Case study on men's wearhouse

Business, Company

The apparel business is a very competitive industry, within which gaining a competitive advantage is perhaps not as hard as maintaining it. Men’s Wearhouse is in a way, a model enterprise when it comes to gaining the competitive advantage. The fact that the company continued posting positive returns within a very difficult environment is testament to this competitive advantage. Despite organizations such as BFO, K & G, Anderson Little and Barney’s amongst others facing financial distress, Men’s Wearhouse was actually posting profits and positive growth in a difficult market at a difficult time, with the sales in 1996 reaching an all time high of $483 million, and the number of stores also increasing to 345 stores. Safeguarding such strong performances, however, requires the utilization of only the industry best practices as well as an objective and competent workforce. Achieving such a situation necessitates the implementation of proper strategic management, and the constant appraisal of implemented approaches using strategic analysis.

Men’s Wearhouse mostly employs practices aimed at encouraging servant leadership, employee satisfaction, quality customer service, exploitation of human resource potential and career growth. In an industry in which employee turnover is endemic, the increased focus on realizing the hidden potential of the human resource seems like an ill judged move. More so when it comes to the lower cadre levels of employees. Men’s Wearhouse seemingly intent on providing servant leadership, and getting the best out of its employees, has invested too heavily on its human resource, mainly on training and team building, as evidenced by the fact that it actually had at least four fixed training programs, in addition to which there were about 3 as needed training programs, in addition to the informal training programs. Furthermore, the reward system employed at the company is unfair and fails to adequately reward hard work.

Other companies in a position to do so, are probably bound to respond by raising their total wage bills in an attempt to hold onto their best employees and keep up with Men’s Wearhouse, further reducing their profit margins. This in addition to crippling other firms, will also ensure Men’s Wearhouse is able to not only maintain its market share, but also further improve it through having motivated, courteous and friendly employees. The fact that Zimmerman’s philosophy of treating employees the best way possible already falls in line with such a philosophy. Furthermore, measures such as internal promotions and the fact that money to support such a reward scheme already exists, makes implementation simply a case of reorganizing. Proof that the reorganization would have high chances of succeeding, is provided by the strong financial performances recorded by Men’s Wearhouse, in a poor performing industry with its current unique approach. The company’s unique approach and philosophy to human resource management, is arguably responsible for the differing fortunes.

The strategic issue involved is actually competitive advantage. Specifically, the need for a sustainable competitive advantage, necessitates the changes in approach. Whereas Men’s Wearhouse is posting impressive returns despite the current human resource management approach, the fact that it is a fast growing enterprise with numerous opportunities for career growth are probably responsible for its current ability to maintain its best employees. However, the growth rate is bound to slow down, and in preparation for this, the organization must institute a self supporting reward and promotional system to enable it cope with the difficult financial times ahead due to slower growth. By having the best wage structure augmented by a proper reward system, Men’s Wearhouse will undoubtedly be able to attract the best employees while at the same time retaining its own. On the other hand, the competitions instituted by Men’s Wear, will no doubt result in better motivated employees, as well as higher sales volumes, and therefore, better profit margins, making supporting the programs easier.

Other options through which the company can cope with potential human resource problems bound to arise with slower growth, would be to do nothing, utilize promotion of standout employees to motivate other employees, or to create a more robust wage structure that focuses more on commissions, as well as rewards for outstanding employees.

In particular, the final recommendation is perhaps the best option, as leaving things as they are could potentially fail in the future once growth is no longer as robust as it is currently. The final recommendation is even more suitable, as it entails reallocation of funds already allocated towards training and team building. By structuring a reward system that also rewards group and team effort, in addition to individual effort, Men’s Wearhouse will without doubt encourage store sales. For instance, reward money and recognition can be accorded to the best performing stores, hence encouraging store staff to work together to realize the best sales. The wage structure also needs to be reorganized in order to bring about some degree of uniformity in the commissions, in order to encourage strong sales performances across the board. This can correct situations such as the one in which a store manager receives a $1500 bonus, while the other lower ranking employees only receive $40.