**BAB235 Case Analysis Questions on J.C. Penney**

1. Given the facts of the case, summarize the business philosophy of Mr. Penny and state how it was different from Mr. Johnson’s vision.

* **Business Philosophy of Mr. Penny:** He focuses on all kind of customer and under the basic theory that customer keeps business alive. As the owner, he wants to give customer the best deal that he has, therefore, by 2011, he has made over $17 billion in sale on over 1.1k stores, by targeting the lower class, which has the most population in every country
* **Business Philosophy of Mr. Johnson**: His target is set to the high-end customer, where he believes they can bring the most sale to, and because of that, all of the sales, discounts, and coupons are no longer exist. In the other hand, in order to increase sales and cut down unnecessary cost, he fired a lot of employees, which never happen since J.C. Penney was opened, created a bad image to the customer. He even replaced the team which he referred to as “old-fashioned” team with his team, who are lack of experience in retail industry. He turned the store from a small store into a mini-mall concept, each has their own section with stuff that is kindly upscale, where they accumulated a total of 700 items in the mini-mall.

1. Describe the new strategy of Mr. Ron Johnson and explain its implications on the customers and salesforce.

* Rom Johnson wants to upscale J. C. Penney into like a mini-mall, where they can sell a lot more things than just a small store before. His implications are to target high-class customers, in which these customers can easily buy stuff with less or non-consideration, while the lower class takes a long time to think about it. About workforce, the reason that he cut so many employees is that he feels there's too many people in a store, where some of them are not even necessary, so it’s good to fire them, keep the cash flow to get more profit and capital. Ron Johnson also redefines a whole company structure, went from a store, with the main customer are low-class people to a mini-mall, where they can get more stuff but most are the high-value item.

1. Distinguish between the organizational culture of J.C. Penney before and during Mr. Johnson’s tenure.

* During J. C. Penney tenure, he follows his method is to target low-class people, as he believes they are the majority in every country population. Therefore, in over 100 years of operating, J.C. Penney has expended itself into more than 1.100 stores across the country, make shopping convenience to everyone, as demand also increase. We can say J.C. Penney method is likely the same as No Frills or Walmart, while Johnson is a combination of President’s Choice and some middle fashion store, furniture store. During Johnson’s generation, the company completely lose customers, market because they start from the beginning into a new area.

1. Describe the impact of Johnson’s strategy on the future growth of J.C. Penney. What lessons in your opinion are to be learned from the case?

* Impact of Johnson’s is that, instead of keeping a company, which is already settled up everything, has a certain amount of customer and popularity, he decided to change the method working of the company, not slightly, but it’s simply that he moved the company in a direction that nobody expected. One part, they said that Johnson keeps his thoughts about how’s the company going to improve in the future to himself, which is a big failure. He graduates from Harvard doesn’t mean he’s always right. His thoughts about how’s the company going should be shared along with all team, staff member in the company so they can assess either that’s a solution or a failure. Another thing needs to consider is Johnson trusted his team too much, that he carelessly put them into a company, where they have no background about retailers. Lastly, fired that amount of employees caused a bad image for the company, as they supposed to create more job not to fire (I think for some people, they might think it’s a sign that company is going down) From the story, I think the key ideas here is teamwork. A person cannot run a company, they need a team of departments, and each department is also a team who cooperate together, share ideas about how to make the company stronger. Johnson probably thought his ideas work because it used to work on the previous company, well, each company fall into a different situation, and therefore, there must be a different solution to each case.