Aldi Case Study

August 21, 2013

CRCRTH 611 - Critical Thinking in Business

By

Aderonke Adeyeye (pink text)

Jill Corson Lake (teal text)

Lauren LeGendre (black text)

**Executive Summary**  Aldi is the eighth-largest food retailer in the world. It was founded by Karl and Theo Albrecht in 1913. The brothers split the company in 1960 to form Aldi Nord (North) and Aldi Süd (South), which have been financially and legally separate since 1966 ("Aldi" Wikipedia).

Today there are about 4,981 stores that belong to Aldi North and 4,504 stores that belong to Aldi Süd. Aldi Nord operates in Denmark, France, Belgium, The Netherlands, Luxembourg, Spain, Portugal, and Poland. In addition, Aldi Nord owns about 367 Trader Joe's stores in the United States ("Aldi" Wikipedia). Aldi Süd operates in Ireland, the United Kingdom, Hungary, Switzerland, and Australia. It operates Hofer stores within Austria and Slovenia, and Aldi Süd operates the Aldi, Inc. division in the United States ("Aldi" Wikipedia).

Aldi is privately held and shares very little information about its activities. "ALDI has steadily grown since entering the U.S. in 1976 to over 1,200 stores in 32 states by offering a no-frills, low price approach to selling a basic assortment of 1,400 everyday items (DeRose and Tichy )."

ALDI is what is known as a "hard-discount retail chain." It supplies “customers with basic goods of daily need at the lowest possible prices, while maintaining high-quality standards. This is achieved through four fundamental policies: limited assortment of products; increasing the percentage of private labels offered at low prices; establishing and maintaining a high quality/low price ratio; efficient operations (Sachon).”

Hard discounters offer a very narrow product assortment, with few stock keeping units (SKUs) per category. Aldi stores stock 1,400 SKUs -- far fewer products than other hard discounters and traditional supermarkets. In 2009 and 2010, Trader Joe's stocked 2,500 - 3,000 SKUs, Costco stocked 3,800 SKUs, and Kroger stocked 30,000-52,000 SKUs (Berman)."

  "The Albrechts' approach has often been distilled into four essential attributes: simplicity, high quality, frugality and confidentiality. Their stores are staffed by an average of three people: a store manager and two assistants. All personnel unload the stock, clean the store, watch for shoplifting and check customers through. Aldi's personnel costs are 3 percent of sales versus 9 percent of a regular supermarket (Mitchell, and Sachon).”

Aldi is engaged in a rapid, worldwide expansion and plans to hire 4,000 employees within the next year worldwide (Times 100 1-6). Its expansion strategy relies on employee training and development.

Internationally, Aldi has a well-defined strategy to recruit employees. Aldi, Inc. in the U.S. now offers District Manager positions to college graduates that include “starting pay of $75,000 along with some perks, including a corporate credit card, Toyota Camry and paid gas for both professional and personal use (DeRose, and Tichy )."

The Aldi, Inc. website currently lists 37 hiring events for District Manager positions that were and will be held from August 2, 2013 to November 9, 2013 at universities in 12 states (“ALDI Careers”).   "The new graduates, who are hired directly into District Manager positions, are expected to manage a staff of thirty to fifty people, while mastering operational . . . .The starting pay of $75,000 "comes with a job description similar to a small business owner – and similar hours, too (DeRose, and Tichy )." District manager pay will increase to $85,000 in year two, $92,000 in year three, and $100,000 in year four of an employee's tenure ("ALDI Careers").

Additionally, Aldi, Inc. will hold 50 hiring events for cashiers, shift managers, and manager trainees in the U.S. between August 2, 2013 and September 5, 2013 – 50 events in one month ("ALDI Internships and Careers").

While Aldi has a grand plan for recruiting and training District Managers in the U.S., it has a problem. Internationally, Aldi’s chief problem is its reputation of poor and unfair treatment of its employees. Aldi needs to overcome this problem to meet its expansion goals.

Subsequent problems include employee retention, the cost of recruiting and training new employees, the cost of worker's compensation claims that are the result of young, overly taxed, and poorly trained employees, the cost of defending Aldi against lawsuits filed by employees, and customers' frames of reference that may be negatively influenced by Aldi's record of treatment of its employees.

This team recommends that Aldi emulate the business practices of Trader Joe's, one of the brands owned by Aldi Nord. We recommend three specific things that Aldi may incorporate from the Trader Joe's model. First, we recommend that Aldi increase the wages of its retail staff below store manager level. Second, we recommend that Aldi promote from within and provide a clear path for long-time employees to advance from Cashier to management positions, including Store Manager and District Manager. Third, we recommend that Aldi begin to staff its stores with more employees.

Researchers of retail operations, including Dr. Zeynep Ton of MIT, Serguei Netessine of the INSEAD-Wharton Alliance, Marshall Fisher of the Wharton School of Business, and Jayanth Krishnan of the University of Indiana Maurer School of Law, have observed through their research that retail businesses become more profitable when they increase their employees wages. Further, they have found that under-staffing retail stores reduces profit and increasing staffing levels, increases profit.

This team understands, however, that taking the best practices from one company and trying to implement them in another company may be a dangerous idea.

Therefore, in our Action and Implementation Plan this team recommends that Aldi Nord and Aldi Sud hire global consulting firm McKinsey & Company. Aldi's senior executives from throughout the world, including Trader Joe's senior executives, must participate in an Organizational Health Index conducted by McKinskey & Company. Using the results of the Organizational Health Index, Aldi Nord, Aldi Sud, and Trader Joe's executives must work with McKinsey & Company’s Retail consultants, Human Capital consultants, and Organization Design consultants to define the best and most appropriate employee compensation strategy to fit into the Aldi culture and to support the company’s expansion goals.

We encourage Aldi's leaders to engage in an effectual process to explore the means at the company's disposal and the many different outcomes available to Aldi. This exploration may or may not produce a model that completely replicates the Trader Joe’s employee compensation model.

**Problem/Issue Statement**

Aldi is engaged in rapid expansion and plans to hire 4,000 employees worldwide within the next year ("Times 100 Business Case Studies" 1-6). Internationally, Aldi’s chief problem is its reputation of poor and unfair treatment of its employees. This is the problem Aldi needs to overcome to meet its expansion goals.

Resulting problems for Aldi include: employee retention; the cost of recruiting and training new employees; the cost of worker's compensation claims that are the result of young, overly taxed, and poorly trained employees: the cost of defending Aldi against lawsuits filed by employees: and customers' frames of reference that may be negatively influenced by news stories in the press regarding Aldi's record of treatment of its employees.

Aldi goes to great lengths to cut costs. Where Aldi makes its money is in reduction in labor costs. “Staffing is cut to the bone (Markin).” Aldi employs small numbers of staff in its stores, all non-unionized. Stores employ 10-25 employees. However, they are staffed by only three people at one time. "Aldi's low labor costs (2-4% compared with an average of 9% for competitors) means a higher profit margin (3% on turnover compared to the average 1-1.5% for competitors)(Markin)."

“Aldi treats its workers as little more than a variable in its formula for success. To determine the performance of its individual branches, the company simply divides the store's monthly turnover by the number of labor hours. Large branches in high traffic areas can make up to €1,000 [$1,328.50 USD] of sales per labor hour. In smaller branches, by contrast, performance can only be optimized when employees work faster -- or if they do work outside their shift (Amann and Tietz).”

Aldi has been accused of engaging in unfair labor practices (Lindeman). There is a history of lawsuits initiated against Aldi by employees in the U.S. Employees complain of mandatory unpaid overtime (Martin, Timothy), low wages, coercion and intimidation by store managers (Paterson), irregular shift schedules, physically taxing work, injuries, burn out, and even spying on employees by Aldi store detectives (Paterson ).

"’At many discounters, Aldi included, employees have to fight for adequate working conditions,’ says Agnes Schreieder, a representative of the union Ver.di, Germany's largest services union. That fight is particularly difficult at Aldi South (Amann and Tietz).”  "Working for Aldi is hard graft, including on the upper management levels," says one top executive who has been with Aldi North for over 30 years (Amann and Tietz).”

Aldi must develop a solution to provide better working conditions for its employees below the District Manager-level worldwide. It must reduce the amount of time and money it expends to work against labor laws, and instead work within the laws of the 17 countries where the company operates stores. Aldi must create an organizational culture that works for all of its employees.

Aldi will be able to increase its sales by using its websites to pointedly articulate to customers its employee compensation and benefits systems and its ability to keep costs down. Developing and implementing a plan to provide better working conditions for employees will allow Aldi to expand into other markets with strict labor laws where Aldi has not established stores in the past. Such a plan will support Aldi’s strategic goals to increase market share in the countries where it operates stores, improve employee morale, and, in turn, increase customer satisfaction.

**Key Decision Criteria for Aldi**

When considering Aldi's success with its other franchise success, Trader Joe's and building on solid plans to increase and stabilize the overall profitability across the board, the best solution for Aldi will need to include the following:

**Maintain profitability.** Aldi utilizes profitability of a store as a measurement of its success. They check labor hours versus sales as a determination. It may need to hire more employees to keep over time a minimum.

**Increase return on investment.** Aldi spends money on turnover, recruiting, and apprenticeship programs. If it demonstrates and promotes value with all employees underneath a management postion this may have a great outcome on the longevity of the company's investment. This may also provide job security with employees and continuous profitable investment for the company.

**Increase customer satisfaction.** Increase in a customer's positive frame of reference on how Aldi treats their employees. If Aldi increases support on the floor it increases customer service which would increase customer satisfaction. Aldi can also look into the quality of sale items to meet expectations of a annual membership fee.

**Decrease employee turnover.** Aldi employee wages are low, including mandatory unpaid overtime. If Aldi focuses on increasing wages and providing better compensations and employee's feel that they are thought of, this may produce a high reduction in turnover.

**Increase employee morale/safety.** Aldi only allows a limited amount of employees on the floor which creates less productivity and increase safety issues. Aldi can begin by providing more support on the floor that may increase staff morale, productivity and overall safety for employee.

**Data Analysis**

**Aldi, Inc. Wages in the U.S.**  A current employment listing on Indeed.com for jobs at Aldi in Queensbury, New York and Ballston Spa, New York lists the following positions and wages offered to employees ("ALDI Cashiers, Management"):

·         Cashiers - $11.50 per hour

·         Shift Managers - $15.75 per hour

·         Manager Trainees - $25.00 per hour

 A current ad for Manager Trainees for Aldi stores in the Milwaukee, WI area offers an annual salary of $43,000 ("ALDI Manager in Training - Retail Management Trainee"). The ad states, "The Manager Trainee will report to and assist the Store Manager in achieving the company’s growth objectives by maximizing sales and controlling expenses. This position is designed to lead into the Store Manager position within 1 year with an average annual income of $75,000 - $90,000 per year."

**Assumptions Regarding the Cost of Turnover**

*The following made the assumption that the average hourly cashier pay for Aldi employees is the same worldwide. Aldi is very secretive about* its *business practices.* It *was challenging to find specific financial and cost information for the company. It is also underst*oo*d th*ese assumptions are *based upon* gross pre-tax *employee wages only*. *This data provides some perspective about the cost of turnover and the impact it can have on a business. We know that Aldi is hiring at all levels and that these figures are for illustration only.*

Average Cashier hourly pay $11- $15 per hour (20-40 hours per week) ("The Pilot")  So let's say on average it's $13 USD for a 30 hour work week ($390 per week) for 52 weeks a year = $20,280 gross pre-tax employee wages only (does not include benefits, insurance, etc). This is also on the higher said for the average hourly cashier wages which are closer to $11.61 per hour. The illustration is still valid. ("Aldi Salaries and Benefits")

Aldi plans to hire 4,000 new employees internationally over the course of the next year. Using the average rate in U.S. Dollars above ($20,280 USD) = $81,120,000 gross pre-tax employee wages only.  Suppose 37 percent of these employee leave (voluntarily/involuntarily), it will cost Aldi 16 percent of its annual payroll for the 4,000 new employees, plus the cost of recruiting and training the new employees and the loss of institutional memory that the former employees had (Lucas); (Boushey and Glynn)  16% of annual wage of $20,280 = $3,244.80  37% of 4,000 employees is 1,480 employees  1,480 employees, annual wages is $30,014,400 solely from employee turnover wages.

**More Aldi Numbers**

10 - 25 employees per store (Springer) and approximately 9,235 stores ("Aldi").  Median number of employees per store: 18  18 \* 9,235 stores = 168,130 employees  168,130 \* 4% turnover (Wegmans) = 6,685.20 employee turnover 168,130 \* 15% turnover (Whole foods) = 25,219.5 employee turnover

Grocery store employee turnover rate can be as high as 47.4% ("Turnover in Supermarkets").  Aldi mentions a lower than average grocery store turnover rate so it might be more comparable to Wegmans (4%) or Whole Foods (15%) (Martin).  4% turnover Cost: 6685.20 employees \* $3244.80 (16% of annual wage of $20280) = $21,692,136.96 15% turnover cost 25219.5 employees \* $3244.80 = $81,832,233.60

**Cost of increasing annual wage of $20,280 by 5% = $1,014**

**Trader Joe's Wages in the U.S.**

Trader Joe's has different names for its jobs. The "Mate" position is equivalent to an Assistant Manager, according to the Trader Joe's employment website. "A 'Mate' is a member of the store management team. Each store has one Captain (that's what we call our Store Managers around here) and multiple Mates. Have your sights set on Captain? Great! We promote exclusively from within," says a current job listing (""Mate" - Assistant Store Manager").

"Store managers can make in the low six figures, and full-time crew members can start in the $40,000 to $60,000 range. But on top of the pay, Trader Joe's annually contributes 15.4% of employees' gross income to tax-deferred retirement accounts. (Kowitt)"   Average Trader Joe cashier salaries are closer to $13.13 per hour (Trader Joe's).

**Alternative Analysis**

**Alternative One** Aldi could emulate the business practices of Trader Joe's, one of the brands owned by Aldi Nord. It could do three things like Trader Joe's. First, it could increase the wages of its retail staff below store manager level. Second, it could promote from within, and provide a clear path for long-time employees to advance from Cashier to District Manager. Third, Aldi could staff its stores with more employees.

This alternative supports Aldi’s frame of reference that includes higher profit margins and employee training. To some, increasing wages counterintuitive. However, research shows differently. Dr. Zeynep Ton, MIT Adjunct Associate Professor of Operations Management, contends that a retail business becomes more profitable when it increases its employees' wages. "Research by Marshall Fisher, Serguei Netessine, and Jayanth Krishnan supports my findings: Their analysis of 17 months of data from a large retailer shows that for every $1 increase in payroll, a store could see a $4 to $28 increase in monthly sales (Ton 1-2)."

Dr. Ton has "found that the presumed trade-off between investment in employees and low prices can be broken. Highly successful retail chains—such as Quik­Trip convenience stores, Mercadona and Trader Joe’s supermarkets, and Costco wholesale clubs—not only invest heavily in store employees but also have the lowest prices in their industries, solid financial performance, and better customer service than their competitors. They have demonstrated that, even in the lowest-price segment of retail, bad jobs are not a cost-driven necessity but a choice. And they have proven that the key to breaking the trade-off is a combination of investment in the workforce and operational practices that benefit employees, customers, and the company." (Ton 1-2).

Payroll is considered a controllable expense, compared with the control of sales, which may be driven by customer base, merchandise mix, store layout, promotions, and price. Sometimes, when stores are not meeting sales targets they cut costs by forcing employees to work off-the clock or short pay them.Aldi is accused of engaging in this practice, also, as is discussed in the Problem Statement of this case study. In an effort to reduce payroll, stores reduce staff. Dr. Ton’s research has found that under-staffing retail stores reduces profit and increasing staffing levels, increases profit (Ton 1-2).

**Alternative Two**  Aldi could create advancement paths that permit cashiers to advance to the level of district manager. This alternative focuses on the lack of defined career advancement paths for Aldi employees. Aldi hires young college graduates as its District Managers, but it does not have a transparent advancement path for store crew to advance to this level.

Past and current Aldi employees from many countries have written reviews about Aldi's employment practices on Indeed.com, Glassdoor.com, [lookbeforeyouleap.net](http://lookbeforeyouleap.net/), and Jobitorial.com noting that is not possible for employees to work their way up from Cashier to District Manager. By contrast, U.S. supermarket chain Publix almost exclusively promotes from within, "Every store displays advancement charts showing the path each employee can take to become a manager. Fifty-eight thousand of the company’s 159,000 employees have officially registered their interest in advancement.(Solomon )"

Creating clear advancement paths for Aldi store crew would encourage employees’ growth, improve employee morale, and help to retain institutional knowledge.   **Alternative Three** Aldi could begin paying all of its employees for overtime. This alternative assumes that Aldi is not accurately paying its employees for overtime, and that this is the most critical issue Aldi faces. The payment of overtime follows the same principles as the increase of employee wages as well as the employee first model. Paying overtime to employees will not solve the under-staffing issues currently faced at Aldi stores. Additionally, it does not address or improve job rotation throughout the day.

**Alternative Four**  Aldi could adopt the membership model of Costco and charge customers an annual membership fee to join Aldi. Costco charges an annual membership fee of $55 ("Join Costco"). Aldi limits its SKUs to reduce costs for customers in an effort to increase sales. Aldi may lose customers away by implementing an annual membership fee. The customer’s frame of reference is that Aldi is hard discounter. Having to pay a membership fee in order to shop at Aldi may turn customers away. Low- and moderate-income customers may view a membership fee as prohibitive, even if told by Aldi that it will help to keep costs down.

**Alternative Five**  Aldi could also do something really novel by making its employees shareholders in its company, like Publix supermarkets. This would be radical, because Aldi's frame of reference is profit-driven, and the company is secretive about its business practices. Making employees shareholders would require Aldi to share its business practices and finances with its shareholders. However, the employee-shareholder concept encourages employees to consistently work to drive sales, since they, too, are investors.

Like Aldi, Publix is privately-owned and non-union.Publix, "the seventh-largest private company in the U.S., is also the largest employee-owned company in America. All staffers who have put in 1,000 work hours and a year of employment receive an additional 8.5% of their total pay in the form of Publix stock. (Solomon)" A store manager who has worked at the company for 20 years and earns between $100,000 and $130,000 likely has $300,000 in stock and has received another $30,000 in dividends (Solomon).”

**Recommendation**  Aldi is engaged in rapid expansion and plans to hire 4,000 employees within the next year. Internationally, Aldi’s chief problem is its reputation of poor and unfair treatment of its employees. This is the problem Aldi needs to overcome to meet its expansion goals. As Alternative One suggests, Aldi should emulate the business practices of Trader Joe's. Trader Joe's was coveted by Aldi prior to the purchase of the company. Aldi could emulate the business practices of Trader Joe's, one of the brands owned by Aldi Nord. Aldi could do three things like Trader Joe's. First, it could increase the wages and pay overtime of its retail staff below store manager level. Second, it could promote from within, as Trader Joe's does, and provide a clear path for a long-time employee to advance from Cashier to District Manager. Third, Aldi could begin to staff its stores with more employees, as Trader Joe's does. A greater number of staff in each store could help workers to feel less burned out, and could reduce workers' need to work unpaid overtime. This increased staff allows for rotation between the cash register, re-stocking shelves, and customer service.

Trader Joe's business practices meet the factors for the key decision criteria that Aldi would want to follow: profitability, customer satisfaction, and decreased employee turnover. Trader Joe's is profitable and has proven that while providing fair wages, breaks, and benefits, the company can still increase sales and profits. The increase in staffing at Aldi stores solves a number of issues. Aldi staff will be able to rotate positions throughout the day, which will increase employee morale. Moreover, with more staff on the sales floor and better employee morale, customers will receive more individual attention, and customer satisfaction will increase.

Trader Joe's has a cult-like following in many communities in the U.S. This is partially due to its low-cost items, and the high quality standards of its house brands. It's popularity is also derived from its friendly staff, knowledgeable customer service, and clean, inviting stores. Larger store crews comprised of individuals crew members earning increased wages will permit Aldi stores to emulate the distinctive Trader Joe's atmosphere.

The increase in employee morale and safety with provision of clear advancement paths should decrease employee turnover. Employee turnover can have a major impact on the bottom line as seen within the data analysis. It can cost companies millions of dollars that cuts into their profits and can be viewed as hidden overhead. Decreasing the cost of turnover will help maintain profitability for Aldi by reducing the hidden overhead costs of employee turnover. Implementing and advertising clear advancement paths for store crew that lead to upper management will provide a return on investment for Aldi. The funds Aldi spends to hire, train, and provide experience will not simply walk out the door; instead employees will grow with the company. This internal growth will be a key factor in emulating Trader Joe's employee compensation and advancement model.

**Action and Implementation Plan**

Aldi Nord and Aldi Süd are legally separate companies. Aldi Nord operates in Denmark, France, Belgium, The Netherlands, Luxembourg, Spain, Portugal, and Poland. In addition, Aldi Nord owns about 367 Trader Joe's stores in the United States ("Aldi" Wikipedia). Aldi Süd operates in Ireland, the United Kingdom, Hungary, Switzerland, and Australia. It operates Hofer stores within Austria and Slovenia, and Aldi Süd operates the Aldi, Inc. division in the United States ("Aldi" Wikipedia).  Aldi has a frame of reference with a positive focus on cutting costs within its entire structure to increase profits. Aldi places less focus on its employees.

We recommend that Aldi and Trader Joe's work together. We recommend that Aldi learn from Trader Joe's in order to improve its company and potentially increase profits. We encourage Aldi and Trader Joe's to share and analyze information on workplace environments and employee compensation structures to increase employee morale, customer satisfaction, and overall maintain profitability across the board. Further, we recommend that Aldi engage in an effectual reasoning process led by a consultant to develop new ideas to increase sales and overall satisfaction for employees and customers.

**Work Plan**

First, Aldi’s two legally separate companies must agree to begin meeting with one another to discuss Trader’s Joe’s human capital framework, and how to emulate this successful model throughout all Aldi brands, including Hofer.  Second, leaders of Aldi Nord and Aldi Süd must discuss with the leadership of Trader Joe’s their desire to emulate Trader Joe’s employee compensation system and human capital policies. Trader Joe’s leadership team includes: Daniel Bane, Chairman and Chief Executive Officer; Bryan Palbaum, Executive Vice President of Finance and Administration; and Micheal Krause, Chris Maguire, Adam Mutoio, and Rory B. Violette, Regional Vice Presidents. ("Bloomberg Businessweek").

·         Trader Joe's executive staff must share with and teach Aldi about how Trader Joe's treats and provides benefits for its employees. They should discuss employee scheduling which allows for proper job rotation.

·         Aldi must analyze the cost of increasing employee pay and benefits versus the cost of employee turnover, in comparison with Trader Joe's comparable costs.

 Third, leaders of Aldi Nord and Aldi Süd must retain and immediately begin working with global consulting firm McKinsey & Company, “which serves 80 percent of Fortune’s most admired companies”, and has deep experience in organizational change consulting for the retail industry and many other industries ("Careers"). This team believes that Aldi needs to work with an experienced team of consultants to assist the company in rapidly adopting changes throughout all of Aldi ‘s stores worldwide to help meet its goal of hiring *and retaining* 4,000 employees in the next year  Fourth, Aldi Nord and Aldi Süd must agree that leadership of all of its divisions in all countries will engage together in McKinsey & Company’s Organization Health Index (OHI) process. “The OHI measures and tracks the elements of organizational effectiveness directly related to financial and operational performance and offers actionable insights into areas of improvement. With hard measures for ‘soft’ issues, executives can bring lasting change to the mindsets and behaviors that impact the bottom line ("Organizational Health Index").  Fifth, with the results of the Organizational Health Index, leaders of Aldi Nord and Aldi Süd must determine with the McKinsey & Company Human Capital team whether it is in the best interests of Aldi to emulate the Trader Joe’s employee compensation structure.

·         Aldi must analyze the cost of turnover. It should pay close attention to onboarding costs for new employees, the cost of unemployment, and the cost of additional training for new employees. It should also look at the cost comparison between its employee costs (onboarding, turnover, etc) and the same costs incurred by Trader Joe's for the same types of employees.

 A McKinsey & Company white paper on transformation of a company’s performance cautions that emulating best practices of another company may be more dangerous than helpful:  “One of the great fallacies of management is that you can improve performance by copying best practices from other organizations. Though it may work in some operational areas, it can be a recipe for disaster in organizational health. That’s because health is systemic, and best practices from one system can turn bad when transposed to another system (Dewar, Blackburn, Bruun Nielsen, Irons, and et al).”  Sixth, work with McKinsey & Company’s Retail consultants, Human Capital consultants, and Organization Design consultants to define the best employee compensation strategy for the Aldi culture to support the company’s expansion goals. We encourage Aldi's leaders to engage in an effectual process to explore the means at the company's disposal and the many different outcomes available to Aldi. This exploration may or may not produce a model that completely replicates the Trader Joe’s employee compensation and workplace environment model. At the regional level within each country where Aldi operates stores, begin to:

·         Hold small focus groups of crew members drawn from various store locations within a region. Create a safe space and encourage employees to give testimony on their experience working for Aldi.

·         Encourage focus group members to make recommendations on how the workplace may be improved.

·         Share all of this data with District Managers, regional management, Aldi leaders, and McKinsey consultants.

 Seventh, implement the strategy throughout Aldi Nord and Aldi Süd with continued guidance from McKinsey & Company during the implementation phase.

·         Aldi Nord and Aldi Sud must agree to conduct weekly conferences with district managers to implement the strategy throughout all Aldi brands, including Hofer.

·         In weekly conferences, Aldi should identify problems thoroughly and solutions utilizing critical and metacognitive thinking to continuously develop goals along with due dates per assigned district/person.

·         Review accomplishments during every meeting. Prioritize current problems and risks and place urgency on problems/risk. Be strategic on how to proceed with solid solutions, increasing employees' motivation/morale and final product of meeting outcomes.

·         Meeting agendas should consist of documented varied outcomes across multiple settings in order to have continuous plans for short- and long-term goals.

·         Aldi should conduct annual workshops to improve co-worker relations such as reenacting the activities on a daily basis and how to approach stressors appropriately. During the workshops, we suggest that at least one district manager is paired with at least five workshop participants (employees) to effectively feel the impact of possible stressors or benefits of identified solutions.

·         Aldi should deliver quarterly departmental company updates that address problems and solutions that were discussed in focus groups, workshops, and conferences. Quarterly financial reports should explain how this information affects employees, such as increased wages, increased vacation days, more support on sales floor, etc. Updates must cover competitors' wages and comparisons to what improvements have been made at Aldi, and what the future holds at Aldi to maintain the longevity of improvements.

·         To change employees' frames of reference and assumptions, Aldi should celebrate its brand along with its employees by developing celebrations involving creative themes.

**Conclusion**  The Aldi case study was chosen because all of the three of the team members have jobs with the focus on employees. The frame of reference we took was one of employee focus. While working on this case study it became apparent that Aldi is a secretive organization and it is challenging to find specific company information. Also that the original thoughts we had regarding Aldi had changed. The start of the case study was presented as if Aldi was for their employees, their training and their development however, that was not the case in some of the research we had found. We also illustrated that the cost of turnover can be high for supermarkets. We tried to provide a recommendation and action plan that Aldi, with it's secretive nature would be able to adapt for their needs. The main critical thinking skills we used were assumptions and questions and frames of reference.

**Collaboration**  We used a couple of different forms of collaboration for this case study. We started with a Google Doc but quickly realized the wiki would be a better format. It was useful to have a main draft page and the final products on individual wiki pages. This allowed us to refer back to original ideas and move information through the wiki without feeling like someone else's work had been destroyed. The wiki became extremely useful when the entire project was inadvertently deleted. We were able to quickly recover the last saved page and no information was lost, using the Google doc may not have had the same outcome. We mainly had contact via email but even email with all of the documentation can become confusing over time, information becomes lost in translation, and assumptions are made. In an effort to correct this we used the Google Hangout for a team meeting while following on the wiki page.

Our team meetings had set agendas, follow-up action items, and all voices were allowed to be heard. One of the ways we were able to do this is by utilizing a collaboration technique where after each section of the agenda everyone is directly asked if they have questions, something to contribute or if they understand. the other technique used in the Google Hangout meeting was that the group was kept on task by following the agenda. This allowed the group to stay on task and utilize the time effectively as well as clear up any confusion among the group.

**References:** "Aldi." *Wikipedia*. N.p.. Web. 17 Aug 2013. <<http://en.wikipedia.org/wiki/Aldi>>.

 "ALDI Cashiers, Management." Monster. Monster.com. Web. 12 Aug 2013. <<http://jobview.monster.com/Cashiers-Management-Job-Queensbury-NY-US-124586248.aspx?WT.mc_n=Indeed_US&>from=indeed>.

 "ALDI Manager in Training - Retail Management Trainee." CareerRookie.com. CareerRookie.com. Web. 15 Aug 2013. <<http://www.careerrookie.com/jobs/Manager-In-Training---Retail-Management-Trainee/JJV740767VW0QH487FG?ipath=jrjd&siteID=indeedorgcr>>.

 "ALDI Nord Startseite." ALDI Nord. Aldi Nord. Web. 14 Aug 2013. <<http://www.aldi-nord.de/>>.

 "Aldi Salaries and Benefits." Glassdoor. Web. 17 Aug 2013. <<http://www.glassdoor.com/Salary/ALDI-Salaries-E7337.htm>>.

 "Aldi: What is Aldi?." . N.p.. Web. 17 Aug 2013. <<http://www.aldi.us/us/html/company/company_what_is_aldi_ENU_HTML.htm>>.

Amann, Susanne, and Janko Tietz. "A Secretive Family."*Spiegel Online International*. N.p., 03 Aug 2010. Web. 17 Aug 2013. <<http://www.spiegel.de/international/business/a-secretive-family-s-success-what-makes-the-aldi-discount-empire-tick-a-709937-6.html>>.

Berman, Barry. Competing in Tough Times: Business Lessons from L.L Bean, Trader Joe's, Costco, and Other World-Class Retailers. 1st ed. Saddle River, NJ: FT Press, 2010. Web. <<http://my.safaribooksonline.com/book/sales-and-marketing/9780132614283/low-cost-strategies-ii-delivering-low-costs-through-minimizing-product-proliferation/ch03lev1sec3>>.

Boushey, Heather, and Sarah Jane Glynn. "There Are Significant Business Costs to Replacing Employees." . Center for American Progress. Web. <<http://www.americanprogress.org/issues/labor/report/2012/11/16/44464/there-are-significant-business-costs-to-replacing-employees/>>.

"Business Expansion Through Training and Development: An Aldi Case Study." Times 100 Business Case Studies 1-6. The Times 100. Web. 15 Aug 2013. <<http://businesscasestudies.co.uk/aldi/business-expansion-through-training-and-development/introduction.html>>

"Careers." McKinsey & Company Careers. McKinsey & Company. Web. 16 Aug 2013. <<http://www.mckinsey.com/careers/what_youll_do>>.

Clifford, Stephanie. "Where Wal-Mart Failed, Aldi Succeeds." *The New York Times*. N.p., 29 Mar 2011. Web. 17 Aug 2013. <<http://www.nytimes.com/2011/03/30/business/30aldi.html?pagewanted=all&_r=2&>>.

"Company Overview of Trader Joe's Company." Bloomberg Businessweek n.pag. Bloomberg Businessweek. Web. 16 Aug 2013. <<http://investing.businessweek.com/research/stocks/private/people.asp?privcapId=4204435>>.

DeRose, Chris, and Noel Tichy. "Why Aldi is Giving Walmart a Run for Its Money." Forbes. 13 Aug 2013: n. page. Web. 15 Aug. 2013. <<http://www.forbes.com/sites/derosetichy/2013/08/13/why-aldi-is-giving-walmart-a-run-for-its-money/>>.

Dewar, Carolyn, Simon Blackburn, Anders Bruun Nielsen, Elizabeth Irons, and et al. "Insights Into Organization: How Do I Transform My Organization's Performance." Public Sector: Simon Blackburn. McKinsey & Company, n.d. Web. 16 Aug 2013. <<http://www.mckinsey.com/client_service/public_sector/people/simon_blackburn>>.

"District Manager Benefits." ALDI Careers n.pag. ALDI US Careers. Web. 16 Aug 2013. <<http://www.aldiuscareers.com/mgrbenefits.aspx>>.

"Events." ALDI Internships and Careers 1-53. ALDI Store Jobs. Web. 16 Aug 2013. <<http://aldistorejobs.com/Events.aspx>>.

"Food Informants: A Week In The Life Of A Trader Joe's Employee." . Huffington Post, 11 Oct 2011. Web. 17 Aug 2013. <<http://www.huffingtonpost.com/2011/08/11/food-informants-trader-joes_n_917654.html>>.

Giorgi, Joseph. "Bigger Isn’t Better." *QLP (Quality Logo Products) Blog*. N.p., n. d. Web. 17 Aug. 2013. <<http://www.qualitylogoproducts.com/blog/aldi-business-model-happy-customers-rapid-expansion/>>.

"Join Costco." Costco. Costco. Web. 14 Aug 2013. <<http://www.costco.com/join-costco.html>>.

Kowitt, Beth. "Inside the Secret World of Trader Joe." FORTUNE. 23 Aug 2010: n. page. Web. 15 Aug. 2013. <<http://money.cnn.com/2010/08/20/news/companies>

Lindeman, Teresa. "Disputes over overtime pay prompt lawsuits by workers, land companies in courtrooms." Pittsburgh Post-Gazette 14 March 2011, n. pag. Web. 14 Aug. 2013. <<http://www.post-gazette.com/stories/business/legal/disputes-over-overtime-pay-prompt-lawsuits-by-workers-land-companies-in-courtrooms-286898/#ixzz2bNIqdglt>>.

Loeb, Walter. "Aldi Vs. Walmart: Little Can Compete With Big." Forbes. 3 Jun 2013: n. page. Web. 15 Aug. 2013. <<http://www.forbes.com/sites/walterloeb/2013/06/03/aldi-vs-walmart-little-can-compete-with-big/>>.

Lucas, Suzanne. "How much does it cost companies to lose employees?." . N.p., 21 Nov 2012. Web. <<http://www.cbsnews.com/8301-505125_162-57552899/how-much-does-it-cost-companies-to-lose-employees/>>.

Markin, Nick. "Corporate Scumbag: Aldi's Anti-Union Empire." Green Left Weekly [Sydney] 17 Nov 1993, n. pag. Web. 16 Aug. 2013. <<http://www.greenleft.org.au/node/29924>>.

Martin, Melanie. "Data on Employee Turnover in the Grocery Industry." *Chron*. N.p.. Web. 17 Aug 2013. <<http://smallbusiness.chron.com/data-employee-turnover-grocery-industry-18817.html>>.

Martin, Timothy. "Aldi Faces Suit From Store Managers Seeking Overtime Pay ." Wall Street Journal [New York] 21 Jan 2010, n. pag. Web. 18 Aug. 2013. <<http://online.wsj.com/article/SB10001424052748703699204575017410315169130.html>>.

Mitchell, Jordan, and Marc Sachon. "Aldi: A Supermarket With a Reason to Celebrate." IESE Insight (2006): n.pag. IESE Insight Business Knowledge Portal. Web. 17 Aug 2013. <<http://www.ieseinsight.com/doc.aspx?id=571&ar=14&utm_source=Web&utm_medium=portal&utm_campaign=Retailers_Aldi_eng>>.

"Open Doors." Aldi. Web. 17 Aug 2013. <[http://www.aldiuscareers.com/location.asp&xgt](http://www.aldiuscareers.com/location.asp%26xgt)

"Organizational Health Index." McKinsey Solutions. McKinsey & Company. Web. 16 Aug 2013. <<http://solutions.mckinsey.com/index/solutions/organizational-health-index>>.

Paterson, Tony. "The Lives of Other Workers: Store Detective Says Aldi Wanted Him to Spy on Staff ." Independent [London] 6 Jan 2013, n. pag. Web. 18 Aug. 2013. <<http://www.independent.co.uk/news/world/europe/the-lives-of-other-workers-store-detective-says-aldi-wanted-him-to-spy-on-staff-8440225.html>>.

Plumb, Cathy. "Eye on Retail: Aldi." *SaSR (Set and Service Resources)*. N.p., 17 Jan 2013. Web. 17 Aug. 2013. <<http://blog.sasrlink.com/blog/bid/249963/Eye-on-Retail-Aldi>>.

Sachon, Marc. "Hard Discount Retailers: The Secrets of Their Success." IESE Insight (2010): n.pag. IESE Insight Business Knowledge Portal. Web. 15 Aug 2013. <<http://www.ieseinsight.com/doc.aspx?id=1125>>.

Solomon, Brian. "The Wal-Mart Slayer: How Publix's People-First Culture Is Winning The Grocer War." Forbes. 24 Jul 2013: n. page. Web. 18 Aug. 2013. <<http://www.forbes.com/sites/briansolomon/2013/07/24/the-wal-mart-slayer-how-publixs-people-first-culture-is-winning-the-grocer-war/>>.

Springer, Jon. "The Secret's Out." *Supermarket News*. N.p., 25 Aug 2006. Web. <<http://supermarketnews.com/retail-amp-financial/secrets-out> >.

"The Pilot." The Job Network. Web. <<http://thepilot.thejobnetwork.com/>>.

Ton, Zeynep. "Why "Good Jobs" Are Good for Retailers." Harvard Business Review. Jan-Feb 2012: 1-2. Web. 14 Aug. 2013. <<http://hbr.org/2012/01/why-good-jobs-are-good-for-retailers>>.

"Trader Joe's." *Glassdoor*. N.p.. Web. 17 Aug 2013. <<http://www.glassdoor.com/Salary/Trader-Joe-s-Salaries-E5631.htm>>.

"Trader Joe's Careers." Trader Joe's. Trader Joe's. Web. 14 Aug 2013. <<http://ch.tbe.taleo.net/CH14/ats/careers/searchResults.jsp?org=TRADERJOES&cws=1>>.

"Turnover in Supermarkets." *Workforce*. N.p., 07 Sept 2011. Web. 17 Aug 2013. <<http://www.workforce.com/articles/turnover-in-supermarkets>>.

Utermohlen, Karl. "Aldi Plans Big U.S. Expansion."*InvestorPlace*. N.p., 24 Jul 2013. Web. 17 Aug. 2013. <<http://investorplace.com/2013/07/aldi-plans-big-u-s-expansion/>>.

van Luit, Sander. "Corporate Culture: Putting ALDI in a Scientific Context." BS thesis. Vrije Universiteit Amsterdam, 2006. Web.  "Welcome to Aldi." Aldi. Web. 17 Aug 2013. <<http://www.aldi.com/>>.