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For Walmart to truly become customer-centric and deliver a seamless customer journey, it needs more than talent. PHOTO: ELISE AMENDOLA/ASSOCIATED PRESS

Walmart's Got Talent...Now It Needs Integration

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The recent [announcement](#) that Walmart has hired its first Chief Customer Officer demonstrates how seriously the company is taking its focus on the customer. What's more, the new CCO is a longtime American Express executive, Janey Whiteside, who brings 20+ years of expertise in customer data and analytics and customer experience excellence. The new CCO role, which the company called a "step change," is indeed a critical and highly visible move to put the customer at the center of its operations. There is no doubt the company will benefit from having a single C-level manager driving a focus on the customer.

Walmart has also [hired](#) a new Chief Marketing Officer, Barbara Messing, who most recently transformed TripAdvisor from a media and content website to a e-commerce player; and a [new design officer](#), Valerie Casey, a former Frog, Ideo, and Pentagram designer. With these new well-credentialed arrivals, Walmart is shoring up capabilities to put and keep the customer first, as it says it intends to.

But for Walmart to truly become customer-centric and deliver a seamless customer journey, one that excels at a level that can rival industry gold-standard Amazon, it needs more than talent. It needs integration -- of businesses, operations, and teams. Brick-and-mortar stores may be Walmart's greatest competitive advantage over Amazon, but only if the company figures out how to better utilize them to serve customers who increasingly expect smooth cross-channel shopping, buying, and fulfillment. Walmart needs to combine its stores and e-commerce businesses into an integrated organizational structure, P&L, and operations



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instead of continuing to run them separately. Right now, it doesn't sound like there are any plans to address these more critical issues.

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For example, Whiteside will report to both Marc Lore, the CEO of Walmart's U.S. e-commerce, *and* Greg Foran, CEO of Walmart U.S. While Walmart tries to spin this arrangement as a sign of how important Whiteside's role is in integrating the two sides of the business, it actually illuminates the fundamental challenge of the company -- and foreshadows the limitations she will likely face. Relying on a single function to facilitate a tight integration between digital and physical operations integration is unrealistic. Whiteside will likely end up spending her time negotiating corporate politics and trying to break down silos between the two businesses, whereas her efforts would be better served if the two units were combined into a single operation so she could prioritize new membership or subscription offerings across the entire business that attract and retain customers and new strategies and technologies that enable more personalized, differentiated, and seamless customer experiences.

Walmart's scattered offices provide further evidence of the disconnects between the company's functions that desperately need to be combined. Its brick and mortar operations are primarily being driven out of Walmart's headquarters in Bentonville, AK; e-commerce is mostly run from Hoboken, N.J., the home of Jet.com the e-commerce business acquired by Walmart last year; and Walmart Labs, the unit responsible for advancing the company's technology capabilities is based in San Bruno and Sunnyvale, CA. Although many companies are adopting remote workplaces and virtual teams, it doesn't make sense for the leaders responsible for an integrated effort to be operating out of separate offices. Lore and Foran are already separated between the Hoboken and Bentonville offices; now the company has decided that Whiteside will be based in Hoboken while CMO Messing will operate out of Bentonville.

More disjointedness is evident in Walmart's approach to store design, or rather the lack of it. The company recently introduced a new streamlined version of its website and mobile app, which has been praised for its updated look and feel and more user-friendly interface. But what about its stores? The company hasn't rolled out a substantive upgrade to its existing physical locations in years. New head of design Casey says she joined the retailer for the opportunity to design new services and experiences that bridge stores and digital, so there's the potential for the sorely needed advancements in the in-person experience. But it's unclear how Casey's role fits into the organizational structure, and if she has a dual-reporting responsibility into U.S. store operations and the e-commerce business like Whiteside does, she will likely face the same challenges.

Walmart has been on a growth track lately, going from flat or declining same-store sales to increasing growth over the past two years and double-digit e-commerce growth. Its new executives are intended to continue that positive trajectory. But to sustain its momentum long-term, Walmart needs to change more than its talent. A fundamental transformation in the company's structure and operations seems unlikely, perhaps even impossible. But to realize its customer-first aspiration, it's also absolutely necessary.



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Sound analysis and excellent observations as always **Denise Yohn**. There remains a deeper tension than the organizational design questions you raise - balancing WalMarts traditional EDLP positioning with the capital requirements to modernize operations and to redesign, re-imagine and recreate a store environment that, in most cases, can best be described as tired and mediocre. ...see more

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