

Week 8: Final Assessment
Presentation to Senior Leadership

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HRM 515: Organizational Design

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ZIMMERMANN



Vision, Mission and Values

Brand Identity

Sophisticated femininity,
clever colours, delicate
original prints

Vision

Create distinctly feminine,
sophisticated luxury fashion
pieces that empower women
globally

Mission

Deliver an elevated, curated
shopping experience rooted in
craftsmanship, exclusivity, and
personal connection

Stated Values

Core values of integrity,
creativity, individualism,
passion

D&I Commitments

Post 2020, zero tolerance for
racism/discrimination; diverse
representation; ongoing
training

Gap Statement: Zimmermann's stated values of creativity, respect, collaboration, diversity, and inclusion are contradicted by lived organizational reality: a centralized structure that silences regional voices; documented allegations of racism, discrimination, and harassment; and diverse talent hired post-2020 but placed into an unchanged toxic system where they experience disproportionate burnout and departure (TEDx Talks, 2016). The brand's promise to empower women globally cannot be authentic when women and diverse talent internally experience exclusion and disempowerment.

Strategy Gap Analysis

Gap Statement: Zimmermann's strategy demands seamless omnichannel coordination and regional agility, but the centralized, founder-centric structure prevents both- channels operate in silos and decisions take 4-6 weeks instead of the <2 weeks required for competitive execution (Kates & Galbraith, 2007).

Current State

Store leaders lack decision authority over assortment, channel integration, and local market responsiveness; decisions require 4-6 weeks of approval

Digital, retail, celebrity styling and consignment operate in functional silos with no unified handoff processes or shared client data

Growth ambition is clear- currently operating 80+ stores (Zimmermann, n.d.b), 50% YoY sales growth (Kelly, 2025), but organizational design is preventing execution of omnichannel strategy

Desired State: Regional leaders have decision authority within global guardrails (Sydney retains brand, creative, pricing); decisions made in <2 weeks; seamless inventory visibility and integrated client data across all channels. Omnichannel transactions represent 25%+ of revenue within Year 1; clients experience unified, personalized shopping regardless of channel (stylists see digital history; digital fulfills in-store; consignment and celebrity styling integrated seamlessly).

Structure Gap Analysis

Gap Statement: Decision authority and structural power are misaligned with where value is created- at the client and regional level; centralized, functional design prioritizes HQ control over regional agility and integrated client experience (Kates & Galbraith, 2007).

Current State

Founder-centric, centralized structure- design, merchandising, and finance headquartered in Sydney; decision authority concentrated at HQ

No lateral linkages across channels; no clear RACI for cross-functional decisions; unclear who decides inventory allocation when demand spikes

Responsibility-authority mismatch- store managers held accountable for client experience and revenue but lack authority over assortment, staffing, training, or channel decisions

Desired State: Regional omnichannel units with decision authority over their region's P&L (assortment, staffing, service standards, local pricing within guardrails); Sydney retains only brand strategy, creative direction, and global pricing guardrails. Formalized lateral linkages with documented RACI matrices for key decisions; monthly omnichannel coordination councils resolve conflicts across all channels; <2-week decision cycles enabled.

Process Gap Analysis

Gap Statement: Core processes are designed for functional consistency, not cross-functional integration; because the structure is siloed, processes replicate those silos- training, inventory decisions, and client data all separate by channel (Galbraith, 2002).

Current State

Z.learning platform delivers identical, one-size-fits-all training to all regions regardless of local market context, role, or customer base; regional leaders feel ignored

No formal RACI or decision process for inventory allocation; when demand spikes, it's unclear who decides the inventory split between channels; ad hoc problem-solving leads to boutiques holding stuck inventory while online demand goes unfulfilled

Client data siloed across systems (POS in boutique, e-commerce platform, CRM separate); no unified client view; stylists cannot see digital purchase history; clients repeat information across channels

Desired State: Adaptive, regionally customizable training tailored to local market context and role via Z.learning; unified client profile accessible across all channels with synchronized purchase history, styling notes, and preferences. Clear RACI matrix and formal 48-hour inventory allocation process; RAPID decision framework with defined decision-makers and escalation paths; monthly omnichannel councils resolve cross-functional issues.

Rewards Gap Analysis

Gap Statement: Incentives reward individual/channel optimization and short-term sales, not omnichannel collaboration or culture building; as Galbraith (2002) states, “Behaviors are driven by what is measured and rewarded”, and right now, reward systems perpetuate silos and toxic culture.

Current State

100% of compensation tied to sales and cost control; retail teams rewarded on store-level sales only; online fulfillment by boutiques and celebrity styling support do not count toward store KPIs or bonuses

Managers evaluated on sales/cost/revenue, not on team development, retention, or culture outcomes; no financial incentive to develop people or build culture

Leadership compensation is silent on culture, psychological safety, or inclusion; no bonus is tied to employee engagement, turnover, or culture scores; leaders who create toxic cultures can still hit sales targets and receive full bonuses

Desired State: Bonus structure rebalanced- 50-60% sales, 20-30% omnichannel metrics (cross-channel transaction volume, inventory turnover, customer lifetime value), and talent development, 15-25% culture and psychological safety. Managers are accountable for talent pipeline, internal promotion rates, and retention; culture metrics (psychological safety, engagement, inclusion, turnover) are tracked quarterly; promotion to leadership requires demonstrated commitment to inclusive decision-making and diverse talent development.

People Gap Analysis

Gap Statement: Zimmermann lacks both a robust talent engine and a psychologically safe culture needed to sustain luxury service at scale. Hiring diverse talent without changing systems perpetuates tokenism- diverse employees leave at disproportionately high rates (TEDx Talks, 2016). This threatens brand authenticity, the growth strategy, and forces reliance on expensive external hires rather than developed internal talent.

Current State

No systematic global succession planning; career paths undefined outside Sydney; limited advancement opportunities for regional leaders; internal promotion rate <40%

Organizational culture described as toxic, emotionally draining, and exclusionary; 2.7/5.0 Glassdoor rating; documented allegations of racism, discrimination, and harassment (Huntington, 2020); regrettable turnover higher than luxury retail industry average

Diverse talent hired post-2020 but placed into unchanged toxic system; diverse employees experience higher burnout and leave at disproportionate rates ("rent-a-minority" tokenism); diversity increased but retention and advancement did not (TEDx Talks, 2016)

Desired State: Global talent review process with clear succession plans for all critical roles; transparent career pathways across regions and functions; internal promotion rate increases from <40% to 70%+; structured development programs with mentorship, sponsorship, and cross-functional rotations. Psychologically safe environment where employees trust leadership, feel included, can speak up without fear, and see visible accountability for misconduct; Glassdoor rating improves to 3.5+/5.0; regrettable turnover decreases to <15% annually; diverse talent retention improves significantly.

Part 1: Conclusion

Zimmermann faces six interconnected organizational misalignments: stated values contradict lived reality; omnichannel strategy demands speed and agility that centralized design prevents; centralized, functional structure creates responsibility-authority mismatch and slow decision-making; standardized, siloed processes replicate functional silos with no cross-channel integration; incentives reward individual sales and short-term results rather than omnichannel collaboration or culture building; and weak talent pipeline combined with toxic culture drive high regrettable turnover, especially among diverse talent. To close these gaps, Zimmermann must redesign Structure, Rewards, and People- the three critical levers for strategy execution.

Critical Redesign Priorities



Key Gap A- Design Criteria

Restructure Zimmermann from a centralized, founder-centric model to a distributed regional omnichannel organization with clear decision authority and lateral linkages, enabling fast, empowered decision-making at the point where client value is created.



Why this Matters

Current structure makes accountability and decision-making unclear and slow (4-6 weeks for approval vs. required <2 weeks). Regional leaders cannot respond to market opportunities without escalating to Sydney, creating bottlenecks that undermine omnichannel strategy execution.

Galbraith (2002) demonstrates that distributed decision authority with clear guardrails increases speed and regional responsiveness without sacrificing strategic alignment. Lateral linkages like RACI matrices, cross-functional councils, and clear decision frameworks enable fast peer-to-peer collaboration and reduce reliance on hierarchy (Kates & Galbraith, 2007).

By empowering regional leaders with decision-making authority over their omnichannel P&L (assortment, staffing, local pricing within guardrails), Zimmermann can enable a distributed ownership mindset in which leaders think like business owners, not functional operators (Kesler & Kates, 2011).

Key Gap B- Recommendations

Three Moves to Align Incentives: Rebalance Bonuses + Omnichannel Metrics + Culture Accountability

B1: Rebalance Bonus Structure Across Sales, Talent, and Culture

→ Shift from 100% sales to: 50–60% sales, 20–30% talent development/retention, 15–25% culture and psychological safety

→ Tie bonuses to measurable outcomes: internal promotion rates, direct report retention, psychological safety scores

→ All managers held accountable; high sales do NOT offset low culture scores (Galbraith, 2014)

B2: Introduce Omnichannel and Cross-Channel Metrics

→ 20–30% of compensation tied to omnichannel transaction volume, endless aisle fulfillment rates, and customer lifetime value

→ Boutique staff bonuses now include online fulfillment completed by their store; digital team bonuses include in-store pickup velocity

→ Inventory turnover and cross-channel client retention become shared KPIs across retail and digital leaders

B3: Create Leadership Accountability Framework for Culture

→ Promotion to leadership requires demonstrated psychological safety and inclusive decision-making track record

→ Annual 360 feedback on culture dimensions (trust, inclusion, speaking up) weighted 20% of executive compensation

→ Documented consequences: leaders with low culture scores ineligible for promotion; repeat offenders subject to performance improvement plans

Conclusion

Zimmermann faces six interconnected misalignments: stated values of creativity, collaboration, and inclusion contradict lived organizational reality marked by centralized control, toxic culture, and disproportionate diverse talent attrition. Omnichannel strategy demands regional agility and speed, yet centralized structure delivers neither. Structure, Rewards, and People- the three redesign priorities address these root causes. By redistributing decision authority to regional leaders within guardrails (Structure), rebalancing incentives to reward collaboration and culture alongside sales (Rewards), and building robust talent development with psychological safety (People), Zimmermann operationalizes its stated values and enables strategy execution.

Success is measurable across seven leading and lagging indicators per gap. Decision cycle time, omnichannel revenue and client NPS signal whether structural speed and autonomy translate to business impact. Culture and promotion rates validate whether rewards and development drive culture change and retain diverse talent. Each metric has clear baselines, owners, and course-correction triggers. This redesign is operationalized through specific roles (Chief Omnichannel Officer, regional P&L ownership), mechanisms (Omnichannel Councils, unified inventory system), and accountability (quarterly measurement with escalation). Implemented with discipline, this organizational design will transform Zimmermann from a founder-centric brand struggling with toxic culture and omnichannel execution into a regionally empowered, culturally aligned organization positioned for 80+ stores (Zimmermann, n.d.b) and growing, 50% YoY growth (Kelly, 2025), and authentic brand promise delivery.

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