

## 7.12: Assignment- Memo to Costco's CEO

### Preparation

In your readings on Human Resource (HR) Management, you learned the importance of HR management and alignment of HR policies to strategy. While good HR policies and practices are important, not every company successfully carries them out. Several business publications measure and rank companies on their HR policies and practices. Forbes, for example, compiles an annual ranking of “The Best Places to Work.” In 2017, the number-one ranking went to Costco Wholesale Incorporated (Costco).

Costco is the seventh largest global retailer. The organization adopts distinctive employee welfare strategies, develops programs and benefits that motivate employees, and strives to create an environment that fosters employee loyalty. Offering excellent employee benefits is not always viewed favorably by people in the investment community; however, Costco’s co-founder and former CEO, Jim Sinegal, firmly believes that keeping employees satisfied and loyal will result in profitability for the organization in the long run. This approach is in stark contrast to HR policies followed by Walmart, the world’s largest retailer, and some analysts doubt that Costco’s HR policies will actually pay off.

In this assignment, you will review aspects of Costco’s HR policies and practices, relate them to the Module 7 topics, and decide whether you agree with Jim Sinegal that satisfied and loyal employees will produce profitability in the long run, or you agree with analysts that costly HR policies and benefits will not produce long-term profitability. You will summarize your findings and conclusions in a memo to Costco’s current CEO, W. Craig Jelinek. The following steps will help you prepare for your written assignment:

1. Thoroughly read the Human Resource Management module.
2. Carefully consider the aspects and activities of HR management described in the reading. Think of how HR policies and practices align a company to its strategy.
3. Click [this link to read the Code of Ethics of Costco](#) (Forbes’ 2017 number-one-ranked “Best Place to Work”). Pay particular attention to the third item in the code, “Take care of our employees,” which includes the following points:

Our employees are our most important asset. We believe we have the very best employees in the warehouse club industry, and we are committed to providing them with rewarding challenges and ample opportunities for personal and career growth. We pledge to provide our employees with: *f*

- Competitive wages
- Great benefits
- A safe and healthy work environment
- Challenging and fun work
- Career opportunities
- An atmosphere free from harassment or discrimination
- An Open Door Policy that allows access to ascending levels of management to resolve issues
- Opportunities to give back to their communities through volunteerism and fund-raising

### Your Task

1. Identify specific HR policies and practices in place at Costco, and evaluate their alignment with Costco’s corporate mission statement. Take a stand for or against the strong and distinct HR policies currently in place at Costco. Support your decision with at least three specific Costco policies that relate to topics covered in the Human Resources Management module reading. For example, the Costco “Take Care of Our Employees” Mission includes a statement to provide employees with an atmosphere free from harassment or discrimination. You could describe how this mission relates specifically to the Age Discrimination in Employment Act of 1967.
2. Write a three-paragraph (minimum) memo addressed to current Costco CEO W. Craig Jelinek. Advise him EITHER to continue Sinegal’s employee-motivating strategies, OR to change them as the Costco investors would advise. You must support your advice with the three specific policies you identified in the previous step. If you’re not familiar with a Memo style, you can [view a sample memo here](#). (Note: Your memo does not need to contain every section included in the sample memo. Just be sure to include the date, recipient, sender, subject, and at least three paragraphs addressing your argument about Costco’s HR policies and practices.) Be sure to address the CEO properly, and write to him as a concerned executive. In addition to the text, you are encouraged to research Costco, its employee programs and policies, and other related HR policies and practices using reliable

and properly cited Internet resources. You may also draw from your personal work experience with appropriate examples to support your references.

### Contributors and Attributions

CC licensed content, Original

- Assignment: Memo to Costco's CEO. **Authored by:** Betty Fitte and Lumen Learning. **License:** [CC BY: Attribution](#)

---

This page titled [7.12: Assignment- Memo to Costco's CEO](#) is shared under a [CC BY 4.0](#) license and was authored, remixed, and/or curated by [Lumen Learning](#) via [source content](#) that was edited to the style and standards of the LibreTexts platform.