BAB235 – Template for Case Analysis

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| **IDENTIFICATION OF PROBLEM(S)**   * Ron Johnson, the new CEO of J.C. Penney, decided to change the company in his method, from a store concept to a mini-mall concept. He then change the whole structure of the company, by fired many employees, as he believes they are not necessary to have that much employee. He then, bring his group in, who has no experience in retail market, and fired many key employees (made a demoted such as old senior down to executive vice-president and all vice-president are fired). During the meeting, he only share a bit of his thoughts about how’s the company going to improve, and sometimes don’t let the employees to question his decisions or even not listen to any concern from employees. |  |
| **DECISION CRITERIA**   * J. C. Penney need to find a solution to change their image to customer. Many people find J. C. Penney old-fashioned as they have no improvement compared to other competitors. J. C. Penney didn’t even join the Internet market as they contribute a large amount of sale from home shopping people |  |
| **ANALYSIS**   * The Issue could be he focused too much on his “Golden Rule” that great customer made great brand. Compare to other competitors, they probably make changes in their apparel product to fit with different kind of customers. I would say one part that Johnson did was correct is that, he fired the employees that he believes they are not necessary in the store, therefore increase the profits. He also right, to bring his team member in, as they might have a different ideas toward the issues, but demoted key player who used to work and bring the success to the company is not the move. The main issue for Mr. Penney is he keeps the traditional way of the store, how it like from the past until now, and that’s how customers get bored with the image, that the store never change. About Johnson’s part, he has successfully come up with an idea that change from a retail store into a mini-mall concept, by that way, it creates a diverse category of apparel for customers, also a new way of shopping for them. The only mistake and brought him down is his thought. He graduated from Harvard doesn’t mean he’s always right. During his generation, any ideas about J. C. Penney movement are secret. Therefore, nobody have any idea about how is he going to do next, if his movement is right or not, does he need any support during the movement? I believe, if he shared his idea aloud, people won’t turn that ideas down, instead, they can give him advice how to improve, or point at any mistake or holes on his point so he can improve that. |  |
| **ALTERNATIVES**   * Beside Johnson ideas, I can think of a new ideas for Penney, where he get to change the image of the store, but at the same time can keep traditional method of sale. Penney should looking for people at different age range, in both gender as they know what kind of apparel is best fit for them, then Penney can starts to go with that way, also hiring model and let them try the apparel is one of the best way. If nothing is being done, the stock will decrease, customers won’t go to J. C. Penney anymore, lead to a closure. * One of the other method, I can use from Johnson is to go with a mini-mall concept, with 50% of the mall is product of J. C. Penney, where the other 50% is the composition of other market retailers who commit to distribute their product exclusively to J. C. Penney mall only. Due to popularity and number of stores, they can surely get profits back. Every month, we will get a loyalty money from them (on % of sales). This way, we can create a diverse apparel for customers to choose and don’t worry about customers will leave us or reduce in sale. * Instead of changing the format, or inventory, we can do some work on J. C. Penney to make it exclusively. J. C. Penney can create products under their name, make it high-quality and sell it for a price range from medium-high, therefore, they can change an image, as a retailer to a brand. This is a risky plan but if we can make through it, it will bring a lot of profit back as well as popularity |  |
| **DECISION(S)/**  **RECOMMENDATIONS**   * In my opinion, J. C. Penney should go with the mini-mall concept, that include some exclusive brand to create diverse in sale. The mall would still named under J. C. Penney, but inside customers have more option to choose, so it is a win-win method. This way, J. C. Penney not only have a new face, customers from those exclusive store, but also get a better way to attract customers, satisfy more customers. For the current staff, I will ask them if they think the plan need to improve or change anywhere, then allow staffs to vote whether the idea is necessary or not. |  |
| **IMPLEMENTATION**   * Based on the idea upon, I will get each of the executive vice-president to do the research about who they think should be partner with our store. It will take sometimes to set everything up as we are building from a mess but once it get complete, it will be a smooth one. This demo will apply at all J. C. Penney stores located at big city for testing purpose. Once potential problems come up and we sort it out, we will apply the method at smaller city. Potential problem we think could happen is people will buy stuff from the other stores in the mall, and that is the biggest fear. To address that, we have to make sure that, the products they are allowed to sell at our stores are only exclusive product. Those that are similar or general to J. C. Penney won’t allow to sale. Reasons why we are doing this is not only to keep customers at our store, but also allow other stores to show the best they have. J. C. Penney is popular in America, therefore, we have an advantage in terms of customers and popularity, good enough to put some conditions in contract that force other stores to follow. |  |

**Note: Use the above template to analyze the case, then answer the four questions at the end of the case on a separate sheet.**