Scoring
Give yourself 1 point for each S, and 1/2 point for each G. Do not give yourself points for W and U responses. Total your points and enter the result here [PMF=____].

Interpretation
This assessment offers a self-described profile of your management foundations (PMF). Are you a perfect 10, or is your PMF score something less than that? There shouldn’t be too many 10s around. Ask someone you know to also assess you on this instrument. You may be surprised at the differences between your PMF score as you described it and your PMF score as described by someone else. Most of us, realistically speaking, must work hard to grow and develop continually in these and related management foundations. This list is a good starting point as you consider where and how to further pursue the development of your managerial skills and competencies.

Source: Items included in Outcome Measurement Project, Phase I and Phase II Reports (St. Louis: American Assembly of Collegiate Schools of Business, 1986.)

Go on-line for the Emotional Intelligence assessment. Explore your tendencies in dealing with emotions and handling relationships.

CLASS EXERCISE

My Best Manager
Preparation
Working alone, make a list of the behavioral attributes that describe the “best” manager you have ever had. This could be someone you worked for in a full-time or part-time job, summer job, volunteer job, student organization, or elsewhere. If you have trouble identifying an actual manager, make a list of behavioral attributes of the manager you would most like to work for in your next job.

Instructions
Form into groups as assigned by your instructor, or work with a nearby classmate. Share your list of attributes and listen to the lists of others. Be sure to ask questions and make comments on items of special interest. Work together to create a master list that combines the unique attributes of the “best” managers experienced by members of your group. Have a spokesperson share that list with the rest of the class for further discussion.


CASE 1

Trader Joe’s: Keeping a Cool Edge
The average Trader Joe’s stocks only a small percentage of the products of local supermarkets in a space little larger than a corner store. How did this neighborhood market grow to earnings of $6.5 billion, garner superior ratings, and become a model of management? Take a walk down the aisles of Trader Joe’s and learn how sharp attention to the fundamentals of retail management made this chain more than the average Joe.

From Corner Store to Foodie Mecca
In more than 280 stores across the United States, hundreds of thousands of customers are treasure hunting. Driven by gourmet tastes and hungering for unique deals, they are led by cheerful guides in Hawaiian shirts who point them to culinary discoveries like ahi jerky, ginger granola, and baked jalapeño cheese crunchies.

It’s just an average day at Trader Joe’s, the gourmet, specialty, and natural-foods store that offers curious, one-of-a-kind foods at below-average prices in twenty-three states. Foodies, hipsters, and savvy shoppers alike are attracted to the chain’s charming blend of low prices, tasty treats, and laid-back but enthusiastic customer service. Shopping at Trader Joe’s is less a chore than it is immersion into another culture. In keeping with its whimsical faux-nautilal theme, crew members and managers
wear loud tropical-print shirts. Chalkboards around every corner unabashedly announce slogans like, “You don’t have to join a club, carry a card, or clip coupons to get a good deal.”

“When you look at food retailers,” says Richard George, professor of food marketing at St. Joseph’s University, “there is the low end, the big middle, and then there is the cool edge—that’s Trader Joe’s.”

Trader Joe’s didn’t always stand for brie and baguettes at peanut butter and jelly prices. In 1958, the company began life in Los Angeles as a chain of 7-Eleven-style corner stores. Striving to differentiate his stores from those of his competitors in order to survive in a crowded marketplace, founder “Trader” Joe Coulombe, vacationing in the Caribbean, reasoned that consumers are more likely to try new things while on vacation. He transformed his stores into oases of value by replacing humdrum sundries with exotic, one-of-a-kind foods priced persuasively below any reasonable competitor. In 1979, he sold his chain to the Albrecht family, German billionaires and owners of an estimated 7,500 Aldi markets in the United States and Europe.

The Albrechts shared Coulombe’s relentless pursuit of value, a trait inseparable from Trader Joe’s success. Recent annual sales are estimated at $6.5 billion, landing Trader Joe’s in the top third of Supermarket News’s Top 75 Retailers. Because it’s not easy competing with such giants as Whole Foods and Dean & DeLuca, the company applies its pursuit of value to every facet of management. By keeping stores comparatively small—they average about 10,000 square feet—and shying away from prime locations, Trader Joe’s keeps real estate costs down. The chain prides itself on its thriftiness and cost-saving measures, proclaiming, “Every penny we save is a penny you save” and “Our CEO doesn’t even have a secretary.”

Trader Giotto, Trader José, Trader Ming, and Baker Josef

Trader Joe’s strongest weapon in the fight to keep costs low may also be its greatest appeal to customers: its stock. The company follows a deliciously simple approach to stocking stores: (1) search out tasty, unusual foods from all around the world; (2) contract directly with manufacturers; (3) label each product under one of several catchy house brands; and (4) maintain a small stock, making each product fight for its place on the shelf. This common-sense, low-overhead approach to retail serves Trader Joe’s well, embodying its commitment to aggressive cost-cutting.

Most retail megamarkets carry between 25,000 and 45,000 products; Trader Joe’s stores carry only 1,500 to 2,000. But this scarcity may benefit both Trader Joe’s and its customers. According to Swarthmore professor Barry Schwartz, author of The Paradox of Choice: Why Less Is More, “Giving people too much choice can result in paralysis.... [R]esearch shows that the more options you offer, the less likely people are to choose any.”

Most Trader Joe’s products are sold under a variant of their house brand—dried pasta under the “Trader Giotto’s” moniker, frozen enchiladas under the “Trader José’s” label, and so on. But these store brands don’t sacrifice quality—readers of Consumer Reports awarded Trader Joe’s house brands top marks. The house brand success is no accident. According to Trader Joe’s President Doug Rauch, the company pursued the strategy to “put our destiny in our own hands.”

But playing a role in this destiny is no easy feat. Ten to fifteen new products debut each week at Trader Joe’s—and the company maintains a strict “one in, one out” policy. Items that sell poorly or whose costs rise get the heave-ho in favor of new blood, something the company calls the “gangway factor.” If the company hears that customers don’t like something about a product, out it goes. In just such a move, Trader Joe’s phased out single-ingredient products (such as spinach and garlic) from China. “Our customers have voiced their concerns about products from this region and we have listened,” the company said in a statement, noting that items would be replaced with “products from other regions until our customers feel as confident as we do about the quality and safety of Chinese products.”

Conversely, discontinued items may be brought back if customers are vocal enough, making Trader Joe’s the model of an open system. “We feel really close to our customers,” says Audrey Dumper, vice president
of marketing for Trader Joe's East. "When we want to know what's on their minds, we don't need to put them in a sterile room with a swinging bulb. We like to think of Trader Joe's as an economic food democracy."15 In return, customers keep talking, and they recruit new converts. Word-of-mouth advertising has lowered the corporation's advertising budget to approximately 0.2% of sales, a fraction of the 4% spent by supermarkets.16

Trader Joe's connects with its customers because of the culture of product knowledge and customer involvement that its management cultivates among store employees. Most shoppers recall instances when helpful crew members took the time to locate or recommend particular items. Despite the light-hearted tone suggested by marketing materials and in-store ads, Trader Joe's aggressively courts friendly, customer-oriented employees by writing job descriptions highlighting desired soft skills ("ambitious and adventurous, enjoy smiling and have a strong sense of values") as much as actual retail experience.17

Those who work for Trader Joe's earn much more than their drab-dressed counterparts at other chain grocers. In California, Trader Joe's employees can earn almost 20% more than counterparts at supermarket giants Albertsons or Safeway.18 Starting benefits include medical, dental, and vision insurance, company-paid retirement, paid vacation, and a 10% employee discount.19 Assistant store managers earn a compensation package averaging $94,000 a year, and store managers' packages average $132,000. One analyst estimates that a Wal-Mart store manager earning that much would need to run an outlet grossing six or seven times that of an average Trader Joe's.20

Outlet managers are highly compensated, partly because they know the Trader Joe's system inside and out (managers are hired only from within the company). Future leaders enroll in training programs such as Trader Joe's University that foster in them the loyalty necessary to run stores according to both company and customer expectations, teaching managers to imbue their part-timers with the customer-focused attitude shoppers have come to expect.21

If Trader Joe's has any confounding trait, it's that the company is more than a bit media-shy. Executives have granted no interviews since the Aldi Group took over. Company statements and spokespersons have been known to be terse—the company's leases even stipulate that no store opening may be formally announced until a month before the outlet opens.22 The future looks bright for Trader Joe's. More outlets are planned up and down the East Coast and in the Midwest, and the company continues to break into markets hungry for reasonably priced gourmet goodies. But will Trader Joe's struggle to sustain its international flavor in the face of rising fuel costs and shrinking discretionary income, or will the allure of cosmopolitan food at provincial prices continue to tempt consumers?

DISCUSSION QUESTIONS

1. In what ways does Trader Joe's demonstrate that top managers do or do not highly value employee talents?

2. This is a German company operating in America and sourcing products from around the world. What are the biggest risks that international events currently pose for Trader Joe's performance effectiveness and performance efficiency?

3. In a casual and nontraditional work environment like the one at Trader Joe's, what are the keys to a team leader or supervisor becoming an effective manager?

4. Further Research—Study news reports to find more information on Trader Joe's management and organization practices. Look for comparisons with its competitors and try to identify whether or not Trader Joe's has the right model for continued success; are there any competitors or industry forces that might cause future problems?