

Business management



ASDA Case Analysis The main issue faced by ASDA is the same issue facing companies across the world: a corporate aristocracy isolating itself atop its Mount Olympus. ASDA's top executives had become so involved in their own ideas, so wrapped up in profit margins, so isolated in ASDA House, that they stopped listening to vital input from lower- and middle-management. This is evident by the store's Perry Barr experiment, conducted in 1990. In this experiment, ASDA attempted to eliminate this overbearing hierarchy by introducing skill teams in place of leveled management in its Perry Barr store. While costlier than the previous method, the experiment demonstrated promising results, only to be shut down by company executives (Beer, 9). An overemphasis on top-down management forced ASDA's mid- and lower-level managers to abandon their entrepreneurial spirit and to quit providing upper-level management with valuable insight from the customer and store levels. This is evident in one manager's quote, "...the stores were full of people who did care, and who knew how to run a store, but were not allowed to do it," (Beer, 6).

The behaviors and activities of executives that led to this culture within ASDA are best stated by the terminology ASDA store employees chose for ASDA's corporate headquarters: the Dream Factory. As one store manager stated, "...ASDA House never bothered to find out whether their policies had realistic time scales or even whether they were achievable at all," (Beer, 9). Clearly, top executives had become so focused on the corporate lifestyle they created, complete with " hunting and partying," that they were actively choosing to ignore advice from store-level management that could have potentially saved the company (Beer, 6). A human resource manager captured this environment best, stating, " The top managers at ASDA knew

the company had lost focus, but they didn't seem to care," (Beer, 6). Clearly, important decisions were waiting on Archie Norman in the winter of 1991 that would affect the future of the company.

The important question is what is to be done? How should ASDA turn itself around? I believe the most important lesson new ASDA executives could learn is that top-down, dictatorial management failed in ASDA. The Perry Barr experiment demonstrates the potential impact skill teams and compensation based on skill can have not just on productivity and morale, but on changing the toxic culture at ASDA. Skill teams show employees that upper-level management doesn't care about power brokering or "hunting and partying", but rather that the emphasis is on achieving goals, producing high quality results, and pleasing the customer. Proposed action steps to achieve this would begin with implementing a compensation structure based on skills in one store, and offering employees opportunities to increase compensation in return for learning new skills. The next action step would be to implement the skill team model in this store for an extended period of time and measure the outcomes. If positive, this model could be implemented in stores across the UK. Lastly, I would physically move managers to be closer to those that they oversee. The manager of the trading department should not be separated from the trading department; managers should spend time in stores, not in offices, and the rift between management and those they oversee will be shortened. These three steps could help reverse the toxic, top-down culture at ASDA, and would hopefully begin the company's turnaround.

Works Cited

<https://assignbuster.com/business-management-essay-samples/>

1. Beer, Michael, and James Weber. ASDA (A). Issue brief. Harvard Business School, 2008. Print.