



# A VALUES BASED CULTURE

**Robert Spector &  
breAnne O. Reeves**

# If “vision” embodies the head of your organization, and “mission” personifies the heart, then “values” symbolize the soul.

Every organization can cite its vision and mission statements, but few recognize the existential value of values.

In order to stay competitive, organizations must be guided by philosophies, practices, and strategies that deal with current and future market conditions. In order to ensure longevity and loyalty, organizations must have a foundation built on its non-negotiable values. And organizations can create a sustainable culture only by hiring people who share their core values, which we define as “standards of behavior; the non-negotiable beliefs that are most important in one’s life.”

That’s why Nordstrom, founded in 1901 as a tiny shoe store, has been able to survive and thrive through two world wars, the Great Depression, a myriad of recessions, as well as the vagaries and vicissitudes of the retail fashion business to become an omni-channel merchant generating annual sales of \$15 billion, with an international reputation for a superior customer experience, both in-store and online.

“Values define who we are, and if they change we become something else,” said Pete Nordstrom, co-president of the company along with older brother Blake and younger brother Erik, who are great-grandsons of the founder. “Practices are ways of doing thing that express our values. Practices may serve us well for long periods of time, but they are not values, and therefore can be changed without changing our culture.”

Over the past two decades, we have worked with a vast cross-section of organizations (most of them not in retail), ranging from Fortune 500 companies to mom-and-pop businesses, that want to become the Nordstrom of their industry—or at the very least to improve their level of customer service. We’ve learned that it is extremely difficult (if not impossible) to improve customer service in an organization that doesn’t already have the requisite values in place.

When it comes to the song of customer service, everyone knows the words, but few can carry the tune.

Nordstrom succeeds by adhering to a set of non-negotiable values that enable the Seattle-based company to first attract and then retain people who share and abide by those values. Only those kinds of people will be happy working for Nordstrom, which is a fast-moving, hyper-competitive company that demands results. We’re not talking about surrounding yourself with people who think as you do, but rather people who believe as you do.

The employee experience determines the customer experience. Have you ever done business with a company where the employees are miserable, yet somehow they give you great service? That can’t happen. Nordstrom’s philosophy is to hire people who are attracted to the company’s entrepreneurial culture and provide them with opportunities to succeed as both individuals and as team members.

After decades of research and four different books on the company, we have identified nine values that make Nordstrom Nordstrom:

- |            |                                    |                                 |
|------------|------------------------------------|---------------------------------|
| 1. Trust   | 4. Awareness                       | 7. Competition and Compensation |
| 2. Respect | 5. Humility                        | 8. Innovation and Adaptation    |
| 3. Loyalty | 6. Communication and Collaboration | 9. Give Back and Have Fun       |

“Trust” comprises almost 20 percent of the narrative of our new book about the company, because it is the foundation for all relationships. Without trust, the remaining values are meaningless.

Every meaningful personal and business relationship is based on trust. The only organizations that achieve loyalty and longevity are those that work to earn trust literally every day. Businesses that violate that trust will be severely—if not fatally—harmed. A trustworthy company understands that reputation is everything. Without the trust of their stakeholders—including employees, shareholders, customers, suppliers, etc.—they may as well as turn out the lights, lock the doors, and go home.

“Everything that we do is done through trust,” one Nordstrom department manager told us. “I trust my team to make the right decision so that the customer walks out the door with a smile on their face and is carrying the purchases that help keep that smile on their face.”

Trust is not a strategy. Trust is how and why we live our lives—both personally and professionally. Studies have shown that employees in high-trust organizations are more productive, have more energy, collaborate better, and are more loyal to their employers. You can’t convince or teach people to share values. You can only attract men and women who already share your core values.

Our clients often ask us how Nordstrom finds people who want to give outstanding customer service.

“Most of the time, they find us,” said chairman emeritus Bruce Nordstrom, the father of the brothers who currently lead the company. “We can hire nice people and teach them to sell, but we can’t hire salespeople and teach them to be nice. We believe in the philosophy of ‘hire the smile, train the skill.’”

Nordstrom provides little in the way of a formalized training program. When asked who trains Nordstrom salespeople, Bruce answered: “Their parents.” Or their grandparents or guardians—whoever instilled them with a set of values.

High-trust companies hold their people accountable and treat them like responsible adults.

“The Nordstrom Way” can be summed up in three sentences:

1. Stay true to the values of the culture.
2. Attract people who share the values of the culture.
3. Teach and coach based on those values.

The challenge is to stay consistent with that humble vision in order to replenish the workforce with like-minded people.

When it comes to the song of customer service, everyone knows the words, but few can carry the tune.

# Hiring/Onboarding

On their first day of orientation, new employees are given a 5 1/2-inch by 7 1/2-inch card entitled “Nordstrom Employee Handbook.” One side of the card says:

*Welcome to Nordstrom. We're glad to have you with our company. Our number one goal is to give great customer service. Set your personal and professional goals high. We have great confidence in your ability to achieve. We have only one rule:*

Flipping the card over reveals the one rule:

*Use good judgment in all situations.*

That's it. This simple, straightforward directive is the foundation upon which The Nordstrom Way is built because it removes the roadblocks to taking care of the customer. Nordstrom believes that the more rules an employee is asked to follow, the more the employee is separated from the customer. Rules and policies reflect the company's perspective. Good judgment reflects the customer's perspective. Nordstrom doesn't want to give an employee a reason to say “no” to a customer. Nordies are judged on performance, not on obedience to orders. That's called empowerment. Empowerment to do the right thing is the byproduct of trust. In most organizations, “empowerment” is a cliché. At Nordstrom, it's a reality. Nordstrom wants its people to operate like nimble entrepreneurial shopkeepers rather than static blocks in a retailing monolith.

Blunders are not fatal; in fact, they can be transformed into opportunities. When you prove your trustworthiness by promptly admitting mistakes and rectifying them quickly, you strengthen and deepen your relationships.

“We are going to keep making decisions that are in the best interests of the customer,” said Geevy Thomas, Nordstrom’s Chief Innovation Office. “When you’re deciding what to do with a customer on the sales floor, ask yourself: ‘Does it pass the test of reasonableness?’”

How do you define “reasonable”?

After one of our RSi customer service workshops for a prominent financial services company, we were approached by an attendee, who was on crutches because her left leg had been amputated from the knee down. She told us this story:

“I would go to department stores and ask if they would sell me one shoe. That request made them nervous and ill at ease. They would apologetically tell me that they could not do that. It was against the rules! Finally, I went to Nordstrom and asked if they would sell me one shoe. The saleswoman said, ‘Absolutely,’ and they charged me half the price. I’ll always give Nordstrom my business.”

When he heard that story, Geevy Thomas said, “That’s a reasonable request!”

Nordstrom wants its people to operate like nimble entrepreneurial shopkeepers rather than static blocks in a retailing monolith.

# Inverted Pyramid

Nordstrom's empowerment culture is illustrated by the company's informal structure of an Inverted Pyramid. [See illustration], which guides the leadership style, which is about support, not command-and-control.

Customers sit atop the Inverted Pyramid. Beneath them are the salespeople, who are supported by department managers and executives. This is both a literal and symbolic way of how the company runs its business. Customers are on top because they are the most important. But the next most important are the sales-people because they are the ones who are closest to the customers and are the engines that power the machine. If they aren't making money, then the company isn't making money.



As employees rise up through the managerial and buying ranks, they are referred to as “moving down the pyramid,” “supporting” their departments, and providing “servant leadership.”

Said store manager Adrienne Hixon: “Those of us farther down the Inverted Pyramid know our marching orders, which is to support those closest to the customer. That’s a huge trust factor.”

# Trust Among Customers

Retail is where the economic order and the social order meet. The brick-and-mortar experience will never die because we are all social animals. No matter how electronically wired we are, there will never be a substitute for personal interaction for creating long-lasting relationships. According to a global study from IBM, 67 percent of members of Generation Z shop in bricks-and-mortar stores “most of the time,” with another 31 percent shopping in-store “sometimes.” In other words, 98 percent of Gen Z shop in store at some time or another, and they still expect a personalized experience.

Most shoppers say that in-store purchase decisions are influenced by store associates, whom they seek out for help or recommendations. These shoppers say that they are more likely to make a purchase from a sales associate who has helped them in the past. Sales associates who remember the customer’s personal preferences have a positive effect on how much they buy.

Front-line people are empowered to establish relationships with customers and to find ways to take care of them. They must be able to listen to the customer, understand their needs, and follow through to fulfill them. If a salesperson can’t find an item that a customer has requested, Nordstrom insists that the salesperson gets back to that customer to engender trust and loyalty.

The best Nordstrom salespeople take a long-term view of their business. It’s not about making the big sale with one customer and not caring if you ever see them again. It’s about developing an enduring relationship built on trust. Twenty years ago, a female salesperson in menswear helped a young man on a tight budget find his first business suit for an interview. The salesperson made sure that her customer walked out of the store with complete confidence that he was dressing for success. He got the job, his company prospered, and he eventually became an influential public figure in the local Baltimore area. Over this time, he continued his long-term relationship with his Nordstrom salesperson until her retirement.

# Return Policy

Nordstrom is famous for its virtually unconditional, no-questions-asked money-back guarantee. (Due to public health laws, there are some product category exceptions, such as cosmetics.)

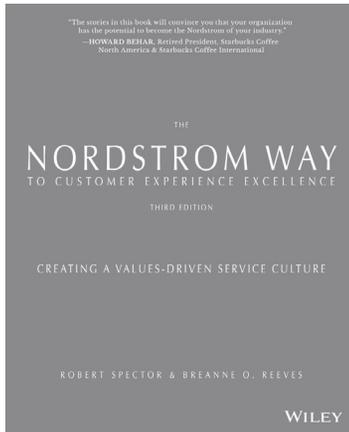
“We believe in empowering our salespeople to deliver the best service,” said Jamie Nordstrom, President of Nordstrom Stores. “The best person to make a decision on how to best serve that customer—including taking returns—is the person standing right in front of the customer.”

As counter-intuitive as it may sound, the return policy works to the benefit of the best salespeople, who realize that returns are part of the game. They take back the returns with a smile, knowing that many of those customers will return. Enterprising Nordstrom salespeople will even send a thank-you note to a customer who has returned a purchase. Wouldn't a gesture like that get your attention?

Trust is fragile. It is a value that has to be reinforced every day in as many ways as possible. Nordstrom has been able to maintain that trust as best as it can. That's not easy, with more than 72,000 employees across North America and Puerto Rico. The company continues to prove that a culture of core cultural values will always be the foundation for loyalty, longevity, and profits, one customer at a time. 📖



# Info



**Ready to dig deeper into this idea?**  
**Buy a copy of *The Nordstrom Way to Customer Experience Excellence*.**

Want copies for your organization or for an event?  
We can help: [customerservice@800ceoread.com](mailto:customerservice@800ceoread.com) 800-236-7323

## About the authors

Robert Spector is co-founder of the RSi consultancy, bestselling author, international speaker, educator and advisor to organizations. He is also the author of *Amazon.com: Get Big Fast* and *The Mom & Pop Store*.

breAnne O. Reeves is co-founder of the RSi consultancy, and has worked for over a decade in customer experience. She oversees application development and implementation to inspire and support clients as they begin the journey of becoming the Nordstrom of their industry. RSi has worked with Salesforce.com, Starwood Hotels, Federal Reserve Bank, Indeed, Kaiser Permanente, and many small-to-medium-sized organizations.



Powered by the love and tender care of 800-CEO-READ, ChangeThis is a

vehicle for big ideas to spread. Keep up with the latest developments in business books and ideas at [800ceoread.com](http://800ceoread.com)

This document was created on December 20, 2017 and is based on the best information available at that time.

The copyright of this work belongs to the author, who is solely responsible for the content. This work is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs License. To view a copy of this license, visit Creative Commons. Cover image from Adobe Stock.

## Share this

Pass along a copy of this manifesto to others.



## Subscribe

Sign up for e-news to learn when our latest manifestos are available.

