Best Buy: General Characteristics

Best Buy is a retail store that specializes in electronics. The ability to purchase almost anything at online has created a strain on a lot of brick and mortar stores, especially those who specialize in one type of item. This is true for Best Buy as well. Best Buy hired Hubert Joly as the new CEO in September of 2012, and Joly hired Sharon McCollam in December of the same year (Kinicki and Williams, 2018). Together they tackled a lot of the big issues that Best Buy was having and brought it back on a path to success.

Best Buy used evidence-based management in a few ways to help improve the company. One of the key ways that Joly and McCollam improved the success of Best Buy was to implement a sales performance tracking method created by Chris Schmidt. This performance metrics tracker helped Best Buy identify employees that needed more training, as highlighted ways to steer the employees in the right direction. According to Schmidt, doing this yielded “massive amounts of returns” (Kinicki and Williams, 2018). Best Buy also implemented a price matching policy, in which the store would do exactly that. If the product was sold at a lower cost at another retailer Best Buy would match that pricing for retailers like Amazon and more than a dozen others. And because consumers know they are getting the same price at another retailer why wouldn’t they go to a store that specializes in electronics, with workers who know the products and can offer advice and opinions about what would nest suit their needs? This helped draw consumers back into the store, where they were able to see the improvements that had been made. Gone were the dusty shelves and crammed sales floor. Best Buy’s chief financial officer Sharon McCollam also personally visited 75 of the stores to help determine just what changes would need to be made. And these changes paid off. “Gone are negative quarterly sales results and sinking profit margins. The stock price has shot up fivefold. Market share has widened, and employee turnover has plummeted. Consumers actually like the company now” (Crosby, 2019). Best Buy and its leadership have not gone too far with their changes or using evidence-based management, and the proof is in the numbers. “Over the past four years, annual earnings per share have more than doubled” (Crosby, 2019). Those numbers speak for themselves. The consumer market is pleased with the changes, and sales are a direct result of that.

Rationale was also used in the reduction of costs that Best Buy had. McCollam got rid of the Super Bowl advertisements, the company’s private jets, trips to the World Economic Forum, and sponsorships for NASCAR because she did not believe these costs were directly improving the sales for the company (Kinicki and Williams, 2018).

The main idea behind management science is an analytical method to solve problems. This can be done through things such as systems analysis, some parts of human behavior, and decision making. When Best Buy stopped being successful and the company felt the strain of online shopping and online retailers like Amazon, combined with the stress of lapses in judgement by previous leadership the board realized it was time to steer the company into a more successful, adaptive future. Best Buy innovated their retailing by renovating the stores to be airier, better staffed, and roomier. They changed their shipping so that customers could get products delivered directly to them, they created price matching, changed training and improved staff knowledge, and they empowered their employees to be able to make better decisions and interact with the consumers more effectively (Kinicki and Williams, 2018). The Renew Blue

program started by Joly was the start of improvements for the company, on many different levels, and it has served the company well and led them back into success.

The four parts of a system create a viewpoint of progress, innovation, and overall improvement for the company. The inputs of a system are new leadership, like Joly and McCollam, but also the training of employees which created better salespeople and improved customer service. Best Buy also invested in improving their store locations to help draw customers in and ensure they would continue to come back, which is part of the transformational process. McCollam removed the work from home program to encourage better work output, and they started price matching 19 stores. The output of Best Buy is the ability to sell more products and retain customers through all of the above-mentioned improvements. The changes made by Joly and his team brought Best Buy back into the market in a competitive manner and helped restore consumer faith in what the company had to offer. The company acknowledged the capabilities of other companies (like shipping directly to a customer's home) and adapted their policies and abilities to compete.

The quality management viewpoint looks at things such as quality assurance, quality control, and total quality management. Renew Blue is a total quality management approach. It involves every level of employee at the company from the newest sales person all the way up to the CEO. Best Buy does this through the implementation of Schmit's employee sales tracking. It allows Best Buy to help their employees to continue improving and therefore improve customer experiences and sales. Employees are trained and empowered to be successful and improve customer satisfaction.

When Hubert Joly became the CEO of Best Buy he changes the way the company ran. He did not revamp the company in only one aspect. He used Renew Blue to change the way sales are made, the customer experience, the online store capabilities, the functionality of the physical locations, and the logistics of the company. The changes Joly and his team made brought Best Buy back into the market in a sustainable and competitive way.