Why JCPenney's New Corporate Culture Is Failing

Kim Bhasin MAR. 7, 2013, 5:53 PM 8,981 16

When Ron Johnson first took the helm of JCPenney, he saw a culture of complacency. He tried to fix it, implementing ideas he learned from his previous jobs at Apple and Target. It hasn't worked.

Employees are mad and speaking out — from home office execs to the frontline store workers.

Companies around the world have made all sorts of different cultures work, yet JCPenney seems to have missed the mark.

What exactly is wrong with the corporate culture at JCPenney?

We talked to Chris DeRose, co-author of “Judgment on the Front Line: How Smart Companies Win by Trusting Their People.”

"It’s not clear that there is a JCP culture anymore," said DeRose. "Visit the job boards or read the press and you find open disregard for senior management. Walk around your local store and you’re likely to meet a disengaged employee."

JCPenney COO Michael Kramer despised the old culture and wanted to change it.

"I hated the old culture," he told The Wall Street Journal. "It was pathetic."

Yet, not enough has been done to build a new culture at JCPenney. It's stuck in a period of chaos.

"Insufficient time has been spent defining what the new culture will be," said DeRose. "Rather than just indict the old culture, the company needs to invest in defining an energizing vision of what it will be that employees can buy into at a local level."

It didn't help that the new practices he brought from Apple were shunned by workers from the old era of JCPenney.

"Some of these – flashy presentations with a 'big reveal,' hyper-secretiveness – don't translate well when you have over one hundred thousand employees who are concerned about their jobs amid layoffs," said DeRose.

DeRose contrasted what's happening at JCPenney with what Yum! Brands CEO David Novak did at his fast food giant.
See, Yum! had three totally different cultures at its big brands: KFC, Pizza Hut, and Taco Bell.

But Novak didn't impose his own cultural definition on his minions.

"He engaged management in defining a distinctive culture that is in large measure responsible for their enormous success," explained DeRose.

"This isn’t just management fluff," he continued. "Retail is a contact sport and how employees feel when they show up for work directly impacts the customer experience."

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