



Transcript for the WLEI Podcast:

Creating Better Jobs and Better Work: A WLEI Podcast with Sarah Kalloch and Josh Howell

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Businesses can produce good jobs through an intentional approach to better work, say President Josh Howell of LEI and Executive Director Sarah Kalloch of the Good Jobs Institute. Each of them has each spent countless hours working to help companies create meaningful work. In this episode of the WLEI podcast, they join Host Tom Ehrenfeld to explore tangible ways that their organizations are fighting for jobs that pay well, support profitable enterprise, and are animated from top to bottom by the spirit of respect for people.

Tom Ehrenfeld:

Welcome to the WLEI podcast. I'm your host, Tom Ehrenfeld, and today we have Josh Howell of LEI and Sarah Kalloch of the Good Jobs Institute. And this seems like a great time for us to explore the relevancy of shared ideas and principles that can be found in both in lean and good jobs. At a time where the economy is on the brink of returning, or so we're promised, it feels like a really key challenge to find ways, not just to staff open positions, but to use this as an opportunity to build back better as it were, by producing better jobs, more inclusive jobs with ownership and purpose. Sarah, please kick us off by telling us a little bit about the core ideas in Good Jobs Institute, and we can then explore how they pertain to what's going on today.

Sarah Kalloch:

Fantastic. Thanks Tom and Josh, it's so great to be here with you today. Again, I'm Sarah. I'm Executive Director of the Good Jobs Institute. We are a nonprofit based in Cambridge, MA, and our mission is to help companies thrive by creating good jobs. I think when people hear Good Jobs Strategy, they automatically think human resources. And we absolutely look at people investments and pay and scheduling and benefits. But we also look at operations and job design and the work itself. Because we know that a good job has to meet your basic needs. A good job needs to have good pay, stable schedules, career growth, but it also needs to meet higher needs. Belonging, recognition, meaning, growth -- and to have all of those things and to be able to shine in front of customers and to be able to do a great job.

We have an employee pyramid that's based on Maslow's hierarchy of need and has its sort of higher needs, belonging, recognition, meaning, growth in jobs. And so you really have to have a

job that's designed to use people's knowledge and their time and their talent really wisely. And so, all of those come together to form the Good Job Strategy.

Tom Ehrenfeld:

And I'm struck by your comment that this is job design, this is operations, this is the work itself. It's not a macro set of vague policies that are designed to foster abstract change. And in that aspect, I think it does have a lot of overlap with lean. Josh, what are your thoughts on ways that lean weaves into, integrates, aligns with this work-based, frontline-worker focused approach to purposeful enterprise?

Josh Howell:

Thanks, Tom. Sarah thrilled to have you here with us. this is a conversation long time coming. Happy to be joined by you today and of course joined by you as well, Tom. I think it's exactly what you just pointed out, that the Good Job strategy has its two pillars, good pay and good work, that kind of add up to the Good Jobs strategy. And I think it was for those reasons that we at LEI were so excited a handful of years ago when we learned about the Good Jobs Strategy, had the opportunity to read the book, written by Sarah's colleague, Professor Zeynep Ton, because we saw the relationship, the inclusion, of good work, good operations, good work experience for folks on the front line, in industries, in particular and industry in particular, retail that isn't necessarily sort of known for that.

There are retail companies that have solid reputations as good operators, no doubt. Some folks who know that in my background, I had an opportunity to work for one, Starbucks coffee company. But I think it's more rare than common, that the folks who work those frontline jobs in that industry, retail, but in many industries really, that wouldn't necessarily claim that those jobs are good per se. I mean, they might earn an income, they might enjoy the fellowship with their coworkers and they might have great managers. But often there are aspects of those jobs that are lacking, I guess.

And as we've learned is good for business, good practice for business as well.

So the fact that Zeynep wrote that book, the Good Jobs Institute was formed, has been something that me and the team in LEI have been just really excited about, over the last handful of years and have found every way that we could come up with I think to work in partnership with the two institutes, the GJI and LEI. I think we see ourselves as on a shared mission, and look for opportunities like this I guess to come together to promote what each other are working on and ultimately to have a positive impact for those folks on the front lines who are often not as well sort of taken care of as we would like to see.

And as we've learned is good for business, good practice for business as well.

Tom Ehrenfeld:

It feels like these ways of thinking are more important and necessary than ever. That just coming out of the pandemic and a staggering economy, there does seem to be an opportunity to replenish the job market. But in everything from Amazon's growth for example and the massive number of jobs they're creating, there's increasing pressure being put on companies to pay a minimum wage. And I don't know how much explicit pressure, but to meaningful jobs where people have stake in the outcome. So where I guess do you guys see that happening? What are the places where these themes are being brought to the surface that really should be applying some of the stuff that you're both working on?

Sarah Kalloch:

Well, I have to say I'm really thrilled that some parts of the future of work conversation have moved on from 'robots are going to take your job' and 'we're not going to have enough jobs' to, we need jobs that are quality jobs. So MIT has a [future-of-work commission](#). They've come out with a report and that's their emphasis. They know that with all technology, there's creative destruction, but there's also great creation of new jobs and new opportunities. It's not about robots taking your jobs. It's about half of the people in California not having a quality job. So California also had a future-of-work commission, and we testified in front of that great super diverse group and their recommendations came out this year. And again, it's about job quality. So I'm really excited that we're able to focus on what works for workers, because what works for workers also works for companies.

We talk a lot about the vicious cycle. So a lot of companies come to us and they are having big operational problems. So in retail it's stock-outs, inventory challenges, data problems, dirty stores, bad customer service. Restaurants it's going to be food, quality issues. Again, customer service challenges. Manufacturing, it's going to be quality, on time, deliveries, all of that kind of thing. And when you've got operational problems, you are likely not connecting with your customers and they're not buying what you're selling. And so you have lower profits and lower sales. And so you got cut the budget somewhere, and many companies choose to cut labor. It's big, it's juicy, it's easy to cut. It's immediately felt on the bottom line. And the impact of cutting that labor is super diffused, and you can't count it up.

So you have more operational problems.

And it just becomes this really challenging status quo. So you cut labor and then you have higher turnover and fewer team members, and they can't drive operational excellence. So you have more operational problems. Anyway, you end up in this really vicious cycle that it's hard to get out of.

And your workers are in a very similar vicious cycle themselves. They're not getting paid enough. They can't make rent, they can't fix their car. They can't get stable childcare. They have tremendous stress. And there's some great studies, about truck drivers under financial pressure who have more accidents. Certified nursing assistants taking care of elderly people who generally have great empathy, but when they're under financial stress do not perform as well.

So these workers are just under incredible stress and have a harder time showing up at work physically, showing up just emotionally, mentally, and it's hard to hold a job and it's hard to drive any kind of operational excellence. So as we're coming out of this very challenging time, for frankly the whole world, as we have understood who is essential. I go to my local grocery store and there's been one clerk there for the last year who has helped me almost every time and I'm so thankful that he is there and that he's putting himself at risk every day. We need essential frontline workers. We need retail workers. We need farm workers. We need those meat processing plant workers to show up because they keep all of us fed and healthy, and we need to create great jobs for them. And we need to create great jobs for the companies that employ them.

And we need to create great jobs for the companies that employ them.

Josh Howell:

Yeah. There are a few things that you brought up Sarah that I think are really worth underscoring. You mentioned the pressure, the stress that a lot of frontline workers, especially those that we've now deemed essential through this experience over the last year with the pandemic. The pressure that they're under, and the changing environment, this emergence of technology and you mentioned the robots allegedly coming to take our jobs. This is something that in the lean world we've been exploring and learning from Toyota about for many, many decades, the concept of jidoka, automation with a human touch. But the principle there is that the technology, the automation, whatever specifically it may be, is there to serve the worker to work for the human, as opposed to having the human work for it.

That's a conversation that increasingly we want to have with companies, with leaders that are integrating these technologies into their operations to take over the things that don't necessarily require humans to waste their time doing. And to supplement the natural talents, the natural capabilities that humans can bring to bear, like solving problems, expressing creativity, exhibiting empathy for their customers, providing customer service we would say.

Those are the things that I believe: not only that humans are capable of doing that, but humans do it really well and gain personal fulfillment from doing that kind of work. You solve a problem, you express creativity through some genius solution. You make a customer's day by just providing friendly customer service. I mean, those are the things that are all rewarding, fulfilling part of as we would say a good job.

The good news is however, the conversation that's taking place even at this time of year about the value of those folks, the importance of those folks, the dignity that they deserve in their employment, in their work. The fact that we've been having this conversation now pretty steadily for a year, is really encouraging. I think prior to the pandemic it would be a conversation that might occur I don't know, only around the holiday season when all of us are spending more hours than usual shopping for our Thanksgiving dinners or for Christmas gifts or whatever and interacting with those folks on the front lines. We've all developed a bit more

awareness, empathy for the situation that those folks are in, not just in dealing with the pandemic and the health risks but also thinking again about the conditions that those workers are in, even in normal times. And the pay and compensation and, and some of the areas where there's just lots of room for improvements to do better by those fellow humans.

Tom Ehrenfeld:

I'm going to challenge you both, I'm going to play cynic and ask you to prove your case that it sounds like a good thing to do, and sure it is a good thing to do. But beyond just making a very instrumental business case, describe tangible ways to enact this model of a kind, more dignified work on the front lines. I'm going to start Josh with you. You have a deep background in the restaurant industry, LEI has been exploring something called lean and food. Please share anything you've learned in that field

Josh Howell:

Yeah, sure. Yeah, thanks. So as you mentioned, and as some folks may be aware, the company that I was working for when I was first introduced to lean was Starbucks coffee company. And so I got started in a food service retail environment exploring what these ideas meant for that business and how these ideas could benefit me as a frontline supervisor at the time. And then through my work with LEI over the last several years, I've had the opportunity to work with several other retailers, food service, businesses, restaurants, to continue to explore how these ideas might apply. There's a few tangible ways that had been discovered over the years through those various experiments and experiences.

The first is to start with the work itself. So, that which the line cook, the barista, the frontline associate is doing in service of their customers. Preparing the food, stocking the items, producing things that customers are gonna consume. And what we've seen repeatedly in I don't know, every job in these businesses that I've ever studied, is how wasteful they are. How many problems, operational problems, exist within the operating system itself that makes it really frustrating and difficult to do good work in these environments. Sarah mentioned some of these things earlier, but it's things like tools being in disrepair, machines not working, breaking down, parts, ingredients not being in stock. Deliveries to those operations coming in late, coming in incomplete, coming in inaccurate. So there's all these kinds of problems that are beyond the reach of the worker, the individual worker to address.

Food service is an industry notorious for batch production, and in a restaurant for example, prepping ingredients prior to hours, and in some cases days before guests arrive in and place their orders. And oftentimes what that means is those prepped ingredients are more ingredients for prep than were necessary. So that's just wasteful, or some of the ingredients get prepped too early and kind of go bad. That results not only in a bad kind of quality experience for the guests, but again that individual spent time preparing those ingredients that ended up spoiling. So just it's rampant the number of things like that.

I think beyond the work itself though, I would call attention to the kind of the support systems around those individuals performing their jobs, that are often just not in place. What I mean by that is we learned from Toyota the concept of a team leader being there to be responsive to a team member who's experiencing a problem to immediately respond ideally within the cycle of work, and to continually monitor problems and issues that are kind of trending that are becoming patterns to get into some root cause problem solving. And that form of frontline support for immediate problem resolution, what Art Smalley calls troubleshooting in his book *Four Types of Problems*. Getting into root cause problem-solving and even Kaizen, that kind of support system is almost entirely missing from the work experiences that many of these folks have. And so it's no wonder that they're experiencing all these problems day in and day out because there's really no management system in place to fix these issues, to solve these problems.

So it just adds up to a pretty overwhelming and frustrating demoralizing time experience, just operationally beyond even the issues of pay and benefits in those things.

Tom Ehrenfeld:

Sorry to jump in, but it does strike me that lean represents a very powerful, systemic countermeasure to a lot of that. That it really, pays attention to and manages these aspects mindfully, diligently on a daily basis. Sarah, please jump in.

Sarah Kalloch:

Well, I always love to talk about restaurants because I love to eat. And I think restaurants in America have had a really tough year. They have pivoted, they've been adaptive and they have really struggled. And I'm really excited to see how the Good Job Strategy and how lean can help restaurants build back better. And Josh, I love your example especially when you think about work -- so much of what is challenging is happening outside of the four walls of that restaurant. So when we at the Good Job Strategy are working with a restaurant or a retailer, we care deeply deeply about what is happening inside of the business unit. And we spend time with frontline workers, we will interview them, shadow them, work the job if we can. Really want to understand the systems and what frustrates them and what frustrates customers, but oftentimes the solution has to start outside.

So we start with looking at the company strategy and just understanding, do you have a strategic focus? Do you know why your customers come to you? And are you making hard trade-offs? And many restaurants don't do that.

We worked with one that had a massive menu. Anywhere from tacos to pasta, to fish, 200-plus ingredients that they have to source. Some of which were hard to source, many of which were organic, many of which were really hard to prep. Anybody love kale out there? You really got to wash that stuff or it's really gritty, right? And so if you've got a problem in your kale supply

chain, and you can no longer get pre-washed, pre-cut kale, you all of a sudden have a trained chef doing some really not super fun work and work that's not super productive.

So again, we start with why'd your customers come to you? Do you have a focus? Are you making hard trade-offs? And are you simplifying everywhere you can so no one is doing non-value added work? And there's so much low-hanging fruit here. And the people who know what that non-value added work are, are the people doing the work.

Tom Ehrenfeld:

Let me ask both of you guys, how do you sell this to company owners and leaders in a way that they don't just immediately filter this down pragmatically, instrumentally to cost saving? Cost-squeezing. We're going to lean out your operations. How do you frame this as a proactive, positive, systematic kind of source of dynamic growth?

Josh Howell:

So there's a few ways that I've gone about having that conversation with various business leaders. Inevitably I've found that there is frustration on the part of business leaders with repeated problems being experienced by their customers, by their guests. So in a restaurant environment that might be longer than expected, wait times to be seated. Remember the days when we used to be seated in restaurants? It's amazing. It's coming soon, it's coming soon. So things like that, or incomplete orders being delivered through takeout or delivery, food quality being inconsistent. So to start the conversation with some of those kind of pain points, some of those frustrations that the business owner or the business leader has, that directly impact the satisfaction of their customers, of their guests that lead to degradation of sales, stuff like that.

That's typically where I want to take the conversation prior to getting into some of the nuts and bolts. Some of the Xs and Os of the operations or the work, which is where I'd love to spend time. To your question Tom, to make this sort of a compelling reason why for a business owner or business leader, I've found that there's a lot of interest in having a methodology within the company, having the capability with the people who work within the organization to address what are in fact systemic, repeated, customer and guests problems, and frustration enough to be motivated, to really try anything. Whether or not at the outset they would buy into lean thinking or buy into something like the Good Job Strategy. I'm not so sure. I think there's almost a sense of desperation to try out anything that might start to address some of these longstanding issues in a systemic kind of get at the root cause kind of way.

I don't know Sarah, what's been sort of the tack that you take to gain interest and a willingness to experiment with a Good Job Strategy?

Sarah Kalloch:

Yes. So a couple of thoughts here, and one is frankly we don't sell this to anybody. You really have got to come in with a real business problem. You have to want to improve jobs and you have to want to improve your business. It's just not something we can sell. This is not a silver bullet solution. And there are so many out there right now. And we hear about them all the time, and they're a new app or a new way of paying people more frequently, which by the way is great, but it's still it's not what's going to fundamentally change the competitive nature of your company. So you have got to want this, and you've got to have a long-term view. You have to be humble. You have to be compassionate. You have to know that your frontline workers drive your business.

And they're the ones who see your customers every day because Josh you're totally right. I mean, companies come to us because their customers are frustrated with them, right? So Quest Diagnostics call centers a few years ago, went through Good Jobs transformation. They had consolidated about 20 regional call centers into two, in Tampa and Lenexa, Kansas. And they were having huge customer service problems. Customers were threatening to leave, and these customers are hospital systems, right? These are big customers, because they could not get good service at the call center level for their doctors, for their patients, for anybody. So for Quest it was an existential threat, right? We have got to shore this up. So, when we do talk to companies who are interested again we don't sell. We really have open and honest conversations with companies about what this looks like and what this means and how long it takes. We certainly make a financial case and there's a huge financial case to be made for this.

We created a good jobs calculator, which can help companies calculate the uplift in revenue and the savings and cost savings of having better jobs. We made one with the National Association of Convenience Stores, which is on their website and uses some of their industry benchmarks that you can benchmark yourself against. It's super fun. You can toggle around, play with it. There is a financial case to be made, but we also find that a company is tasked with trying to figure out what the uplift of good jobs is they're often very conservative. We see companies that improve jobs and they see a decrease in turnover by 30% to 50%. A company might only model out 5 to 10% because it's really hard to make those kinds of bets on people. And I wish it wasn't, but it is. And it's hard when you're the one responsible for trying to figure out how you're going to save a 100 million dollars if you're investing in wages. So the financial case is there, but hard to make.

The competitive case, that is really the kicker. So bad customer service, losing accounts, having a lower score in JD power or any of the other sort of external validators. These companies have got to be more adaptable. They have got to be more innovative. And I do think that they see good jobs as being really important for that.

Josh Howell:

Can I put on your hat for a second Tom? So Sarah, I hear you. It resonates with me, a lot, that whether it's Good Job Strategy or lean thinking, whatever we're calling the thing that we're promoting and representing, that's aimed at improvement. To sell it especially to the business

owner, the business leader, is almost like admitting defeat upfront if that's where you are. At the same time with a motivated business owner, with a motivated business leader, sort of deciding on behalf of the company to pursue these approaches, these methodologies, inevitably however, you're going to encounter individuals within the organization often in positions of influence. Managers, for example, or long-term employees who just have a lot of clout, and the respect of their fellow colleagues, who aren't whatever, as excited about what it is that you're there representing or bringing. They're offering resistance I guess.

So how about for those individuals? What is it that you've done or, what are you experimenting with to sort of get them to see the value for their situation with the Good Job Strategy?

Sarah Kalloch:

It's a fantastic question. So as I mentioned, we talk about strategic focus and you're going to have to make hard trade-offs, and if you're a merchant and the company decides we've got to make some hard trade-offs, we're not going to sell that thing that you buy anymore, that's your job, right? And so you're not going to dive into that head first because it's incredibly frightening and you feel like you might lose your job. So I think a lot of the inertia and big companies, communication, challenges, and gaps, all of that make this very challenging. So there's a lot of things that we do to try to overcome that.

First of all, we try to engage people at all levels of the organization from the very beginning. Spending time with frontline workers, with store or business unit managers, regional managers, district managers. We do workshops with C-suite, but we include again all the way down to store manager level, because A, the inserts are incredibly important and B, this is not executed at any one part of a company in any one department.

It is a whole company strategy. And then once we start working with a company and get the flywheel going, they put together their own team to execute. So for Mud Bay, they put together a group, they call the 20. Mud Bay is a pet retailer in the Pacific Northwest. And this 20 was made up of C-suite leaders of regional leaders and then of store employees as well, all bringing their insights into the strategic design of what was going to happen. We do many workshops with different departments. We engage them, we understand their concerns. We bring them back. We try to do as much as we can and communicate as much as we can and encourage the companies to be openly communicating, something that we've learned from TSSC also is no layoffs through improvement which I think is important.

Tom Ehrenfeld:

ID TSSC please. Sarah Kalloch:

Toyota Production System Service Center.

Josh Howell:

Support Center. It is an institute that trains others in the Toyota production system. It's led by Jamie Bonini. Good jobs board member and good friend of LEI.

Sarah Kalloch:

Thank you for that. I think this is one of the complications of any big structural change—you have people who don't understand it, don't agree with it. And the success of this does depend not just on HR, not just on operations, it's merchants, it's buyers, it's menu creators, it's a 100 different general managers of different stores. So there's got to be deep engagement

Josh Howell:

To live by that principle that you shared from TSSC that no one will lose their job as a result of improvement or transformation or adoption of a Good Jobs Strategy or something, requires us therefore to tackle that challenge to identify those individuals who are resistant, skeptical, cynical, even, and find ways to overcome that cynicism. Overcome that skepticism, overcome that hesitancy. It's a challenge that we encounter all the time. I certainly don't feel in any way like I've solved that problem or have the answer to it. But I know it's a question that you and I have talked about before.

Tom Ehrenfeld:

I think one of the biggest challenges to lean adoption or Good Jobs adoption is the perils of point optimization, that people tend to want to improve one thing. And if you don't improve the entire system, your waste inevitably migrates elsewhere. It's whack-a-mole. And I think that that relates to again, this sharing of the ideas, if you focus on one metric as improvable, say by bottom-line profit, you de-emphasize what it takes to get there. And almost invariably create incentives for people to reach the right numbers the wrong way. And all of this is kind of a lead up to a bit of a stretch here, but you're trying to do this so that people naturally and organically improve the work where they're working in ways that accrue to the company.

Sarah Kalloch:

Yeah. So to add to that Tom, I love that you said a goal is to have your teams naturally and organically improve the work. There is really nothing natural or organic about a really good innovation system and a really good way to drive frontline input. Right? So just to give you an example, it's a lot of work to build that and wow, is it worth it? But it's damn difficult. So we worked with one retailer and we were working on again some strategic focus and standardization issues with their headquarters teams. We had a model line in a store where we were experimenting with different ways of doing the work. But then they also wanted to engage all of their workers in idea generation. So they set up an email address and said, Send us your ideas for improvement."

And that was about all there was, there wasn't much of a frame to it. And their team members were super excited, they got a bunch of ideas, none of which they could have done. So it was like, "We want this shoe in pink," or "We wish you had a t-shirt about pineapples." I'm not really sure, but they were giving feedback that meant something to them, but it wasn't what the company needed from them. They wanted to understand what's wonky about the point of sale system? What is challenging about processing? What is challenging about changing displays? The things that those workers are looking at and understanding every day. So they got a bunch of ideas and they were really great about responding to them and trying to see what could work, but they ended up getting a bunch that were just not functional.

On the other hand, Quest, as they were setting up their good job system, they started with a couple of model pods.

And so this pod was a 15 person team of call center reps and they were trained on problem-solving with a lot of lean and TPS tools. About how you identify challenges in your everyday work, and they came together and they talked about them in huddles every day, and they learned to identify problems. And a year into this model pod, they launched a wider ideas system with frontline ideas cards. But it took a little bit of time because it takes the training. It takes the stability of people. It takes really helping people understand how to improve the work to really get to that beautiful, natural and organic, set of ideas. And they generated 1600-1700 ideas with their frontline ideas cards in the first eight or nine months. And they saved a bunch of money, I think \$1.3 million run rate with all of those ideas that they were able to generate and implement.

But it wasn't the first thing they did and it's never easy. And that brings me to our deli experience. So we were working with a grocery store chain in New York and a deli. The deli was a big challenge for them. It was both a customer driver and a differentiator, and they had just a fantastic offering and they had really long lines and it was a source of customer frustration. So they really wanted to dig in and figure out how they could improve. We really wanted to reach the deli manager, assistant manager and their team in identifying the challenges and identifying solutions. So we started out, we spent an afternoon with their team just observing flow, and you all know how important flow is.

And we saw where are people moving too much? Not enough, where are the challenges? And we had a really fun brainstorming session with lots of whiteboards flying and post-it notes and all sorts of enthusiasm and came out with a bunch of great ideas for how to improve the work. Over the next four to six weeks, the team was really diligent and doing some experiments and reorganizing and moving and thinking and starting huddles and really trying to get the work to improve this point in the deli. And we lowered the water and we started to see the rocks. So there was high turnover, there was high absenteeism. A lot of call-outs. There was just a lot of instability in the team. We started with ideas and we started with the work and we didn't start with stability.

We hadn't focused enough on the stability of the team and it made it really hard to keep going with that work. but I can give examples of stuff we were able to do: they reorganized the back bar so that the cheese was on the left-hand side, where the cheese slicer was. Seems super straightforward, it wasn't happening that way. They totally redid their Saran wrap stations, so that again there was less movement and the food would be more fresh. They did a lot to reduce shrink, all generated from frontline worker ideas, but couldn't keep up the momentum when they didn't even have enough people frankly to slice the meat that needed to be sliced.

Josh Howell:

So I want to hear something that Sarah said just quickly when describing the different experiences she had with one organization that was tapping into the ideas of the frontline folks to solve problems that resulted in kind of a bunch of random ideas that didn't translate to some kind of a business benefit or even a customer benefit arguably. And she contrasts that with the experience at Quest Diagnostics, where some teaching and learning happened around problem-solving that helped influence the ideas then that came out of those frontline workers to be frankly better, to deliver more benefit to the business to deliver more value to the customer. I just can't emphasize the importance of that enough.

That's very consistent with the experience that I've had, that if you simply go into an environment and start soliciting ideas, which on the surface is a wonderful thing. Yes, let's empower people to share their ideas, let's tap into their creativity. I have found that however, if there isn't some preparation with problem-solving and specifically, I know this is something you talked a lot about too Tom, problem framing. If that's not established and understood and a part of, and informing the brainstorming and the ideas that frontline workers are generating, then it does result in these kind of random ideas that are often cause frustration, with the business leaders, because they're just random. They aren't going to accrue to the bottom line, they aren't going to improve the customer experience.

And a simple kind of assessment that I've often promoted with folks is to ask yourself, will this idea if implemented benefit all stakeholders? Will it benefit the customer? Will it benefit the worker? Will it benefit management? Will it benefit the bottom line? And in the absence of being able to answer yes to all of those, to sort of check all four of those boxes, it's probably an idea that needs reconsideration, or could benefit from returning to the beginning of the problem solving process to do really good problem framing upfront, to make sure that whatever effort we're putting in, whatever time we're spending on "improvement," is going to result in changes made that will benefit everybody. If you can get to that point, if you can get that understanding and that capability in place, really powerful things can happen. In the absence of it, it does unfortunately lead to just kind of a lot of random, I would even go so far as to say bad ideas and the notion of empowerment, engaging and involving folks in improvement, can become frustrating for everybody because it isn't delivering the outcomes that are necessary to maintain kind of buy-in and support at all levels from all stakeholders for this kind of activity.

Tom Ehrenfeld

It feels like there's a lot of hard work that prepares you to make the easy improvements and there's quotes around "easy." And I don't want to limit this, but I'm going to just try to circle back to maybe one idea. So as I listened to you guys talk, I do believe that we as improvement nerds, as good jobs nerds, share a common basic principle, which is an appreciation of how unbelievably gratifying and delightful it is to get things done better. This is not waxing rhapsodic, but simply recognizing the dignity of that person doing the work and experiencing a better way to do it in a way that's fomented by the environment. In a way that's supported by their team leader and guided by these, what are at times elaborate principles, but essentially flexible principles. And to me that is the compelling existential reason for doing this work.

It's tapping into that joy of improvement of what our friend Michael Balle has called Kaizen spirit. And I think that finding ways to help companies set that up as a goal and then commit towards achieving it is vital What do you guys think?

Sarah Kalloch:

I think my favorite work word is dignity. And I think when you ask people to deeply understand and engage with their work and bring up ideas for improvement, it generates such a sense of purpose and belonging and a real sense that they're able to drive and improve the business. And that's just incredibly important.

Josh Howell:

Yeah. So I agree with you Tom, that I do think that's kind of a shared source of motivation by Sarah and myself, by our fellow improvement geeks, as you described us. And I found almost across the board that that is a motivating factor for almost virtually everyone. I think the challenge that we face is not whether or not people are motivated that, by helping others improve, helping others be successful, bringing about positive outcomes for customers. I think it's more about how do we enlist and engage and guide folks to participate in that? To be improving their work, to be making things easier for themselves and their colleagues, to be making things better for their customers. How do we get folks doing that in a way that's effective and efficient and also delivering improvement for the business itself. Which is sort of like it or not, it's the premise under which we're all gathered here together today. I mean, folks are on the clock, they're in the office, they're at the grocery store, they're in the coffee shop to do business.

That's why we're here. Without that, the collection of people in that coffee shop, wouldn't be there together. So it's sort of pulling off that trick.

I think that source of motivation is inherent in virtually all of us. But there are no shortage of barriers, reasons why these ideas don't gain traction. And I think it's because although that motivation is there, although that desire to do right by one another, to do right by our

employees, to do right by our customers is there. It's really challenging to organize everyone in such a way where the actions that they're taking from that motivation are effective ones to deliver meaningful business outcomes. That's the trick. And unless we in our daily practices, in the projects that we're involved in or whatever, unless we're able to close that loop entirely, I think we're going to continue to experience frustration, disappointment, and create cynics. Create folks that are skeptical about whatever kind of good idea, lean idea, maybe out there. We have to find ways to overcome that.

And the only way that I know how is to keep challenging ourselves as coaches, as leaders, as managers to get all of those aims aligned and to get folks effectively organized in such a way where I believe are they doing right by one another as fellow humans. But they're doing right by the content within which they've come together, which is the business and its goals and its aims and the results that it requires to remain viable, to stay open.

Sarah Kalloch:

A few years ago I worked a frontline retail job, and I came in with a training class of six people. And man, I was not the best. I was not great at the cash register. My peers had a great skillset and they had great ideas, and several of them brought those ideas to management as did I. We were not listened to, and it put us in a cycle of doing stupid work, not being productive, failing in front of the customer, and leaving every day tired and demotivated and discouraged. And honestly feeling really pretty bad about yourself. And that's where dignity comes into. I want people every day at the end of the day to feel that they have contributed to a customer's lives, to their company getting better. And right now a lot of companies aren't set up to give people that sense of purpose and meaning, and they should be.

And, as you mentioned, Josh, alignment. One of the biggest challenges we see with all of this is huge disconnects and silos at the headquarters level, which creates just a vast set of disconnects at the store level. Stores getting 100 emails a day from 12 different departments, sometimes with radically different directions on what to do and priorities, and that kind of thing is just totally disorganizing. And it means that people can't be their best. They can't do good work because they're being pulled in so many different directions.

One retailer we worked with had 170 different tools. Again, created by a bunch of different departments over the course of 15 years, none of which were removed. All of which store managers were expected to use, none of which were used consistently. Many store managers created their own set of tools that sort of merged a bunch of them. But you've got super smart people at the headquarters level who are talking and thinking and creating and totally disconnected from the work and just to creating things that don't help.

So that's one question that we often ask in interviews with leaders: what are two or three of your favorite improvement ideas that came from the frontlines this year? And if you don't have an answer for that, if you don't have any ideas, you're pretty disconnected. How often does your team spend time with the frontline workers in stores, in restaurants? We always ask that

too. And how are your incentives aligned? Because again, many different departments, merchandisers will have a top line incentive.

And so if they can just sell a little bit more, they're good to go, but the disconnect with the stores, if they're dumping more product and you have to have more labor hours, and all of a sudden the store ops budgets are blowing up but it doesn't matter to that silo, right? So much siloed work.

Tom, you also mentioned managers, frontline managers. You can't do any of this improvement work if your frontline managers are just fighting fires and not developing people. So, that's something that we have to really support companies to think through quite a bit. If you've got 120% turnover, which is what we see in a lot of retailers and restaurants, your manager is not spending time recruiting and hiring the correct people for your teams. They have no time to train them. My first day, I was on the cash register alone. I had no idea what I was doing because there weren't enough people to train and there weren't enough people to do the work, right?

You're not training people, you're not developing them.

One of our colleagues at MIT Sloan ran a grocery store before he came to business school at Sloan, and he was on the register four hours a day because people had called out. He had so many ideas to build a business in so many ways. He wanted to support people, but he just absolutely couldn't do it.

So we have to create that stability and that real training and support for managers to manage people and not just do the work. Jim Sinegal at Costco says if he comes back in 20, 30 years and he wants to check out the health of Costco, he's going to look for the general managers of their clubs and see how good they are. How long have they been with us? What's their orientation? He wants his managers teaching people. He like to use training, teaching people 90% of the time.

And that's what helps people understand how to identify problems. That's what helps them think about implementation, solutions. That's what gets ideas through is having great managers at the store business unit level. And that can be really hard when you're unstable.

Tom Ehrenfeld:

That sounds fantastic. I would propose that I just give you guys a chance to kind of summarize anything you feel is important to say to each other. I think there's a lot of good stuff. Josh, you start. We'll give Sarah the final word.

Josh Howell:

We spent a lot of this conversation, both of us reflecting on the sad state of affairs. And I don't know, have we done an effective job painting a positive picture of what the future could look like or how this opportunity could be seized? This opportunity being restaurants are going to start to reopen and hire folks. Love them or hate them, companies like Amazon and others are making commitments to pay better than they have historically. Amazon's commitment to pay the \$15 an hour to everybody, is a positive development. And even the number of people that they're employing who otherwise wouldn't be employed. There's a positive aspect to that. I know there's a lot of concerns and even feelings by frontline workers who work inside those fulfillment centers at Amazon that need to be addressed.

That company is having a very, a pretty public conversation with many of those folks. There's plenty of observers and commentators defending both the company and the workers and hoping for things to improve.

But there's also, I think positive aspects to what's developing at a company like that, sort of a symbolic company of this new economy with higher pay with this recent commitment statement by Jeff Bezos in his annual shareholders letter to make Amazon into the best place to work on earth. He said, Earth's best employer. I mean, things like that, I guess they're kind of encouraging to me that there seems to be a growing realization that pay needs to improve. That jobs need to be better. That operating conditions need to be more effective. And that's really encouraging. For whatever is motivating people like Jeff Bezos or companies that are in industries like retail, employing "essential workers," whatever it is, that's motivating them to make some of these commitments, we're going to pay people better.

We're going to improve working conditions. Whatever it is, I'm thrilled that that's happening and thinking about how we're going to emerge from this last year and the pandemic and everything. As these businesses start to experience healthier conditions, more sales, more customers, more traffic, that will result in positive outcomes, positive developments for the frontline folks that Sarah, you and I have had experiences with, historically has often been pretty bad. And the fact that it seems as if businesses, whether or not governments are keeping up or whatever, but the businesses are coming to these realizations, making these decisions, making these commitments to do better by their people.

I just couldn't be more excited about that. And I think for both of our organizations, Good Jobs Institute representing the Good Job Strategy, LEI representing lean thinking, and they manage currently production, all these things. I think it's really an exciting time for us to get in the game, engage in those conversations, share these stories. We've had these amazing experiences, the shared experience at the deli, the experience I had at Starbucks and working with other retailers, in other industries that employ "essential workers."

I just think it's really up to us, to engage as much as we can to be as influential as possible and to say, "Hey, what you guys are committing to do, we've had some experiences and we have some ideas that could be helpful that could, make those commitments to pay your folks more not just costly and detrimental to the bottom line. But that in fact, if the operations are

improved, if the work is improved, if folks are taught how and engaged and expected to continuously improve to solve problems, day in and day out, that you can pay them better. You can pay them more than \$15 an hour and afford to do that. Actually improve your bottom line by rooting out all this waste that's been in your operation for a really long time, and that you're spending money on unknowingly maybe. Some of that money is just wasteful is going towards having folks do things and they don't need to do, prep more ingredients than are necessary. Having folks do things just an ineffective way, unable to serve their customers because the truck's late because machines are broken down. All this stuff."

We can get that kind of improvement happening. We've just had experiences that I'd say validate, that there's tremendous cost savings through less wasteful work and that the opportunity then to pass that savings on to those frontline workers to exceed the commitments that companies like Amazon with \$15 an hour, living wages are making.

I just think that opportunity is out there. I hope that I'm encouraged by the businesses that are pursuing it, and I'm reflecting deeply myself. And I know you are too Sarah on what are the experiences that we've had? What can we contribute to these developments and kind of how do we get in the game in a way that we can be helpful and influential and actually help these commitments and help these promising ideas be realized? So that real people doing real work with real lives and real families benefit from rooting out waste, from good jobs, good companies offering good jobs with good work.

Sarah Kalloch:

We have a list of companies who've committed to \$15 or more per hour for their workers on our website. It is growing, which is super positive. And frankly, there's a lot of companies who aren't going to have a choice. So we all know the minimum wage in the U.S. right now is \$7.25. Twenty-one states have that as their minimum wage; 29 have higher minimum wages. Seven plus DC have committed to get to \$15 over the course of the next five years, including California and Massachusetts who might be your usual suspects, but also Florida. They just voted to increase their minimum wage. We have a new administration. It is very clear that they are looking to raise the minimum wage. Fifteen dollars did not fit into the COVID relief bill, but Senators Romney and Sinema are looking at a proposal for an \$11 minimum wage. Wages are going up and they need to go up.

So before Covid, it was a super tight labor market. Companies were having a hard time hiring people. As we are hopefully emerging from Covid, companies that pay low wages are, guess what? They're having a hard time hiring people. I think many of them are blaming a more generous unemployment system right now, but hey, if you can't pay people enough and offer good jobs, you're not going to get the right talent.

And so I think this is just a tremendous time for companies to say, how are we going to treat our workers? How are we going to help encourage them and support them to drive fantastic customer service and to drive profitability and to drive innovation and adaptability as we come

out of the most staggering thing that's happened in my lifetime and I think many people's lifetimes?

We have got to be there for the people who have been there for of us over the past year. We have got to raise wages, have more stable schedules, and again get to real respect for people for their time, for their knowledge and for what they can bring to the world. So that's my soap box, but there's so much in lean and the Good Job Strategy that can drive both productivity and dignity. And so just really thrilled to be able to work with all of you on that really tremendous mission.

We're both passionate about this and excited for what the future holds. And we see some promising signs of positive development as we look ahead and start to come out of this pandemic which has been so awful for so many folks. Especially a lot of folks that we've been talking about here today. So anyway, now we're going to see if we can gin up our passion to have a real impact.