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Management Lessons from Whole Foods

Abstract

Whole Foods Market, Inc. is the number retailer of natural foods and vitamins. Their success was no accident. Looking at the background of this company will help uncover the key to their success. Additionally, looking at the leadership and management style of their CEO, John Mackey, will shed light on why the company is so successful. This leadership and management style is the building blocks of the company. Many factors such as the company's culture is a direct derivative of the leadership and management style, which is why this paper will explore it in depth. This paper will explore this company culture to determine if it can be sustained in the long run. Additionally, this paper will explore if the culture at Whole Foods, Market, Inc. is portable to another company.

The name Whole Foods is synonymous with natural food. So much so that when you're organizing a company event and need to buy a natural item, you almost always think about heading to Whole Foods. Some may wonder how did Whole Foods built its brand so that it has that of recognition. It wasn't an accident. What started from humble beginnings as a natural vegetarian grocery store in a three-story Victorian house is now the largest purveyor of natural food (Harrison, 2014). The first Whole Foods started in Austin, TX in 1980 after the merger of two stores, Clarksville Natural Grocery and SaferWay. The current CEO of Whole Foods, John Mackey, was just 25 years old when he opened Whole Foods with his then 21 year-old girlfriend.

Now the company boasts 400 stores, 80, 000 employees and \$12 billion in sales spanning the United States and Europe (Harrison, 2014).

The Key to Whole Foods' Success

A Mission

There's no doubt about it: Whole Foods is on a mission that started when it first opened its doors. Its mission, simply stated is to get everyone to eat healthier. Moreover, they had hopes that this healthy lifestyle would also translate into healthier lifestyles. Their mission statement goes far beyond just selling natural food and therein lays the key of their success. Whole Foods stands for something (Mast, 2012). The company is mission-based, a message, which is very clear to their customers. Whole Foods does not solely exist to make money.

Additionally, to underline its mission, Whole Foods has Wellness Clubs, which they created to educate their customers on natural foods. With their well-broadcasted high product standards, they ensure that any product that earns a place on their shelves is of the highest quality. This leaves their customers with the feeling that they are getting the best of the best, even if the best sometimes comes with a higher price tag.

Systems Intelligence (SyQ)

Whole Foods' CEO, John Mackey, credits the company's success mostly to systems intelligence (SyQ) (Schurenberg, 2013). SyQ is seeing the big picture and how all the cogs in the business wheel interconnect. In this sense, the " Whole" in the company's name stands for more than natural food. SyQ is a whole system approach that takes every aspect into

consideration. It's a thinking long-term type of approach. For example, if there were a new natural fad, the SyQ methodology would call for waiting it out to see if this fad has some real long-term viability before hopping on the popular train. A new fad could quickly fade out and where would this leave the company's good reputation? A negative mark could ding the company's reputation; something that SyQ tries to avoid. SyQ is not something that can be learned in business school. Rather, it takes some real-life training in order to see how the "big picture" affects your company.

The Unique Leadership Style at Whole Foods

When Whole Foods hires its leaders, they find someone, who can connect with those around them (Inc. Staff, 2009). It is not enough to be articulate, one needs to have emotional intelligence and integrity. These leadership characteristics are hardly surprising for a company whose mission statement is to help people eat healthier diets. In fact, the Whole Foods leadership style is what bolsters its mission statement and keeps it humming.

These leadership characteristics are not always easy to spot when hiring externally, which is why Whole Foods promotes from within the company. Doing this Whole Foods management could gauge how relatable someone is. Relatable leaders help propel employees to do their best for the company. Without the people factor ingrained in its leadership style, Whole Foods may not have been able to carry its mission statement to the masses.

John Mackey's Management Style at Whole Foods

John Mackey describes Whole Foods' business methodology as "conscious capitalism" (Hustad, 2013). This goes back to the company's mission

statement since conscious capitalism means more than fattening the bottom line. The stakeholders in this business scheme are not just investors but employees, who show up to work every day. This whole system management approach improves employee morale since they have a say in how the company is run. People who work at Whole Foods are not referred to as employees or staff but rather team members. Managers at Whole Foods are in charge of teams where each member works to serve the greater whole.

John Mackey's Important Organizational Beliefs

John Mackey's organizational beliefs can be summed up by the Whole Foods motto: "Whole Foods, Whole People, Whole Planet" (Whole Foods Blog, n.d.). This goes back to their whole system business model. John Mackey believes in putting people first. He does not foster this organizational belief as a means to an end. That is, he is not putting his team members first so that they will help him build a better company. Rather, everything that he does - supplying healthy food options and creating a Wellness Club, for example - is to support people. That organizational belief has indeed paid off even though that wasn't the main intent. Putting team members first has a way of making them feel valued, which in turn makes them work harder. This organizational belief is a key to Whole Foods' success since it ties in with their mission statement and SyQ big picture business approach.

Can the Whole Foods Culture be Sustained in the Long Run?

Whether or not Whole Foods could sustain its business culture in the long run has already been answered by its longevity. Whole Foods has been around for 35 years and is only getting larger. Its 400 stores is proof of its business

culture thriving. Additionally, Whole Foods is listed as one of the 100 Best Places to work (Rohman, 2013). This means the team member at the store are highly rating the culture. Team members enjoy going to work. Much of the credit needs to be given to John Mackey's leadership and management style and the company's mission statement and SyQ big picture business approach.

It is important to note that while Whole Foods' business culture is thriving, the company as a whole has had a recent challenge. In June 2015, Whole Foods was accused of overcharging New York customers. It took a few days before the company admitted to doing this (Peterson, 2015). This accusation and admittance of fault does not align itself with the company's mission statement. How can a company that claims to put people first and be a conscious capitalist then put higher sticker prices on its products? To be fair, this news is still unfolding and Whole Foods stated that they were not using deceptive practices. Only time will tell how Whole Foods will fare after this investigation. It couldn't have come at a worse time for Whole Foods. With big box stores expanding its organic selections, Whole Foods was in the process of lowering its prices to remain competitive. While the current investigation revealed overpriced items, it also revealed underpriced items as well (Peterson, 2015).

How This Type of Culture Can Be Implemented in My Current Company

The Whole Foods leadership and management style can be implemented in my company. Since it places an emphasis on each individual team member, this will translate well in my company since we work on teams. Being valued

as a team member makes me want to bring my best to the company.

In addition, Whole Foods' SyQ big picture outlook could be implemented in my company because it fosters long-term thinking instead of short-term gratification. Working for a higher purpose in the realm of conscious capitalism are ideals that could be translated not just to my company but too many other companies as well. While these are great ideals for non-profit companies, they will also work at for-profit companies.

Conclusion

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