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West Elm: Bringing Purpose to Its Corporate Ecosystem Through Human Resource Practices

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West Elm, the Brooklyn headquartered furniture and home lifestyle store, was launched in 2003 by parent company, Williams-Sonoma. In 2009, six years from inception, West Elm had yet to turn a profit and had closed several stores (Sacks, 2014). In 2010, Jim Brett was brought in as President to turn the business around, and that he did. In the 2015 fiscal year, retail sales were \$821MM, up 22% vs. YAG, with same store sales up an impressive 15% (William-Sonoma, Inc., 2015).

Upon assuming the role of President, Brett made sustainability a key point of emphasis, focusing on building consumer appreciation for the brand by ensuring that West Elm's product offerings were high quality, global (yet local) and sustainable. The annual report proudly states, "Everything West Elm does is designed to make an impact" (William-Sonoma, Inc., 2015). The company committed to supporting and showcasing artisan work from around the world, using only fair trade certified products, and to supporting the communities where West Elm operates (William-Sonoma, Inc., 2015).

Brett's focus on sustainability was by no means limited to its products, as West Elm looked to mainstream sustainability into all aspects of the business, including how it manages its employees. Allison Hyers, VP of People, is working with Aaron Hurst, a consultant and author of *The Purpose Economy*, to infuse purpose throughout the West Elm organization (Hurst, 2014).

Hurst hypothesizes that a new economic era has emerged where "value lies in establishing purpose for employees and customers through serving needs greater than their own, enabling personal growth and building community" (Hurst, 2014). He cites millennial startups like Etsy, Airbnb, Tesla and Kickstarter as examples of companies creating value by connecting with the greater community and infusing purpose into one's work. West Elm's predominately millennial workforce has passion for getting better connected to customers and artisans and in so doing tap into their purpose (Hurst, 2014).

West Elm began its purpose journey in 2015 by re-envisioning its three critical Human Resources (HR) areas. For example, after examining Talent Acquisition through the purpose lens, it is now thought of as “Relationships,” since acquiring new talent is primarily about building meaningful relationships, which should start in the recruitment process. Similarly, what was considered Engagement and Culture is now thought of as “Impact” and Learning and Development is considered “Growth.” This re-categorization of HR areas has impacted all aspects of the employee engagement process, from how potential hires are interviewed and new hires are on-boarded to how employees are developed and retained (A. Hyers, personal communication, 08.19.16)

Relationships (Talent Acquisition)

West Elm began infusing purpose into its HR activities by rethinking its job descriptions and rewriting its job requirements with purpose in mind. The newly revised job descriptions were far less generic and described the type of purpose-oriented individual that would be successful at West Elm and the impact the employee would have on the company and society. By mid-2017, more than 70% of the job descriptions had been rewritten. According to Hyers, this change has resulted in fewer applications but an improved applicant pool, as the applicants have been significantly more qualified. West Elm recognizes that not all departments require a candidate with purpose but this change in job descriptions has facilitated a more focused conversation between the applicant and hiring manager and creates a better understanding of the ideal candidate for both applicants and West Elm (A. Hyers, personal communication, 11.16.16).

The purpose approach towards recruitment continues in the interviewing process, when candidates are evaluated for their purpose inclination. More specifically, individual candidates are evaluated on how they got to their current place in life, what they did to get there, and for whom they did it. Prior to candidate interviews, purpose toolkits are delivered to all hiring managers; these provide tips for eliciting responses about the type of impact the candidate has had in their current job, the type of growth they’ve delivered and the type of relationships they’ve built. Because relationships and impact are so

important to the candidate's success, the interview process now includes meetings with a cross-functional slate of individuals with whom the candidate will interact, once hired (A. Hyers, personal communication, 11.16.16).

Another change to HR practices was made to the process for promotions to Director-level positions. The Director-level promotion is recognized as a step into a leadership position and is accompanied by a significant increase in both job scope and compensation.

Historically, West Elm would promote candidates based on tenure and support from a candidate's manager. The revised process now includes interviews with the company President and a panel of key executives. The executive panel includes what West Elm calls a "bar-raiser," an individual that typically doesn't interact with the candidate. His or her inclusion on the executive panel is to provide an objective perspective on the candidate's purpose-mindedness, and to highlight issues/opportunities that may not be readily apparent to individuals well acquainted with the candidate (A. Hyers, personal communication, 11.16.16).

In cases where a candidate is not supported for promotion, the process now requires the candidate to receive a corrective action plan directly from the senior leadership team. The candidate will receive support to address the improvements needed, after which the promotion decision will be revisited. Hyers commented that she "doesn't think the process would be successful if they didn't have some people that didn't make it" (A. Hyers, personal communication, 04.19.17).

An example of the impact of this new interviewing process can be seen in hiring for a historically hard to fill position. According to Hyers:

"We had one of the harder jobs to fill, it's not glamorous and probably has the most turnover. We received 500 applicants and conducted three in-person interviews which resulted in one job offer. That person lasted 75 days, saying that they didn't have the tools to do the job and that it was far too much for one person. We took that feedback, changed nothing

about the job, but positioned the role differently in the job description, highlighting the type of relationships that this individual would make, the type of impact that they would have and the personal and professional growth they could expect. We then screened for purpose-minded people with impact and growth potential and we had a cross-functional interview team. We had 200 job applicants, five in-person interviews and three finalists and we could have hired any of them--we couldn't decide. The person we ultimately hired took a lateral move. I checked in with this individual before a recent board meeting and they said, 'I have the tools to do the job, I welcome the workload and I feel I am making an impact.' It was screening differently, it was listening differently and we are thrilled" (A. Hyers, personal communication, 04.19.17).

The revised, purpose-oriented job descriptions have driven other benefits for West Elm. Departments in which reliable attendance and being on time are critical for delivering the business outcomes, report improvements in employee attendance and punctuality and credit more well defined expectations in the job description for the improvement (A. Hyers, personal communication, 04.19.17).

Given that the company has been growing significantly, HR may extend 10 offers a week, making this new, purpose-oriented process invaluable. Hyers says they have had to occasionally rely on their old methodology, in cases where they have been unable to change the job description in advance of an opening. She notes, however, that she expects this to change quickly, as the company has recognized that the candidate pool vastly improves when they have a purpose-oriented job description (A. Hyers, personal communication, 04.19.17).

Growth (Learning and Development)

The growth of its people is defined by West Elm as: 1) making deep relationships, 2) having an impact on others and the community, and 3) creating personal and professional goals. Hyers explains:

“Growth does not have to be a vertical change...what we found with regrettable resignations that we were able to impact, was that they really wanted to make a “splash;” they wanted to make an impact and, for them, that could mean taking on a new assignment or expanding the responsibilities of their current assignment. If West Elm were able to provide the opportunity, we could have retained them”.

West Elm strongly prefers to fill positions with internal candidates. In some cases it is through a promotion, but just as often it is through a lateral move that provides the individual an opportunity to broaden his or her skillset. This is not limited to headquarter moves alone; West Elm has also had individuals move from retail stores into corporate positions. Hyers goes on to say that “there is also healthy turnover as a result of good conversation.” She ensures that conversation about purpose, interest and performance is an ongoing discussion and not limited to bi-annual performance reviews. This *growth* focus has resulted in a sharp decline in what she calls “regrettable and uncontrollable” resignations (A. Hyers, personal communication, 08.19.16).

In addition to ensuring that purpose conversations are happening regularly, a corporate-wide *people* metric has been added to individual performance evaluations, which tracks the employee’s people management and engagement skills. If an employee gets a “needs improvement” in this area, they do not receive an annual merit increase. This was put in place because West Elm found that an individual’s superior was often the reason for an employee’s resignation. The HR department has provided an arsenal of tools for “people challenged” managers to improve their performance (A. Hyers, personal communication, 11.16.17).

Impact (Engagement and Culture)

The third pillar for West Elm's HR approach is Impact. Since Brett was appointed President, several programs have been instituted, including FYI Fridays, where he speaks to the organization about critical activities, new results, inspiring stories, and recognizes employee contributions, all with the end goal of providing transparency and connection to the West Elm community and ultimately improving employee retention. This Friday forum allows senior management the opportunity to impact the organization's culture and purpose and enables employees to better connect with the leadership. The leadership team recognizes that they are taking a risk by sharing confidential information, but believe sharing the company's positive impact is critical for employee engagement (A. Hyers, personal communication, 11.16.16).

The company is also focused on bringing purpose to their retail stores and piloted its program in Seattle. The program aims to bring like-minded customers together to interact, engage on an informal basis and build relationships.

“We selected Seattle because it is home to a fairly transient group, lots of newcomers, and the store became a newcomers' hub. We first did dinners for newcomers, and then we found our existing customers wanted to meet like-minded people and West Elm provided the venue. It was a very successful initiative. We want to talk about the kind of change our clients want to make. We also need to better understand who our customers are (are they really customers, are they converting to purchasing our products...need to understand all this) and it's great that it's becoming part of the store effort and not just HR driven” (A. Hyers, personal communication, 08.19.16).

West Elm continues to experiment as they seek ways to infuse purpose into their organization. Hyers says that not everything has worked. Purpose ambassadors, coffees,

and happy hours have been unsuccessful. She believes that extrinsic motivations with regard to purpose fall short because purpose is intrinsic. She recognizes that scaling this effort will have its challenges. West Elm is still small enough to make an impact. When asked if the parent company, Williams-Sonoma, has adopted their purpose focus, Hyers responded that initially they took a wait and see approach but are now more interested (A. Hyers, personal communication, 08.19.16).

The biggest lesson that Hyers has learned on this purpose journey is that “if we do it right on the front end, screen our candidates for purpose, look for those who have passion, who know the type of impact they want to make, what growth looks like for them...I don’t think we need to do much beyond that, because you’ve selected people with purpose” (A. Hyers, personal communication, 08.19.16).

West Elm is now at an inflection point, as Jim Brett has recently accepted the position of Chief Executive Officer at J. Crew (J Crew Group, Inc., 2017). Succeeding Brett at West Elm is Alex Bellos, former head of the Rejuvenation and Mark and Graham brands, subsidiaries of Williams-Sonoma. Bellos is returning to West Elm, having been Vice President of Strategy from 2010-2013 under Brett (Business Wire, 2017).

Discussion Questions:

Do you think West Elm will continue to build purpose as core to its brand, now that Jim Brett is no longer at the helm? Why or why not?

What role will West Elm play in determining the role of purpose and sustainability at Williams-Sonoma?

What might Alex Bellos do to enhance Jim Brett’s and Allyson Hyers’ initial efforts?

Do you think purpose and sustainability can and will play a role in Jim Brett’s turn-around of J. Crew? If yes, on which issues do you think he should focus?

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