Reference the case **“The ASDA Way of Working”** prepare a report that answers the pertinent questions regarding the Unit content as it pertains to this Case.

a. What guidelines would you advise to reverse the failure of upward communication within ASDA? What leadership characteristics are needed to report customer information to upper management?

b. Describe a leadership development program you feel would be effective to keep managers aligned with customer needs and responsive to their staff’s needs.

**Write a 5 page paper (1500 or more words) in APA format.**

**Below is a recommended outline.**

2. Cover Page (See APA Sample paper)

3. Introduction

a. A thesis statement

b. Purpose of paper

c. Overview of paper

4. Body

a. What guidelines would you advise to reverse the failure of upward communication within ASDA? What leadership characteristics are needed to report customer information to upper management?

b. Describe a leadership development program you feel would be effective to keep managers aligned with customer needs and responsive to their staff’s needs.

5. Conclusion – Summary of main points

a. Lessons Learned and Recommendations

6. References – List the references you cited in the text of your paper according to APA format

 **(Note: Only use scholarly articles for references in APA Format including in-text citations)**

**“The ASDA Way of Working”**

ASDA, the grocery store chain that Archie Norman had just been hired to lead, teetered on the edge on bankruptcy.18 While ASDA had enjoyed a long run of success in the United Kingdom, upscale competitors and down‐market deep discounters had sharply eroded its customer base. Norman, an outsider to ASDA who had never run any retailing operation, believed that ASDA could not afford the luxury of piecemeal or incremental improvement. Everything about the organization—from the way they purchased and displayed products to the way store managers interacted with shop floor employees—would have to change. Everything. Company Background With 65,000 employees in 205 ASDA stores and another 2,000 at corporate head- quarters, ASDA was the fourth largest grocery store chain in the United Kingdom. ASDA enjoyed annual sales of $6 billion† and claimed 8 percent of the supermarket business, ranking fourth in market share. Starting in the late 1960s, ASDA pioneered the concept of large super- markets located outside of downtown areas with expansive parking lots and low prices. Flourishing particularly in working‐class areas, ASDA became known as a blue‐collar store, specializing in low prices in a warehouse like atmosphere. (“Pile it high and sell it cheap” was a phrase commonly associated with this type of operation.) The demographic of their customer base was decidedly “down market.” In that niche, ASDA was quite successful, operating without any real competition. The larger grocery store chains vied for more upscale (i.e., wealthy) customers and simply could not compete with ASDA on price. ASDA’s problems began when top management embarked on two equally disastrous paths. First, they diverted much of the profit from the grocery operations into nonfood acquisitions: retail operations such as furniture and carpeting. And second, management moved to change their customer base from blue‐collar to more upscale shoppers. As part of that upscale strategy, ASDA moved out of their traditional blue‐collar strongholds into wealthier suburban locations. That move had two negative effects:

1. In the wealthy suburbs, it placed them in competition with chains not burdened with the reputation of being blue‐collar warehouse stores.

2. In their traditional working‐class areas, they allowed competitors to steal market share from the very blue‐collar base that ASDA seemed to be abandoning.

Top management exacerbated the problem by spending lavishly on them- selves: corporate jets, high‐style corporate offices, and the like. Soon ASDA products were pricier than its competitors’ were. ASDA began to spiral downward. While the company borrowed money to expand into new markets and open new stores, same‐store sales declined and overall growth slowed. In response, ASDA’s board of directors fired its chief executive and brought in Archie Norman to turn ASDA around.

Enter Archie Norman Thirty‐seven‐year‐old Archie Norman had joined the McKinsey & Company consulting organization after receiving an MBA in the United States to work in the company’s retail division. From McKinsey he moved to a large retail operation where he served as CFO. Norman arrived at ASDA with no specific experience in the grocery business and no general management experience aside from his graduate school training. What Norman found when he arrived at ASDA was complete demoralization of the workforce; a highly politicized central headquarters; people caught up in their “chimneys”—operations—people did not talk to the trading people, and nobody listened to marketing. It was a place, noted one observer, completely bereft of any notion of where it was headed or how it might weather the crisis. And that crisis was deeper and more profound than Norman had expected: We had so much debt we thought we would be in breach of our loan covenants shortly. Our sales were running at 2 percent below the industry like for like, and the trend was heading south. We had, if anything, worse value than our competitors. And while everyone was very loyal about it, morale was actually quite poor.

Norman inaugurated his intervention by reaching an understanding with his board of directors. The turnaround would not happen overnight, they agreed. If the board would tolerate Norman’s investments in renewing the chain, he would deliver significant return by the end of the third year: I told the stockholders and the market analysts, that I had a three‐year plan that ASDA should be returned to profitability and growth within that time frame. The stockholders agreed to let me make short‐term sacrifices for long‐term profitability. Building a Top Team Norman immediately set out to attract other outsiders to the top management team. Over a six‐month period, he replaced two of his three direct reports, creating a team that consisted of:

 • Allen Leighton, vice president, marketing

• Phil Cox, chief financial officer

 • Tony Campbell, vice president, trading of his three direct reports, only Campbell was a holdover from the previous ASDA regime. His past position had been vice president of operations. None of the new hires had any previous retail experience. Among his direct reports, Allen Leighton emerged as the first among equals. He was friendly, outgoing, dynamic, expansive, bright, and creative—a complement to the generally more cerebral and contained Norman. Top managers suggested that nothing of significance occurred in the organization without the direct involvement and approval of Norman and/or Leighton.

**The First Six Months**

 Norman’s first task was to pull the organization back from disaster. “Archie had to convince people that there was a problem,” said Phil Cox, “that our poor performance wasn’t just a momentary hiccup.” In speech after speech, to employees as well as investors, Norman laid out the details of what he referred to as ASDA’s “dark moment.” He ignored frequent advice that he soften his blunt message of “gloom and doom.” A regional manager shook his head after one such speech, admitting: None of us understood how serious our financial difficulties were. When Archie brought all this out into the open, it finally dawned on people just how close to the edge we’d been. It became clear that we couldn’t just wave a magic wand and make all things right. In the first six months of Norman’s tenure, all of the top management team took up residence in a local hotel. They were often joined by Chrispin Tweddle, a consultant hired by Norman with considerable retail experience. During the day, Cox focused on ASDA’s financial crisis,§ while Norman toured the stores, talking to employees at all levels and taking copious notes. Then, the team would sit up together until past midnight talking about a vision for a new ASDA. Every discussion was based on the shared assumption that the total organization was dysfunctional. Said Norman: We wouldn’t survive if we simply created a little change. We had to revitalize the entire organization. We had to take the organization paradigm, which was over here, and move it over there. We assumed that however the organization worked when we got here was wrong. In particular, the team believed that they needed to address ASDA’s stove- piped functional culture, which made companywide collaboration a virtual impossibility. Observed Norman: The whole place was dysfunctional. The top management never met together except once a month at a board meeting. They never talked from week to week. And the whole organization ran down these functional pipelines.

 **Renewal**

The process of change, which the top team came to refer to as “renewal,” would occur within the 205 stores. But the team provided guidance to the renewal process in three forms: a statement of corporate strategy, an articulation of company values, and a blueprint for what came to be known as the ASDA Way of Working.

**Strategic Renewal**

Norman called on consultants from McKinsey to help him and his team formulate a new strategic position. Their deliberations started with gaining a thorough understanding of the grocery industry and ASDA’s position in it. They then formulated a strategy statement: “We will supply the weekly shopping needs of ordinary working families.”

**Culture Change**

The team realized early on that they would have to do more than change the old ASDA culture; they would have to shatter it and then rebuild it from the ground‐ up. To set the parameters for that new culture, they drew up a statement of company values, plus a set of operational concepts that became known as the ASDA Way of Working. Store‐based renewal would flow from a few key concepts: greater autonomy to store management in making operational decisions and, within the stores, self‐managed autonomous teams focusing on particular product lines such as produce, bakery goods, and so forth.

In a speech laying out the ASDA Way of working to store managers, Norman said, “I see a day when our stores consist of clusters of businesses, each with their own profit‐and‐loss responsibilities.” A store manager, who had been with ASDA in the pre‐Norman era, reflected on the message he heard concerning the ASDA Way of Working: “What they told me was to involve everybody in everything. As long as you’re doing that, you’re going to get the best out of people.” This sense of empowerment and responsiveness “will be a unique source of advantage,” insisted Norman, “against the militarized and straight‐jacketed competition.” Moving Renewal into the Stores With his top management team in place to provide a general sense of direction, Norman turned his attention to the 205 stores. Renewal must become a reality within those stores, and Norman thought about how to proceed. As he considered his options for action, Norman analyzed several key issues.

 1. Because ASDA’s previous management had underinvested in the stores, physical plant had deteriorated precipitously. ASDA’s new management estimated that each store required an average investment of $3.25 million to become a state‐of‐the‐art facility, but they wondered about the connection between the required plant retooling and the cultural upheaval implied by the value statement and the ASDA Way of Working. Should the two processes be coupled or separated? If handled together, would physical re- vamping and cultural renewal simply be too much change for any one store to handle?

2. Norman wondered whether somebody—either an individual or a group— should be assigned responsibility for oversight and coordination of the renewal efforts within the stores. Or was ASDA likely to achieve greater innovation by allowing each store to finds its own way to define and apply renewal?

3. While Norman had shaken up his top management group, he knew that the functional stovepipes that had prevented collaboration in the past still existed. Could real innovation occur within a functional structure? How would he address the lingering constraints still being felt because of the company’s past culture?

 4. Ultimately, Norman knew everything about how the stores operated would have to change. But how much change should occur and how fast? Could he focus on all the stores at once, or should he concentrate on a small number of pilot stores?

5. Part of the concern over the pace of renewal had to do with the depth of managerial talent—or, more precisely, the lack of depth—at ASDA. At the corporate level, the 16 managers who reported directly to members of the top management team were all ASDA “veterans.” The same could be said of the 205 store managers. Could individuals who had survived, or even thrived, under the old culture make the transition required of the new strategy, values, and way of working? Conversely, large‐scale termination at the managerial level might prove disastrous: depriving ASDA of much needed grocery industry experience, undermining already shaky morale, fostering risk‐averse behavior, and stifling innovation. Plus, there was hardly a large queue of talented managers seeking employment at ASDA. Finally, Norman wondered about his own role in the renewal effort. Already his colleagues on the top management team had reached consensus on his personal management style, and “controlling” was the most frequently applied label. Among the evaluations offered:

 • He must have learned the lesson as a young boy that if you want to do any- thing right, you have to do it yourself.

• In truth, and I’m sure Archie would admit this, his preferred style is a controlling style. The issue of devolving power does not sit comfortably with him.

• The only thing you will never hear Archie say is, “I think you’re wrong, but do it anyway.”

Norman offered the following self‐assessment:

 I do believe I give people the right to argue and challenge. But I still make decisions, and I don’t want to delude people into thinking I don’t. I simply won’t tolerate any deviation around basic values and strategy. While expressing his desire to avoid the “cult of personality” at ASDA, Norman realized that he would play a large role in determining the shape and direction of the renewal effort. The challenge going forward was to ensure that role be positive and productive.

**Reference:**

Spector, B. (2013). Implementing Organizational Change: Theory into practice. Boston: Pearson.