of the external control but on those that give social and personal meaning to the collective work done, aid in collaborative decision making, facilitate planned sharing, and foster mutual responsibility for work community success (Fairholm, 2011). It is no wonder John Mackey is instrumental in modern day leadership and often times used as examples in text books and case studies. Many of

the values of Whole Foods focus outward on what they can do as a company for others instead of inward like many other Fortune 500 Companies.

Whole Foods Market is a decentralized company whose core values include a commitment to both “customer delight” and “team member happiness” (Daft, 2008). The following list of core values reflects what is truly important to Whole Foods Market:

*These are not values that change from time to time, situation to situation or person to person, but rather they are the underpinning of our company culture. Many people feel Whole Foods Market is an exciting company of which to be a part and a very special place to work. These core values are the primary reasons for this feeling, and they transcend our size and our growth rate. By maintaining these core values, regardless of how large a company Whole Foods Market becomes, we can preserve what has always been special about our company. These core values are the soul of our company.*

- *Selling the Highest Quality Natural and Organic Products Available*
- *Satisfying and Delighting Our Customers*
- *Supporting Team Member Happiness and Excellence*
- *Creating Wealth Through Profits & Growth*
- *Caring about our Communities & Our Environment*
- *Creating ongoing win-win partnerships with our suppliers*
- *Promoting the health of our stakeholders through healthy eating education. (Wholefoods.com, 2012).*

It takes more from a leader than just having a written mission statement and values in order to foster a culture that adopts and truly believes them. Having written ethical standards in the form of a mission and values is important but is not to be mistaken as being the same as the team understanding and embracing the mission and values. We have all heard the saying “It starts at the top”, it is critical that successful leaders display skills and attributes in addition to authentically living out company principles if they want others within the company to do the same- in other words, leaders must walk the walk so others follow. Values leadership is influencing “follows” at a values level so followers want to do the work the leader wants done. Just like John Mackey, leaders act by example both communicating and demonstrating inspiring values, displacing follower values that are incompatible with such values and measure both team and individuals in terms of shared values and performance (Fairholm, 2011).

Speaking of followers, Whole Foods is very much team focused. Most teams at Whole Foods have between 6 and 100 team members and the larger teams are subdivided further into a variety of sub-teams. The leaders of each team are also members of the Store Leadership Team and the Store Team Leaders are members of the Regional Leadership Team. This interlocking team structure continues all the way upwards to the Executive Team at the highest level of the company (Mackey, 2010).

Through observation and research the open-minded CEO, has discovered that people interact and flourish in smaller teams as part of a larger organization. This unique model allows individuals to combine talents and support one another. Each store is divided into small teams that make decisions about everything from what gets stocked on the shelves to who gets hired as a team member, and as far as the overall design of the store. Even the leadership team makes decisions based on majority vote, again reiterating the fact that values trickle down and attitude

reflects leadership. The National Leadership Team of the company has 24 people on it, and even they make decisions by majority vote, Mackey claims he almost never overrules them.

Mackey is inspired by Japanese Management Philosophy, although it may take longer for a team to come to agreement and consensus in decision making, implementation goes a lot faster because you already have the buy in and have worked through any road blocks or non-committed team members. If decisions are going to impact the business, it makes sense that they be discussed with those who will deal with such changes (Mackey, 2011).

The effectiveness of teams is tremendously enhanced when they trust in the direction they are being led and when they are fully empowered to do their work and to fulfill the organization's mission and values. Empowerment unleashes creativity and innovation and rapidly accelerates the evolution of the organization. Empowered organizations have tremendous competitive advantage because they have tapped into levels of energy and commitment which their competitors usually have difficulty matching (Mackey, 2010). When employees are empowered to make decisions and problem solve, they feel appreciated and valued for input and incremental successes versus only being recognized for monumental or profitable successes. Healthy team members need to be free to exert creativity, to complete their work in a variety of ways, not just the “one best way” set by management because that allows employees to grow and mature. When leaders empower their team they allow their most valuable asset, the people, to increase in value (Fairholm, 2011).

In 1996, John Mackey stated that "Whole Foods is a social system. It's not a hierarchy. We don't have lots of rules handed down from headquarters in Austin. We have lots of self-

examination going on. Peer pressure substitutes for bureaucracy. Peer pressure enlists loyalty in ways that bureaucracy doesn't."

If the teams around and below you do not feel comfortable enough to share information amongst each other, trust will not be developed. Whole foods is instrumental in how transparent they are, so much so that they are often criticized for being eccentric and risking confidential information being leaked to competitors amongst a list of others all to share with the employees and emphasize commitment and family. After conducting some research on unique standards of Whole Foods Market, it was discovered that they provide their employees with intellectual property such as financial information as well as comparative Salary information to its entire Management team. They believe 100 percent in authentic communication, transparency and fairness as a company.

It is essential that the ethic of fairness apply to all key organizational processes such as hiring, promotion, compensation, discipline, and termination. Favoritism and nepotism undermine organizational trust (Mackey, 2010). Fear is the opposite of love. When fear predominates in the organization, love and care cannot flourish. Cultivate forgiveness rather than judgment and condemnation (Mackey, 2010).

For businesses to retain valuable employees, leaders must instill a culture of love and care, a culture that aides in fulfilling its higher purpose and follows through on the mission of the company. When it comes to culture Whole Foods Market is quite unique, the company crafted a set of written rules properly named the "Declaration of Independence" which works in conjunction with the mission and values of the company. Mackey refers to the culture at Whole Foods as Yogurt Culture- he insists on opening new stores with a few existing staff members- the

starter culture, employees who have a thorough understanding of the company and the culture and can lay the foundation for new team members.

John Mackey has unconventionally rewritten the rules of business and leadership as we know it. He does not focus on the tried and true, rather expands and thinks outside the box on what has not been done and optimizing processes that make sense to all stakeholders involved.

In addition to numerous published articles, Mackey has also published books on modern day leadership strategies and an insightful blog filled with information, videos and interviews all about him and the company he leads. It highlights unique principles and his Philosophy of life. It is no doubt that he has been evolutionary in the concepts of how companies can be successful in today's business world.

### **Job Satisfaction:**

Job satisfaction is something that many people struggle with, some may argue that it is the fact that Generation Y or the millennial group has too great an expectation and anticipates to be rewarded for any effort given for a job well done. Maybe they are correct, studies predict that Generation Y will switch jobs frequently, holding far more positions over a life time than Generation X due to their great expectations (Kunreuther & Kim, 2009).

Employee job satisfaction is situational. Job satisfaction depends on numerous factors such as companies best practices, individual expectations and needs from work, the quality of leadership, the health of the industry, the competitiveness of the job market, the state of the economy, the success of the company, mentor resources, and more (Heathfield, n.d.)

According to a survey conducted by the Society for Human Resource Management on Retention Practices, voluntary resignations are on the rise at most organizations. The top three reasons for turnover were career opportunity, dissatisfaction with benefits and management. To quantify, better career opportunity was the primary reason cited by 78% of the respondents. Coming in second at 65% of respondents reported that employees left because they were dissatisfied with salary and benefits. Poor management was a distant third at 21%. (Pardue, 2000).

In understanding why retention is imperative and its contributing factors of job dissatisfaction, I wanted to acquire information on how some companies such as Whole Foods Market manage to get it right and hold retention standards for the industry. What strategies are they implementing to be so successful?

The Food Service and Retail Industry has been stigmatized as being a field with rapid turnover and employee dissatisfaction. Whole Foods in addition to other food service companies face many human resources challenges associated with the hospitality and service industries including long operating hours, relatively high turnover, paired with low pay (Hinkin & Tracey, 2010). However, Whole Foods Market was elected one of Fortune Magazines, 100 Best Companies to Work for as a result of the frequency on a variety of filtered lists from the Forbes main report. Here are some examples: low turnover; no layoffs; all stars (on the list since inception); and annual pay.

**Fortune's 100 Best Companies to Work For in 2012:**

Consistently these companies have been voted as the best companies to work for, and they are voted based on job growth, employee satisfaction, new jobs, voluntary turnover,

benefits, training & development, healthcare, work life balance and additional perks. The Food Markets highlighted in the following list exemplify many of the following characteristics: low turnover, no layoffs, consistently ranked since the lists inception, annual pay, and healthcare benefits. These characteristics are industry benchmarks seeing that most food service and retail companies face many Human Resources challenges associated with the hospitality or service industries including long operating hours, relatively high turnover, paired with low pay (Hinkin & Tracey, 2010).

**Table 1 Food Markets in the overall Top 100**

---

<b>Rank</b>	<b>Company</b>	<b>Job growth</b>	<b>U.S. employees</b>
	Wegmans Food Markets	5%	41,717
4			
<b>32</b>	<b>Whole Foods Market</b>	<b>6%</b>	<b>60,213</b>
34	Nugget Market	8%	1,135
78	Publix Super Markets	1%	147,760

---

*Note. A compiled list of ranking companies can be found in APPENDIX A.*

In 2012, Whole Foods Market ranked 32 out of the top 100 best companies to work for, a slight decline from 2011 when they were ranked 24 on the list. At Whole Foods it’s all about a healthy lifestyle. Employees are tasked with performance based goals and rewarded with monetary bonuses among other incentives. All new hires get a 20% discount and full time staff members have insurance and medical paid in full.

Compared to other food market retailers on the list they are faring pretty well, but Wegman's Market is leading the way ranked number 4 on the overall 100 list. This Rochester, New York based company is a friendly, family owned supermarket whose main goal is to keep their employees happy which will in turn keep their customers happy. They invest greatly in their employees which may be the driving factor behind a tremendous turnover rate. Wegmans takes the cake for having the best employee retention rate among retail companies in the United States, particularly grocery stores. Voluntary attrition rate for Wegmans part-time workers was around 28 % versus the industry average estimated at 79%. Wegman's had one of the best retention rates in the retail industry in the U.S. The average length of employment for full-time employees at the company was more than 10 years, and the average tenure even for part-time employees exceeded five years (Wegmans Food Markets Inc., 2007). It is no wonder Wegmans maintains a place at the top of the list for best places to work, with low turnover, strong leadership and consistent communication the company retains its employees with its employee-driven approach- Whole Foods is right behind them doing their share to retain valued employees.

**Breakdown of Whole Foods Retention Strategy:**

Whole Foods Market retains their employees first by having a high standard for rigorous selection of staff. Their retention strategy is to hire right, implement and enforce strict hiring practices. All employees must go through a 90 day probationary period followed by a team and management evaluation. This enforces a few strategies to keep the staff motivated and playing effectively as a team. After the evaluation there is a group vote and they decide whether to hire you permanently. This voting system empowers staff to be objective and take ownership over decision making which develops leadership skills possibly leading to a chance of promotion

within the company. Bonuses and profit sharing is associated to the team's performance, so existing staff are careful about who gets their votes. Thirteen times a year, Whole Foods calculates performance and dependent upon how productive the team has been against goals, they are monetarily rewarded. The team shares the profits which can sometimes be up to \$1.50 or \$2.00 extra an hour other paycheck (Fishman, 2004). Whole Foods values honesty and as proof of their openness, they go as far as displaying individual compensation and financial performance figures (Hinkin & Tracey, 2010). This theory is to again preserve a friendly competition and motivation amongst the staff and can be effective in teambuilding when competing against other branches or regions for monetary bonuses and in store perks.

As proven by Whole Foods Market when you expect the best, you get the best. The company implements strict hiring practices to ensure best fit employment. Empowering staff to be accountable for team development is an essential way to guarantee teams are working together as equals and that there is a fellowship amongst them. If companies need to reduce turnover, implementing stricter hiring policies would filter out staff that were not a good fit for the position or the team and would strengthen existing teams knowing they have a say in hiring and being excited to receive a competent employee as part of their team.

In addition, they provide a solid mentorship focused on individual and teambuilding. Who wouldn't want to be part of a system that is constantly trying to motivate and challenge their employees? Often times Millennials get bored in the day to day operations so providing fun ways of meeting objectives would be a breath of fresh air resulting in a higher level of satisfaction. Furthermore, leaders should take time to invest in their staff by getting to know them, to really understand individual's personalities and get a feel for what motivates them. Too

often managers are bogged down in their own responsibilities to take time to invest in their staff, and these types of strategies can have a huge payoff and reduce employee turnover drastically.

### **Turnover Costs:**

Although some employee turnover is inevitable as part of business and may even be sought after to keep a team fresh, motivated and competent, certain strategies can be put into practice to reduce unwanted turnover. The costs of employee turnover can be staggering, ranging anywhere from ½ to 5 times and employees annual wages dependent on his or her position (therainmakergroup). Employee retention is directly related to profitability and the costs associated with employee turnover can be significant, not to mention disruptive. While a position is vacant other team members must manage their own responsibilities in addition to the outstanding positions duties which can be taxing both mentally and physically taking a toll on overall morale. Even when a new employee is hired the frustration does not end immediately as there will be necessary training before the new employee can be fully productive and not need assistance to function.

According to Bliss (2011) there is a checklist of items to appropriately calculate the hard and variable costs of turnover in any organization. They include the costs associated from a person leaving or better termed vacant position, recruitment costs, training costs, lost productivity costs, new hire costs, and finally lost sales- for a university it may relate to lost service standards for example. Of course the research is primarily focused on hard cost, the intangible costs can also pose issues, take for instance the organizational and departmental knowledge that is lost when an employee departs, takes a lateral position or is promoted to another department or company. The Rainmaker Group states that these costs are near impossible to calculate or quantify, but there is sure to be an effect on the bottom line. A Harvard

university study reports that 80% of employee turnover can be attributed to mistakes made in the hiring process.

We now have a rough idea on costs, reasons and challenges associated with turnover but the real issue is what can companies do to reduce it, simply put they can organize a company retention strategy focused on reduction of unwanted turnover.

### **Retention:**

Why is retention important? Not surprisingly, it can be expensive among other reasons. There are many outdated theories that have been replaced by new and improved notions of leadership and retention. To illustrate, older practices revolved more around measuring employee performance rather than on measuring the success of employee retention efforts. Retention directly correlates with job satisfaction; employers who want to understand employee's opinions, motivation and satisfaction can conduct anonymous surveys to aide in decision making, benefits, work needs and identifying early triggers of possible turnover.

Appreciating your employees is probably the number one thing that leadership can do to retain employees, of course a nice benefit package with vacation, tuition reimbursement and vacation from a company will help too. The bottom line is if employees feel valued and are utilizing their talents they will be more satisfied with their position and less likely to voluntarily leave. There is a considerable amount of information found in journals and online analyzing the importance of employee satisfaction in building loyalty and reducing employee turnover.

One particular report from Bureau of Labor Statistics (BLR) on Best Practices in Recruitment and Retention raises awareness on the importance of the Human Resources function

and how sourcing employees and retaining them is most significant in long term business success in the sense of morale, productivity and profitability.

## **METHOD**

This single case study brought together several philosophies and policies were examined to uncover the impact of modern retention efforts through a comprehensive study of relevant literature and the inclusion of both observational field research and structured interviews with key Whole Foods Market personnel to increase the likelihood of reliability and trustworthiness.

Qualitative primary data was collected and extracted from field research of an in-store employee observation at Whole Foods Market located on North Main Street in Providence, Rhode Island. The observation monitored a random sample of about fifteen Cashiers and Baggers at the checkout line during a peak period of heavy customer interaction. Employee interaction with co-workers and customers including social relationships and other phenomena were recorded, described and interpreted.

In addition, six individual semi-structured interviews in increments of thirty minute duration were conducted in collaboration with six interviewees; four were in the style of phone interviews and two were administered in person. The interviews were purposive in nature and included eighteen questions encompassing a heterogametic sample of both current and previously employed Whole Foods Market personnel at various levels within the company including a Regional Recruiter, Payroll & Benefits Coordinator, Team Member Services Generalist, Prepared Foods Team Leader, Specialty Team Member and a Whole Body Team Member. To identify the perceptions of employees, detailed notes during the interview were

transcribed, collected, arraigned in a preliminary fashion, categorized and lastly evaluated for major themes.

## **ANAYLSIS OF RESULTS**

### **Field Research, Interpretations of Employee Observation:**

The typical interaction is the customer approaches the service line, they load their groceries onto the counter, the products are scanned and bagged by the worker and are placed into the customers carriage for departure. What is not so “typical” is the employee profile and environment of the organization. Whole Foods has an extremely relaxed atmosphere which was indicated by the laid back dress code, the only common or standard attire the Cashiers and Baggers had in common was a black apron, other than that it seemed they were able to wear whatever they found equally comfortable and artistically appealing. Employees have visible arm and neck tattoos, piercings and are most likely granted the ability to express their individuality through their eclectic personal style. While examining the dress code, I noticed a few girls had riding boots, others had ballet flats and some others wore sneaker type shoes. One similarity was they all wore close toed shoes, from being in the business it is most likely for safety reasons working with some heavy items.

It appeared that customers also dress in an eclectic manner, some customers were formal and had suits, while others were comfortable had jogging shorts- no one seemed to mind the differences and I believe it actually makes employees a little more comfortable not having to look a certain way to be accepted by the company and customers. In addition to uniforms, Whole Foods appears to have loose grooming standards because many of the male employees had

beards, goatees, and even long side burns, and the females all wore their hair in many ways including bold highlights while others went for a more natural look.

The general character of the employees is that of a pleasant and happy demeanor, many seem to be enjoying their time working and chatting with co-workers and customers. I observed smiles, joking and laughter frequently amongst all parties involved. One would wonder if there is a correlation between employees being able to dress and act freely and the relationship between employee and customer satisfaction. I have researched such situations and it was shown that happy employees equate with happy customers and decentralized approaches to business management and leadership promote satisfied employees. Many of the staff interacted with customers and their children freely and everyone appeared to be satisfied with the products and services offered by the staff and company.

An interesting observation was the age range for the employees, most often in grocery stores the Baggers are either young or old as it is a relatively monotonous job that requires little education and training, but at Whole Foods the staff were between the ages of 20-35 and were trained on multiple stations, not a permanent area which could cause boredom. There was one particular female who interacted with all other cashiers and was cross-trained on multiple stations which leads me to understand she has some type of leadership role. She was causing the most laughter amongst the team which was refreshing assuming she might have been the “boss.” In addition to working multiple stations, she was also the person who spoke with the other workers before they left on what gives the impressions to be a fifteen minute break noted by the Cashier who was sitting on the table having a personal phone conversation. This particular staff member stands out and is very courteous and friendly with all staff and customers, jumping in when help is needed without having to be asked.

Although there didn't appear to be any strict rules on appearance and interaction, the staff was working quickly and efficiently. One example was when an employee was struggling with opening a bag and another employee whose line was slow, moved over to help without being asked. Another example of accountability and or responsibility was when a Cashier bagged a fragile item and walked it over and placed it inside the carriage for the customer. These little moments of unasked duties can really add up to great customer satisfaction. With customer service being one of the most challenging aspects of retail, this approach seems to hit the nail on the head.

The team seemed to really work well together during such a busy time, a time when most customers have just left work and have stopped in for groceries before heading home for dinner. A time when they may be tired or cranky, but to my surprise the staff and customers were for the most part pleased and engaged.

*Raw field notes and other detailed recorded observations can be found in APPENDIX D.*

### **Interpretations of qualitative interviews:**

The theories that emerged from the data included the following themes to increase employee retention; mission and values driven culture, provide a thriving environment in which your employees can be their true selves, empower employees by encouraging innovation and dispersed decision making, offer individual and team incentives for ideal behavior and performance and promote growth opportunities both vertically and laterally within the company.

#### Mission and values driven culture:

Based on interview responses, all six employees agreed that the company most certainly operates according to its mission and values; “They take care of their employees, we have high quality products and offer the best customer satisfaction”, The fundamental culture is instilled in the team from day one, four of the six interviewees reported that the most common reason for voluntary leave from the company was conflict due to the employee not being a good cultural fit. In my opinion, this should be considered a positive on behalf of the company because the goal of retention is not to retain just anyone but retain the right employees; those who will aid in moving the company forward through demonstration of like minded core principles and values. A certain level of turnover is a good thing, because it keeps the company fresh and on track with the mission. Research showed that people who reported greater compatibility between personal values and the values of their organizations also reported significantly greater feelings of success in their lives, had greater understandings of the values of their managers and coworkers, were more willing to work longer and harder hours, and felt less stress at home and on the job (Shriberg, Shriberg, & Kumari, 2005). Focus on the words in the sentence prior, *were more willing to work longer and harder hours*, for the food service and retail industry this is critical, again pointing out a clear difference of Whole Foods strategy on retention as opposed to their competitors. I went into the interview with a hidden preconceived notion that hours and availability would be one of the primary dissatisfactions at Whole Foods, which a few respondents attested to without my interference, however I was somewhat surprised when an interviewee stated that “Hours required are not an issue for me, Whole Foods is really flexible and you get used to retail, working changing shifts or around the holidays, nights and weekends.” Additional reported dissatisfactions which were expected included the fast paced environment, physical exhaustion, entitled and minimizing customers, and the turnover or transferring of

employees to other positions as it would take time and resources for new teams to re-establish productive relationships.

Laid back, team centered atmosphere:

As indicated by the observation, the dress code is very relaxed which was highly rated as a satisfaction by the interview participants. Respondents reported that they don't dread coming to work, they enjoy the ability to wear the style of clothes they prefer, show off tattoos or other forms of creative expression and in addition they are encouraged to share their knowledge about passions it relates to the company. For instance, one employee who works in the specialty beer and wine section described how he is able to discuss his hobby of beer brewing with co-workers and customers for a living, how many people can say that about the place they call work. He also stated that he was able to have open communications with the leaders of the department and convinced them to expand on their home brewing supplies as he had inspired customers through conversation so much so that they were interested in purchasing some basic equipment and ingredients. This example demonstrates that not only are employees empowered to interact with customers but their innovation is also supported. As part of the culture leaders understand they may not always have all the successful ideas and seeing as team members are in direct connection with consumers they may be best suited to identify trends in demand more quickly. Many of those surveyed reported that Whole Foods has a phenomenal open door policy, a previous employee claimed that what he found to be most satisfying was the ability for him to express his thoughts, and he said "I can discuss anything as they are open to new creative ideas especially when it benefits the customers. The company is very much in touch with its consumers, they understand demand and they supply it."

Empowered employees:

As observed in the Providence location, the example of a Cashier bagging a fragile item and walking it over to place it inside the carriage for the customer is a clear indication of empowerment. More than likely this is not something that was trained or required but the employee must have felt a sense of duty to assist where needed because it is the right thing to do- it speaks to the mission of the company, *Satisfying and Delighting Our Customers.*

Decentralized companies divide responsibility and decision making amongst its staff members at all levels of the organization versus a centralized structure who allow only top executives or leaders to make most decisions for the business. When asked about the types of decisions that the interviewees are able to make while working for Whole Foods Market a team member responded “When it comes to customers we are able to discuss recommendations and provide samples without having to ask a team leader.” When speaking with a team leader regarding decentralization, she said “Often times it feels like I am running my own company, which can be both rewarding and challenging.” A few other respondents mentioned that the lower the position the less decision making ability you have, but most people in the roles want it that way, they like the idea of being able to leave work at work and enjoy life and outside hobbies. Department heads on the other hand decide what to stock in their stores, how much inventory to have on hand, set sales goals, who to hire, floor plan layouts, etc. The ability to lessen control and authority by dispersing decision making amongst an organization enhances the position and likelihood of job satisfaction which relates to retention.

Incentives:

Whole Foods Market is unique not only in leadership direction and atmosphere but in the incentives that they offer to their employees. To interviewees favorite incentives are as follows, lifestyle, co-workers, health benefits; no cost for full-time team member and dependent coverage after about 5 years of service, 20% off of all Whole Foods purchases, pay, 80-90% of hiring from within, and flexibility among others.

Mobility and professional growth:

When asking participants about the average length of time that an employee typically stays in a similar role all but one interviewee responded similarly with “There is a lot of mobility, often times employees move around within the company to another department, an advanced role or onto another store location”.

*A list of questions and detailed responses can be located in APPENDIX E.*

**SUMMARY**

The success of Whole Foods Market as a company and its team members is a direct reflection of its modern leadership style. John Mackey understand the factors that contribute to a sustainable workforce and as a result has built a company with a strong mission and values that guide the direction and culture of the company. Values leadership philosophy allows a leader to overcome most organizational and societal pathologies such as micro-management, dictatorship, high employee turnover. Values leadership on the other hand, recognizes the need to develop workers, letting them express their whole selves, and flourish independently while maintaining a functioning organization that fulfills its mission and goals (Fairholm, 2011).

## REFERENCES

- Bliss, W. G. (2011, 06). *The Advisor: Cost of Employee Turnover*. Retrieved 07 07, 2011, from Small Business Advisor: [www.isquare.com](http://www.isquare.com)
- Business and Legal Reports, Inc. *Best Practices in Recruitment and Retention*. Old Saybrook, CT: Special Report, supplement to BLR publications. (2007). 'Employee's first, Customers second': Wegmans' Work. ICMR IBS center for Management Research.
- Daft, L. Richard & Lane G. Patricia, (2008). The personal side of leadership/ Wendy Steinberg Whole Foods Market. *The leadership experience*. (4<sup>th</sup> Ed). (107-108). Mason, Ohio: Thompson Higher Education.
- Fairholm, G. W. (2011). *Real Leadership, How Spiritual Values Give Leadership Meaning*. Praeger.
- Fishman, C. (2004, July 1). *The Anarchist's Cookbook*. Retrieved April 12, 2012, from Fast Company: <http://www.fastcompany.com/magazine/84/wholefoods.html?page=0%2C0>
- Fortune Magazine. (2012). *100 best companies to work for*. Retrieved May 2012, 2012, from CNN Money: <http://money.cnn.com/magazines/fortune/bestcompanies/2012/snapshots/32.html>
- Fortune Magazine. (2011). *100 best companies to work for*. Retrieved May 2012, 2012, from CNN Money: <http://money.cnn.com/magazines/fortune/bestcompanies/2011/snapshots/24.html>
- Heathfield, S. M. (n.d.). *Susan M. Heathfield*. Retrieved July 23, 2011, from About.com: [http://humanresources.about.com/u/ua/employeesatisfaction/employee\\_job\\_satisfaction.htm](http://humanresources.about.com/u/ua/employeesatisfaction/employee_job_satisfaction.htm)
- Hinkin, T. R., & B. J. (2010). What makes it so Great? An analysis of Human Resources Practices among Fortunes Best Companies to work for. *Cornell Hospitality Quarterly*, 158-170.
- Kunreuther, F., & Kim, H. &. (2009). *Working Across Generations*. San Francisco, CA.
- Mackey, J. (2011, January-February). Co-founder and CEO. (H. B. Review, Interviewer).
- Mackey, John, 14 March 2010, Creating a High Trust Organization. *Huffington Post*. Retrieved March 28, 2011, from [http://www.huffingtonpost.com/john-mackey/creating-the-high-trust-o\\_b\\_497589.html](http://www.huffingtonpost.com/john-mackey/creating-the-high-trust-o_b_497589.html)
- Our core values*. Whole foods Market Retrieved March 28 2011, from <http://www.wholefoodsmarket.com/company/corevalues.php>

Pardue, H. M. (2000). SHRM 2000 Retention Practices Survey. *Employment Management Today*, 7-10.

Schorn, D. (2011, 05 10). *Not Your Average Grocer*. Retrieved from CBSnews.com: <http://www.cbsnews.com/stories/2006/...n1671466.shtml>

Shriberg, A., Shriberg, D., & Kumari, R. (2005). *Practicing leadership, Principles and Applications*. Hoboken, NJ: John Wiley & Sons, Inc.

therainmakergroup. (n.d.). *The Real Costs of Employee Turnover*. Retrieved 07 13, 2011, from therainmakergroup: <http://therainmakergroupinc.com/add.asp?ID=94>

Wegmans Food Markets Inc. (2007). *'Employee's first, Customers second': Wegmans' Work*. Rochester: ICMR IBS center for Management Research.

Whole Foods Market's Unique Work Culture and Practices. *ICMR IBS center for Management Research*. (2006). Retrieved March 28 2011, from <http://www.icmrindia.org/casestudies/catalogue>

**APPENDIX A: Fortune Magazine's 100 Best Companies to work for**

<b>Top 100</b>							
<b>Rank</b>	<b>Company</b>	<b>Job growth</b>	<b>U.S. employees</b>	<b>Rank</b>	<b>Company</b>	<b>Job growth</b>	<b>U.S. employees</b>
1	Google	33%	18,500	55	Men's Wearhouse	2%	14,784
2	Boston Consulting Group	10%	1,958	56	Scripps Health	2%	12,006
3	SAS Institute	8%	6,046	57	Marriott International	3%	108,939
4	Wegmans Food Markets	5%	41,717	58	Perkins Coie	7%	1,820
5	Edward Jones	1%	36,937	59	Ernst & Young	6%	24,347
6	NetApp	30%	6,887	60	American Express	4%	27,235
7	Camden Property Trust	-2%	1,678	61	Nordstrom	6%	52,431
8	Recreational Equipment (REI)	12%	10,466	62	Build-A-Bear Workshop	0%	3,564
9	CHG Healthcare Services	17%	1,312	63	General Mills	1%	16,939
10	Quicken Loans	20%	3,808	64	TDIndustries	9%	1,554
11	Zappos.com	70%	3,003	65	Atlantic Health	-2%	7,255
12	Mercedes-Benz USA	2%	1,680	66	QuikTrip	3%	11,615
13	DPR Construction	18%	1,265	67	Deloitte	7%	41,125
14	DreamWorks Animation	8%	2,151	68	Genentech	1%	11,592
15	NuStar Energy	6%	1,512	69	Umpqua Bank	5%	2,244
16	Kimpton Hotels & Restaurants	4%	6,996	70	Teach For America	14%	1,469
17	JM Family Enterprises	-1%	3,685	71	Mayo Clinic	3%	41,949
18	Chesapeake Energy	23%	10,502	72	EOG Resources	13%	2,063
19	Intuit	9%	7,102	73	Starbucks	3%	109,477
20	USAA	7%	23,211	74	Rackspace Hosting	37%	3,027
21	Robert W. Baird	5%	2,509	75	FactSet Research Systems	22%	1,663
22	The Container Store	11%	3,495	76	Microsoft	-4%	53,410
23	Qualcomm	6%	13,353	77	Aflac	-4%	4,242
24	Alston & Bird	3%	1,645	78	Publix Super Markets	1%	147,760
25	Ultimate Software	15%	1,209	79	Mattel	-4%	5,178
26	Burns & McDonnell	5%	3,165	80	Stryker	24%	10,368
27	Salesforce.com	39%	3,802	81	SRC	7%	1,153

WHOLE FOODS MARKET™: LEADERSHIP AND EMPLOYEE RETENTION

28	Devon Energy	-6%	3,286		82	Hasbro	3%	3,129
29	PCL Construction	-5%	1,262		83	Bright Horizons Family Solutions	5%	14,343
30	Bingham McCutchen	-7%	1,489		84	Booz Allen Hamilton	7%	24,819
31	Scottrade	9%	3,139		85	Four Seasons Hotels & Resorts	6%	12,439
32	Whole Foods Market	6%	60,213		86	Hitachi Data Systems	7%	2,200
33	Goldman Sachs	N.A.	N.A.		87	The Everett Clinic	4%	2,001
34	Nugget Market	8%	1,135		88	OhioHealth	4%	12,924
35	Millennium: The Takeda Oncology Co.	3%	1,311		89	Morningstar	8%	1,364
36	Southern Ohio Medical Center	18%	2,276		90	Cisco	7%	34,847
37	Plante Moran	1%	1,476		91	CarMax	16%	15,565
38	W. L. Gore & Associates	2%	5,852		92	Accenture	9%	34,000
39	St. Jude Children's Research Hospital	1%	3,580		93	GoDaddy.com	25%	3,274
40	SVB Financial Group	9%	1,349		94	KPMG	5%	20,823
41	Adobe	11%	5,296		95	Navy Federal Credit Union	8%	7,745
42	Baptist Health South Florida	10%	13,302		96	Meridian Health	27%	9,333
43	Novo Nordisk	N.A.	3,961		97	Schweitzer Engineering Labs	27%	1,992
44	Balfour Beatty Construction	-2%	2,041		98	Capital One	7%	27,912
45	National Instruments	7%	2,708		99	Darden Restaurants	12%	169,516
46	Intel	4%	44,209		100	Intercontinental Hotels Group	-2%	14,508
47	American Fidelity Assurance	0%	1,490			<i>From the Feb. 6, 2012 issue</i>		
48	PricewaterhouseCoopers	9%	30,569		<b>Notes:</b>			
49	Children's Healthcare of Atlanta	-1%	6,616		N.A.: Not available. U.S. employees includes part-timers as of time of survey. Job growth, new jobs, and voluntary turnover are full-time only. Revenues are for 2010 or latest fiscal year. All data based on U.S. employees. * Average annual pay: yearly pay rate plus additional cash compensation for the largest classification of full-time salaried and hourly employees.			
50	World Wide Technology	23%	1,470					
51	Allianz Life Insurance	2%	1,711					
52	Autodesk	5%	2,798					
53	Methodist Hospital	8%	12,152					
54	Baker Donelson	3%	1,142					

**APPENDIX B: *Fortune Magazine's Whole Foods Market 2011 & 2012 Summary***

2012: Rank: 32 (Previous rank: 24)

What makes it so great? Occupy protesters might look kindly at the nation's biggest natural-foods grocer, since it caps salaries of executives at 19 times the average full-time salary. Co-founder John Mackey's 2006 pay reduction to \$1 a year is still in effect (Fortune Magazine, 2012).

<http://money.cnn.com/magazines/fortune/best-companies/2012/snapshots/32.html>

2011: Rank: 24 (Previous rank: 18)

What makes it so great? Employees are buoyed by the wholesome grocer's mission to promote a healthy lifestyle. New hires get a 20% discount card for all products sold in the stores; employees who meet the goals of a healthy-living challenge get up to 30% (Fortune Magazine, 2011).

**APPENDIX C: Fortune Magazine’s Best Companies to work for- sub categories**

<b>Top companies: All stars</b>	
These employers have been on the Best Companies to Work For list every year since it launched in 1998.	
<b>Company</b>	<b>2012 rank</b>
SAS Institute	3
Wegmans Food Markets	4
Recreational Equipment (REI)	8
<b>Whole Foods Market</b>	<b>32</b>
Goldman Sachs	33
W. L. Gore & Associates	38
Marriott International	57
Nordstrom	61
TDIndustries	64
Microsoft	76
Publix Super Markets	78
Four Seasons Hotels & Resorts	85
Cisco	90
From the Feb. 6, 2012 issue	

<b>Top companies: By size</b>		
<b>Company</b>	<b>Best Companies rank</b>	<b>U.S. employees</b>
Google	1	18,500
Wegmans Food Markets	4	41,717
Edward Jones	5	36,937
Recreational Equipment (REI)	8	10,466
Chesapeake Energy	18	10,502
USAA	20	23,211
Qualcomm	23	13,353
<b>Whole Foods Market</b>	<b>32</b>	<b>60,213</b>

<b>Best benefits: Health care</b>	
14 companies on this year's list pay 100% of their employees' health-care premiums.	
<b>Company</b>	<b>Best Companies rank</b>
Boston Consulting Group	2
Zappos.com	11
NuStar Energy	15
Qualcomm	23
Ultimate Software	25
<b>Whole Foods Market†</b>	<b>32</b>
† Covers 100% of premiums for nonsmokers depending on length of service.	

<b>Big pay: Annual pay</b>				
<b>Annual Pay Rank</b>	<b>Company</b>	<b>List Rank</b>	<b>Most common job title</b>	<b>Average annual pay**</b>
32	Publix Super Markets	78	Store Manager	\$110,644
33	Nugget Market	34	Store Director	\$108,471
<b>58</b>	<b>Whole Foods Market</b>	<b>32</b>	<b>Associate Store Team Leader</b>	<b>\$80,199</b>
76	Darden Restaurants	99	Restaurant Manager	\$56,991
78	Wegmans Food Markets	4	Store Department Manager	\$56,040
80	Starbucks	73	Store Manager	\$53,634
88	General Mills	63	Retail Sales Representative	\$47,199

**APPENDIX D: Field Notes, Detailed Recorded Observations:**

- Observed employees at the checkout lines of the retail grocery store during peak period.
- Eclectic staff dress code with a variety of shoes, pants and shirts. There is no apparent theme or restriction to clothing.
- Visible tattoos, piercings, multiple colors and styles of hair.
- Males have beards, goatees, etc.
- 10 Cashiers and baggers total, 8 are female and 3 are male-
  - Verbal Behavior:
- 2 female employees were smiling and laughing, a third joined the conversation and also laughed and smiled.
- All staff ask customers if they would like a receipt with their order.
- All staff is engaging in small talk with their customers, one male even bends down and talks to a customer's child as she is looking under the counter at the bagging station.
- A male cashier talks with the bagger while there is no line, they exchange words quickly and then are interrupted by customers- they resume their work.
  - Non- Verbal behavior:
- 1 female is yawning and stretching but all other employees seem to be energetic, friendly and wide awake.
- I noticed a few drinks at the cashier's station; she openly drinks as she rings in orders.
- Another female is interacting with all other cashiers and slides across multiple checkout stations when needed. This particular staff member stands out and is very courteous and friendly with all staff and customers, jumping in when help is needed without having to be asked.

## WHOLE FOODS MARKET™: LEADERSHIP AND EMPLOYEE RETENTION

- About 4 employees stayed stationary the entire time the others moved around quite frequently, either to bag, slide to another station or to the a desk area at the last cash register near the service desk.
- One cashier rang through an order, bagged it and went out of her way to put it into a customer's carriage, the customer smiled.
- The lines have had a steady flow of customers with only one slow period in the entire hour we have observed this behavior.
- Every 20 minutes a different employee has turned their lane light off and was relieved by another employee until they returned after 15 minutes. One of the girls went outside and sat at a picnic table and had a phone conversation, the other employee went off into the store.
- A few of the staff have switched from cashiering to bagging as they managed the customer volume; a few customers bagged their own items.

**APPENDIX E: *Interview Questions***

1. Why did you decide to work for this company?
2. How long have you worked for Whole Foods Market?
3. How has the leadership changed during your tenure?
4. How would you describe the working atmosphere and the people with whom you work?
5. Do you think the company is operating according to their mission and values?
6. From your perspective, what are the problems you see working in this field?
7. What types of decisions do you make?
8. What is the average length of time for an employee to stay in the job you hold?
9. Do you feel recognized and appreciated for your contributions?
10. In your opinion, what factors aide in employee retention?
11. How do you think other employees perceive Whole Foods CEO, John Mackey?
12. Why do you believe are the reasons people voluntarily leave the company?
13. Is there anything I have overlooked, what other areas should I ask you about?