



Creating a Cultural Competitive Advantage within a Growth-Focused Retailer



ORGANIZATION

Pet Food Express



INDUSTRY

Retail



ABOUT

Pet Food Express is a pet food and supply retailer with 60 stores located throughout California.

CHALLENGE

Pet Food Express opened its first store in San Francisco in 1982. As the pet supplies industry grew, they created a niche for themselves that combined cutting-edge pet nutrition and a select assortment of other supplies with the best employee training and customer service in the industry. The remarkable customer-centric company culture spawned by this commitment fueled Pet Food Express’ steady growth from 6 stores in 1994 to 63 stores in 2017, transforming it into an acclaimed industry leader. Along the way, Pet Food Express faced stiff competition from the big box stores that had come to dominate the national market through sheer size, brand recognition, and aggressive advertising and sales. Facing these market realities, company leaders became convinced that sustaining the unique Pet Food Express culture—the way the employees work together and the way they serve their customers—would need to remain their primary competitive advantage if they were to continue to grow profitably. They recognized, however, that the very growth they were pursuing could easily topple the unique way of operating that had created their fanatically loyal customer base and which underpinned their success. Pet Food Express management knew they needed a systematic way to develop and sustain their culture as they continued to pursue growth into the future.

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TERRY LIM

Chief Operating Officer | Pet Food Express

SOLUTION

It was with this need in mind that Terry Lim, the company’s chief operating officer, read *Leadership and Self-Deception* as his first assignment in a new business book club. Immediately, he knew he had found the framework of ideas that would provide the company’s foundation for ongoing growth. “I stayed up all night reading it,” Terry said. “It was immediately obvious that this was the way—this provided the structure, the language, the philosophical underpinning for our

company culture.” Terry and others in the company became certified as facilitators of Arbinger’s training programs—programs which have now been delivered company-wide.

“There is real substance in the training,” Jose Sanchez, a Bay Area store manager, remarked. “It provides a guide for everything we do.” The training is reinforced periodically in refresher courses. Just as importantly, company employees from top to bottom apply the Arbinger principles in all aspects of their work. The executive team, for example, ensures that company policies and practices invite, encourage, and reward an outward mindset at every level of the organization.

Similarly, management has given each employee the decision-making authority to do what is right for individual customers. “We’re expected to really help, off-script,” one employee in her late teens said. “I love working for a company that trains you to do the right thing and really take care of the customer, and then allows and encourages you to actually do that.”

Though fun, lively, and warm, the company culture is anything but soft. A central feature of that culture is the sharing of straightforward and honest feedback, stemming from a genuine desire to help employees grow. “You can’t get sustainable change in a store until everyone is connected and communicating,” Kellyn Fuller, a store manager, commented. “And it’s not always a soft approach—sometimes you need to be direct with staff about what they need to work on. But it’s how you deliver that message that really determines your impact.”

As Amy Vargas, a district manager, noted, “Now that I have the tools, I don’t hesitate to give the truth.” This helpful honesty and directness is the foundation of the trust that exists at every level of the company. Kathy Bretz, a district manager who was promoted from within the company from a sales associate position all the way to

district manager, believes it is this trust which has proved critical in maintaining the culture through Pet Food Express’ aggressive growth. “Our customers trust us, staff trust us, we trust each other. It’s about honesty and expectations.”

RESULTS

As a result of their systematic approach to developing an outward mindset in every employee, Pet Food Express has successfully maintained and deepened their unique culture while growing to over 60 retail stores throughout California. For seven consecutive years, the company has been honored as the recipient of a “Bay Area Top Workplace” award, a distinction based on the ratings of company employees, and it is the only retail company so honored. The company has also been recognized multiple times as “Retailer of the Year.” In 2015, *Business Insider* spotlighted Pet Food Express as one of “25 Companies That Are Revolutionizing Retail,” highlighting the company as a true innovator in its industry.

Although Pet Food Express has seen their competition mimic many of the company’s initiatives, Terry Lim is not concerned. “They routinely copy the wrong things,” he says. “The deep-rooted culture that drives the way we treat people is what drives our success, and that is something our competitors simply can’t, or won’t, copy.”