



Moving Toward Franchising in the Retail Industry: Building a Strong Sales Culture

CHALLENGE

A large company sought to transform its retail division into a highly responsive, customer-driven organization and, at the same time, achieve “stretch” sales goals.

PROCESS

To achieve its goals, the company recognized the need to restructure, redesign and re-staff all positions while making a strong shift to a sales culture through targeted training and development activities and enhanced reward systems. To this end, the company designed an intensive development program for new franchisees that incorporated Human Synergistics International’s (HSI) *Life Styles Inventory™* (LSI), *Organizational Culture Inventory®* (OCI), and problem-solving simulations.

SURVEY RESULTS:

“CURRENT” CULTURE

The company began this initiative by conducting an organization-wide OCI survey. The objective was twofold:

- To establish a baseline measure of culture as information for new franchisees; and
- To provide a basis for assessing the impact of franchising on the organization’s culture.

Facts

Industry: Retail

Size: 3,000+ employees

Market Capitalization: Approximately US \$2.5 billion

Note: International currencies have been converted to US dollars.

Figure 1: OCI Profile
N=902

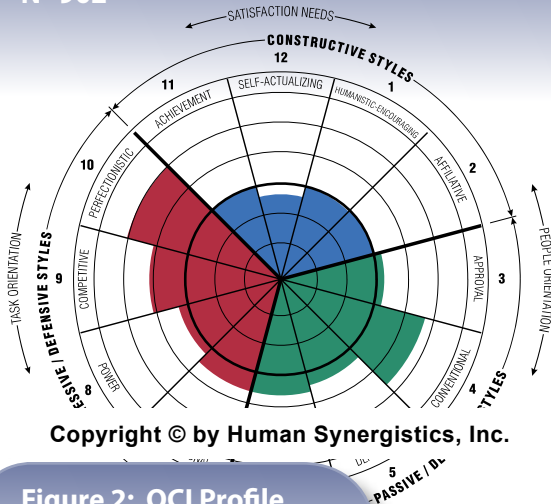


Figure 2: OCI Profile
Branch 1, N=11

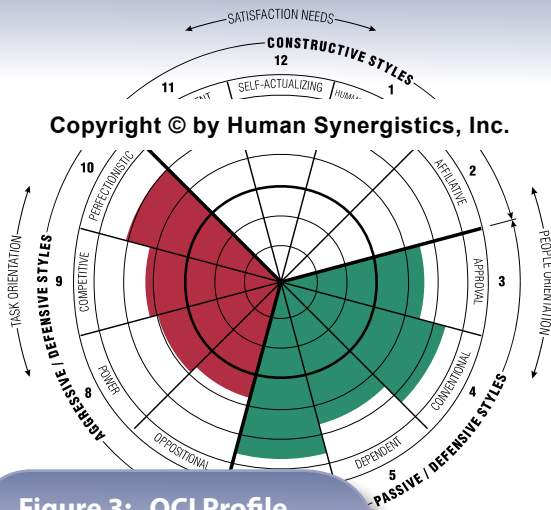
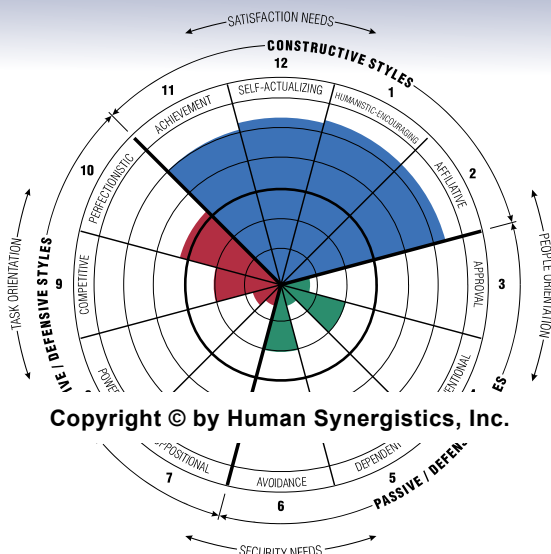


Figure 3: OCI Profile
Branch 2, N=11



The company's "current" OCI results (Figure 1) show a strong "bow tie" effect between the **Conventional** Style and the **Perfectionistic** Style. Common in retail organizations, this combination indicates that staff members are expected to follow the organization's rules and policies "perfectly." Such behaviors result in poor customer satisfaction because staff are expected to obsessively follow the rules rather than achieve an outcome for the customer.

Following the initial assessment, a retest using the OCI was planned for one year later (Figures 2 and 3).

OUTCOMES

Although the full impact of the company's efforts is yet to be fully realized, Figures 2 and 3 reflect the dramatic influence of leadership style on branch culture.

Only four months after franchising took place, the cultural outcomes from these two adjacent branches couldn't be more different:

- As evidenced by an absence of **Constructive** styles and strong extensions on the **Passive/Defensive** styles and some **Aggressive/Defensive** styles, Branch 1 (Figure 2) is experiencing low staff satisfaction, turnover, absenteeism, and poor customer service.
- As evidenced by strong extensions on the **Constructive** styles and a relative absence of **Passive/Defensive** and **Aggressive/Defensive** styles, Branch 2 (Figure 3) is experiencing sales growth in key product lines—and none of the negative outcomes attributed to Branch 1's culture.



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