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A Study of Empowered Employees at Two
Sears, Roebuck and Company Department Stores

by
Wellington Watts

A Thesis

Submitted in partial fulfillment of the requirements for Master of
Arts Degree in the Graduate Division of Rowan University
1997

Approved by

Professor

Date Approved

7-27-97

Abstract

Watts, Wellington E.

A Study of Empowered Employees at
Two Sears, Roebuck and Company
Department Stores, 1997,
Thesis Advisor: Dr. Don Bagin,
Public Relations

This study analyzed and compared the results of two surveys. The first survey of 40 empowered employees was conducted at the Sears department store in Deptford, New Jersey. The second survey of 40 empowered employees was conducted at the Sears department store in Alexandria, Virginia.

Both surveys tried to determine if being empowered helped employees feel valued by the company. The surveys also tried to determine if being empowered helped employees improve customer service and if managers upheld their obligations to let employees solve customer problems.

The survey results showed that empowered employees at both stores felt they were better able to solve customers' problems by being empowered. However, the results also showed that employees still needed approval from managers for decisions to resolve a customer's problem. The employees at the Deptford store felt less valued by the company after being empowered.

The managers of the respondents in the Sears Alexandria, Virginia store followed the same pattern as the managers at the Deptford store six years earlier. Even though employees

overwhelmingly felt customers seemed satisfied with the service provided, employees still needed managerial approval to solve customers' problems. Only half of the respondents felt Sears valued them as employees.

Mini-abstract

Watts, Wellington E.

A Study of Empowered Employees at
Two Sears, Roebuck and Company
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Thesis Advisor: Dr. Don Bagin,
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This study analyzed and compared the results of two surveys of empowered employees conducted at Sears' stores in Deptford, New Jersey and Alexandria, Virginia. The results of both surveys showed that empowered employees enjoyed satisfying customers' needs without managerial approval. But, a significant number of employees said they still needed managerial approval for decisions to resolve customers' problems.

Acknowledgments

When some major league baseball players -- or other professional athletes -- win championships, they publicly thank their Lord Jesus Christ for their achievement.

Since I'll never win a World Series or Super Bowl -- and they'll probably never write a thesis -- I'd like to thank Jesus (since I also consider him to be God) for the following people he put in my life. Thank you to:

My parents Wellington and Nancy Watts, for your tremendous love and support during my entire life.

Dr. Don Bagin, for your teaching, help and encouragement during my graduate education and career.

Cindy S. Lynch at Rowan University, for helping refine the values I hold so dear.

Clarence Miller, former choir director at Rowan University, for your friendship and encouragement during my undergraduate years at college.

The ministers, staff and friends at Columbia Baptist Church in Falls Church, Virginia, for your prayers, patience and encouragement while I took myself out of action for several weeks.

Dan Gilliland, my friend and fellow single white male, for your support and encouragement to help me grow personally and professionally.

Dr. Shari Peck, the best chiropractor and one of the kindest friends I have in Virginia, for your encouragement and support.

Brian McCallum, my boss and friend, for pushing me to succeed.

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Chapter 1

In the fall of 1988, Sears, Roebuck and Company restructured its merchandising business to increase sales and cut mounting debts. Sears trimmed employee discounts, working hours and weekly salaries by placing certain sales associates on commission. These changes, along with Sears selling off smaller non-retail companies, began to ease the company's financial burden. However, the employees the public dealt with daily made a significant sacrifice with fewer hours and decreased income. These sacrifices lowered morale and dampened the employees' image of their company.

To improve morale, improve customer service, and show pride and confidence in their employees, Sears initiated the "I Am Empowered" program. This program gave employees the ability to make decisions regarding customer demands on the floor with the assurance that management backed the decision.

Statement of the Problem

Did the "I Am Empowered" program meet employees' needs in conducting business? Were the employees supported by management and did the employees have renewed pride in themselves and the company as empowered employees?

Statement of the Purpose

The purpose of this study was to determine the effectiveness of the "I Am Empowered" program of Sears, Roebuck

and Company department stores in Deptford, New Jersey and Alexandria, Virginia. The study will specifically determine if the "I Am Empowered" program met employees' needs when serving customers. Also, it will determine if the program properly trained employees for empowerment, brought full managerial support to employees and helped the employees feel more valued by the company.

Need for the Study

Employees use to performing -- and performing well -- within a top-down decision-making corporation may resist empowerment. The "changes in roles, responsibilities, required skills and behaviors may be difficult or impossible for employees and managers to make," said Jeffrey Gandz and Frederick G. Bird.¹ Empowerment affects all members of an organization and requires all employees to adapt to some kind of change whether it is extreme or subtle.

One possible change is downsizing. When frontline employees take managerial roles, the companies may choose to eliminate the position of the decision-maker manager. This option for companies may cause managers and other decision-making employees to resist empowerment to preserve their positions.

The research performed in this study tried to determine how managers and frontline employees adapted to an empowered environment from a top-down decision-making hierarchy. This

1. Frederick G. Bird and Jeffrey Gandz, "The Ethics of Empowerment," Journal of Business Ethics, April 1996: 387.

study also tried to determine if empowerment at two Sears department stores made employees feel more valued by the company. Also, this study tried to discover if empowerment helped employees service customers more effeciently.

Many companies in free-enterprise marketplaces have started using empowerment to make themselves more competitive. Also, with technology enabling people to communicate faster worldwide, companies found themselves needing to satisfy customers with better products more quickly. The old hierarchy of trickle down decision making is being flattened by the need to service customers better and faster.²

Training

At Sears, Roebuck and Co., empowerment means the empowered employee will:

- Be able to describe the concept of empowerment.
- Know they are empowered to solve customer problems pertaining to their area on-the-spot (freedom to act).
- Know they are expected to solve customer problems on the spot (responsibility to act).
- Be able to state the steps involved in solving customer problems.
- Be able to describe how to solve a variety of customer problems.³

2. Frederick G. Bird and Jeffrey Gandz, "The Ethics of Empowerment," Journal of Business Ethics, April 1996: 383.

3. Store General Manager's Guide to Empowering Current Associates, Sears Associate Development, 1991: 1.

In the training material sent to store managers in August, 1990, Sears states that, "For any company to be serious about customer service, it must give every associate (employee) the power to solve customer problems on the spot, with no hassle."⁴

Sears promised that when their empowered associates finished training, the associates would:

· "Have the ability and authority to solve customer problems on the spot, then and there, according to the employee's judgment without having to check with anyone for approval."

· "Be expected to exercise that power every time they are confronted with a customer problem. Employees have the authority and responsibility."⁵

Sears' managers promised to support their empowered employees with the following statements from the training material:

· "Solving customer problems is simply a matter of using good judgment, and we trust you."

· "No one will ever be punished or reprimanded for making a mistake in attempting to solve a customer's problem. There are no mistakes when it comes to trying to help a customer: There

4. *Empowering New Associates*, Sears memo 707-EMP-CL, August 1990: 1.

5. *Empowering New Associates*, Sears memo 707-EMP-CL, August 1990: 1.

may be better ways, but no mistakes. The only mistake in not solving the customer's problem."

- "Most customers are reasonable, simply wanting a good value in a product or service. Your job is to give them what they want - within the limits of the value of the product or service in question. Rest assured that if you don't, and they are shunted around until they got to my office (store manager), I will. So, it's easier on everyone, you, me, and those between if you handle it on the spot, and it provides the additional benefit of keeping them (customers) coming back to us." ⁶

Each empowered employee at the end of the training was given a contract signed by themselves and their department manager/supervisor. The responsibilities and obligations of empowered employees and their managers were clearly spelled out.

During the training sessions, employees were put through a series of scenarios where they applied the primary objectives (satisfy the customer) and the secondary objectives (minimize costs) to solve customer problems.

The employees were taken step by step through each scenario and taught the process by which they should solve a customer's problem. Towards the end of the session, the employees would apply the steps on their own with another series of scenarios.

The steps for solving a customer's problem are:

- What is the customer's problem?

6. *Empowering New Associates*, Sears memo 707-EMP-CL, August 1990: 1.

- What are the complicating factors?
- What are my objectives?
 - Primary - to satisfy the customer.
 - Secondary - to minimize costs.
- What are my alternatives?
- But if these don't make the customer happy, I will ...⁷

Employees were not allowed to pay additional compensation to customers. If a customer took a day off from work to wait for a delivery that never arrived and wanted compensation for any lost pay, the department manager would have to solve the problem. The employees were trained how to apologize for the customer's trouble and refer the customer to the manager. However, the employees were responsible to follow up with the customer to make sure the customer was contacted by the manager.

Sears did not want the empowered employee to be put in the position of negotiating with customers or having to establish the value of inconvenience.⁸

Training in 1990

Empowerment in a Sears store in 1990, when this study began, was granted when employees showed they had a mastery of the skills and knowledge needed to perform their job without much supervision. An employee in 1990 was trained through

7. Fast Forward, Sears Associate Orientation - Solving Customer Problems, 1990: 1.

8. Store General Manager's Guide to Empowering Current Associates, Sears Associate Development, 1991: 9.

experience. When employees showed their expertise in handling their job responsibilities, their department manager would nominate them to be empowered.

Once empowered, employees could make decisions to solve customer problems on the spot without managerial or supervisory approval. It was stressed that an empowered employee was not a supervisor of other employees. Employees and their department managers signed a contract specifying the employee's and manager's new responsibilities. The employee was then free to begin making decisions on the spot to solve customers' problems.

This writer noticed that efficiency increased in his department after being empowered. This writer's co-workers deferred to him to make decisions on customer problems to resolve the problems quickly and help the customers get what they needed faster. This writer, and other empowered employees, were making what were previously considered managerial decisions. This added responsibility did not result in anyone being promoted to any supervisory position or receiving a pay increase.

Empowered employees did not supervise any non-empowered employees and didn't take any administrative responsibilities such as making schedules, hiring, firing, recruiting new employees or cutting or raising salaries.

Role Empowerment

Jeffrey Gandz and Frederick G. Bird, writing in the *Journal of Business Ethics*, define empowerment in four distinctive forms. Organizations empower employees through *role empowerment*, *reward empowerment*, *process empowerment* and *governance empowerment*.⁹

Sears, Roebuck and Company uses *role empowerment* to give employees "greater discretion over decisions associated with the purpose of the role."¹⁰

Gandz and Bird state that through *role empowerment*, "... employees gain an increased sense of ownership over their own work processes. As a result they ... exercise greater discretion over the character of their own organizational involvement, possess a greater sense of identification with their organization and correspondingly work both more productively and with greater personal satisfaction."¹¹

Many organizations worldwide give managers at the highest leadership levels in the organization the responsibilities for making decisions that affect producing products and servicing customers.

9. Frederick G. Bird and Jeffrey Gandz, "The Ethics of Empowerment," *Journal of Business Ethics*, April 1996: 384.

10. Bird and Gandz 384.

11. Bird and Gandz 385.

Role empowerment breaks from the traditional decision-making corporate hierarchy. It gives frontline employees the responsibility and obligation to satisfy customers' needs without managerial approval.

The goal of empowerment at Sears is to provide customers better products and services faster and at a fair price. The result from meeting that goal is a greater profit return to stockholders.

Procedure

This study followed an investigative style of procedure. Included are two random surveys of empowered employees. One was taken in the spring of 1991 at the Sears, Roebuck and Company store in Deptford, New Jersey. The second survey was taken at the Sears, Roebuck and Company store in Alexandria, Virginia in the spring of 1997. The questionnaire was short and specific to encourage employees' participation. Also, confidentiality was stressed in a short letter included with the survey.

Limitations

This study will deal with the "I Am Empowered" program at the Sears department stores in Deptford, New Jersey and Alexandria, Virginia only. The effectiveness of the "I Am Empowered" program in each store is the only subject under investigation and the results can't be extended to other store locations.

Chapter 2

Review of Related Literature

The research used to help draw the conclusions from the compiled data came from the George Mason University Fenwick Library and AltaVista Technologies search engine on the World Wide Web.

For the periodical search at the Fenwick Library, this writer typed in the key words "empowerment," "Sears, Roebuck and Company" and "employee empowerment." The library search engine produced over 600 possible articles dealing with one or more of the topics mentioned.

For the AltaVista Technology search engine on the World Wide Web, this writer typed in the words "employee empowerment," "retail" and "Sears, Roebuck and Company" as the topics. This writer found over 50,000 possible articles, abstracts, news releases and Web Sites dealing with or mentioning "employee empowerment," "retail" and "Sears, Roebuck and Company."

Empowerment - A Solution to Greater Profits

A convenient definition of empowerment, and what it is to accomplish, is stated by Harold P. Weinstein, COO of Caliper Human Strategies Inc., of Princeton, New Jersey. He states, "Empowerment is an initiative that gives permission and rewards people for recognizing and solving the right problems in the right way in a timely manner."¹²

12. John S. McClenahan, "Empowerment's Downside," Industry Week, September 18, 1995: 57.

During the twentieth century, employee empowerment has grown and evolved into a means to greater productivity and profitability for companies in a free-enterprise marketplace. Empowerment gives employees the authority they need to accomplish the goals set for them - or set by themselves - to reach the overall objective of increasing profits.

One successful example of empowerment comes from the former Soviet bloc nations. Colgate-Palmolive Corporation found that the communist regimes had eliminated initiative and trust among the employees and created an uninspired workforce. Workers in communist countries did only what was required and little more.¹³

To turn these workers into motivated, highly productive employees, Colgate-Palmolive empowered them. Employees were encouraged to share their ideas and were then rewarded. Managers gave information about the business, trained their employees to perform the new required skills and gave continual feedback on how closely the employees were meeting goals. "In short, we treated them like adults." says Philip Berry, Colgate-Palmolive director for human resources in Central Europe, Middle East and Africa.¹⁴

The results Colgate-Palmolive have seen "are nothing short of amazing," writes Shari Caudron in *Personnel Journal*. "Workers have blossomed - they're finding skills they didn't know they had, and the majority of the work force is operating at a capacity never before thought possible."¹⁵

13. Shari Caudron, "Create an Empowering Environment," Personnel Journal, September 1995: 28.

14. Caudron 28.

15. Caudron 28.

How Empowerment Can Work

Employee empowerment takes many different forms in many organizations. Organizations can choose one or more of the four forms of employee empowerment. *Role Empowerment* gives workers more authority over their own work. It also allows workers more say over their schedule and the conditions they'll work in. Empowered employees have decision-making authority to service customers immediately without managerial approval.¹⁶

Reward Empowerment gives workers the ability to assess the quality of their work and distribute privileges and benefits. Workers can establish objectives and standards and can even assign pay raises or other financial rewards to co-workers.¹⁷

Process Empowerment gives employees the ability to have a say in how the organizational process works. The employees work in groups. The term "quality" is used to define process empowerment, for example "Quality Work Teams." The larger organization delegates to these teams authority to solve problems, set agendas and contract work outside the company.¹⁸

Governance Empowerment gives workers a greater influence over the overall direction of the company. Workers influence company policies such as affirmative action or environmental policies. Employees are well represented on boards of directors or workers' councils.¹⁹

16. Frederick G. Bird and Jeffrey Gandz, "The Ethics of Empowerment," Journal of Business Ethics, April 1996: 384.

17. Gandz and Bird 384.

18. Gandz and Bird 384.

19. Gandz and Bird 384.

One key factor in successfully empowering employees is for an organization share financial information about the company so employees can see where the company stands in the marketplace. Employees must be able to see if their performance is helping meet departmental and organizational goals. Also, employees must see how their performance is helping the organization as a whole increase profits. Experts also stress that employees need to be part of the goal setting process.

Ken Blanchard, in his book *Empowerment Takes More Than a Minute*, says, "The sharing of what had once been confidential information about performance, profits, true market share and such, made us realize that this was a safe place for us (employees) to think and use our real talents and knowledge."²⁰ "In most organizations, goals are established at the top and then handed down. People feel no commitment to them because they haven't been involved in establishing them."²¹

Bill Byham, president and CEO of Pittsburgh-based Development Dimensions International and author of *Zapp! The Lightning of Empowerment* says, "The secret of empowerment is [having] measurements that people can control."²²

Blanchard also states that "sharing information with everyone is the first key in empowering people and

20. Kenneth H. Blanchard, John P. Carlos, and Alan Randolph, *Empowerment Takes More Than a Minute*, (San Francisco, CA: Berrett-Koehler Publishers, Inc., 1996) 36.

21. Blanchard, Carlos and Randolph 37.

22. Caudron, Shari, "Create an Empowering Environment," *Personnel Journal*, September 1995: 33.

organizations. It lets people understand the current situation in clear terms and begins to build trust throughout the organization." Sharing traditionally confidential information "breaks down traditional heirarchical thinking and helps people become more responsible. It also encourages people to act like owners of the organization." ²³

Many employees and managers will need training to adapt to -- and confidently seize -- the responsibilities of being empowered. Managers will have to learn how to coach, teach and avoid stepping into the employees' areas of responsibility. Employees will have to learn how to handle the responsibilities of decision making.

"If organizations really want to help empower employees, they have to do more than just accede authority and control; they have to help employees manage their new autonomy," says Robert Barner writing in *Training and Development*. ²⁴

Barner recommends companies "foster empowerment as part of an overall improvement effort." ²⁵ One way is for human resource directors to help employees evaluate their readiness, set up performance goals and help employees monitor their own progress. ²⁶

23. Kenneth H. Blanchard, John P. Carlos, and Alan Randolph, Empowerment Takes More Than a Minute, (San Francisco, CA: Berrett-Koehler Publishers, Inc., 1996) 38.

24. Robert Barner, "Enablement: The Key to Empowerment," Training & Development, June 1994: 33.

25. Barner 33.

26. Barner 33.

Once empowered employees take their new responsibilities, they'll need positive reinforcement to embrace empowerment and maintain a high level of performance. Blanchard recommends setting clear goals and consistently checking those goals so people know within what limits they can exercise their full potential. Otherwise he says, "... highly skilled, creative people will waste a lot of time on less important activities, all the while believing they are doing what is expected of them." ²⁷

Aubrey Daniels, author of *Bringing Out the Best in People*, stresses that companies should, "... make empowerment something employees want to do, and you do this by celebrating their successes. Change requires many reinforcers for the new behaviors before new habits can be established." ²⁸

Changing the decision-making process in an organization successfully can't and shouldn't happen overnight. Daniels says, "The best way to empower team members is gradually and systematically. Responsibilities for self management and decision making should be turned over to employees on an as-ready basis, and the responsibilities given initially should be limited in scope." ²⁹

Sears accomplished that goal as it began the "I Am Empowered" program in 1990. Only those employees who showed they

27. Kenneth H. Blanchard, John P. Carlos, and Alan Randolph, Empowerment Takes More Than a Minute, (San Francisco, CA: Berrett-Koehler Publishers, Inc., 1996) 49.

28. Shari Caudron, "Create an Empowering Environment," Personnel Journal, 9/95: 34.

29. Caudron 33.

could perform their job with expertise were empowered. Eventually all Sears employees were empowered. At the time this report was written, all new hires walk onto the sales floor empowered.

Empowerment's Downside

Critics fear that empowerment creates ambiguity regarding people's roles and limitations, allows for potential use of authority for selfish gain and threatens the definition of leadership.

Empowerment is a concept that threatens the traditional top-down leadership and decision-making structures of the free-enterprise corporate world. It flattens old hierarchies and gives people on the lower rung of the corporate and social ladders freedom and autonomy to make leadership decisions. The working classes get to assume the roles of the educated leadership.

When corporations embrace empowerment they'll take many risks. Jeffrey Gandz and Federick G. Bird define those risks as change and dislocation, downsizing, irresponsible use of power and the empowerment paradox.³⁰

"Individuals may use their discretion to exploit perks for their private advantage," said Gandz and Bird. However, if proper guidelines are in place, empowered employees will know

30. Frederick G. Bird and Jeffrey Gandz, "The Ethics of Empowerment," Journal of Business Ethics, April 1996: 386.

31. Bird and Gandz 388.

the limits of their power. Says Anthony Lord, managing director of Ward Howell International, New York, a financial services institution, "Ultimately, the responsibility lies with the board (of directors) and with the executive management of the institution to make sure that controls are in place that will (sound) a loud ... signal when a problem arises."³²

However, empowering employees, then setting up guidelines to contain their power, creates an empowerment paradox. Even though individuals or teams may have more control over performing their jobs, they may not have the ability to give input on major organizational decisions or even give input on rewards. This type of empowerment is a means of "coopting dissidents and strengthening the influence of central management,"³³ suggests Gandz and Bird. They also suggest that organizations, "... be modest in making claims for these programs and it is best to distribute any increased values that these programs yield fairly among all contributors."³⁴

The Challenge to Leadership

Everyone in a newly empowered organization must accept and adapt to changing roles. One changing role that may influence society on the whole is that of the leader. Empowerment threatens the traditional definition of leadership in the

32. John S. McClenahan, "Empowerment's Downside," Industry Week, September 18, 1995: 57.

33. Frederick G. Bird and Jeffrey Gandz, "The Ethics of Empowerment," Journal of Business Ethics, April 1996: 390.

34. Bird and Gandz 391.

corporate culture and causes managers to become coaches and teachers rather than decision makers.

William H. Miller, writing in *Industry Week*, considers employee empowerment one of the four most powerful forces "converging to profoundly alter the traditional model of an industrial leader and how successful companies are led."³⁵

Leadership in the corporate world is moving away from the definition that included words such as "decision-maker" and "visionary."

Dana Mead, chairman and CEO of Houston-based Tenneco Corp. and chairman of the National Association of Manufacturers said, "To be successful, [industrial] leaders will have to be less arbitrary, more directly involved with what's going on on the shop floor, more open to employees, more 'personal,' and — because of the faster pace of communication and change — more action-oriented than in the past."³⁶

Leadership at the top corporate levels is beginning to require strong relationship-building skills. Says William E. Halal, professor of management at George Washington University, "Because operating decisions are being relegated to lower levels ... They (CEOs) must form working relationships with various stakeholders — employees, customers, investors, suppliers, and the community — and balance those interests."³⁷

35. William H. Miller, "Leadership at a Crossroads," Industry Week, August 19, 1996: 43.

36. Miller 44.

37. Miller 48.

“In this new knowledge environment, people are the assets,” says Robert H. Rosen, president of the Healthy Companies Institute. “... the very best companies figure out how to ...inspire the highest level of creativity, capacity, and commitment and make employees feel like partners who act like they own the business. That will be the competitive edge for companies in the future.”³⁹

Team building and conflict resolution skills will be essential for corporate leaders in an empowered organization. As more companies embrace empowerment, these skills will begin to define leadership roles in the corporate culture. Corporate leaders and decision makers will have to adjust and receive training in the areas of coaching and teaching.

39. William H. Miller, “Leadership at a Crossroads,” Industry Week, August 19, 1996: 48.

Chapter 3 Procedure

For the periodical search at the Fenwick Library at George Mason University in Fairfax, Virginia, this writer typed in the key words "empowerment," "Sears, Roebuck and Company" and "employee empowerment." The library search engine produced over 600 possible articles dealing with one or more of the topics mentioned.

For the AltaVista Technology search engine on the World Wide Web, this writer typed in the words "employee empowerment," "retail" and "Sears, Roebuck and Company" as the topics. This writer found over 50,000 possible articles, abstracts, news releases and Web Sites dealing with or mentioning "employee empowerment," "retail" and "Sears, Roebuck and Company."

This study will specifically determine if the "I Am Empowered" program meets employees' needs by examining the results of two surveys. The first survey, taken in the Deptford, New Jersey department store in 1991, compared employees' feelings before and after they were empowered. Employees were asked questions about the company, how they serviced customers and management's role in the employees' procedures.

The second survey, taken in the Alexandria, Virginia department store in the spring of 1997, determined employees' feelings about the company, how they serviced customers and management's role in the employees' procedures only. This survey did not ask employees how they felt about these issues before they were empowered. All Sears employees are now empowered when hired.

The Deptford Store Survey in 1991

Forty empowered employees were chosen at random from a population of 181 employees. The employees were surveyed by this writer in person. When they were free from handling customers, the employees were asked to fill out the brief, one-page survey form alone. (See appendix.) The respondents were also asked not to put their names on the form to maintain their anonymity. The survey gave eight statements. The employees were asked if they strongly agreed, agreed, felt neutral, disagreed or strongly disagreed with each statement. The ninth statement gave employees an opportunity to write what they thought the biggest plus of empowerment was to be. The survey was pretested and changes were made to focus the responses to meet the needs of this study.

The Alexandria Store Survey in 1997

Forty empowered employees were chosen at random from a population of 400 employees. The employees were surveyed by this writer in person. When they were free from handling customers, the employees were asked to fill out the brief, one-page survey form alone. (See appendix.) The respondents were also asked not to put their names on the form to maintain their anonymity. The survey gave five statements. The employees were asked if they strongly agreed, agreed, felt neutral, disagreed or strongly disagreed with each statement. The sixth statement gave

employees an opportunity to write what they thought the biggest plus of empowerment was to be.

The survey findings were compiled and the conclusions drawn and recommendations made in chapters four and five then were presented to Lynn Fahnestock, the store general manager of both the Sears department stores in Deptford, New Jersey and Alexandria, Virginia.

The research used to help draw the conclusions from the compiled data came from the George Mason University Fenwick Library and AltaVista Technologies search engine on the world Wide Web.

Chapter 4 Findings

The following findings come from the surveys of 40 empowered employees at the Sears department stores in Deptford, New Jersey taken in the spring of 1991, and Alexandria, Virginia taken in the spring of 1997.

Each empowered employee read the statements and circled his or her response. The employees were given a choice of strongly agreeing, agreeing, feeling neutral, disagreeing or strongly disagreeing with each statement. This form of questionnaire was used for empowered employees at both stores. All employees surveyed at both stores were employees of Sears and empowered a minimum of six months.

The Survey Results of Empowered Employees at the Sears Deptford, New Jersey Store

The first statement: Before I was empowered, customers did not seem satisfied with the service provided when they had a return.

One person strongly agreed (2.5%), 14 agreed (35%), seven felt neutral (17.5%), 14 disagreed (35%) and four strongly disagreed (10%).

The second statement: Customers I now service seem satisfied with the service provided.

Four employees strongly agreed (10%), 24 agreed (60%), nine

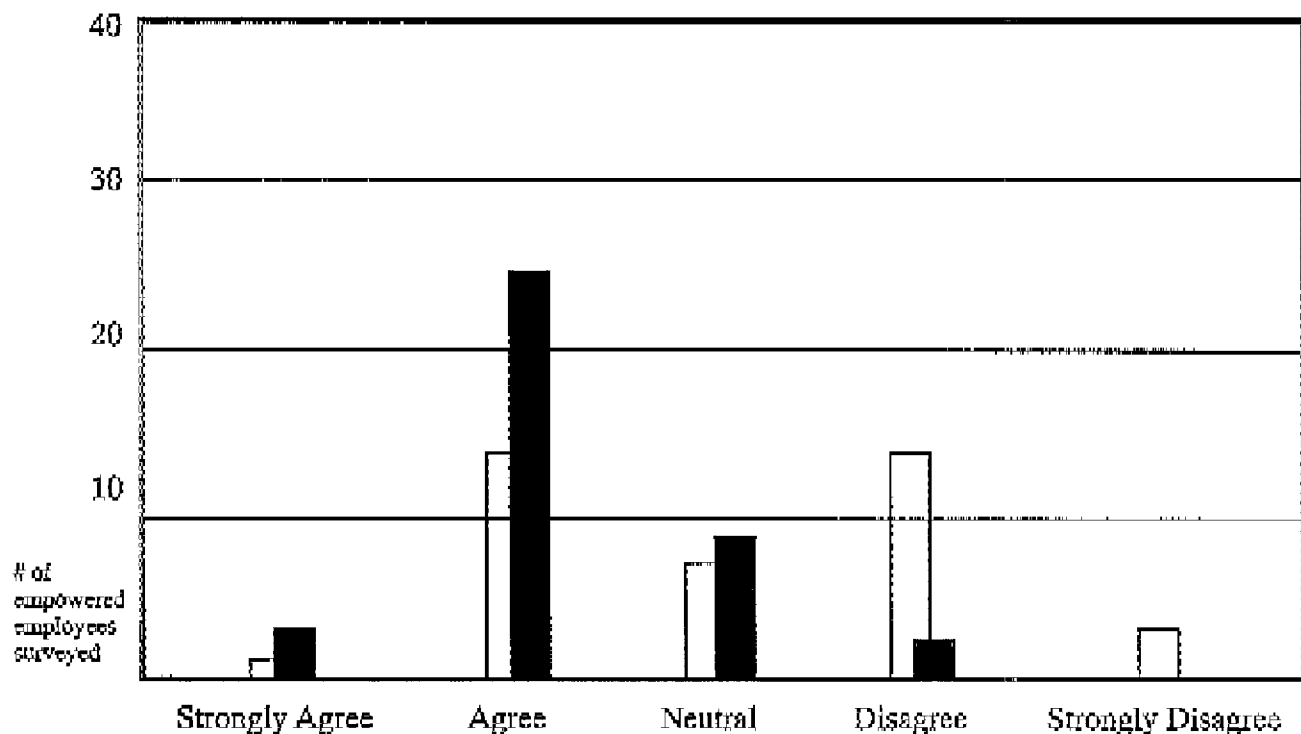
felt neutral (22.5%), three disagreed (7.5%) and nobody strongly disagreed.

Chart 1

Empowered Employee Survey, Sears Department Store, Deptford, NJ 1991

Statement 1. Before I was empowered, customers did not seem satisfied with the service provided when they had a return. =

Statement 2. Customers I now service seem satisfied with the service provided. =



The third statement: Before I was empowered, I was valued as an employee.

Two employees strongly agreed (5%), 29 agreed (72.5%), four felt neutral (10%), two disagreed (5%) and three strongly disagreed (10%).

The fourth statement: Now I feel Sears values me as an employee.

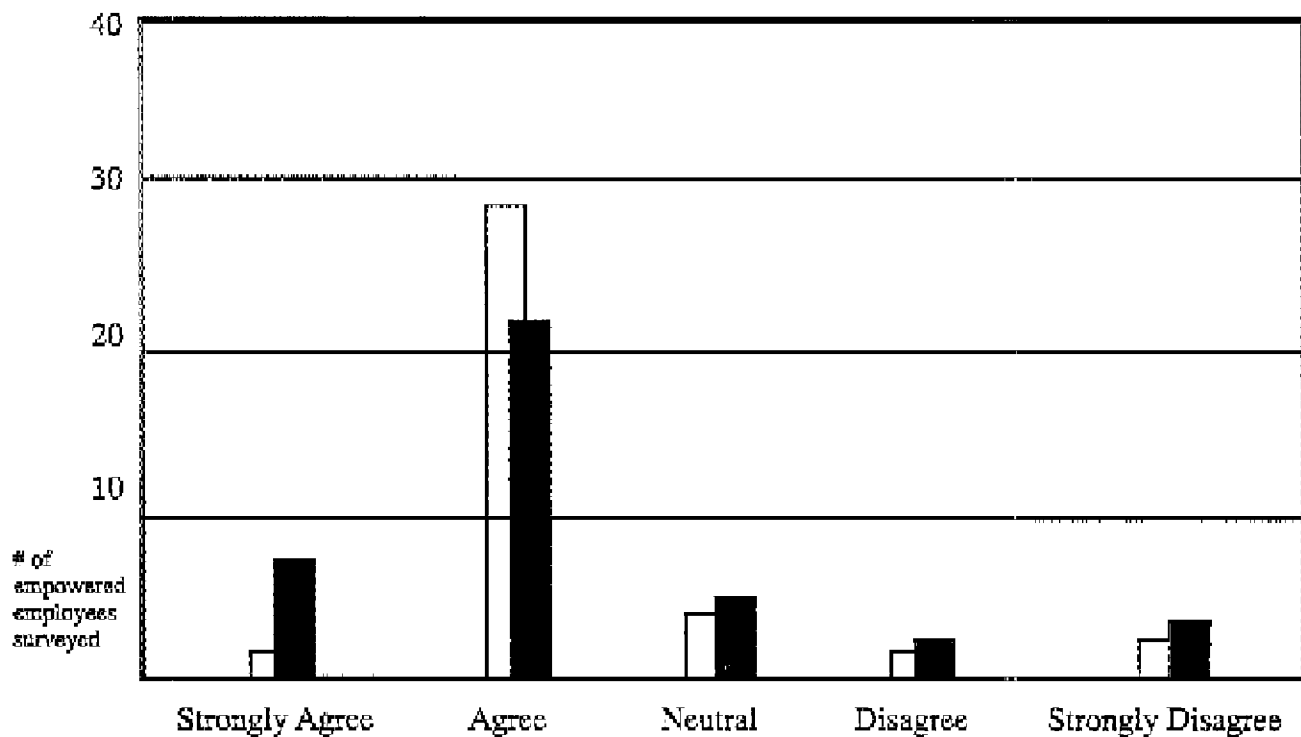
Seven strongly agreed (17.5%), 21 agreed (52.5%), five felt neutral (12.5%), three disagreed (7.5%) and four strongly disagreed (10%).

Chart 2

Empowered Employee Survey, Sears Department Store, Deptford, NJ 1991

Statement 3. Before I was empowered, I was valued as an employee. =

Statement 4. Now empowered, I feel Sears values me as an employee. =



The fifth statement: Before I was empowered, I needed approval for my decisions to resolve a customer's problem.

Five strongly agreed (12.5%), 15 agreed (37.5%), five felt

neutral (12.5%), 12 disagreed (30%) and three strongly disagreed (7.5%).

The sixth statement: Now I do not need approval for any decision I make to resolve a customer's problem.

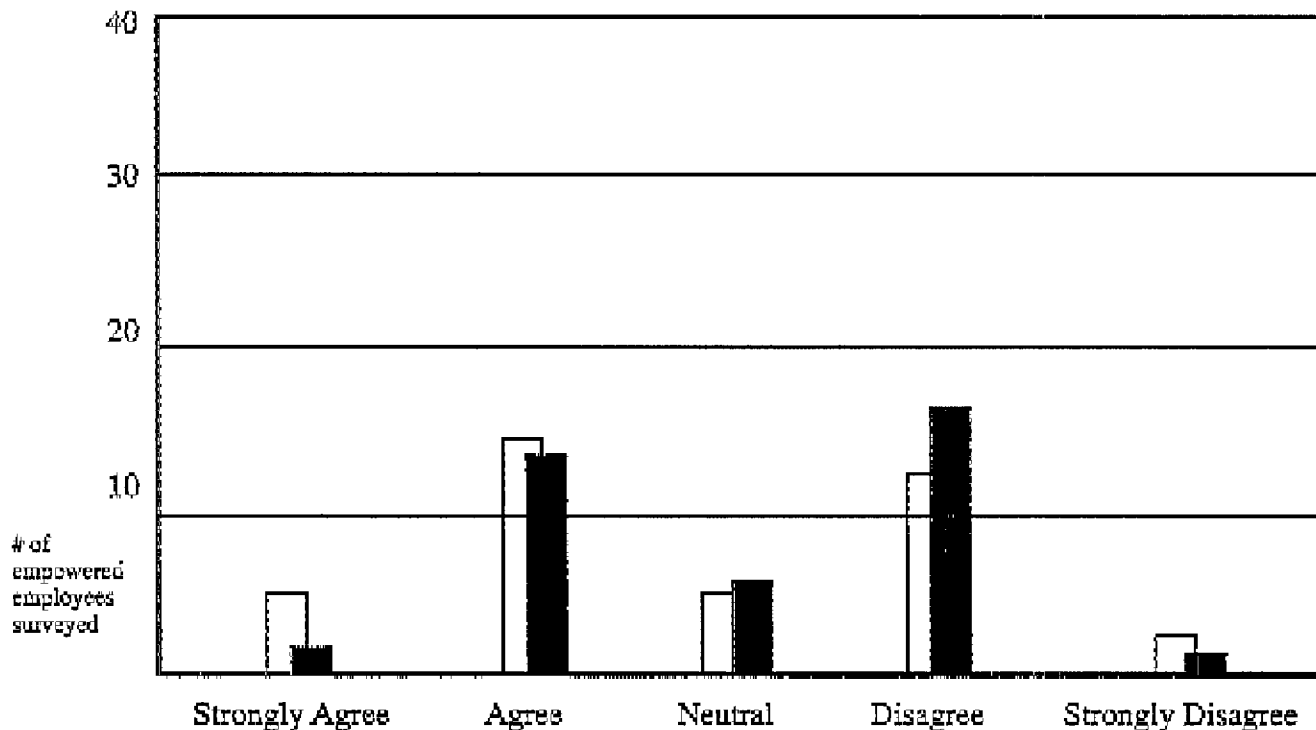
Two employees strongly agreed (5%), 14 agreed (35%), six felt neutral (15%), 17 disagreed (42.5%) and one strongly disagreed (2.5%).

Chart 3

Empowered Employee Survey, Sears Department Store, Deptford, NJ 1991

Statement 5. Before I was empowered, I needed approval for my decisions to resolve a customer's problem. =

Statement 6. Now I do not need approval for any decision I make to resolve a customer's problem. =



The seventh statement: I am never reprimanded for solving a customer's problem to the customer's satisfaction.

Twelve strongly agreed (30%), 23 agreed (57.5%), two felt neutral (5%), two disagreed (5%) and one strongly disagreed (2.5%).

The eighth statement: I received adequate training for the responsibilities of being empowered.

Seven strongly agreed (17.5%), 20 agreed (50%), five felt neutral (12.5%), seven disagreed (17.5%) and one strongly disagreed (2.5%).

The ninth statement: As an employee I think the biggest plus of empowerment is...? The responses were:

- Solving the customer's problem/satisfy the customer without management approval. (22)
- There is no change. It did not make any difference. (9)
- Receiving management's support/no fear of reprimand. (5)
- Gives a sense of belonging and responsibility. Makes me feel more a part of the organization. (1)
- Another way the company is wasting our money. (1)
- Let's me help co-workers. (1)
- No answer. (1)

**The Survey Results of Empowered Employees at the
Sears Alexandria, Virginia Store**

The first statement: Customers I service seem satisfied with the service provided when they have a return.

Twelve strongly agreed (30%), 24 agreed (60%), four felt neutral (10%) and no one disagreed or strongly disagreed.

The second statement: I feel Sears values me as an employee.

Six strongly agreed (15%), 18 agreed (45%), 12 felt neutral (30%), three disagreed (7.5%) and one strongly disagreed (2.5%).

The third statement: I do not need approval for any decision I make to resolve a customer's problem.

Two strongly agreed (5%), 12 agreed (30%), 15 felt neutral (37.5%), nine disagreed (22.5%) and two strongly disagreed (5%).

The fourth statement: I am never reprimanded for solving a customer's problem to the customer's satisfaction.

Ten strongly agreed (25%), 19 agreed (47.5%), seven felt neutral (17.5%), three disagreed (7.5%) and one strongly disagreed (2.5%).

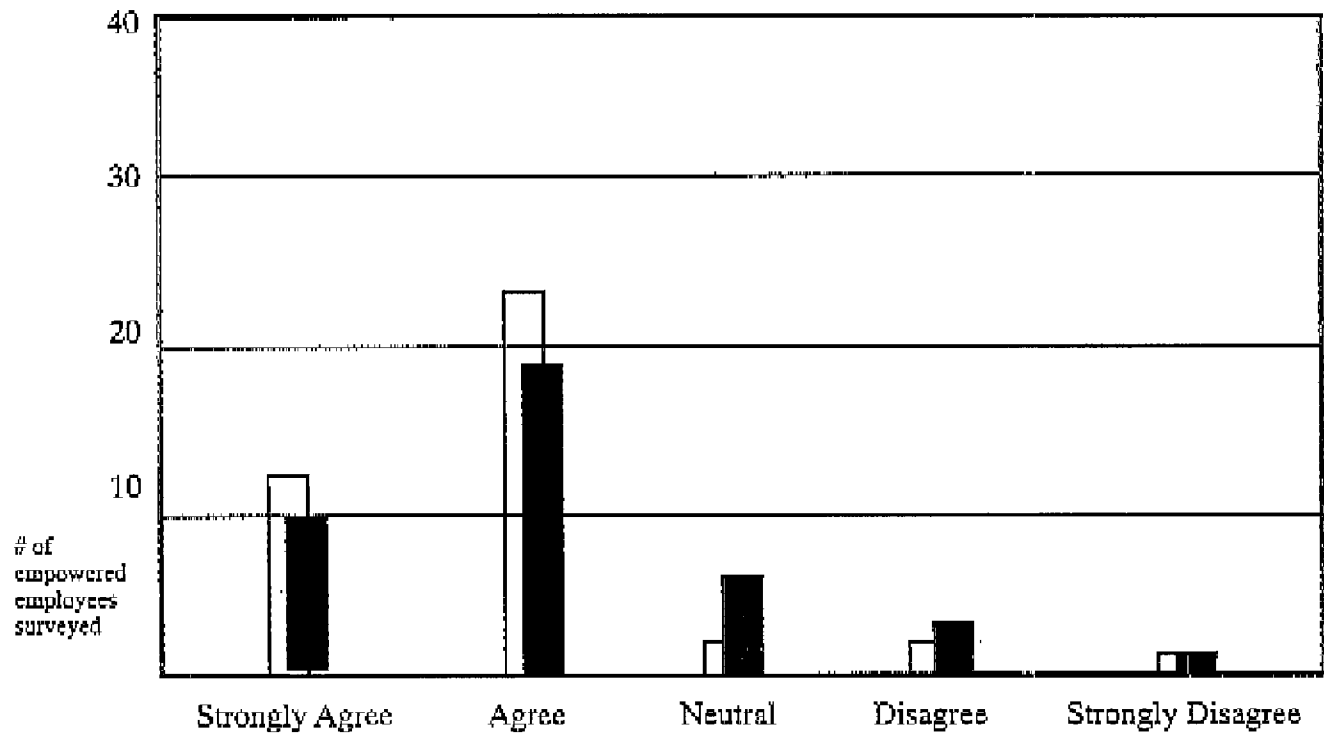
Chart 4

Survey Results From Both Stores

Statement: I am never reprimanded for solving a customer's problem to the customer's satisfaction.

Deptford employees in 1991. =

Alexandria employees in 1997. =



The fifth statement: I received adequate training for the responsibilities of being empowered.

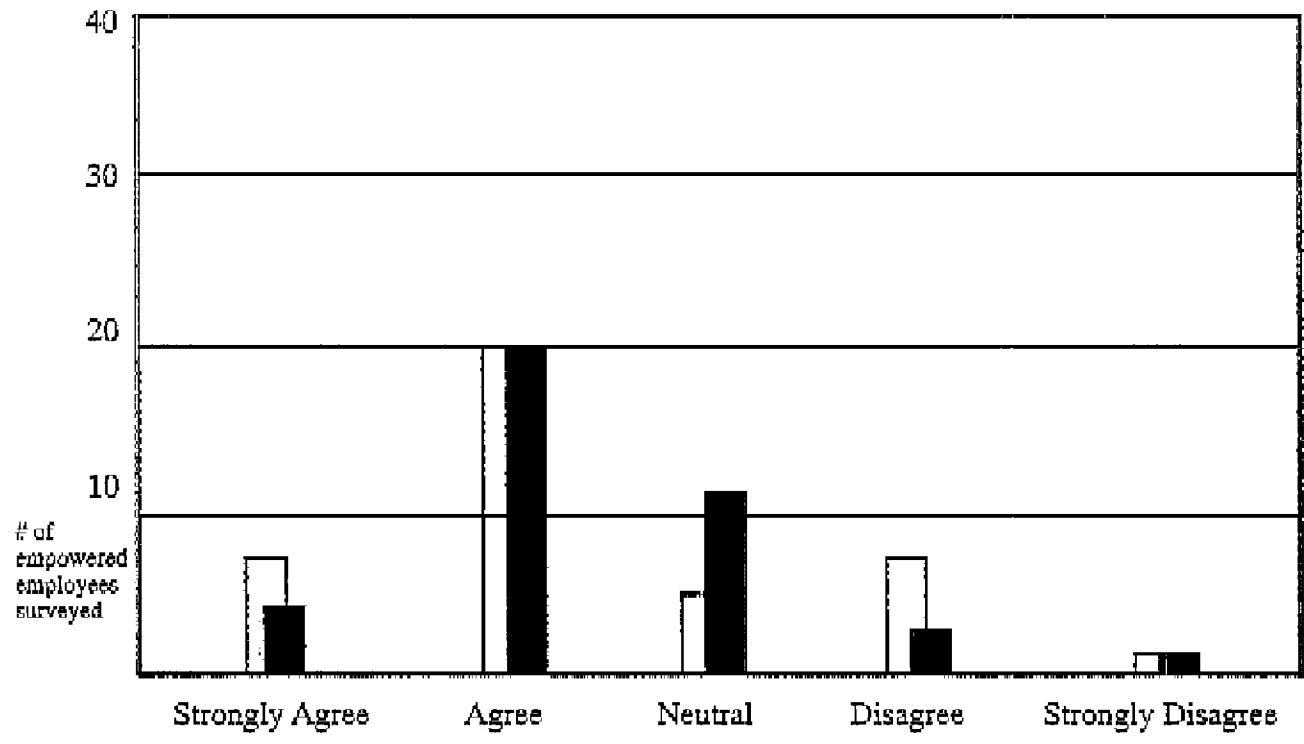
Five strongly agreed (12.5%), 20 agreed (50%), 11 felt neutral (27.5%), three disagreed (7.5%) and one strongly disagreed (2.5%).

Chart 5

Survey Results From Both Stores

Statement: I received adequate training for the responsibilities of being empowered.

Deptford employees in 1991. =
Alexandria employees in 1997. =



The sixth statement (Many had more than one answer.): As an employee I think the biggest plus of empowerment is...? The responses were:

- Solving the customer's problem/satisfy the customer without management approval. (22)
- No answer. (5)
- Good training to solve customer problems. (4)
- All employees working toward a common goal/teamwork. (3)
- Feeling confident with the decisions I make (3)
- Responsibility/independence. (2)
- The ability to make a price adjustment at the register for damaged merchandise. (1)
- Giving ideas to managers to satisfy customers. (1)
- Good relationships with managers. (1)
- To have a job. (1)

Chapter 5

Summary, Conclusions and Recommendations

Summary

This study began in 1991 with the survey of 40 empowered employees at the Sears department store in Deptford, New Jersey. In the spring of 1991, the Deptford store had empowered those employees who showed expertise in their jobs. Empowered employees were allowed to solve customers' problems to the customers' satisfaction without needing managerial approval. Empowerment at this store began in the summer of 1990.

The survey tried to determine how empowerment changed employees' perceptions of their service to customers, their jobs and the company. Also, since empowered employees were now making managerial decisions, the survey aimed to discover if employees were making these decisions without managers' approval. The results were compiled and tabulated.

The empowered employees were surveyed at the Deptford store in a three-week period in May 1991.

In April of 1997, 40 empowered employees were surveyed at the Sears department store in Alexandria, Virginia. Because Sears trained all employees to be empowered before the employees stepped onto the sales floor in 1997, the survey was altered slightly. The survey no longer compared employee perceptions of being empowered to not being empowered. The survey did try to determine if the employees felt valued by the company, if employees serviced customers effectively, if managers allowed

employees to solve customer problems on their own and if the employees felt they were trained adequately for the responsibilities of being empowered.

After compiling and tabulating the data from both surveys, the results, conclusions and recommendations were delivered to Lynn Fahnstock, the store general manager of both Sears stores used in this study.

This writer updated the secondary research by using the Fenwick Library at George Mason University and the Alta Vista Technologies search engine on the World Wide Web.

The procedures, findings, conclusions and recommendations based upon the research conducted are included in this report.

Conclusions

The following conclusions come from the results of the surveys taken at the Sears department stores in Deptford, New Jersey in 1991 and in Alexandria, Virginia in 1997.

The Survey of Empowered Employees at the Sears Deptford, New Jersey Store.

To improve morale, customer service, and show pride and confidence in their employees, Sears initiated the "I Am Empowered" program. This program gave employees the ability to solve customers' problems on the floor without managers' approval.

The "I Am Empowered" program largely fulfilled its purpose at the store in Deptford, New Jersey when it came to helping employees improve service to customers. Empowered employees enjoyed the responsibility and freedom to solve problems to the customers' satisfaction.

Thirty five percent agreed and 2.5% strongly agreed with the statement, "Before I was empowered, customers did not seem satisfied with the service provided when they had a return." Thirty five percent disagreed and 10% strongly disagreed with that statement.

After being empowered, 60% agreed and 10% strongly agreed with the statement, "Customers I now service seem satisfied with the service provided." Only three empowered employees (7.5%) disagreed with that statement. No one strongly disagreed. The others felt neutral (22.5%) (see Chart 1 in Chapter 4).

Twenty two respondents (55%) stated that "solving the customer's problem without management's approval" was the biggest plus of empowerment.

Empowered employees enjoyed being able to satisfy customers' needs without managerial approval. However, the survey results showed that employees still needed managerial approval for their decisions after becoming empowered.

The "I Am Empowered" program did not fully meet employees' needs of having the independence to solve problems. Thirty seven and a half percent of the employees agreed and 12.5% strongly agreed with the statement, "Before I was empowered, I needed approval for my decisions to resolve a customer's problem."

After being empowered, 42.5% disagreed and 2.5% strongly disagreed with the statement, "Now I do not need approval for any decision I make to resolve a customer's problem."

Almost half of the store's empowered employees still needed approval from managers for their decisions to resolve customers' problems (see Chart Three in Chapter Four). The employees were not receiving the full support from management that management was obligated to give. The managers' roles and obligations were spelled out in the contract every employee received upon being empowered. Nearly half of the empowered employees felt management did not fulfill their obligation regarding the decisions the employees made on the floor.

The department managers did mostly avoid reprimanding employees for the decisions employees were making. Fifty seven and a half percent agreed and 30% strongly agreed with the statement, "I am never reprimanded for solving a customer's problem to the customer's satisfaction." Further research at this store may have discovered if employees were not reprimanded because managers stepped in and did not let the employees take the risk of making a bad decision.

The managers of the Sears store in Deptford, New Jersey, were approving a significant number of decisions the empowered employees were making regarding customers. This interference in the empowered employees job performance may have influenced the empowered employees' feeling of being less valued the company.

Fewer employees felt valued by Sears after being empowered than before being empowered (see Chart Two in Chapter Four).

Seventy two and a half percent agreed and 5% strongly agreed with the statement, "Before I was empowered, I was valued as an employee."

However, only 52.5% agreed and 17.5% strongly agreed with the statement, "Now I feel Sears values me as an employee."

As stated in the empowerment contract titled, "Commitment to the Customer," "Every associate is empowered to solve customer problems on the spot according to their judgment of what is right and fair, without having to check with anyone for approval."⁴⁰

The managers of the respondents at the Sears Deptford store in 1991 were failing to fulfill their obligations specified in the contracts they signed with their empowered employees. This failure may have slightly lowered morale by giving some respondents the feeling that they were less valued by the company. Further research may have determined if that were the case.

The Survey of Empowered Employees at the Sears Alexandria, Virginia Store.

The managers of the respondents in the Sears Alexandria, Virginia store seem to follow the same pattern as the managers at the Deptford store six years earlier. Even though the survey results show that managers seldom reprimand employees, they still interfere with employees' decisions to solve customer problems.

40. "Commitment to the Customer," Sears Empowerment Contract 707-EMP-3, August 1990: 1.

Only 5% of the respondents agreed and 30% strongly agreed with the statement, "I do not need approval for any decision I make to resolve a customer's problem." Twenty two and a half percent disagreed and 5% strongly disagreed with that statement. Thirty seven and a half percent felt neutral.

Being empowered did help employees service their customers better. Thirty percent agreed and 60% strongly agreed with the statement, "Customers I service seem satisfied with the service provided when they have a return." Fifty five percent said that solving the customer's problem/satisfying the customer without management approval was the biggest plus of empowerment.

Sears is falling a little short in properly training their employees. Fifty percent agreed and 12.5% strongly agreed with the statement, "I received adequate training for the responsibilities of being empowered." Only 7.5% disagreed and 2.5% strongly disagreed with that statement. A significant percentage (27.5%) felt neutral. That may result from managers stepping in too often to make decisions for employees. Further research would determine if the employees failed to receive adequate training to make the correct decisions causing department managers to interfere.

A failure in training may also explain why managers avoided reprimanding employees. Forty seven and a half percent of the respondents agreed and 25% strongly agreed with the statement, "I am never reprimanded for solving a customer's problem to the customer's satisfaction." Only 7.5% disagreed and 2.5% strongly disagreed with that statement.

Six years earlier, 57.5% of the respondents at the Sears store in Deptford, New Jersey agreed and 30% strongly agreed with the statement, "I am never reprimanded for solving a customer's problem to the customer's satisfaction." Sears managers at both stores were largely living up to their commitment to not reprimand employees for any decision made on a customer's behalf (see Chart Four in Chapter Four).

The "I Am Empowered" program at Sears in Alexandria meets employees needs by allowing them to solve some customer problems on their own. However, this writer determines that the store could make some improvement in training. Also, the program isn't adequately communicating that the company values its employees.

Forty five percent of the respondents agreed and 15% strongly agreed with the statement, "I feel Sears values me as an employee." Thirty percent felt neutral toward the statement. Only 7.5% disagreed and 2.5% strongly disagreed with the statement.

Six years ago, 77% of the empowered employees stated they felt Sears valued them to some extent as employees even before being empowered. Although that percentage dropped after becoming empowered, 70% still felt valued by the company. Six years later, only a combined 60% of the employees surveyed in the Alexandria store felt valued by Sears with 30% feeling neutral. Further research may determine if the employees feel less valued because being empowered at Sears is automatic in 1997. In 1991, being empowered was a reward for excellent performance. The employees in Alexandria can't compare the empowered environment now at Sears with a previously non-empowered environment at Sears.

Recommendations

This writer recommends that Sears empower its employees further, to increase profits and stay competitive in the retail marketplace.

The research conducted for this study shows that empowerment at Sears follows a consistent pattern. Employees enjoy the ability to solve customers' problems without managerial approval. However, the department managers still interfere with employees' decisions even though managers avoid reprimanding employees to a large extent. And a sizeable percentage of employees question if Sears values them as employees.

Empowerment succeeds at Sears when it comes to customer service. Both surveys indicated overwhelmingly that employees felt that customers seemed satisfied with the service provided when the customers returned merchandise. If empowerment at Sears falls short in providing employees a sense of autonomy and value, it definitely helps employees satisfy customer needs -- at least in the employees' opinions.

This writer recommends that Sears consider giving its employees more control over their jobs. One way is to share financial information with employees such as company, store and departmental profits.

Many experts agree that employees need to see how their performance helps meet departmental and organizational goals and increase profits.

As stated in Chapter Two of this study, Ken Blanchard says "... sharing information with everyone is the first key in empowering people and organizations. It lets people understand the current situation in clear terms and begins to build trust throughout the organization." Sharing traditionally confidential information "breaks down traditional hierarchal thinking and helps people become more responsible. It also encourages people to act like owners of the organization."⁴¹

Along with sharing financial information, this writer also recommends Sears train their managers to better coach their employees. Research showed that almost half the employees at the Deptford store and a quarter of the employees at the Alexandria store, still needed managers' approval on decisions to resolve customers' problems.

A major factor in any empowerment program succeeding is for managers at all levels of a top-down decision-making hierarchy to give up their decision-making roles and assume the roles of coaches and facilitators.

Blanchard says, "That perceived division between 'superior' and 'subordinate' is no longer very useful in business organizations. In fact, it works directly counter to success. Success today depends on team effort."⁴²

41. Kenneth H. Blanchard, John P. Carlos, and Alan Randolph, Empowerment Takes More Than a Minute, (San Francisco, CA: Berrett-Koehler Publishers, Inc., 1996) 38.

42. Blanchard, Carlos, and Randolph 30.

This writer also recommends another study of empowered employees at the Alexandria store to determine what exactly makes employees feel less or more valued by the company. Thirty percent of the respondents felt neutral toward the statement, "I feel Sears values me as an employee." Only 45% of the respondents agreed and 15% strongly agreed with the statement. The remaining percentage either disagreed or strongly disagreed.

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Appendix A

Sears Empowerment Survey for Employees at the Deptford, New Jersey Store in 1991

1. Before I was empowered, customers did not seem satisfied with the service provided when they had a return.

Strongly Agree Agree Neutral Disagree Strongly Disagree

2. Customers I now service seem satisfied with the service provided.

Strongly Agree Agree Neutral Disagree Strongly Disagree

3. Before I was empowered, I was valued as an employee.

Strongly Agree Agree Neutral Disagree Strongly Disagree

4. Now empowered, I feel Sears values me as an employee.

Strongly Agree Agree Neutral Disagree Strongly Disagree

5. Before I was empowered I needed approval for my decisions to resolve a customer's problem.

Strongly Agree Agree Neutral Disagree Strongly Disagree

6. Now I do not need approval for any decision I make to resolve a customer's problem.

Strongly Agree Agree Neutral Disagree Strongly Disagree

7. I am never reprimanded for solving a customer's problem to the customer's satisfaction.

Strongly Agree Agree Neutral Disagree Strongly Disagree

8. I received adequate training for the responsibilities of being empowered.

Strongly Agree Agree Neutral Disagree Strongly Disagree

9. As an employee I think the biggest plus of empowerment is...?

Sears Empowerment Survey for Employees at Alexandria, Virginia Store 1997

1. Customers I service seem satisfied with the service provided when they have a return.

Strongly Agree Agree Neutral Disagree Strongly Disagree

2. I feel Sears values me as an employee.

Strongly Agree Agree Neutral Disagree Strongly Disagree

3. I do not need approval for any decision I make to resolve a customer's problem.

Strongly Agree Agree Neutral Disagree Strongly Disagree

4. I am never reprimanded for solving a customer's problem to the customer's satisfaction.

Strongly Agree Agree Neutral Disagree Strongly Disagree

5. I received adequate training for the responsibilities of being empowered.

Strongly Agree Agree Neutral Disagree Strongly Disagree

6. As an employee I think the biggest plus of empowerment is...?

SEARS

300 N. Ardenway Road
Deptford, NJ 08036
609-243-3100

April 25, 1991

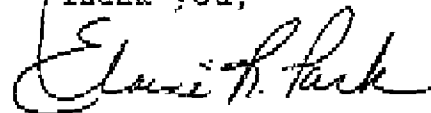
To Whom It May Concern:

This letter is to introduce Wellington Watts, a former Sears associate who is going for his Master's Degree in Public Relations. As a part of his thesis he is interviewing "Empowered" associates here at the Deptford store, to get their input on the Empowerment Program.

All of the questions have been approved by Mr. Fahnstock and myself. It will not be necessary for you to sign the questionnaire, so all of your answers will remain anonymous. Please be as helpful as you can, both Wellington and I appreciate your giving him your time.

Wellington has been instructed not to interfere with your work in any way.

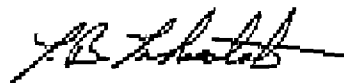
Thank you,



Elaine Park
Training Coordinator

Wellington Watts
has my approval
to conduct an
'I'm Empowered'
survey in my
store.

OK



EMPOWERING NEW ASSOCIATES

NOTE TO STORE GENERAL MANAGER: The process of empowering new associates begins in "Fast Forward" during the manager's welcome (see "Welcome From the Management," #19963).

The following outline for Discussing and Granting Empowerment is intended to precede point Vi, Meeting Our Expectations Is a Joint Responsibility, in the "Welcome From the Management" booklet.

Discussing and Granting Empowerment

- A. For any company to be serious about Customer Service, it must give every associate the power to solve Customer problems on the spot, with no hassle.
- B. We are very serious about Customer Service. When you finish training, each of you will have the ability and the authority to solve Customer problems on the spot, then and there, according to your judgment, without having to check with anyone for approval.
- C. You are expected to exercise that power every time you are confronted with a Customer problem, i.e., you have the authority and the responsibility.
- D. That's a lot of responsibility but we will teach you how to handle it. There are three basic points I want to leave you with to help you assume this responsibility.
 1. Solving Customer problems is simply a matter of using good judgment, and we trust you.
 2. No one will ever be punished or reprimanded for making a mistake in attempting to solve a Customer's problem. There are no mistakes when it comes to trying to help a Customer: There may be better ways, but no mistakes. The only mistake is not solving the customer's problem.
 3. Most Customers are reasonable, simply wanting a good value in a product or service. Your job is to give them what they want. In the case of the few who seem to be unreasonable, your job is also to give them what they want - within the limits of the value of the product or service in question. Rest assured that if you don't, and they are shunted around until they get to my office, I will. So, it's easier on everyone, you, me, and those between if you handle it on the spot, and it provides the additional benefit of keeping them coming back to us.

SEARS, ROEBUCK AND CO.

INTERNAL CORRESPONDENCE

TO UNIT All Retail Stores DEPT. OR UNIT NO. _____ NAME _____

FROM UNIT National Human Resources DEPT. OR UNIT NO. 707-9 DATE August, 1990

Store General Manager:

Re: Empowerment

Enclosed is the package of associate empowerment materials Al Stewart mentioned in his recent "Talking Business..." SVN broadcast.

These materials were developed for the Small Market Strategy test stores, and are now available for general use. However, they are not being sent out in quantities as a company-wide training issue, but rather, on an order-as-desired basis.

Empowering associates to the extent outlined in this process must be a well considered, local decision. As you will see, it grants every associate "the authority to solve Customer problems on the spot according to their judgment of what is right and fair, without having to check with anyone for approval." This means, first of all, that every manager in the store must give up some of his or her authority, and live up to a commitment to associates that "No one will ever be reprimanded for making a mistake in resolving a Customer's problem to the Customer's satisfaction." And, of course, it means the store management team must receive the full support of their managers.

For those reasons, we felt it best to allow the Store General Manager to determine and/or develop the management team's readiness to go forward in empowering associates. Once this is accomplished, the necessary support materials described below can be ordered in the same manner as other training materials: i.e., from Moore Business Forms & Systems Division using the Requisition For Printed Materials (Form #14181).

The materials enclosed with this letter and ordering information are as follows:

1. Store General Manager's Guide to Empowering Current Associates (#707-EMP-MLG) - Your guide for conducting meetings with current associates. Intended for a one time implementation use, this piece cannot be reordered.
2. Empowering New Associates (#707-EMP-CL) - This outline is for your use to begin the empowerment process with new associates. Not orderable, reproduce locally if additional copies are necessary.
3. Trainer's Guide Supplement to Module Two: Customer Service (#707-EMP-2) - This is a supplement to the Fast Forward Trainer's Guide. Similar to the "Store Manager's Guide..." (item 1, above), it is the empowerment module for new associates. It can be reordered from Moore by requesting item #707-EMP-2.

SEARS, ROEBUCK AND CO.

INTERNAL CORRESPONDENCE

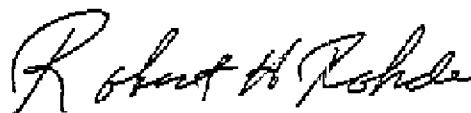
TO UNIT All Retail Stores DEPT. OR UNIT NO. _____ NAME _____

FROM UNIT National Human Resources DEPT. OR UNIT NO. 707-9 DATE August, 1990

- 2 -

4. Solving Customer Problems (#707-EMP-1) - This is a handout booklet, used with the modules for both current and new associates, which serves as a means for defining associates' range of authority. It can be reordered from Moore by requesting item #707-EMP-1.
5. Commitment to the Customer (#707-EMP-3) - This document is intended to serve as a joint commitment between associate and manager to the basic principles underlying empowerment. Reorderable by requesting item #707-EMP-3.

I hope you find these materials useful in your efforts to achieve an intense Customer focus in your store.



Robert H. Rohde
Director, Human Resource
Planning and Development

RHR:mrd

Encs.

cc: Region Managers, Store Operations
District Managers, Store Operations
National Business Managers
Region Business Managers
District Business Managers
Region/Business Human Resource Managers

COMMITMENT TO THE CUSTOMER

"Satisfaction Guaranteed Or Your Money Back" is Sears commitment to the Customer. This commitment can become a reality only when:

Every associate is empowered to solve Customer problems on the spot according to their judgment of what is right and fair, without having to check with anyone for approval

We understand that this principle is supported by these basic underlying rules:

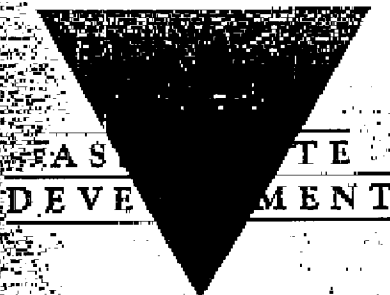
Every associate has the authority to give any Customer up to a full refund at the price the Customer says he or she paid for the item or service, regardless of condition, if that is what it takes to satisfy the Customer.

Every associate is expected to use this authority in the service of the Customer.

There are no mistakes when trying to help a Customer: the only mistake is not solving the Customer's problem.

No one will ever be reprimanded for making a mistake in resolving a Customer's problem to the Customer's satisfaction.

We are here to IMPRESS THE CUSTOMER EVERY SINGLE DAY!



Associate

Sales Manager/Supervisor

____/____/____
Date