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MANAGEMENT REPORT

Amazon and Whole Foods Market Merger- 'A love at first sight' Case study

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"Who ever loved that loved not at first sight?"

(William Shakespeare, As You Like It, 3.5)

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(II) Introduction

Executive Summary

On 24 August 2017, less than 1,300 days ago, Amazon (NASDAQ: AMZN) and Whole Foods Market (WFM) announced that the merger agreement between the two companies had successfully concluded. The two organizations would together pursue the vision of making Whole Foods Market's high-quality, natural and organic food affordable for everyone. Amazon said in a press announcement, "as a down payment on that vision, Whole Foods Market will offer lower prices starting Monday (28 Aug 2017) on a selection of best-selling grocery staples across its stores, with more to come."ⁱ (Also see Exhibit 1). This concluded a friendly and vertical acquisition agreement which Amazon would acquire Whole Foods Market for \$42 per share in an all-cash transaction valued at appropriately US\$ 13.7 billion, including WFM's net debt.

This US\$13.7 billion deal is Amazon's largest acquisition to date (See Figure 2). This acquisition combined two successful brands together and "aspired to position Amazon as a pioneer at the intersection of e-commerce and brick-and-mortar retailing."ⁱⁱ Whole Foods Market, on the other hand, is also a pioneer natural foods supermarket chain originated in Texas and founded by its outspoken and passionate leader- **John Mackey** (See Exhibit 3). He did not start the company in a garage like Amazon's founder, **Jeff Bezos** (See Exhibit 4). But he did embark on his business journey in a vegetarian co-op in Austin (Texas) in 1977 because he thought that he would 'meet some interesting women.'ⁱⁱⁱ Thirty years later and equipped with 15 acquisitions under its belt, Whole Foods Market dominates natural food retailing in the USA and has become an iconic household organic health brand. John Mackey has said that his first meeting with the leaders from Amazon was "**love at first sight**".^{iv}

But, will this love last?

This management report will take an **in depth study** into this \$13.7 billion's 'love affair'. It is based on the case study of the merger between these two famous brands. It aims to critically review the **Merger & Acquisition (M&A)** process involved which was primarily driven by its main objectives of business growth and financial gains. The potential financial upside is obvious but the cultural and leadership difference between the two companies are equally vivid. There are always pros and cons, benefits and costs, in every M&A deal. The key moral for management is

the abilities and capacities by the companies involved to strike a **fine balance and equilibrium** during/after the M&A and generate **added values** for all stakeholders especially, shareholders and employees.

Due to the limitation of time and resources available for this assignment, this report will only focus on two key **people issues** related to this M&A deal. It will not cover other related M&A issues such as financial impacts, business opportunities, growth potentials, operations and processes improvement etc. It will study two key management differences between the two brands; namely, **leadership philosophy** between the two companies and the **corporate cultural** differences between them. These differences have generated considerable people or HR issues especially from Whole Foods Market's perspective.

Will this merger (marriage) be successful? Who will be in charge? Will Whole Foods's unique culture vanish forever? Will they live happily ever after? Who will win or who will lose? Should this always be a zero-sum game? Can employees also benefit from this merger and not just the company's balance sheet? What can Amazon/Whole Foods do to motivate and retain key staff (team members)? (See Exhibit 5- A Challenge brief is developed for this merger)

This report will also critically analyze this M&A arrangement and people management process and put forward appropriate people management recommendation and actions plan to improve the people challenges created by this merger. It is the view of the author that **a bottom up and outside in approach** orchestrated and initiated by Whole Foods' employees are key to the success of this merger.

"A big merger is a little bit like a marriage.

I've been married for 30 years. I love my wife, and I love maybe 99% of everything about her, and 1% I'm not so fond of. A merger's similar.

Amazon has a different culture than Whole Foods. We love most things about Amazon, and they probably love most things about Whole Foods. But, you know, not everything."

~ John Mackey, (Sept 2020) Bloomberg Interview

(III) Purpose

The purpose of this management report is to conduct a desk top research on the M&A case between **Amazon and Whole Foods Market**. This acquisition was closed on 28 August 2017 after only a few short months' closed door negotiation between the two. Wall Street and shareholders reacted positively and share prices went up steadily in 2017 (actually, all the way till 2021). (See Exhibit 6.1 and 6.2)

Amazon is the world's largest online retailer by market capitalization and one of the biggest **global** companies in the world^v and its founder, Jeff Bezos, has just overtaken Elon Musk (again) as the richest person on earth. (See Exhibit 4). Its immense impact and endless business influence reach out across the world. It is also changing the whole ecosystem of online retail business and consumers behaviors worldwide.

This M&A deal is not just about the acquisition of 460+ organic food stores or a nice addition of brick-and-mortar grocery business into Amazon's overall business portfolio. It has more far-reaching impacts than one can envisage. We will take a deep dive look into the **unique employees' value propositions** of both companies. This merger could have created more sustainable and positive impacts for its employees/team members /Amazonians and humankind as a whole. But the original M&A process was primarily driven by Amazon's business growth and its long term financial gains. This deal should have been structured and planned beyond the balance sheet. The **intangible human and soft people elements** should have been taken into account into both of its **pre and pro merger integration plan** and its **strategic people management** plans. But they were ignored and **neglected** inadvertently in the whole merger process. An interesting observation to note- the acquisition's public announcement (Exhibit 1-with a total of 882 word) issued on 24 August 2017 by Amazon & Whole Foods Market, had not mentioned its staff or employees at all, **not** even once. The focus of this deal was obvious to all.

Last but not least, we will also analyze and evaluate the vast differences between their **leadership philosophy & styles and corporate culture**. The two companies have vast differences in their intrinsic corporate culture and management theories. It is fair to say that one is loose and one is tight. And as explained in ancient Chinese philosophy, they also embrace the qualities of **yin and yang** (Chinese: 陰陽 yīnyáng). Amazon is the *yang* whereas Whole Foods is the *yin*

character. In Chinese, Yin and yang is a “concept of dualism, describing how seemingly opposite or contrary forces may actually be complementary, interconnected, and interdependent in the natural world, and how they may give rise to each other as they interrelate to one another.”^{vi}

We will explain that their culture may be different but it is also this very difference which can help ignite a nice spark of fire which can complement each other. This merger will generate more intangible and positive value for both companies if they can adopt a more strategic people management strategy to enhance **employees’ participation and involvement** into their operations and **empower their employees** to take more accountabilities into the whole corporate culture merger. A **proposal of action plan** will be prepared for management consideration.

The little secret about M&A is that the **human dimensions** and culture are at least as important if not more critical, than the strategy, the price, and the positioning.^{vii} There are still tremendous potential benefits from this merger, yet to be unleashed.

Ashkenas summarized the ideal merger situation in the Harvard Business Review very well, he said, “if you’re part of a deal team, make sure that the human dimensions of the combination are built into your due diligence and integration planning from the beginning, and not just as an afterthought. And if you’re not involved in the M&A planning and decision making, as most of us are not, keep reminding your management of clients that organizations are more than just physical assets and balance sheets. It’s an obvious statement, but one that often gets overlooked in the excitement of the deal.”^{viii}

On 2 Feb 2021, Jeff Bezos sent an email to his employees (Amazonians) (See Exhibit 8) and announced suddenly that he will step down from his CEO role and transition to Executive Chair of the Amazon Board and Andy Jassy (See Exhibit 7), another long timer in Amazon, will become CEO in Q3 2021. The effects of this leadership transition may impact Whole Foods in the long time but it is the view of this author that it will not impact WHM in the near future. After all, it takes years to establish the corporate culture and people management philosophy in any company.

(IV) Companies Analysis and Business Environment

A) Pre-Merger: Whole Foods Market (WFM)

Its origin

After John Mackey dropped out of the University of Texas, he moved into a vegetarian co-op in Austin in 1977. In 1978, he joined forces with his girlfriend, Renee Lawson and opened their own store- Safer Way Natural Foods. In 1980, Whole Foods Market was formally opened after they merged their operations with Craig Weller and Mark Skiles (co-owners of Clarksville Natural Grocery) on Sept. 20, with a staff of only 19. (See Exhibit 9). Please also see Exhibit 10 for the detailed summary of Whole Foods' history and evolution journey.^{ix} In 1992, the company went public and over the next 20 years, grew steadily through numerous mergers and acquisitions with other similar health food stores.^x It is now one of the largest natural foods grocer in the USA.

Its Customers (friends)

“The typical Whole Foods consumer was considered to be health-conscious and interested in wellness. Many were well educated, and earned higher than average income. Whole Foods catered to the health and well being of their customers and determined to maintain the integrity and ensure quality of their products.”^{xi} They commit to the local community and support local business. As Mackey described, “Whole Foods Market does not think of our customers as consumers or even as clients; we prefer to think of them as our friends and our guests when they are in our stores.”^{xii}

Whole Foods also regards its customers are the lifeblood of their business and its most important stakeholder. “We strive to meet or exceed their expectations on every shopping experience”, it openly pledged. It also aims to continually experiment and innovate to offer a better customer experience. It aspires to create store environments that are “inviting, fun, unique, comfortable, attractive, nurturing and educational.” Their stores are not just brick-and-mortar retail spaces but “community meeting places where people can join their friends and make new ones. (See Exhibit 11- WFM's Declaration of Independence).

Its Purpose

The founder also believes that business and capitalism have a lot to give and have to serve a higher purpose, and not just about maximizing profits and shareholders' value. Mackey said, “I

think that Whole Foods' highest purpose is a heroic one: to try to change and improve our world.”

^{xiii} Leader has to create a conscious culture which allows the organization to fulfill its higher purpose, implements the stakeholder model and enables conscious leadership to flourish. Mackey said, “I actually don't think trying to maximize profits is a very good long-term strategy for a business. It doesn't inspire the people who work for you.” ^{xiv} Mackey's personal passion in humanity and clear vision of the company has always inspired his team members and customers. Results could well be reflected by high staff morale, strong customer loyalty and brand affinity to Whole Foods. He is also steadfast that Whole Foods “will never compromise with Wall Street on its values- the 5 percent of profits given every year to charity” and installation of solar panels in some stores.^{xv}

Its Declaration of Independence

In 1985, Whole Foods Market unveils the “Declaration of Interdependence,” which affirms its unwavering commitment to diversity, customers, Team Members, investors, suppliers, the environment, and local communities. A salary cap limits executive pay to no more than eight times the average wage.” ^{xvi} This kind of open and transparent pledge to its stakeholders is indeed unique and rare. Whole Foods still maintains its declaration of independence even after its merger with Amazon in 2017. (See Exhibit 11) However, the emphasis on the creation of ‘profit and prosperity’ were added into this declaration *after* the merger.

Its ‘Unique’ Employee Culture

Whole Foods had always prided itself as an enjoyable workplace and, for 20 consecutive years through 2017, was listed by Fortune as one of America's 100 best companies to work for. “It's an honor to be named on FORTUNE's ‘Best Places to Work For’ list for 20 years and we're grateful for our team members, who are dedicated to our core values and who have helped our business grow over the past four decades,” said Mackey. ^{xvii}

There are five key elements of its unique culture which might help explain why Whole Foods had some of the happiest workers. “Firstly, *healthy habits*- all employees got discount on store purchases and incentives to maintain good health. *Transparency* and ‘no secrets’ rule was key and all employees got access to information about the company including pay information. Thirdly, its *Kumbaya Culture*- managers and executives- all got interviewed by a panel of peers

and regional presidents were hired in town hall style interviews. This practice could be unthinkable in many public companies including Amazon. In addition, it empowered team member to come forward with ideas and this perceived ‘power to the people’ encouraged ownership and fostered accountability. Last but not least, ‘cushy extras’- perks were plentiful and varied from regions and local interest. They included massage therapy, yoga, and language classes. All employees were eligible for six-week sabbaticals for every 6,000 hours of service.^{xviii} (Also see Exhibit 11)

Whole Foods was operated around teams. Employees were called ‘Team members’ as a way to ensure accountability and responsibility. Manpower planning, staffing, training, recruitment and even procurement and sourcing were carried out by individual stores level. Unlike other grocery chain, its decentralized approach across all 12 geographic locations, was the secret formula for this success till 2017. Take for example, job applications for all positions would first had a phone screening, before meeting one-on-one with a recruiter and hiring manager, followed by group interviews with other employees which they called ‘speed meetings’ (*Kumbaya Culture*). This aimed to ensure the potential hires would fit into its culture as finding the ‘right fit’ is the most important aspect of hiring a new employee.^{xxix} One may argue that this ‘hiring model’ which was specially designed for Whole Foods may not be sustainable in the long term. “It’s probably longer than the industry average. It takes about 60 days.”^{xxx} From a HR management point of view, thus process could be expensive to run and could be time consuming. (See Exhibit 12-13)

Whole Foods’ Global talent recruiter, Andres Traslavina said, “We look for people we can trust. We want people who are caring, empowered, entrepreneurial, and self-aware. The best candidates are aware of what they do better than anyone, and they know what their weaknesses are.”^{xxxi} A lot of companies may keep talking about teamwork, culture fit, and empowerment without much actions or actual performance. But Whole Foods has proven that it has the abilities to turn these buzzwords or jargons into a powerful and profitable business model.

Its Business Growth and Activist Investors’ Incidents

In 2011, Whole Foods announced its plan to grow to 1,000 stores over the next 10 years, more than double the roughly 500 it has currently (2021).^{xxii} In 2013, Whole Foods’ stock price peaked at \$65 per share, promoted headlines such as ‘*Whole Foods Takes Over America.*’^{xxiii} It also committed to opening stores in less affluent urban neighborhood with limited access to fresh food.^{xxiv} But the increase in size of its customer base had been disappointing: surveys found that

the percentage of shoppers at Whole Foods had only grown from 7% in 2009 to 8% in 2017.^{xxv} Moreover, the premium price strategy (the ‘*Whole Paycheck*’ nickname) thus impacted its growth and competition had further intensified in the organic health food market. As demand grew, mainstream supermarkets chain also started competing aggressively with Whole Foods on price and organic food offerings at lower prices. A price reduction scheme did not help much. “Whole Foods created this space and had it all to themselves for years, but in the past five years, a lot of people started pilling in”, said Brian Yarbrough, an analyst at Edward Jones.^{xxvi}

Furthermore, keen competition, diminished growth, more product substitutes, online retail alternatives and more suppliers had pushed down its profit margins gradually. In 2017, an avalanche of problems flooded in. On 10 February 2017, Whole Foods reported what was arguably “its worst performance in a decade, announcing its sixth consecutive quarter of falling same-store sales and cutting its outlook for the year.”^{xxvii} It had also closed nine stores after a year of sluggish sales, the most it has ever closed at one time.^{xxviii} In April 2017, Jana Partners LLC, an activist investment firm which had built up an 8.8% stake in Whole Food, wanted the chain to “improve its technology and operations to better compete with larger rivals, shake up its board and explore how much potential bidders might be willing to pay.”^{xxix}

Whole Foods responded immediately to shareholders’ pressure and announced the replacement of five board members and its chairman on 10 May 2017.^{xxx} “It also outlined a nine-point turnaround plan. The plan included slashing \$300 million in operating expenses by 2020, extending a comprehensive customer loyalty plan, overhauling corporate operations, and continuing to roll out its new inventory management system.”^{xxxi} “We value constructive dialogue toward our shared goals of creating shareholder value, successfully executing on our strategic priorities and taking actions that will position the company for continued success,” the company said in a statement. “We are committed to driving value for all Whole Foods Market shareholders and will continue to act to achieve this important objective.”^{xxxii}

However, Wall Street did not respond as positively as expected. “Whole Foods Market is not a well-run, modern day retailer at the moment,” analysts at Credit Suisse wrote in a note to investors responded to Jana Partners’ investment. They further commented that “our biggest criticism is that management has not moved fast enough to reposition the company,” and adding

that there was still a lot of uncertainty around the succession of top management. They noted that one way to fix some of the problems would be for Whole Foods to sell itself.^{xxxiii}

Whole Foods needed a buyer. And Whole Foods Market did sell itself two months later.

On 16 June 2017, Amazon announced that they had entered into a definitive merger agreement under which Amazon would acquire Whole Foods Market for \$42 per share in an all-cash transaction valued at approximately \$13.7 billion, including Whole Foods Market's net debt.^{xxxiv} A detailed SWOT analysis is compiled below to evaluate the potential merger with Amazon from Whole Foods' perspective. It is concluded from our analysis that the merger would be beneficial to the long-term growth and sustainable success of the company. Whole Foods needs Amazon.

SWOT Analysis – WFM's merger with Amazon (2017)

		Helpful to achieving the objective(s)	Harmful to achieving the objective(s)
Internal origin	Strengths	- Strong Brand recognition - Substantial business opportunities/potential - Long-term growth - Big investment from Amazon - Great Synergy with Amazon (eg Crosssell/IT/e Platform) - Expertise in procurement/processes/ systems etc - Affluent Customers/ database - The merger of two iconic brands: The 'Everything' store and Organic Food Guru WFM - Real Estate with 430+ physical stores	Weaknesses - Loss of its unique brand identity (Amazon is just very big!)/ brand development - Differences between online business and physical (grocery) business - Shareholders/ activist investors' challenges - Different corporate culture between Amazon and Whole Foods Market - A tale of 2 companies (potential clash and staff morale impact) - Different leadership styles - Lack of pre and post merger integration plans esp HR plan - Employees are different (eg empowered staff to make decision vs date-driven processes for decision-making) - Deficiencies in customer services/analytics/distribution strategy - Management system/professionalism in the 21st century - Dual CEO Structure
	Opportunities	- Expansion of its business (beyond 500+physical stores) - Complementary to Amazon's online business - Friendly acquisition and vertical integration - New customers' segment/database across the country and international - New potential growth areas - Strong process and metrics - Big data synergy and availability - Strong innovation and technological supports - Immediate survival as was under investors' pressure to restructure and revamp its board. (eg Jana Partners) (WFM needs the investment)	Threats - Growing/Strong competition in this organic food space from all fronts - Long-term survival of WFM brand - Keen market competition (eg all retailers are selling organic food) - Sustainable market growth - Quality control - Brand dilution - The 'Whole Paycheck' image – WFM's high prices points - Business synergy to get good financial return - WFM's staff motivation and expectation (eg retention/turn over) - Leaders' retention (such as John Mackey and senior leaders) - Deficiencies in IT system/processes/structures/data analytics - Model day retailers
External origin			

Its Merger--Love at First Sight~

"The reason I say **love at first sight** is, when you fall in love, there comes a point where you have the conversation. They may stay up all night and it's like, man, I'm really clicking with her or him. And wow, there's a lot of depth there," said Mackey in the interview. He noted, that Amazon CEO and Founder Jeff Bezos and his team were "not typical corporate guys" in that "they showed up in a much more authentic way."^{xxxv}

B) Pre-Merger: Amazon

The story of Amazon traces back to Seattle, Washington, in the year of 1994. A small company, named, Cadabra Inc., started this legendary success by selling books online. Today, it is considered as the biggest retailer in the world. In 1997, Amazon went public and was valued at \$438million. The rest has become history. In 2018, the e-commerce giant was responsible for around 18% of the online grocery sales in the USA. In February 2021, Amazon's quarterly sales passed \$125 billion for the first time in the final three months of 2020. For the year as a whole, revenues were up by more than a third of \$368 billion, almost \$100 billion more than Apple's revenues for last year.^{xxxvi} Jeff Bezos is now the richest person in the world. He just announced that he would step down as the CEO in Q3 this year. (See Exhibits 7-8)

Amazon's mission is to be Earth's most customer-centric company. Bezos reinforced his persistence and firm belief to its shareholders every year that all Amazonians should treat every day as if it were "day one". He attached the original 1997's letter to shareholders in his yearly report to 'shareowners'. One may not be able to envisage 'Amazon's life after Jeff' but we could certainly take a SWOT analysis of Amazon's acquisition of Whole Foods Market in 2017. It is concluded from our analysis that this new acquisition would be complementary to its long-term growth and enhance further success to the company. (Exhibit 14)

SWOT Analysis – WFM's merger with Amazon (2017)

	Helpful to achieving the objective(s)	Harmful to achieving the objective(s)
Internal origin	Strengths - Strong Brand - Substantial business opportunities/potential - Long-term growth - Big investment from Amazon - Great Synergy with Amazon (eg Crosssell/IT/e Platform) - Expertise in procurement/processes/ systems etc 'Obsession with Customer' – aligned with Amazon - The merger of two iconic brands: The 'Everything' store and Organic Food Guru WFM - Over 100m Prime Member subscribers worldwide can shop at WFM	Weaknesses - Loss of its unique brand identity (Amazon is just very big!)/ brand development - Differences between online business and physical (grocery) business - Shareholders/ activist investors' challenges - Different corporate culture between Amazon and Whole Foods Market - A tale of 2 companies (potential clash and staff morale impact) - Different leadership styles - Lack of pre and post merger integration plans esp HR plan - Employees are different (eg empowered staff to make decision vs date-driven processes for decision-making) - Deficiencies in customer services/analytics/distribution strategy - Management system/professionalism in the 21st century - Dual CEO Structure
External origin	Opportunities - Expansion of its business (beyond 500+physical stores) - Complementary to Amazon's online business - Friendly acquisition and vertical integration - New customers' segment/database across the country and international - New potential growth areas - Strong process and metrics - Big data synergy and availability - Strong innovation and technological supports - Immediate survival as was under investors' pressure to restructure and revamp its board. (eg Jana Partners) (WFM needs the investment)	Threats - Growing/Strong competition in this organic food space from all fronts - Long-term survival of WFM brand - Keen market competition (eg all retailers are selling organic food) - Sustainable market growth - Quality control - Brand dilution - The 'Whole Paycheck' image – WFM's high prices points - Business synergy to get good financial return - WFM's staff motivation and expectation (eg retention/turn over) - Leaders' retention (such as John Mackey and senior leaders) - Deficiencies in IT system/processes/structures/data analytics - Model day retailers

Its Culture – just a few words

From the outset, Bezos was determined to resist bureaucracy, reckless spending and a lack of rigor, all factors that he believed had plagued other companies.^{xxxvii} As Amazon grew, a set of Leadership principles was established. (See Exhibit 14). These principles determined how employees should behave in order to support Amazon’s mission. This list was handed out on laminated cards to all new employees. Take for example, the ‘two pizza rule’ is very unique. “Every team needs to be small enough to be fed by two pizzas.”^{xxxviii} He insisted Amazon to be agile and frugal while some companies have struggled with growth.

Most important of all, its culture was fundamentally *data driven*. Everything can be measured and will be measured. “Every piece of data is tested and analyzed- not just web design or product features but finance, HR, and operations processes.....While conventional wisdom has held that customer service is Amazon’s secret sauce, Bezos’ core innovation was to place data at the center of his corporate culture.”^{xxxix} This culture and focus spread across the whole company, not just corporate offices. For example, warehouses employees are monitored by sophisticated electronic systems to ensure they are packing enough boxes every hours.^{xl}

In addition, Amazon also has a reputation of having an intense, demanding work environment. In his first letter to shareholders in 1997, Bezos wrote, “ It’s *not* easy to work here (when I interview people I tell them, “ You can work *long, hard or smart*, but at Amazon.com you can’t choose two out of three”), but we are working to build something important, something that matters to our customers, something that we can tell our grandchildren about. Such things aren’t meant to be easy.”^{xli}

Inside Amazon: Wrestling Big Ideas in a Bruising Workplace (NYT)^{xlii}

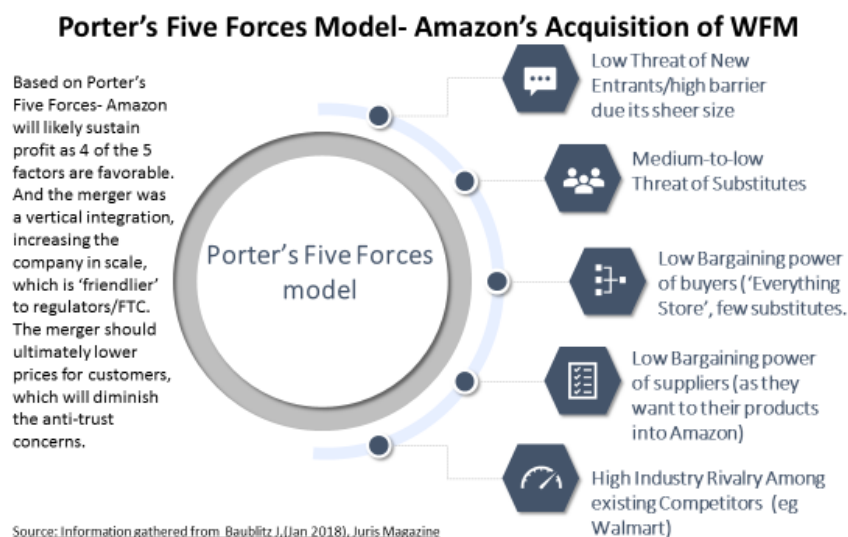
In a 2015 New York Times piece based on interviews from more than 100 current and former employees revealed certain information and perspective related to the Amazon way of doing things. For example, Amazon offices were described as highly competitive, demanding work environments. “Losers leave or are filed in annual cullings of the staff- “purposeful Darwinism”, one former human resources director said. Some workers who suffered from cancer, miscarriages and other personal crises said they had been evaluated unfairly or edged out rather than given time

to recover. ^{xliii} Bo Olson (worked in books marketing) said, “ Nearly every person I worked with, I saw cry at their desk.”

“Tens of millions of Americans know Amazon as customers, but life inside its corporate offices is largely a mystery. Secrecy is required; even low-level employees sign a lengthy confidentiality agreement. The company authorized only a handful of senior managers to talk to reporters for this article, declining requests for interviews with Mr. Bezos and his top leaders.” ^{xliv} However, this kind of media handling or PR response are also normal practices for sizeable companies as one can imagine the numbers of media requests could be astronomical.

In response to this damning New York Times feature, Bezos issued an internal memo to employees and wrote,” the article did not describe the Amazon I know or the caring Amazonians I work with every day. ... it claims that our intentional approach is to create a soulless dystopian workplace where no fun is had and no laughter heard. “ Bezos did also post some fair question that no company could have survived in today’s competitive hiring market and people would be crazy to stay in this kind of company.^{xlv}

The two cultures are very different. One is loose and one is tight. “When tight and loose cultures merge, there is a good chance that they will clash.” ^{xlvi} However, the qualities and contrary forces of yin and yang may actually be complementary, interconnected, and interdependent in the natural world. In addition, this acquisition will also benefit Amazon and help sustain its profit. Below is a brief analysis of this merger based on Porter’s Five Forces Model.^{xlvii}



C) A quick study: Whole Foods Under Amazon

Immediate price reduction: The merger was first announced on 16 June 2017 and completed in August 2017 after the necessary clearance and approval from the authorities (Exhibit 1). The first action taken by the company was the reduction of retail prices for some of the products. “Starting Monday (28 August 2017), Whole Foods Market will offer lower prices on a selection of best-selling staples across its stores, with much more to come. Customers will enjoy lower prices on products like Whole Trade bananas, organic avocados, organic large brown eggs, organic responsibly-farmed salmon and tilapia, organic baby kale and baby lettuce, animal-welfare-rated 85% lean ground beef,.... And much more.” This was encouraging but may not be the best news from the perspective of the ‘acquired’ employees from Whole Foods. And there was no mentioning of employees in this announcement. (See Exhibit 1)

Cultural Differences: To their credit, Whole Foods did host a town hall meeting immediately after the announcement to talk through the deal with staff in its headquarter and Jeff Wilke, CEO of Amazon Worldwide Consumer flew in for that. Both Mackey and Wilke assured staff that Whole Foods’ unique culture would be maintained. Mackey said, “They share a stakeholder philosophy.... one of the things they do better than us, they are more customer-centric than we are... We do care about our customers. So don't misunderstand me. I just feel like there's an opportunity for us to learn from them and do even better.”^{xlviii} On the other hand, Wilke revealed his personal story in details of how “Whole Foods had changed his life”.^{xlix} He also tried to reinforce business continuity in the meeting, ““Mostly, I love the passion that the team members have. I mean, everybody you interact with loves workin’ for Whole Foods. They love what they do. They’re very knowledgeable. Just it’s a wonderful opportunity for us to get to know each other. And I would say one thing to everybody, everybody in this team, which is please, please, please keep doing what you do best. Keep satisfying, delighting, and nourishing customers. Thank you.”^l He also commented a persistent issue for the company: “Amazon has expertise in many areas, but food is not one of them.”^{li}

The ‘everything store’ would have more to offer and Whole Foods could supplement their portfolio with a strong affluent customers’ database, most of them were millennials with high potential spending power and brand affinity and needless to say, the

immediate availabilities of 460+ stores footprints and more than 86,000 passionate team members. The ‘prime effect’ was also obvious. Bezos had once said that one will be ‘silly not to join’ his Amazon Prime subscription. He had also been explicit that grocery was essential to his long term vision and Amazon must learn how to sell food. “Food is the platform for selling you everything else,” said Walter Robb, the former co-CEO of Whole Foods. “It’s an everyday way into your life. There’s nothing else that happens quite that way.”^{lii}

Last but not least, this ‘love at first sight’ affair was spontaneous and fast. According to Mackey, Whole Foods had courted “seven potential bidders”^{liii} around April 2017. As discussed earlier in this report, Whole Foods faced enormous pressure from activist investors and disappointing performance with stagnant growth. On 18 April, Whole Foods’s consultant approached Amazon and a ‘blind date’ took place on 30 April in Seattle. The rest become history. In less than 50 days, they struck the deal and made the announcement on 17 June 2017.

It was obvious that they did not have sufficient time to strategize a systematic pre-merger integration or people management plan. Amazon’s ability to complete this merger within such a short time speaks volume about their abilities and experiences in M&A. “When companies acquire or merge with another, the ramifications can be severe. The decision to merge, especially with large companies, is effected by business decision makers, in-house lawyers, regulators, and various economic factors.”^{liv} The human dimension or element is often being neglected or handled as an ‘AOB’ item. This had also happened to this deal. The vast difference in culture and leadership management styles between the two were *not* considered before and after the merger. *The unexpected blind date paved way to their love at first sight, which had eventually blinded them both.* A proper prenuptial discussion or agreement were not planned. The eventual culture clash was inevitable if not predictable.

D) An Analysis- Merger and Acquisition

“Integration and merger activities are usually analyzed through the framework of market structure and activities. Mergers can be vertical, horizontal, or conglomerate. For regulators, vertical mergers are more beneficial for consumers because horizontal mergers decrease competition. A vertical merger occurs when a firm merges with another to carry

out multiple stages of the production process to produce components for a single product. Amazon was already in the grocery market but did not own the food distributors or local grown produce. After this merger with Whole Foods, Amazon has a distribution center and access to local and organic produce. This merger will potentially reduce the logistics costs, drive down prices, and increase margins for both companies. Ultimately, the synergy created by the deal will be beneficial to both Amazon and consumers.”^{lv} More added shareholders’ values could also be created. Fundamentally, this merger is beneficial for both companies.

In addition, this merger has the basic criteria and potential to sustain the long term success and should ‘stick’. All companies that seek profitable growth can benefit by thinking of merger integration as three sets of activities – which Shinhan Financial Group described as “dual companies”, “one company” and “new company.”^{lvi} Amazon and Whole Foods merger falls into the ‘dual companies’ mode. They have parallel operations during the whole transition period. This is a practical criteria in a complex market situation. It can also help the employees to retain their own unique identities (like Whole Foods’ corporate culture) and avoid too much change all at once. The *acquired employees* can learn new ways with open minds and less resistance. It will also make sense to allow old methods to be used for a while and refrain from changing all kinds of performance metrics immediately. They can also deploy experienced people to be the mentors in the new environment. (eg Founder John Mackey is still the CEO of Whole Foods Market).^{lvii} “The winners do not act like conquerors sending our occupying armies. Instead, they act like welcoming hosts and eager learners. Behaving as fixers rather than destroyers, they turn skeptics into fans.”^{lviii} Amazon has tried hard to make this merger a success. The foundation for this deal is good and solid. A more structured people management plan could empower its staff to prepare better for this merger and integration, more positive impacts could be generated.

E) The inevitable Culture Clash

“The stress has created such a tense working environment. Seeing someone cry at work is becoming normal”,

-according to a supervisor who worked in Whole Foods West Coast, Jan 2018.^{lix}

Process Improvement: After the merger, Whole Foods implemented new scorecards to enforce accuracy and evaluate employee' compliance with the new order-to-shelf (OTS) system. The OTS system was intended to improve its inventory management process and procurement procedures. Amazon thinks long term, and they are helping Whole Foods to think long term and improve.^{lx} But for years, Whole Foods' team members had been empowered by headquarter to make their own inventory decisions and tailor their stores to meet local needs. These empowerment and accountability are the key DNA of Whole Foods' culture. Hence, these changes had led to discontent and grievances from troubled employees' especially their concerns about Whole Foods' future and how their roles or jobs were changing. One regional supervisor commented anonymously, "The fear of chastisement, punishment and retribution is very real and pervasive."^{lxi} (See Exhibit 15- Scorecard)

As we have argued before, Amazon and Whole Foods' relationship problems or culture clash were completely predictable. The two cultures are not compatible and different. The Ying and Yang dichotomy is obvious. "The two companies may have seen value in capitalizing on each other's strengths, but they failed to investigate their cultural compatibility beforehand. They now stand on a fault line where tensions often erupt in mergers. This fault line is what we call tightness versus looseness. When tight and loose cultures merge, there is a good chance that they will clash."^{lxii} Based on the now famous Harvard Business Review's case on this merger, "tight company cultures value consistency and routine. They have little tolerance for rebellious behavior, and use strict rules and processes to uphold cultural traditions. Loose cultures are much more fluid. They generally eschew rules, encourage new ideas, and value discretion."^{lxiii} In the case of Amazon and Whole Foods, Gelfand argued that "people in loose cultures prefer visionary, collaborative leaders: those who advocate for change and empower their workers, like Whole Foods' Mackey. People in tight cultures desire leaders who embody independence, extreme confidence, and top-down decision making. Amazon CEO Jeff Bezos, who is known to expect unwavering discipline from his workers, personifies this leadership style."^{lxiv} (See Exhibit 12 to 14)

A summary of key quotes made by both leaders are consolidated (below) for your easy comparison. One conclusion can be easily devised from this desk top analysis: their leadership methodologies are very different and their strong personal styles will make the culture clash

inevitable. But this diversity or contradiction can also complement each other like our *ying and yang* equilibrium as long as we can get the right balance between these two companies.

Selected Quotes from John Mackey and Jeff Bezos & Amazon on different topics:

John Mackey 	Jeff Bezos 
<i>On Merger ('Love at first sight'):</i> “The reason I say love at first sight is, when you fall in love, there comes a point where you have the conversation. They may stay up all night and it’s like, man, I’m really clicking with her or him. And wow, there’s a lot of depth there,” said Mackey in the interview. He noted, that Amazon CEO and Founder Jeff Bezos and his team were “not typical corporate guys” in that “they showed up in a much more authentic way.” Jarrett. C, (Sept 2020), Amazon’s website: ‘A conversation on conscious leadership.’^{lxv}	<i>On Merger (17 June 2017)</i> “Millions of people love Whole Foods Market because they offer the best natural and organic foods, and they make it fun to eat healthy,” said Jeff Bezos, Amazon founder and CEO. “Whole Foods Market has been satisfying, delighting and nourishing customers for nearly four decades – they’re doing an amazing job and we want that to continue.” Press Release (2017), Amazon to acquire Whole Foods Market.^{lxvi}
<i>On Employees (95,000+):</i> Employees at Whole Foods Market are called “team members”. “I tour our stores a lot. For right or wrong, good or bad, I am seen as sort of the father of the company, so the team members really like it when I come into their stores. They want to meet me. So I’ve found that its very good for morale for me to go to the stores and just walk around meeting people. That is not something I really enjoy doing or am particularly good at. I’m actually more of an introvert than an extrovert. But through constant practice I’ve gotten a lot better at it (Fox, J., (2011), HBR: What is it that Only I can do?”) ^{lxvii}	<i>On Employees: (1.3m)</i> “It’s not easy to work here (when I interview people I tell them, “You can work long, hard, or smart, but at Amazon.com you can’t choose two out of three”), but we are working to build something important, something that matters to our customers, something that we can all tell our grandchildren about. Such things aren’t meant to be easy. We are incredibly fortunate to have this group of dedicated employees whose sacrifices and passion build Amazon.com.” 1997 Letter to the Shareholders, Jeff Bezos. (It remains as Day 1).^{lxviii}
<i>On Merger:</i> A big merger is a little bit like a marriage. I’ve been married for 30 years. I love my wife, and I love maybe 99% of everything about her, and 1% I’m not so fond of. A merger’s similar.	<i>On Acquisitions:</i> We have acquired and invested in a number of companies, and we may acquire or invest in or enter into joint ventures with additional companies. Our business could suffer if we are

(Massar & Kelly, Bloomberg interview, 2020) ^{lxxix}	unsuccessful in making, integrating, and maintaining acquisitions and investments. Amazon's Form 10 K, for the fiscal year ended 31 Dec 2017. ^{lxxx}
On Amazon: Amazon has a different culture than Whole Foods. We love most things about Amazon, and they probably love most things about Whole Foods. But, you know, not everything. (Massar C & Kelly J, Bloomberg interview, 2020) ^{lxxxi}	On Whole Foods Market: “Our Whole Foods Market stores have remained open, providing fresh food and other vital goods for customers. We are taking steps to help those most vulnerable to the virus, setting aside the first hour of shopping at Whole Foods each day for seniors.” 2019 Letters to the Shareholders by Jeff Bezos ^{lxxii}
On Customers: "The first one that struck me was Amazon's commitment to the customer," he said. "That's always been a very important value for Whole Foods Market." (Jarrett. C, (Sept 2020), Amazon's website: 'A conversation on conscious leadership.')lxxiii	On Customers: Customer Obsession: Leaders start with the customer and work backward. They work vigorously to earn and keep customer trust. Although leaders pay attention to competitors, they obsess over customers. Amazon's Leadership Principles (See Exhibit 14)
On Culture: Our culture's very unique. We're very decentralized. And I think one of the reasons people that know Whole Foods don't freak out about a big chain coming- its not like a McDonald's coming into a town or a Walmart or even a Starbucks. Green,S. (2013), Harvard Business Review ^{lxxiv}	On Culture: We seek to be Earth's most customer-centric company. We are guided by four principles: customer obsession rather than competitor focus, passion for invention, commitment to operational excellence, and long-term thinking. Amazon- Form 10K to SEC, 2017. ^{lxxv}
On Stores: (502 in USA, 14 in Canada & 7 in UK) Our Stores are all unique. They're all different. None of them look exactly the same as other store because we don't have a prototype that we just replicate and repeat over and over again. Each store is locally created to fit that community as best we can determine from the local people that we have there working there. Green,S. (2013), HBR ^{lxxvi}	On 'our business' (3 segments: North America, International and Amazon Web services- AWS). We will continue to make investment decisions in light of long-term market leadership considerations rather than short-term profitability considerations or short-term Wall Street reactions. 1997 Letter to the Shareholders, Jeff Bezos ^{lxxvii}
On Business: “‘There is a narrative about business in America that says, ‘Business sucks’, and it's the idea that business is about a bunch of greedy bastards running around exploiting people, screwing their customers, taking advantage of their employees, dumping their toxic waste in the	On Business: <i>It's All About the Long Term</i> We believe that a fundamental measure of our success will be the shareholder value we create over the <i>longterm</i> . This value will be a direct result of our ability to extend and solidify our current market leadership

environment, acting like sociopaths.” “Whole Foods, on the other hand, is really, really trying to do the right thing.” Foster.T, Texas Monthly, June 2017^{lxxviii}	position. The stronger our market leadership, the more powerful our economic model. 1997 Letter to the Shareholders, Jeff Bezos.^{lxxix}
On Leadership: A company is ultimately about relationship, about trust, and about partnership. And the hardest thing in Covid has been the difficulty, other than virtually, to connect with people.... if you’re going to maintain a culture, you have to have people connecting with each other, and there’s no real substitute for doing that in person. “Whole Foods has done a lot better than other businesses, because we weren’t shut down. We saw our sales go up, and our online sales went way up. But it’s been incredibly stressful on the company, make no mistake about that.” Massar & Kelly, Bloomberg interview, 2020^{lxxx}	On Leadership: <i>Are Right, A Lot</i> Leaders are right a lot. They have strong business judgment and good instincts. They seek diverse perspectives and work to disconfirm their beliefs. <i>Dive Deep</i> Leaders operate at all levels, stay connected to the details, audit frequently, and are skeptical when metrics and anecdote differ. No task is beneath them. Amazon’s Leadership Principles (See Exhibit 14)
On Change: It is quite possible, of course, that Amazon will resist the temptation to impose its ethos on Whole Foods. “We’ve got a lot invested in our brand,” John Mackey, the co-founder and CEO of Whole Foods, told a company town hall after the Amazon deal was disclosed. “These guys are really smart people. They’re not stupid enough to go change” the Whole Foods’ “pixie dust.” Wartzman. R, (2017), Fortune: Amazon and Whole Foods are headed for a culture clash ^{lxxxii}	On Change: Reflect on this from Theodor Seuss Geisel: “When something bad happens you have three choices. You can either let it define you, let it destroy you, or you can let it strengthen you.” I am very optimistic about which of these civilization is going to choose. 2019 Letter to the Shareowners, Jeff Bezos.^{lxxxii}

(V) Selected HR Issues and Recommendations

We have conducted an in-depth study of both companies with detailed analysis of their unique culture, operational models and relevant management methodologies. This merger was primarily driven by business growth and its long term financial gains. The two has formed a good financial synergy and generate major prospect for their mutual business sustainability especially from Whole Foods' perspective. It is a good and strong financial deal.

Lack of a pre and post HR integration plan: But one key HR issue is that this deal should have been structured and planned beyond its balance sheet. The *intangible human and soft people elements* should have been taken into account into both of its **pre and post merger** integration plan and its strategic people management plans. But they were ignored and neglected inadvertently in the whole merger process. The town hall meeting to engage and the new scorecard to evaluate, could not help much, if at all.

Cultural and Leadership styles Differences: We have also extensively analyzed and evaluated another HR issue: the vast differences between their leadership philosophy & styles and corporate culture. The two companies have vast differences in their intrinsic corporate culture and management theories. It is fair to say that one is loose and one is tight. The two companies manifest the fine qualities of yin and yang (Chinese: 陰陽 yīnyáng). Amazon is the *yang* whereas Whole Foods is the *ying* character. Their culture may clash but they can also complement each other. This merger will generate more intangible and positive values for both companies if they can adopt a more strategic people management strategy to enhance employees' participation and involvement into their operations and empower their employees to take more accountabilities into the whole corporate culture merger. A proposal of action plan will be prepared in the next chapter for management consideration.

Recommendation 1: Post merger HR integration plan

The yardsticks for measuring the success or failure of many mergers can be vague: what is good for the shareholders of one company may be bad for the employees of another. Take for example, “there will be dysfunctional changes in employee behavior or challenges to adapt to the new culture or way of doing things, lost productivity and lower morale or high turnover rate. We have read again and again that *people* is the most important asset in most companies. But during a

merger, the human dimensions are always being neglected and HR function may be the last to know”.^{lxxxiii} Human resources function are at least as important if not more critical, than the strategy, the price, and the positioning. There are still tremendous potential people benefits from this merger, yet to be unleashed.

Most studies summarized three phases of mergers: pre-merger, transition phase and the post-merger phase. (Also see Exhibit 16). A pre-merger intensive study should have been conducted by both companies to work out a people integration plan which can help address the cultural differences. Immediately after the announcement of the merger, more engagement sessions could have been conducted for Whole Foods’ employees. In view of the empowerment and transparency culture of Whole Foods, *more communication, more leadership visibility and a well-structured plan* to integrate both companies and address the culture difference are crucial. Even it has already been nearly 4 years since the merger, it is not too late to fully integrate the two companies and make it as one. After all, this is still the biggest acquisition made by Amazon (See Exhibit 2). *They should turn this ‘love at first sight’ relationship into a happy marriage.* The post-merger phase is the most difficult one as in any organization whether large or small cultural clashes exist which may turn up a merger into the failure.^{lxxxiv}

Recommendation 2: Engaged and Empowered Employees - *Bottom up and Outside in* approach to get buy-in.

We have discussed earlier, the post-merger phase of the Amazon & Whole Foods merger had experienced a rocky start with some staff grievance, discontent and complaints among personnel. Cultural incomparability is widely acknowledged as a source of merger problems and so ultimately of merger failure. Hence, a fusion of culture is not just about employees’ sentiments but long-term business sustainability. Even there are substantial cultural differences between the two companies, there are also fundamental similarities. Both of them are passionate or obsessed with their customers, they are both firm believers in operational excellence and strong performance deliveries and both share the purpose to contribute to the betterment of community and humanity in general. (See Exhibits 11-14) They have some common core values and believe in ‘purpose over profit’, to a certain extent. Profit is important but should not be the only objective of a company. Both companies are keen to deliver long term plan and sustainability instead of focusing on delivering share prices’ gain for investors.

There will be some common areas for them to negotiate cultural synergies between them. It is just a matter of focus of employees and certain level of mindset adjustment. “When tight and loose cultures merge, there is a good chance that they will clash — but, if diagnosed early, these clashes can be handled productively.”^{lxxxv} To avoid the potential fallout or pitfalls, the companies could: (1) Prepare to negotiate culture from the start and identify areas for compromise. (2) Construct a prenup that outlines their integration plan. (3) Make sure everyone across both organizations understands what changes will be made and why they will be made. (4) Embrace trial and error.”^{lxxxvi}

Everyone across both organizations needs to be informed about the HR integration plan. “Simply explaining what the changes will be is not enough.” Communicating openly and all senior leaders have to be accessible and transparent to employees. A fully engrained engagement and integrated employees communication plan has to be planned and cascaded to all employees. Gelfand (et al) summarized this culture negotiation process and engagement plan very well, “People in tight organizations might feel their control is being threatened. People in loose organizations might feel their autonomy is being threatened. Leaders need to be *culturally ambidextrous* — or demonstrate the value of being both tight and loose, and work to address employees’ underlying fear of change.”^{lxxxvii}

In addition, Ashkenas summarized the ideal merger situation in the Harvard Business Review very well, he said, “if you’re part of a deal team, make sure that the human dimensions of the combination are built into your due diligence and integration planning from the beginning, and not just as an afterthought. And if you’re not involved in the M&A planning and decision making, as most of us are not, keep reminding your management of clients that organizations are more than just physical assets and balance sheets. It’s an obvious statement, but one that often gets overlooked in the excitement of the deal.”^{lxxxviii} If there is one moral from this merger, the human element or dimension should have never got neglected in any business negotiation. A comprehensive prenup, both a pre and post merger integration plan should be one of the basic criteria for any successful merger and acquisition.

(VI) Proposed Action Plans

It is never too late for Amazon and Whole Foods to develop a fully integrated HR plan to synergize various teams better. We propose a three-pronged action plan: formation of a **core team** to devise clear terms of reference for this engagement and culture integration exercise. This core team will form respective **task forces** across different stores (500+) with employees' participation and staff engagement. A clear set of deliverables with time line will be developed and owned by these teams. Last but not least, concrete proposed actions to activate change, partnership and synergies will be developed and implemented by these teams. The key success factors for this plan to work well are **ownership from a 'bottom up-outside in' approach**. The proposed actions championed by the staff members/task forces, once cleared by top management, will be and have to be implemented with full commitment and patience. It takes time to build a strong team and change any culture in any organization.

First of all, a **small core team**, with no more than 10 people, should be formed by the companies to devise a structured and detailed integration plan with clear terms of reference and deliverables. Bezos' two pizza rule should apply for this exercise. The time frame should not be more than two years as any culture transformation will lose the momentum if the transformation is dragging on for too long. This core team will have direct access to top management and will regularly report progress to the management team and subsequently, get buy-in from the Board. As mentioned earlier, **leadership visibility and regular pulse checking** are important. (See Exhibit 17)

Once the core team has established, they will devise clear terms of reference for their roles and responsibilities. One of the key deliverables is for them to form several **task forces** and they need to openly recruit and invite 'team members' from Whole Foods across the country to join. All the initiatives and ideas should be driven from the employees (ie bottom up) and also mainly led by the employees from Whole Foods (ie outside in). The management teams from Amazon should adopt a hands-off approach and should refrain from excessive intervention. The objective is to recruit and engage interested and passionate employees to join this engagement project. The numbers of task forces have yet to be decided and the core team needs to identify and propose the detailed logistics and plans for these task forces. These task forces members would act as the change catalyst or champions for this communication and cultural integration exercise. Last but not least, this core team and task forces members will devise action plans and initiatives to engage

all employees in Whole Foods. They should have the full support from the top management including but not limiting to resources, time, IT support, and infrastructure and most important of all, ownership from the CEO and top management from both Amazon and Whole Foods. Ie Andy Lassy and John Mackey. (Exhibits 3 and 7). In the words of Campbell and Sandino, “Amazon may have been better off pursuing a management concept known as *structured empowerment*, where a company standardizes operations but allows flexibility for employees to make their own choices in key areas where having high-touch contact with customers matters.”^{lxxxix} This concept should also apply to communication and culture integration.

The above actions will be important to ensure more staff participation in the whole process. However, the headquarters / corporate offices should also explore **policy change** to supplement the initiatives which will be proposed by the task forces. They should also refrain from unnecessary intervention and empower the task forces to drive changes from the bottom.

2020 was a tough year for the whole world due to the covid pandemic. We are all still struggling to cope with this crisis. But on 2nd February, Amazon announced its best –ever quarter which was propelled by the covid-19 pandemic.^{xc} “Today roughly \$11,000-worth of goods change hands on Amazon’s e-commerce platform every second. The company delivered 3.5bn packages last year, one for every two human beings on Earth. Amazon Web Services (AWS), its cloud-computing division, enables more than 100m people to make Zoom calls during the day and a similar number to watch Netflix at night. In all, Amazon generated \$280bn in revenues last year.”^{xcii} The business potential and human talents yet to be unleashed from this \$13.7b merger are **enormous**. This report aims to provide an analysis to further enhance the success of this merger that the potential of Whole Foods could provide for Amazon’s overall business strategy. After all, Amazon admitted that they do not know ‘food’.

There is also a fundamental consideration for the task forces to consider. We can also position the mindset of this engagement exercise as a **partnership** instead of an integration. (Also see Exhibit 16) Whole Foods and Amazon have all the fundamentals to form a real partnership instead of an integration.^{xciii} However, more research and studies need to be conducted by the task forces in order to explore details further. This report cannot cover all details of such proposal due to its limited resources and time.

(VII) Conclusion

The Oxford dictionary defines an acquisition as ‘an outright gain of something (especially useful)’, and a merger as ‘the joining of gradual blending of two previously discrete entities.’ As such the overt relationship or power balance between the two merger parties or partners, at least at the beginning of the merger, could be delicate. This was well illustrated by Whole Foods and Amazon’s merger partnership. The initial culture clash between the *Ying and Yang* and *loose and tight* culture was well demonstrated by our earlier analysis. It takes time to get the fine balance and strike the equilibrium right between the two power bases.

Most important of all, there are many areas of commonalities between the core values, and leadership principles between Whole Foods and Amazon. They are fundamentally passionate with customers, staff and business excellence. (eg The introduction of an industry-leading \$15 minimum wage and comprehensive benefits to employees.^{xciii}) They have high standards and bigger purpose in societies. This core value and business purpose will make this merger or partnership work great in the long time. Their *yin and yang* elements will complement each other and this seemingly opposite or contrary forces can be the integrator and catalysts of their relationship.

This merger will generate more intangible and positive value for both companies if they can adopt a more integrated and partnership plan. This will help enhance employees’ participation and involvement into their operations and empower their employees to take up more accountabilities. We propose a bottom up-outside in approach to form relevant core team and task forces across Whole Foods for this culture exercise. This *concept of partnership, management buy in and clear ownership* are key to this change journey. A proposal of action plan and clear timeline are also prepared for management consideration. (See Exhibit 17)

The essential ingredient for most successful mergers and acquisition is always that the human dimensions and corporate culture synergy. They are at least as important if not more critical, than the strategy, the price, and the positioning. There are still tremendous potential benefits from this Amazon and Whole Foods merger, yet to be unleashed.

This merger, which was ignited by a *love at first sight*, has all the elements of a successful marriage. They shall be able to live happily ever after if they can adopt our proposed action plan.



*"Marriage is a matter of more worth
Than to be dealt in by attorneyship."*

— 1 Henry VI, Act 5 Scene 5, lines 55-56. Suffolk to other lords

The course of true love never did run smooth

— A Midsummer Night's Dream, Act 1 Scene 1, line 134; Lysander to Hermia

(VIII) Endnotes

Endnotes:

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(IX) Summary of Exhibits:

Exhibit 1: Press release

Amazon, (Aug 2017). Amazon and Whole Foods Market Announce Acquisition to Close This Monday, Will Work Together to Make High-Quality, Natural and Organic Food Affordable for Everyone.

SEATTLE & AUSTIN, Texas--(BUSINESS WIRE)--Aug. 24, 2017-- (NASDAQ:AMZN)—Amazon and Whole Foods Market today announced that Amazon’s acquisition of Whole Foods Market will close on Monday August 28, 2017, and the two companies will together pursue the vision of making Whole Foods Market’s high-quality, natural and organic food affordable for everyone. As a down payment on that vision, Whole Foods Market will offer lower prices starting Monday on a selection of best-selling grocery staples across its stores, with more to come.

In addition, Amazon and Whole Foods Market technology teams will begin to integrate Amazon Prime into the Whole Foods Market point-of-sale system, and when this work is complete, Prime members will receive special savings and in-store benefits. The two companies will invent in additional areas over time, including in merchandising and logistics, to enable lower prices for Whole Foods Market customers.

“We’re determined to make healthy and organic food affordable for everyone. Everybody should be able to eat Whole Foods Market quality – we will lower prices without compromising Whole Foods Market’s long-held commitment to the highest standards,” said Jeff Wilke, CEO of Amazon Worldwide Consumer. “To get started, we’re going to lower prices beginning Monday on a selection of best-selling grocery staples, including Whole Trade organic bananas, responsibly-farmed salmon, organic large brown eggs, animal-welfare-rated 85% lean ground beef, and more. And this is just the beginning – we will make Amazon Prime the customer rewards program at Whole Foods Market and continuously lower prices as we invent together. There is significant work and opportunity ahead, and we’re thrilled to get started.”

“It’s been our mission for 39 years at Whole Foods Market to bring the highest quality food to our customers,” said John Mackey, Whole Foods Market co-founder and CEO. “By working together with Amazon and integrating in several key areas, we can lower prices and double down on that mission and reach more people with Whole Foods Market’s high-quality, natural and organic food. As part of our commitment to quality, we’ll continue to expand our efforts to support and promote local products and suppliers. We can’t wait to start showing customers what’s possible when Whole Foods Market and Amazon innovate together.”

Here’s what will be new in Whole Foods Market stores on Monday and what customers can expect over time as the two companies integrate:

- Starting Monday, Whole Foods Market will offer lower prices on a selection of best-selling staples across its stores, with much more to come. Customers will enjoy lower prices on products like Whole Trade bananas, organic avocados, organic large brown eggs, organic responsibly-farmed salmon and tilapia, organic baby kale and baby lettuce, animal-welfare-rated 85% lean ground beef, creamy and crunchy almond butter, organic Gala and Fuji apples, organic rotisserie chicken, 365 Everyday Value organic butter, and much more.
- In the future, after certain technical integration work is complete, Amazon Prime will become Whole Foods Market’s customer rewards program, providing Prime members with special savings and other in-store benefits.

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- Whole Foods Market’s healthy and high-quality private label products—including 365 Everyday Value, Whole Foods Market, Whole Paws and Whole Catch—will be available through Amazon.com, AmazonFresh, Prime Pantry and Prime Now.
 - Amazon Lockers will be available in select Whole Foods Market stores. Customers can have products shipped from Amazon.com to their local Whole Foods Market store for pick up or send returns back to Amazon during a trip to the store.

This is just the beginning – Amazon and Whole Foods Market plan to offer more in-store benefits and lower prices for customers over time as the two companies integrate logistics and point-of-sale and merchandising systems.

Whole Foods Market will continue to grow its team and create jobs in local communities as it opens new stores, hires new team members, and expands its support of local farmers and artisans. The company will maintain operations under the Whole Foods Market brand, preserve its high standards and commitment to providing the finest natural and organic foods, and continue to source from trusted vendors and partners around the world. John Mackey will remain as CEO and Whole Foods Market’s headquarters will stay in Austin, Texas.

About Amazon

Amazon is guided by four principles: customer obsession rather than competitor focus, passion for invention, commitment to operational excellence, and long-term thinking. Customer reviews, 1-Click shopping, personalized recommendations, Prime, Fulfillment by Amazon, AWS, Kindle Direct Publishing, Kindle, Fire tablets, Fire TV, Amazon Echo, and Alexa are some of the products and services pioneered by Amazon. For more information, visit www.amazon.com/about and follow @AmazonNews.

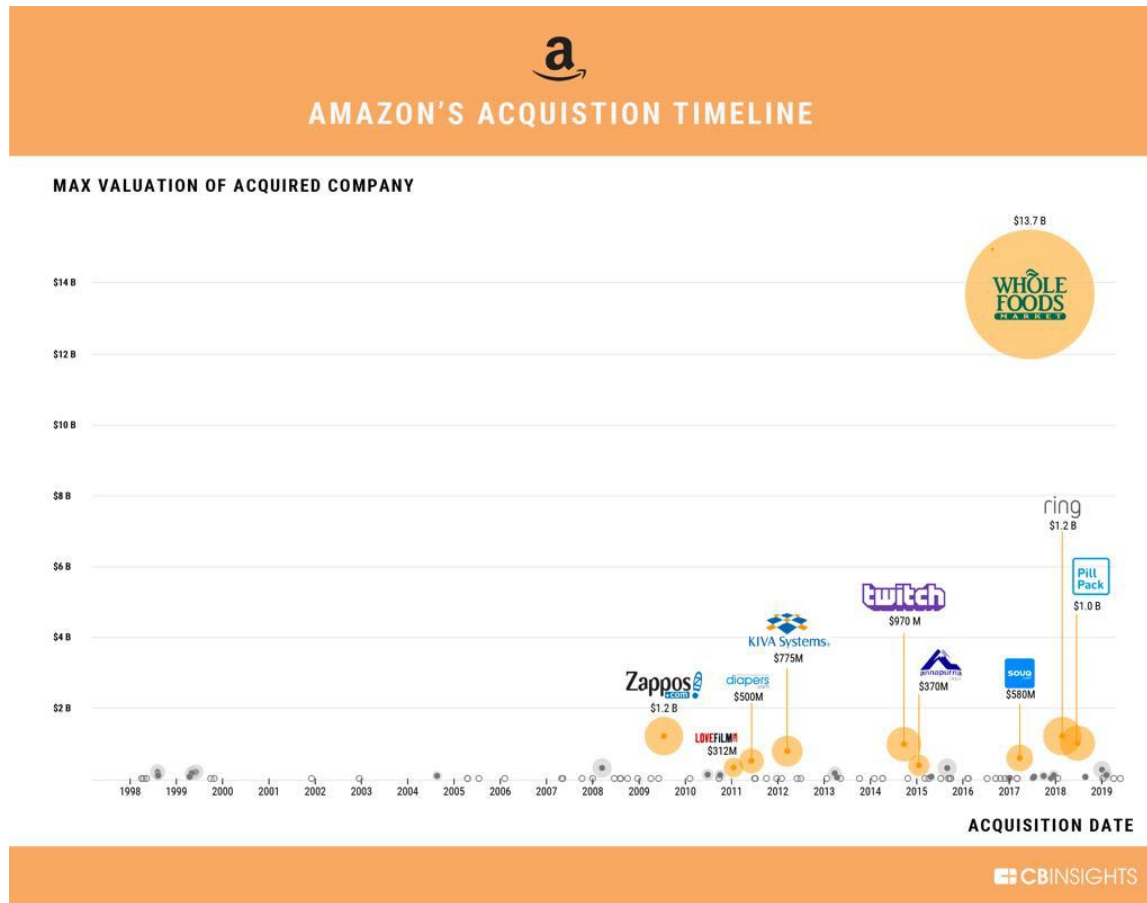
About Whole Foods Market

Founded in 1978 in Austin, Texas, Whole Foods Market is the leading natural and organic foods supermarket, the first national “Certified Organic” grocer, and uniquely positioned as America’s Healthiest Grocery Store. In fiscal year 2016, the Company had sales of approximately \$16 billion and has more than 460 stores in the United States, Canada, and the United Kingdom. Whole Foods Market employs approximately 87,000 team members and has been ranked for 20 consecutive years as one of the “100 Best Companies to Work For” in America by Fortune magazine. For more information, please visit www.WholeFoodsMarket.com or @WholeFoods on Twitter.

Source: (Online) Available at: <https://press.aboutamazon.com/news-releases/news-release-details/amazon-and-whole-foods-market-announce-acquisition-close-monday/>

[Accessed 31 Jan 2021].

Exhibit 2: Amazon's Acquisition Timeline



I. Key Takeaways

- At a whopping \$13.7B, Amazon's Whole Foods deal is by far its largest acquisition, more than 10x the value of Amazon's purchases of Zappos or Ring (both \$1.2B).
- Amazon spent more than \$20B to make its top 10 acquisitions.
- Eight of Amazon's top acquisitions were valued at \$500M+, including 4 deals worth \$1B+.
- The top 10 deals reflect Amazon's extremely diverse business interests: media and content (LOVEFiLM, Twitch), e-commerce (Souq, Quidsi, Zappos), computing hardware (Annapurna Labs), robotics (Kiva Systems), smart homes (Ring), and healthcare (PillPack).

Exhibit 3: John Mackey's Bio

John Mackey (D.O.B: 15 Aug 1953, 67 years old)

Co-Founder and Chief Executive Officer, Whole Foods Market



John Mackey, co-founder and CEO of Whole Foods Market, has built the natural and organic grocer from a single store in Austin, Texas in 1978, into a Fortune 500 company, which went public in 1992, and was purchased by Amazon in 2017. Today Whole Foods Market is a top U.S. supermarket with more than 500 stores and 95,000 Team Members across the U.S., Canada and U.K

While devoting his career to helping shoppers satisfy their lifestyle needs with quality natural and organic foods, Mackey has also focused on building a more conscious way of doing business. He was the visionary for Whole Planet Foundation to help end poverty in developing nations, the Local Producer Loan Program, which provided \$25 million in low interest loans to help local food producers expand their businesses, and the Global Animal Partnership's rating scale for humane farm animal treatment.

Mackey has been recognized as one of Fortune's "World's 50 Greatest Leaders," Ernst & Young's "Entrepreneur of the Year Overall Winner for the United States," Institutional Investor's "Best CEO in America," Barron's "World's Best CEO," MarketWatch's "CEO of the Year," Fortune's "Businessperson of the Year," and Esquire's "Most Inspiring CEO."

A strong believer in free market principles, Mackey co-founded the Conscious Capitalism Movement (<http://consciouscapitalism.org/>) and co-authored a New York Times and Wall Street Journal best-selling book entitled "Conscious Capitalism: Liberating the Heroic Spirit of Business" (Harvard Business Review Press 2013) to boldly defend and reimagine capitalism, and encourage a way of doing business that is grounded in ethical consciousness. Mackey cut his pay to \$1 in 2006 and continues to work for Whole Foods Market out of passion to see the business realize its potential for deeper purpose, for the joy of leading a great company and to answer the call to service that he feels in his heart.

Most recently, Mackey has focused on returning to the company's roots around healthy eating and lifestyle choices. A passionate advocate of healthy eating education, he laid the foundation for health and wellness programs for team members and customers. Mackey is co-author of *The Whole Foods Diet: The Lifesaving Plan for Health and Longevity* (Grand Central Life & Style 2017); and *The Whole Foods Cookbook: 120 Delicious and Healthy Plant-Centered Recipes* (Grand Central Life & Style 2018). Mackey is an avid backpacker and long-distance hiker. He lives in Austin, TX with his wife Deborah.

(Source: Whole Foods Market's official website. <https://media.wholefoodsmarket.com/experts/john-mackey>. [Accessed on 1 Feb 2021])

Exhibit 4: Jeff Bezos' Bio

Jeffrey P. Bezos (D.O.B: 12 Jan 1964, 57 years old)

President, Chief Executive Officer and Chairman of the Board



Jeff Bezos founded Amazon.com in 1994. Amazon's mission is to be Earth's most customer-centric company. Amazon offers low prices and fast delivery on millions of items, provides thousands of movies and TV shows through Prime Video, designs and builds the bestselling Kindle, Fire and Echo devices and Alexa voice recognition service, and empowers companies and governments in over 190 countries around the world with the leading cloud computing infrastructure through Amazon Web Services. Bezos is also the founder of aerospace company Blue Origin, which is working to lower the cost and increase the safety of spaceflight, and he is owner of the Washington Post. Bezos has launched two philanthropic organizations. The Bezos Earth Fund helps fund nonprofits preserving and protecting the natural world, and The Bezos Day One Fund provides grants to nonprofits to help homeless families and is creating a network of preschools in low-income communities. Bezos graduated summa cum laude, Phi Beta Kappa in electrical engineering and computer science from Princeton University in 1986, and was named TIME Magazine's Person of the Year in 1999.

Other related articles:

- 1) Forbes, (16 Jan 2021). Jeff Bezos Once Again The World's Richest Person After Rollercoaster Week. <https://www.forbes.com/sites/lisettevoytko/2021/01/16/jeff-bezos-once-again-the-worlds-richest-person-after-rollercoaster-week/?sh=759919c4175ds>:

“Amazon chief Jeff Bezos ended a bumper car week against Tesla founder Elon Musk by once again becoming the world's richest person, with an estimated net worth of \$181.5 billion (despite his fortune falling \$1.4 billion on Friday). The two men traded places nearly every day this past week for the top spot on our Real-Time Billionaires list.” (Forbes, 2021)

- 2) The CEO Magazine (18 Jan 2021). Amazon Founder and CEO Jeff Bezos world's richest person again. URL- <https://www.theceomagazine.com/business/innovation-technology/worlds-richest-jeff-bezos/>

“Amazon Founder and CEO Jeff Bezos has regained his position as the world's richest person.”

(Source: Amazon's website. <https://ir.aboutamazon.com/officers-and-directors/default.aspx>. [Accessed on 1 Feb 2021])

Exhibit 5: A Challenge Brief for this Merger

Challenge Brief - M&A case of Amazon and Whole Foods Market

Was the merger in a success from a people perspective? If not, what could be done better ? Any recommendations for management ?

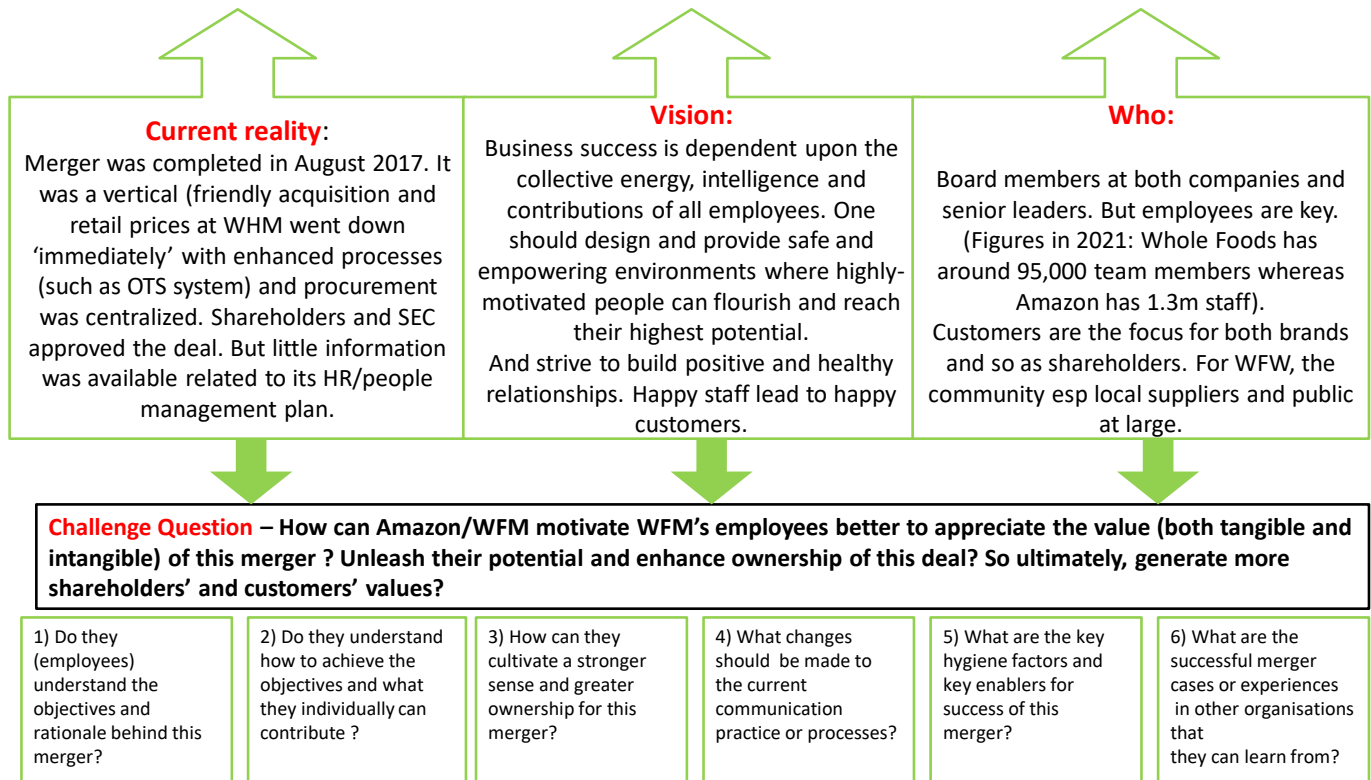


Exhibit 6.1: Amazon - 24 Year (1997-2021) Stock Price History | AMZN (US\$)



Exhibit 6.2: Amazon - 1 Year Stock Price History- 2017 | AMZN (US\$)



Source: URL: <https://www.macrotrends.net/stocks/charts/AMZN/amazon/stock-price-history> [Accessed on 6 Feb 2021]

Exhibit 7: Andy Jassy's Bio

Andrew R. Jassy (D.O.B: 13 January, 1968, 53 years old)

Chief Executive Officer, Amazon Web Services



Andy Jassy is CEO of Amazon Web Services (AWS), the world's most comprehensive and broadly adopted cloud platform. Having led AWS since its inception, he's managed an inventive and nimble team that has delivered more than 90 cloud infrastructure and application services that are used by millions of startup, enterprise, and government customers around the world. Jassy joined Amazon in 1997. Prior to founding AWS, he held various leadership roles across the company. He has an AB from Harvard University and an MBA from Harvard Business School.

Other related article: (See Details in Exhibit 6)

Amazon's press release: Jeff Bezos (2 Feb 2021). Email from Jeff Bezos to employees. URL: <https://www.aboutamazon.com/news/company-news/email-from-jeff-bezos-to-employees>

It was announced by Jeff Bezos that he will transition to Executive Chair of the Amazon Board in Q3 and Andy Jassy will become CEO.

(Source: Amazon's website. <https://ir.aboutamazon.com/officers-and-directors/person-details/default.aspx?ItemId=7601ef7b-4732-44e2-84ef-2cccb54ac11a> [Accessed on 3 Feb 2021])

Exhibit 8: Press Release

Jeff Bezos (2 Feb 2021)- Email from Jeff Bezos to employees.

Fellow Amazonians:

I'm excited to announce that this Q3 I'll transition to Executive Chair of the Amazon Board and Andy Jassy will become CEO. In the Exec Chair role, I intend to focus my energies and attention on new products and early initiatives. Andy is well known inside the company and has been at Amazon almost as long as I have. He will be an outstanding leader, and he has my full confidence.

This journey began some 27 years ago. Amazon was only an idea, and it had no name. The question I was asked most frequently at that time was, "What's the internet?" Blessedly, I haven't had to explain that in a long while.

Today, we employ 1.3 million talented, dedicated people, serve hundreds of millions of customers and businesses, and are widely recognized as one of the most successful companies in the world.

How did that happen? Invention. Invention is the root of our success. We've done crazy things together, and then made them normal. We pioneered customer reviews, 1-Click, personalized recommendations, Prime's insanely-fast shipping, Just Walk Out shopping, the Climate Pledge, Kindle, Alexa, marketplace, infrastructure cloud computing, Career Choice, and much more. If you get it right, a few years after a surprising invention, the new thing has become normal. People yawn. And that yawn is the greatest compliment an inventor can receive.

I don't know of another company with an invention track record as good as Amazon's, and I believe we are at our most inventive right now. I hope you are as proud of our inventiveness as I am. I think you should be.

As Amazon became large, we decided to use our scale and scope to lead on important social issues. Two high-impact examples: our \$15 minimum wage and the Climate Pledge. In both cases, we staked out leadership positions and then asked others to come along with us. In both cases, it's working. Other large companies are coming our way. I hope you're proud of that as well.

I find my work meaningful and fun. I get to work with the smartest, most talented, most ingenious teammates. When times have been good, you've been humble. When times have been tough, you've been strong and supportive, and we've made each other laugh. It is a joy to work on this team.

As much as I still tap dance into the office, I'm excited about this transition. Millions of customers depend on us for our services, and more than a million employees depend on us for their livelihoods. Being the CEO of Amazon is a deep responsibility, and it's consuming. When you have a responsibility like that, it's hard to put attention on anything else. As Exec Chair I will stay engaged in important Amazon initiatives but also have the time and energy I need to focus on the Day 1 Fund, the Bezos Earth Fund, Blue Origin, The Washington Post, and my other passions. I've never had more energy, and this isn't about retiring. I'm super passionate about the impact I think these organizations can have.

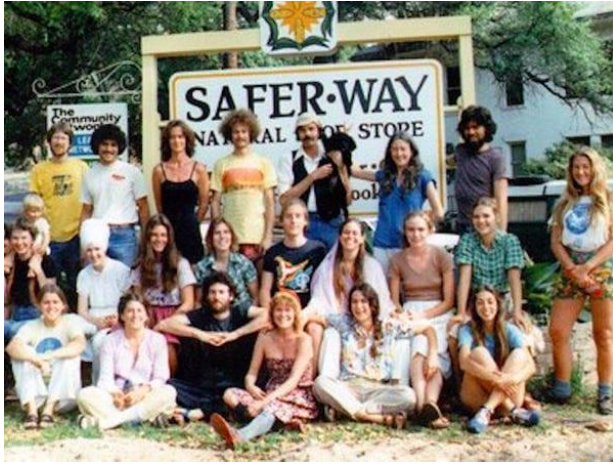
Amazon couldn't be better positioned for the future. We are firing on all cylinders, just as the world needs us to. We have things in the pipeline that will continue to astonish. We serve individuals and enterprises, and we've pioneered two complete industries and a whole new class of devices. We are leaders in areas as varied as machine learning and logistics, and if an Amazonian's idea requires yet another new institutional skill, we're flexible enough and patient enough to learn it.

Keep inventing, and don't despair when at first the idea looks crazy. Remember to wander. Let curiosity be your compass. It remains Day 1.

Jeff

URL: <https://www.aboutamazon.com/news/company-news/email-from-jeff-bezos-to-employees>

Exhibit 9: Whole Foods' History and Timeline



1980: Safer Way Natural Foods and Clarksville Natural Grocery join to open Whole Foods Market on Sept. 20, with a staff of only 19.



II. 1985: Whole Foods Market unveils the “Declaration of Interdependence,” which affirms its commitment to customers, Team Members, investors, suppliers, the environment, and local communities

Our Stores as at February 2021:



Numbers of Stores: 502 (U.S. Stores) 14 (Canada Stores) 7 (U.K. Stores)

Team Members: 95,000+ Regions: 12

(Source: <https://media.wholefoodsmarket.com/about>) Photographs: Courtesy of Whole Foods Market.

Exhibit 10 : Whole Foods Market- The Whole Story

The Whole Story: Pt. 2			
2009 Mackey publishes a <i>Wall Street Journal</i> op-ed arguing for market-based healthcare solutions under the title “The Whole Foods Alternative to Obamacare.” Mackey’s libertarian worldview comes under fire from liberal-minded customers, who vow boycotts.	2015 The New York City Department of Consumer Affairs finds that 89 percent of pre-packaged foods at the city’s Whole Foods stores were incorrectly weighed, which led to wide-ranging overpricing and some underpricing. A resulting class action lawsuit is still in court.	2016 The first 365 by Whole Foods Market, a new chain designed to compete with lower-price competitor Trader Joe’s, opens in L.A. That first store is a success, but the next two, in Oregon and Washington, underperform. In November, Whole Foods announces that co-CEO Walter Robb will be stepping down and Mackey will once again lead the company solo. The nation’s largest supermarket company, Kroger, for the first time sells more organic and natural products annually than Whole Foods.	2017 On April 10, New York hedge fund Jana Partners announces it has purchased nearly 9 percent of Whole Foods stock and will pressure the company to make drastic changes —perhaps forcing it to sell itself or find new leadership. Also on April 10, Mackey launches a tour to promote his second book, <i>The Whole Foods Diet</i>. The unfolding shareholder drama cuts the tour short. The first 365 store in Texas opens in Cedar Park, north of Austin. Mackey calls the revamped concept “365 2.0.” On the company’s second quarter earnings call, it announces an overhaul of its board of directors and
2010 Whole Foods names longtime company veteran Walter Robb co-CEO, alongside Mackey.	2012 Mackey publishes his first book, <i>Conscious Capitalism: Liberating the Heroic Spirit of Business</i>.		
The Whole Story: Pt. 1			
1978 Twenty-five-year-old John Mackey and his then-girlfriend Renee Lawson open Safer Way, a small health-food store near downtown Austin.	1984 Whole Foods begins its expansion by opening in Houston.	1997 The company launches its in-house line of packaged foods, 365 Everyday Value.	2005 Whole Foods debuts on the Fortune 500 list at number 480. It eventually reaches number 176 in 2017.
1980 Safer Way joins forces with competitor Clarksville Natural Grocery to open the first Whole Foods Market in downtown Austin. Within six months, Mackey says, it is the highest-volume natural-foods store in America.	1988 Whole Foods buys the Whole Food Company, in New Orleans, which becomes its first store outside of Texas.	1998 <i>Fortune</i> names Whole Foods one of America’s “100 Best Companies to Work For.” The company becomes a perennial presence on the list.	2006 Seeking to distance himself from any perception that he’s out for personal gain, Mackey gives up his salary and stock options.
1991 A flash flood nearly destroys the store. Employees and customers rally to help rebuild it, and it reopens less than a month later.	1992 With only ten stores to its name, Whole Foods Market becomes a publicly traded company.	2004 The company opens its second New York City location, a foodie mecca prominently situated across from Central Park.	2007 The Federal Trade Commission tries to block Whole Foods’ acquisition of Colorado-based competitor Wild Oats. It’s revealed that Mackey has, for seven years, been using a fake screen name to post on online message boards disparaging Wild Oats.
2013 In October, Whole Foods’ stock price tops out at \$65.24.	Whole Foods reports a decline in its same-store sales, a key measure of retailers’ health. The company goes on to report declines in same-store sales for the next six quarters.		details numerous cost-cutting measures, but Jana Partners declines to back off. “Whole Foods Market is faced with evolving right now—or possibly going extinct,” Mackey tells <i>Texas Monthly</i>.

Foster, T, (2017), The Shelf Life of John Mackey, Texas Monthly, (Online) URL: <https://features.texasmonthly.com/editorial/shelf-life-john-mackey/> [Accessed on 31 Jan 2021]

Exhibit 11 : Whole Foods Market- Declaration of Interdependence

Declaration of Interdependence

Our Purpose is to Nourish People and the Planet

Whole Foods Market is a dynamic leader in the quality food business. We are a purpose-driven company that aims to set the standards of excellence for food retailers. We are building a business in which high standards permeate all aspects of our company. Quality is a state of mind at Whole Foods Market.

We recognize the interdependence among our stakeholders - those who benefit from or are impacted by our company. Our success is optimized by a win-win strategy, and all of our stakeholders are simultaneously benefitting.

Our Values

We Sell the Highest Quality Natural and Organic Foods

We appreciate and celebrate great food. Breaking bread with others, eating healthy and eating well - these are some of the great joys of our lives.

Our product quality standards lead the marketplace. We focus on growing methods, safety, ingredients, taste, freshness, nutrition and appearance.

We tirelessly develop and introduce delicious and healthy foods that our customers love.

We Satisfy and Delight Our Customers

Our customers are the lifeblood of our business and our most important stakeholder. We strive to meet or exceed their expectations on every shopping experience.

We deliver outstanding customer service through our knowledge, skill, enthusiasm and operational excellence.

We continually experiment and innovate to offer a better customer experience. We create store environments that are inviting, fun, unique, comfortable, attractive, nurturing and educational. Our stores are community meeting places where people can join their friends and make new ones.

We Promote Team Member Growth and Happiness

Our success is dependent upon the collective energy, intelligence and contributions of all our Team Members. We design and provide safe and empowering environments where highly-motivated people can flourish and reach their highest potential.

We strive to build positive and healthy relationships. "Us versus them" thinking has no place in our company. We earn trust through transparent communication, open door policies and inclusive people practices. We appreciate and recognize the good work that our fellow Team Members do every day.

We value the importance of fun, family and community involvement to encourage a rich, meaningful and balanced life.

We Practice Win-Win Partnerships With Our Suppliers

We are part of an interdependent business ecosystem. There are tens of thousands of suppliers that we depend on to create an outstanding retail shopping experience for our customers.

We view our trade partners as allies in serving our stakeholders. We treat them with respect, fairness and integrity - expecting the same in return.

We listen compassionately, we think carefully and we always seek win-win relationships with everyone engaged in our business.

We Create Profits and Prosperity

We earn profits every day through voluntary exchange with our customers.

We know that profits are essential to create capital for growth, job security and overall financial success. Profits are the "savings" every business needs in order to change and evolve to meet the future goals. They are the "seed corn" for next year's crop and the creator of sustained prosperity.

We are stewards for our parent company Amazon, and we have a responsibility to use their capital wisely and frugally with the goal to increase its value over the long-term. We will grow at such a pace that our customer satisfaction, Team Member happiness and financial health continue to flourish together.

We Care About Our Communities and the Environment

We serve and support a local experience. The unique character of each store is a direct reflection of a community's people, culture and cuisine. We celebrate and strengthen each community through employment, investment in local non-profits and a conscious commitment to our local producers.

We leverage our foundations to broaden our community impact. We champion nutritional education for children, food access in underserved areas and microcredit for the poorest of the poor.

We practice and advance environmental stewardship. We balance our needs with the needs of the rest of the planet so that the Earth will continue to flourish for generations to come. Our industry-leading quality standards support sustainable agriculture, animal welfare and ocean preservation. We are committed to reduced packaging, composting and water and energy conservation.

Final Thoughts

Our Declaration of Interdependence reflects the hopes and intentions of many people. We do not believe it always accurately portrays the way things currently are at Whole Foods Market so much as the way we would like things to be. It is our dissatisfaction with the current reality, when compared with what is possible, that spurs us toward excellence and toward creating a better person, company and world. When Whole Foods Market fails to measure up to its stated vision, as it inevitably will at times, we should not despair. Rather let us take up the challenge together to bring our reality closer to our vision. The future we will experience tomorrow is created one step at a time today.

The Declaration of Interdependence was created originally in 1985 by 60 team members who volunteered their time. It has been updated in 1988, 1992 and 1997, and 2018.

Source: URL: <https://www.wholefoodsmarket.com/mission-values/declaration-interdependence>

[Accessed on 5 Feb 2021]

Exhibit 12 : Whole Foods Market- Leadership Principles

Our Leadership Principles

We believe that every team member is a leader who is ultimately responsible for customer happiness. We use our leadership principles every day, whether we're discussing ideas for new projects or deciding on the best approach to solving a problem.

Purpose Driven

Our leaders are committed to fulfilling the higher purpose, core values, and leadership principles of our company.

Customer Obsession

Our leaders start with the customer and work backwards. We work vigorously to earn and keep customer trust. Although our leaders pay attention to competitors, we obsess over customers. Customers are our most important stakeholder and the lifeblood of our business.

Commitment to Operational Excellence

Our leaders strive for excellence in everything that we do. We want all of our stores and facilities to be the absolute best that they can possibly be. Our leaders have relentlessly high standards. We are continually raising the bar and commit our teams to deliver high quality products, services and processes. We benchmark ourselves and our teams against the best, internally and externally, and strive to be the very best. Our leaders eliminate defects and make sure the problems are fixed and stay fixed. Leaders operate at all levels, staying connected to the details and diving deep to understand and give input.

Long-Term Thinking

Our leaders think long term and don't sacrifice long-term value creation for short-term financial results. We act on behalf of the entire company, beyond just our own team. We know that many of the decisions and investments we make may have negative short-term financial impacts, but will produce long-term value for our customers and all of our stakeholders.

Passion for Creativity, Innovation, and Invention

Our leaders expect and require innovation and invention from their teams. We are externally aware of what others are doing, look for new ideas from everywhere, and are not limited by "not invented here" thinking. As we do new things, we accept that we may be misunderstood for long periods of time.

Learn and Grow

Our leaders are never done learning, and we always seek to improve ourselves. We are curious about new possibilities and act to explore them. We believe that life can be an incredible adventure of learning and growing and commit to continuous personal growth.

Hire and Develop the Best

Our leaders raise the performance bar with every hire and promotion. We recognize exceptional talent and willingly move them throughout the organization. Our leaders develop talent and take seriously their role in mentoring and coaching others. We have a responsibility to pass our knowledge, skills, and wisdom on to our teams and the larger company.

Think Big

Thinking small is a self-fulfilling prophecy. Our leaders create and communicate a bold direction that inspires results. We think differently and look around corners for better ways to serve our customers.

Just Get it Done

Speed matters in business. Many decisions and actions are reversible and do not need extensive study. Our leaders value calculated risk taking. We believe it is sometimes better to “ask for forgiveness rather than permission,” especially in service to our customers

Frugality

Our leaders accomplish more with less. Constraints breed resourcefulness, self-sufficiency and invention. There are no extra points for growing headcount, budget size or fixed expense.

Earn Trust

Our leaders listen attentively, speak candidly and treat others respectfully. We are willing to admit our mistakes, even when doing so is awkward or embarrassing. We understand that in order to earn trust, we must give trust.

Empower our People

Our leaders know that our success is highly dependent upon empowered teams that are both highly innovative and produce operational excellence. We therefore strive to empower others and help them succeed instead of micro-managing them.

Be a Servant Leader

Our leaders care about others. We are not driven by our ego’s desire for self-aggrandizement. Instead, we always try to serve the higher purpose of the company, as well as serving all of our major stakeholders—customers, team members, our owner Amazon, suppliers, our communities, and our larger environment.

Seek Win-Win Strategies and Solutions

Our leaders reject win-lose thinking. The best strategies for our business, as well as finding solutions to the challenges we face, are always to seek to discover the win-win. Strategies and solutions that cause any of our major stakeholders to lose need to be rethought and reimagined until the win-win can be successfully accomplished.

Have Courage: Disagree and Commit

Our leaders are obligated to respectfully challenge decisions when we disagree, even when doing so is uncomfortable or exhausting. We have conviction and are tenacious. We do not compromise for the sake of social cohesion. However, once a decision is determined, we commit wholly in support of the decision.

Are Right, A Lot

Our leaders are right, a lot. We may make mistakes occasionally, but we also have excellent judgment and good instincts. We seek diverse perspectives and work to disconfirm our own beliefs so that we will make better decisions.

Shared Fate with Self-Responsibility

As stakeholders in the company we share in the successes, as well as setbacks. Team Members have the responsibility for their own successes and failures. Individual creativity and experimentation are essential and mistakes are opportunities to learn and grow. Our Team Members are empowered to create the best working environment and shopping experience for our customers.

Source: URL: <https://www.wholefoodsmarket.com/mission-values/leadership-principles>

[Accessed on 5 Feb 2021]

Exhibit 13: Whole Foods Market's Core Values

Our Core Values

Our purpose is to nourish people and the planet

We Sell the Highest Quality Natural and Organic Foods

When you walk in our doors, you'll find vibrant stacks of produce, animal welfare rated meat, Responsibly Farmed and sustainable wild-caught seafood and body care products with ingredients you can trust. That's because we have experienced team members who help make it all possible. They partner with farmers and suppliers and carefully vet our products to make sure they meet our high standards by researching ingredients, reading labels and auditing sourcing practices — all to make shopping easier for you. Remember, if it doesn't meet our standards, we don't sell it. Learn more about our quality standards.

We satisfy and delight our customers

Our customers are the lifeblood of our business and our most important stakeholder. We strive to meet or exceed their expectations on every shopping experience.

We deliver outstanding customer service through our knowledge, skill, enthusiasm and operational excellence.

We continually experiment and innovate to offer a better customer experience. We create store environments that are inviting, fun, unique, comfortable, attractive, nurturing, and educational. Our stores are community meeting places where people can join their friends and make new ones.

We promote team member growth and happiness

Our success is dependent upon the collective energy, intelligence, and contributions of all of our Team Members. We design and provide safe and empowering environments where highly motivated people can flourish and reach their highest potential.

We strive to build positive and healthy relationships. "Us versus them" thinking has no place in our company. We earn trust through transparent communication, open door policies, and inclusive people practices. We appreciate and recognize the good work that our fellow Team Members do every day.

We value the importance of fun, family, and community involvement to encourage a rich, meaningful, and balanced life.

We practice win-win partnerships with our suppliers

We are part of an interdependent business ecosystem. There are tens of thousands of suppliers that we depend on to create an outstanding retail shopping experience for our customers.

We view our trade partners as allies in serving our stakeholders. We treat them with respect, fairness and integrity - expecting the same in return.

We listen compassionately, we think carefully, and we always seek win-win relationships with everyone we do business with.

We create profits and prosperity

We earn profits every day through voluntary exchange with our customers.

We know that profits are essential to create capital for growth, job security, and overall financial success. Profits are the "savings" every business needs in order to change and evolve to meet the future goals. They are the "seed corn" for next year's crop and creator of sustained prosperity.

We are stewards for our parent company, Amazon, and we have a responsibility to use their capital wisely and frugally with the goal to increase its value over the long-term. We will grow at such a pace that our customer satisfaction, Team Member happiness, and financial health continue to flourish together.

We Care About our Community and the Environment

We serve and support a local experience, and practice and advance environmental stewardship. Learn more about how we support communities & our environment

Source: Whole Foods Market's Website (Online) URL: <https://www.wholefoodsmarket.com/mission-values/core-values> [Accessed on 5 Feb 2021]

Exhibit 14 : Amazon's Leadership Principles

Learn and Be Curious

Leaders are never done learning and always seek to improve themselves. They are curious about new possibilities and act to explore them.

Hire and Develop the Best

Leaders raise the performance bar with every hire and promotion. They recognize exceptional talent, and willingly move them throughout the organization. Leaders develop leaders and take seriously their role in coaching others. We work on behalf of our people to invent mechanisms for development like Career Choice.

Insist on the Highest Standards

Leaders have relentlessly high standards - many people may think these standards are unreasonably high. Leaders are continually raising the bar and drive their teams to deliver high quality products, services and processes. Leaders ensure that defects do not get sent down the line and that problems are fixed so they stay fixed.

Updated: October 1, 2020. For the latest version: <http://www.aboutamazon.com/about-us/leadership-principles>

Ownership

Leaders are owners. They think long term and don't sacrifice long-term value for short-term results. They act on behalf of the entire company, beyond just their own team. They never say "that's not my job".

Invent and Simplify

Leaders expect and require innovation and invention from their teams and always find ways to simplify. They are externally aware, look for new ideas from everywhere, and are not limited by "not invented here". As we do new things, we accept that we may be misunderstood for long periods of time.

Are Right, A Lot

Leaders are right a lot. They have strong judgment and good instincts. They seek diverse perspectives and work to disconfirm their beliefs.

Dive Deep

Leaders operate at all levels, stay connected to the details, audit frequently, and are skeptical when metrics and anecdote differ. No task is beneath them.

Have Backbone; Disagree and Commit

Leaders are obligated to respectfully challenge decisions when they disagree, even when doing so is uncomfortable or exhausting. Leaders have conviction and are tenacious. They do not compromise for the sake of social cohesion. Once a decision is determined, they commit wholly.

Deliver Results

Leaders focus on the key inputs for their business and deliver them with the right quality and in a timely fashion. Despite setbacks, they rise to the occasion and never settle.

Bias for Action

Speed matters in business. Many decisions and actions are reversible and do not need extensive study. We value calculated risk taking.

Frugality

Accomplish more with less. Constraints breed resourcefulness, self-sufficiency and invention. There are no extra points for growing headcount, budget size or fixed expense.

Earn Trust

Leaders listen attentively, speak candidly, and treat others respectfully. They are vocally self-critical, even when doing so is awkward or embarrassing. Leaders do not believe their or their team's body odor smells of perfume. They benchmark themselves and their teams against the best.



Leadership Principles

Our Leadership Principles are more than inspirational wall hangings. Amazon employees use the Leadership Principles every day as they're discussing ideas for new projects, deciding on the best solution for a customer's problem, or interviewing candidates.

Customer Obsession

Leaders start with the customer and work backwards. They work vigorously to earn and keep customer trust. Although leaders pay attention to competitors, they obsess over customers.

Think Big

Thinking small is a self-fulfilling prophecy. Leaders create and communicate a bold direction that inspires results. They think differently and look around corners for ways to serve customers.

URL: <https://www.aboutamazon.com/about-us> [Accessed on 14 January 2021]

Exhibit 15: Scorecard introduced by Whole Foods HQ (July 2017)



SCORECARD – PRODUCE

v3.6-July 2017



PROD
STORE _____ DATE _____
SCORER _____

LOCATION	STANDARD	CRITICAL	NON-CRITICAL
1. COMM BRD	Is the Communication Board orderly, complete, and up to date for the promo week? <i>Must contain: Cooler Map, Weekly Specials List, Weekly Merchandising Plan/Map, Prior Week's Top Shrink Items with Shrink Action Plans, Prior Week's Regional Top 50 Movers DC Notes & Updates, Last Case Out Sheet, Special Orders, Cleaning Schedule & Log, Team Schedules, Planograms, End of Day Backstock Case Count.</i>	☐	☐
2. COMM BRD	Is the Cleaning Schedule and Cleaning Log being followed?	☐	☐
3. BACK	Are coolers maintained to standard: clean with product organized neatly and left-justified according to posted signage?	☐	
4. BACK	Is the load fully broken down to standard? Is product being code dated and rotated properly?	☐	
5. BACK	Is the Rotation Board key being followed accordingly with the most current dates (today or yesterday)? Are all sections assigned to TMs?		☐
6. OFFICE	Does the Historical File for last week include the Order Guide, Historical File cover sheet, and these items from the Communication Board: Weekly Specials List, Weekly Merchandising Plan/Map, Prior Week's Top Shrink Items with Shrink Action Plans, Prior Week's Top 50 Movers, DC Notes & Updates, Last Case Out Sheet, Special Orders, Schedule?		☐
7. ORDER	Is inventory being recorded on the Order Guide by item before every order is placed, down to the partial case?	☐	
8. ORDER	On the Order Guide, are the Regional Top 50 Movers' previous weekly sales movements being recorded? Are Promotional Items' last known weekly sales movement being recorded? Are piece counts updated on receiving Communication Board?		☐
9. ORDER	Has shrink been recorded for the previous seven days? Has the Shrink Action Plan been communicated to the team and Store Leadership to address high shrink items?		☐
10. ORDER	Are the supply inventories being recorded on the supply order guide? Are the Promotion supply items highlighted? Have pars been updated?		☐
11. FLOOR	Are all Global/Regionally directed planograms being followed on the floor? If there are variations, is there Regional communication to support them?		☐
12. FLOOR	Do all items on sales floor have accurate signage? Do all signs follow global standard?		☐
13. FLOOR	Is the End of Day Backstock Case Count recorded each evening, prior to order arrival, and entered on the spreadsheet?		☐
14. FLOOR	Select one page from the Order Guide; determine if the holding power on the floor is reflective of holding power listed in the Order Guide?	☐	
15. FLOOR	Is the Merchandising Plan & Map being followed on the floor? If there are any variations, is there leadership communication to support them?		☐
16. FLOOR	Are all displays that are not pulled down at night maintaining 75% holding power or greater throughout the day? Have schedule, Rotation Board assignments, and changes been communicated? Does the department meet our product quality standards and is it consistent with Global/Regional set guidance?	☐	
17. FLOOR	Has the following information been reviewed during AM and PM huddles, and when quizzing one or more TMs do they know the information (or where to find it): Last Week's Sales, Comp %, Current Week's Sales Goal, Top 3 Movers, and Top 3 Shrink Items?		☐

TOTAL CRITICAL PASSED

X 12

+

TOTAL NON-CRITICAL PASSED

X 3.33

=

(TOTAL SCORE MUST BE = 89.97 OR MORE TO PASS)

Source: Peterson. H, (2018) 'Seeing someone cry at work is becoming normal': Employees say Whole Foods is using 'scorecards' to punish them' Business Insider (Online) URL: <http://www.businessinsider.com/how-whole-foods-uses-scorecards-to-punish-employees-2018>

Exhibit 16 : Harvard Business Review: Postmerger Approaches at a Glance

Postmerger Approaches at a Glance

Five Key Differences

Partnering differs from traditional postmerger integration in five important ways.

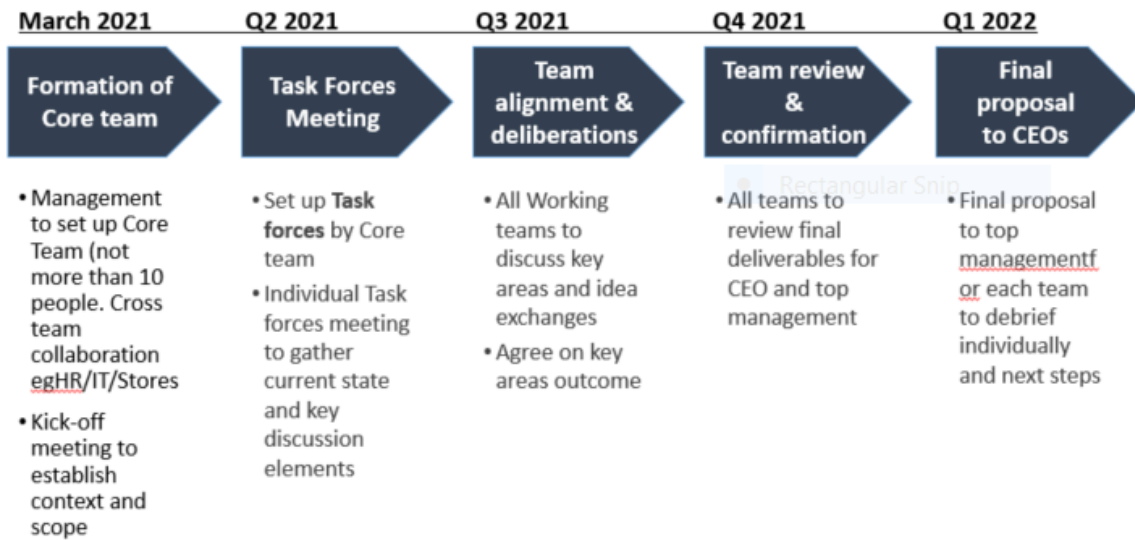
	INTEGRATION	PARTNERING
Structure	Absorb acquired company	Keep acquired company separate
Activities	Integrate core and supporting activities	Selectively coordinate a few key activities
Top Executives	Replace	Retain
Autonomy	None, or very limited	Near total
Speed of Integration	Rapid	Gradual

Source: Kale P, Singh H and Raman A.P. (2009). Harvard Business Review: Mergers & Acquisitions- Don't Integrate your Acquisitions, Partner with them. (HBR. www.hbr.org.)

Exhibit 17: Action Plan/ Proposed Time Line and Key Milestones

Action Plan Timeline :

Three pronged Approach for Integration Core Team and Task Forces



1

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