

Extension Material 1.1

The Men's Wearhouse

This case study is based on chapter 4 of O'Reilly and Pfeffer's (2000) book, *Hidden Value*. It has been chosen because it represents an example of an unfashionable company that achieved success through its distinctive people-orientated business philosophy and, through this, was able to access the full potential of its employees.

The Men's Wearhouse is a US clothing retail business founded by George Zimmer in 1973. In a market that faced little or no growth, the company achieved a five-year annual growth rate of 26 per cent in revenues and 29 per cent in net income between 1995 and 1999, a period during which other retail clothing chains closed stores or suffered financial hardship. Why was the Men's Wearhouse so successful?

A significant part of the answer can be found in its founder's underpinning humanistic philosophy, which is expressed in the following statement (O'Reilly and Pfeffer, 2000: 86):

Our mission . . . is to maximise sales, provide value to our customers, and give quality customer service while still having fun and maintaining our values. These values include nurturing creativity, growing together, admitting to our mistakes, promoting a happy, healthy lifestyle, enhancing our sense of community and striving to become self-actualised people.

O'Reilly and Pfeffer accept that this people philosophy and the need to develop them to be the best they can is at odds with the prevailing view held by other US retailers and most other industrial companies. It is a philosophy and an approach to managing people that would be difficult to copy, but it has worked for this company. In trying to tease out the lessons that can be taken from the case study, O'Reilly and Pfeffer make one powerful statement: in an industry that is not known for the quality of its employees or management concern with their interests, the Men's Wearhouse stands out precisely because it didn't treat its people badly! They claim that:

By exceeding people's expectations concerning the chances they will be given, the dignity and respect with which they will be treated, and the opportunities they will have, the company builds an incredible sense of loyalty and commitment. Doing the unexpected—doing more than is expected—earns the company extraordinary performance from its people. If there is a lesson here, it is the power of treating everyone as if they are important and matter.

(2000: 97)

The following statement from the current CEO is about the company's philosophy, taken from its website. On the website, it is followed by further details of the company's business and employment policies and practices.

Corporate governance

To All Employees, Officers, and Directors:

Since we opened the doors more than 30 years ago, The Men's Wearhouse mission has been to maximize sales, provide value to our customers, and deliver top-quality customer service while still having fun and maintaining our values. It is our commitment to high ethical standards and quality relationships with each other and our stakeholders—you, our customers, our shareholders, and our vendors—that makes us a successful business and one of the best companies to work for.

Trust and respect are the cornerstones of our philosophy; our collective honesty, sincerity, integrity, responsiveness, authenticity, mutual goodwill, and caring for each other will allow us individually and as a company to achieve maximum success. They are also the cornerstones of our values; nurturing creativity, growing together, admitting to mistakes, promoting a happy and healthy lifestyle, enhancing a sense of community, and striving toward becoming self-actualized people. This Code of Business Conduct will help you ensure that these core values, our mission, and our integrity are internalized and perpetuated as we grow individually and as a company.

I am happy you have chosen to be part of our team, and with your help we will continue to be recognized as a great company characterized by high standards of ethical conduct in all that we do.

Doug Ewert

President and CEO of Men's Wearhouse



REFERENCES

Men's Wearhouse, http://www.menswearhouse.com/webapp/wcs/stores/servlet/ContentAttachmentView?contentName=MW4ABTcorporateGovernance.html&catalogId=12004&top=&parent_category_

[rn=&categoryId=&langId=-1&storeId=12751](#) [accessed 4 April 2017].

O'Reilly, C. A. and Pfeffer, J. (2000) *Hidden Value*, Harvard Business Publishing.