NORDSTROM

Table of Contents

Executive summary	_ Page 3
SWOT Analysis	_ Page 4
Timeline	_ Page 5
Case studies	
Sales per hour concept	Pages 6-7
Customer service	Pages 8-9
Social responsibility	Pages 10-15
Personal reflection	_ Page 16
Bibliography	_ Page 17
Powerpoint	_ Pages 18-20

Executive summary

The goal of identifying the following three case studies was to demonstrate the type of company that Nordstrom is and has been throughout its existence. Nordstrom is a notable company that excels in the fashion sector and well as in the retail store sector. The Nordstrom company has strived on its customer service reputation as well as on their social responsibility, but has fallen short in a specific way on how they treat their employees on the sales floor whom are seen as the frontline of the company.

The concept of "sales per hour" has stirred up some controversies among its employees and customers who are aware of what the concept fully entails. In a nutshell, the concept promotes a competitive work environment as well as employees not recording "non-selling" hours worked. Non-selling hours relates the hours that are not spent on the sales floor which can include attending company meetings or delivering items for customers. Some employees have not recording non-selling hours due to the fact that working hours are based on the employees sells per hour for the week.

Customer service is exceptional at Nordstrom due to relationships that senior management has created with their frontline managers and employees. Frontline managers and employees are given the opportunity to grow, express feelings, concerns, and ideas, given the opportunity to take matters into their own hands, and feel a part of the Nordstrom family. Senior management believes since managers and employees are in constant contact with customers, they need to be given a work environment in which they enjoy to make the customers experience at Nordstrom excellent. Many companies try to model their organization after Nordstrom's way of excellent customer service due to the reputation they have built over the years.

Social responsibility has become a major factor for Nordstrom. After having such a broad approach to social responsibility, they spoke with employees and customers to receive input on what they see as important social responsibility. As a result, four pillars were created which included: Supporting Communities, Sustaining the Environment, Protecting Human Rights, *and* Caring for Our People. Due to these pillars being created, Nordstrom was able to create a more focused approach to social responsibility in which employees and customers could understand.

SWOT Analysis

Strength	Weakness
- Customer service	-Price
-Variety	-Only in 31 states
-Online presence	-117 Nordstrom stores; 112 Nordstrom
-Annual events	Rack/Other
-Strong reputation	
-Community relations	
Opportunities	Threats
-Grow into more states	-Stores such as Neiman Marcus, Macy's, JcPenny
-Grow internationally	-Image of being too expensive for the average
-Offer less expensive brands that offer the same	person to shop regularly
quality of the other brands carried at the store	-Fashion trends change in a short period of time

Timeline of Nordstrom

1901: John Nordstrom and Carl Wallin open their first shoes store in downtown Seattle on 4th & Pike

1923: Nordstrom and Wallin open their second store

1928: Nordstrom retired and sold his share of the company to his sons, Everett and Elmer

1929: Callin retired and sold his share of the company to Everett and Elmer

1933: Llyod, Nordstrom's third son, joined his brothers in the family business

1960: By this year, there were eight stores in Washington and Oregon. During this time, the downtown Seattle store was the largest shoe store in the country

1960: Nordstrom wanted to expanded its market to begin selling clothes. They purchased Best Apparel which was a Seattle-based clothing store

1963: For the first time, Nordstrom began selling women's clothing at their Portland, Oregon location under the company's new name Nordstrom's Best

1966: To make Nordstrom more suitable for the entire family, they began selling men's and children's clothing. Business began to boom with this addition adding two new stores in Washington

1971: The company went public

1973: Sales surpassed the \$100 million mark and was recognized as the largest-volume West Coast fashion specialty store

1973: Name formally changed to Nordstrom, Inc.

1975: The first Nordstrom Rack opened in Seattle

1978: Nordstrom moved into the California market (now have 32 stores; more than any other state)

1988: Nordstrom ventured into the East Coast market with the opening of the Virginia store

Today: Nordstrom currently operates 117 stores nationwide, 112 Nordstrom Rack stores, Cafes, and Restaurants, and plan to open 17 stores by 2018. Currently, they employee around 55,000 employees.

Source: (About Nordstrom: Company History)

Sales per hour concept

Nordstrom prides its self on excellent customer service. They have even been acknowledged by many in the fashion industry and many customers that there is no better customer service then what is offered at Nordstrom. But a key component of Nordstrom's great customer service is something known as "sales per hour." Sales per hour can be associated with commission; it is practically the same thing. Commission is practiced by many other companies and retail stores and there has rarely been issues with it, but the issue with sales per hour at Nordstrom is significant due to what employees have to experience while "off the clock."

Sales per hour is not a new concept in the retail industry. Many claim that it motivates their employees to work harder, more, and passionately. The sales that employees make during a shift is recorded and tracked to analyze what employees are selling, how hard they are working, and to see what sells well in stores.

Objective

Nordstrom created a competitive work environment where employees tend to compete with each other to earn the most sales per hour to earn more selling hours.

Issue

The key issues with sales per hour at Nordstrom is that employees compete with each other to make the most sales developing a competitive work environment and many employees have been forced not to record their hours worked if they are not "selling". An example of not selling would relate to delivering items to a customer outside of the store such as at their home, work, or attending a company meeting. According to Jannette Ackley, "the management prefers people to only clock in when they are selling, and employees receive better scheduling and more opportunity to sell with a better schedule by having higher sales per hour" (Ackley, 2009). Employees are sometimes forced not to record hours when not selling due to the fact that hours scheduled are typically based on how well they performed/how many sells occurred during their hours recorded. If a sales associate is out running errands for a customer or attending a meeting they are not selling which decreases their commission and sales per hour because they are not on the sales floor up selling their potential customer.

As for the competitive side of Nordstrom, Nordstrom completely admits to being competitive. As it states on the Nordstrom website, "Healthy competition is good. We love to win. If you thrive in a highenergy, competitive team environment, you'll love it here" (Nordstrom Careers). Being competitive is a natural emotion in life, but when it is expected of you by your employer, it begins to hold a different meaning.

This is a very unethical practice by a company that has developed such an excellent reputation in the fashion industry. If you have ever experienced excellent customer service at Nordstrom, this is why. Employees have been known to make a successful living due to the ability they hold of having a healthy selling ability and sales per hour.

Results

Nordstrom still practices sales per hour as well as condoning a competitive work environment. The company is well known for the amount of commission that their sales associates make in a year due to the sales per hour concept and the price of the items sold at the store. Nordstrom prides itself on its work ethic and the ability their employees have to do well with Nordstrom customers.

Customer service

You can always count on great customer service once you enter the doors at Nordstrom. Nordstrom is well known for only having one rule throughout its existence, "use good judgment in all situations" (Nordstrom Careers). This idea has seemed to work for them considering there have even been books written on Nordstrom's outstanding customer service such as, *The Nordstrom Way to Excellent Customer Service*. Senior Management of Nordstrom give supervisors and employees a lot of freedom to excel, express ideas, express concerns, be a part of a family, and take their career into their own hands. Management believes since sales associates and supervisors are on the "frontline" or the face of the company, they aim to please their employees so they enjoy working for the company and enjoy going into work.

Objective

The Nordstrom way of excellent customer service is to "offer the customer the best possible service, selection, quality and value" (The Nordstrom Way).

Strategy

This book is divided into three parts of what Nordstrom focuses on: Part I: What Senior Managers Can Do, Part II: What Frontline Managers Can Do, and Part III: What Employees Can Do.

Senior Management heavily focuses on what they can do for their employees. Their purpose is to "create, maintain, and support the corporate service culture. They consciously spread the culture of service throughout the organization and among new hires" (The Nordstrom Way). To value their employees, Nordstrom encourages heroics which encourages employees to report when their colleagues do something outstanding, they give their employees a standard of what to aspire to and surpass, and they reward outstanding acts of customer service. Lastly, Senior Management focuses on the importance to success. The central point of this idea is on making a comfortable experience for its customers.

Frontline Managers are an important part to the Nordstrom face and customer service. These managers are in constant contact with their employees (sales associates) to make an experience at Nordstrom memorable. Like with any other company, it is important to have a solid working relationship with Senior Management and employees. To create success, frontline managers must hire the right people, empower staff, mentor employees, and praise employees when they succeed. It is believed that you can successfully train the right personality and confidence to fit the Nordstrom way of customer service. Nordstrom also values hiring employees that look to assume responsibility, ownership, and have the ability to decision make. The most important role of the frontline managers is to constantly empower and encourage their employees. The constant acknowledgement of empowerment and encouragement will make employees continue to do well in their work environment.

Lastly, employees (sales associates) are a very important factor to the Nordstrom way of customer service. They are in constant contact and communication with customers, so it is important that they

treat their customers with respect. They must have an extensive knowledge of their products and services, because through this, they build relationships with customers, which makes customers trust and believe in Nordstrom. Relationships is an essential element to the excellent customer service that Nordstrom currently holds. Sales associates must put the customer first, be sincere, honest, listen to the customer, and fully understand their needs.



Nordstrom prides itself on this interverted pyramid structure and philosophy to run the company.

Execution

Through encouragement, training, practice, and honesty Nordstrom senior management, frontline managers, and employees are able to perform and carry out the Nordstrom way of excellent customer service.

Results

Overall, the Nordstrom way combines customer service, sales, and teamwork (The Nordstrom Way). According to CNN Money, Nordstrom was the 74th out of 100 best companies to work for in 2011 (100 Best Companies to Work For). Nordstrom is apparently doing something right to earn a spot on a very prestigious list. Nordstrom takes very good care of their employees and customers that many other companies strive to run their business in the Nordstrom way. Individuals continue to want to work for Nordstrom due to its reputation and the beliefs that they hold. Their objective completely aligns with their strategy and execution, which is why the company has been able to succeed during hard times in society.

Nordstrom Cares

Not only is Nordstrom one of the most successful companies in history, but they also give back to the communities in which Nordstrom has a presence in (as well as don't) in many ways that don't always relate to the fashion industry. Nordstrom see's the importance in being socially responsible due to the importance of the relationships they have built with their employees and customers.

Nordstrom focuses on five sectors in which they hub on to be socially responsible. These sectors which are displayed on their website include sections on: Our People, Community Support, The Environment, Human Rights, and Products & Partners. These sectors that Nordstrom supports, formally known within the company as "pillars" fall under the categories of: Supporting Communities, Sustaining the Environment, Protecting Human Rights, and Caring for Our People.

Objective

Become a socially responsible company which generates support and results of goals set forth.

Strategy

In 2007, Nordstrom "began process of speaking with employees and customers to learn more about what matters most to them when it comes to social responsibility" (Nordstrom Cares). Even though Nordstrom had been a socially responsible company for many years, they hadn't created a strategic approach. They simply relied on their employees and customers to carry out their socially responsible beliefs. Even though this approach seemingly worked, they realized they needed to create a more focused approach which consisted of the four pillars of supporting communities, sustaining the environment, protecting human rights, and caring for our people.

Execution

Nordstrom has created a number of programs and initiatives that are currently in place or a part of their future plans to carry out the four pillars that were established. Each sector focuses on a number of different of areas which relate to the pillar in which it falls under:

Our People	Community	The Environment	Human Rights	Products and
	Support			Partners
Diversity	Nordstrom	Resource	Responsible	Vendor Partners
Commitment	Scholarship Program	Conservation	Manufacturing	
Nordstrom Cares	Nonprofits We	Recycling and Waste	Partnerships and	Eco-friendly
Heroes	Support	Management	Collaborations	Products
Wellness Program	United Way	Packaging and	Partnership	
		Product Innovations	Guidelines	
Careers at	Global Social	Organic Cotton		
Nordstrom	Development	Development		
	Supplier Diversity	Our Restaurants and		
		Coffee Bars		
	Community Giving			

Results

As a result, Nordstrom has completed many projects that focus in these areas. They also set and completed goals for 2011 and created a report which explains their goals, results, and even future plans for 2012. (Please see the following page for 2011 progress report).

Reflection

The reputation that Nordstrom holds is exceptional in a industry that is forever evolving and during a time period where cost per item is very important for the average individual. The history of Nordstrom is so rich and is true to the idea of a man pressuring his dream to create his own business with a fellow friend.

Nordstrom has evolved from being a shoe store in downtown Seattle on 4th & Pike in 1901 to a company that now sells women's clothing and shoes, men's clothing and shoes, children clothing and shoes, accessories, and much more. They now operate 117 stores and 112 Nordstrom Rack, cafés, and restaurants nationwide.

As I was analyzing their websited, the web, culture, and beliefs I truly believe that Nordstrom cares about their employees, customers, customer service, and social responsibility. There wasn't enough information provided that would make me believe otherwise. What I found most exceptional about the company was the emphasis they put on their employee relationships and the ability they offer them to express their ideas and the ability they have to excel within the company. Even though there is an issue with the sales per hour concept, Nordstrom takes very good care of their employees and treats them as family.

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