

## **RESEARCH PAPER #2**



### **Asoles: The War Over Retention (Summarised)**

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Asoles, the war for retention is a thinly veiled case study which mirrors the journey and the practises followed by Zaapos. Why should we bother to learn from Asoles/ Zaapos?

Deloitte's human capital trends report in 2016 found that 86% of C-suite executives identified employee engagement and retention as a major issue for concern (up from 74% in 2014). For the new millennial, it is imperative to adopt new age practices which are more in-tune with their needs. The story of Asoles started when their founder Rick Goldberg could not find the right shoe for his girlfriend. When visiting the mall, he found a store which had the perfect shoe in the wrong size while the other had every other shoe than the one his girlfriend wanted. This got Rick thinking and eventually he started his own company which was over time named Asoles.

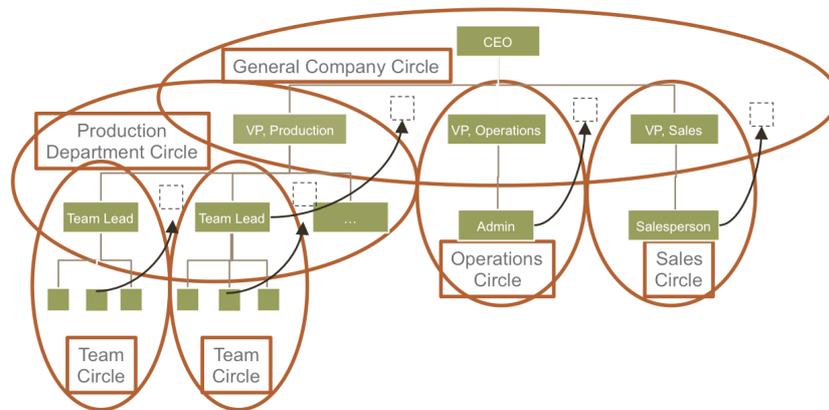
When it came to raise capital for his fund, he went to Tobus Shane who was a venture capitalist looking for an exciting idea. Tobus had sold his previous company for millions of dollars. He did not enjoy the culture he had set for his own company and decided to not repeat the same mistakes with this new firm. Over time, Tobus took charge of the company while Rick stepped back. It is the exciting human resource policies that Tobus put in place which ultimately brought Asoles to the limelight as one of the most profitable, exciting and best places to work for:

The "Golden bullet": After two tough months, Asoles employees would be given \$3,500 to leave the firm (which was termed the golden bullet). While this may seem cynical, it was seen that only 5% of the total number of people who were offered this, left. The idea was that if people truly cared about the organisation and stayed, they would help it grow. This has helped Asoles keep an attrition rate which is half the industry average. Another telling example is when the firm shifted their Headquarters from Nevada to Las Vegas with 80% of employees following them.

Bringing the "woah factor" to work: The principle of giving customers an unbeatable experience when shopping with Asoles was termed as the "woah factor" and this was internalised by the employees. One very vivid example was once when a sales representative sent a bouquet of flowers to a customer whose grandmother had passed away (the customer had ordered a pair of shoes for her grandmother, but she passed away before they could arrive). These kind of acts which went beyond the usual call of duty, made Asoles a joy to shop shoes from.

**Holacracy:** The Holacracy experiment was by far the most interesting change in the Asoles culture. Holacracy is an organisational structure (though some would call it social engineering) where hierarchy is flattened to stacked circles. The visual representation would be:

## From Hierarchy to Holarchy



Read more: <http://www.holacracy.org/how-it-works/>

In a 3,500-word memo, Tobus explained the new system which would do away with hierarchy. Though there was attrition due to the new move, it was visionary in the media.

**Culture:** Using ten simple principles as the guidelines for how their firm should function, Zapoos created a culture of success. These ten principles were:

1. Deliver Woah! Through Service
2. Embracing transformation and driving it
3. Making the workplace quirky and eccentric
4. Being risk taking, innovative and broad minded
5. Continuous improvement and growth
6. Transparency in the relationship and communication
7. Building a community within the organisation
8. With less do much more
9. Be Driven and energetic
10. Modesty is the key

## **Results:**

The firm hit the 1-billion-dollar mark in 2009 and was acquired for 200 million dollars by a bigger firm. Other firms have followed the Asoles culture and the company is now the talk of the town. The challenges from the Holacracy move was higher attrition, senior management leaving (due to the feeling that their positions were being threatened) and a short-term period of chaos.

However, if anything could be a take-away from the article, it would be the following:

1. Culture eats strategy for lunch. Though a company may have the best people in the team, the best companies are often those that have the best teams. Organisations need to create a winning culture for stronger bottom and top lines.
2. Not all great ideas take effect immediately. The attrition and loss of talented management personnel from the organisation is a big blow to the firm. However, it is to be noted that now that the firm has everyone working in the same direction, they will be a bigger force to reckon with, in the future.

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