



---

# Good Jobs Strategy:

*How to drive excellence for customers, employees and investors*

LEI Summit  
March 2019



## Our Mission

*Help Companies  
Thrive by Creating  
Good Jobs*

*“Why is it that I  
always get the  
whole person when  
all I want is a good  
pair of hands?”*

1913 Highland Park, MI





# Human-Centered Operating System







***A similar transformation is  
happening in retail, service,  
hospitality, medical, senior care  
settings***

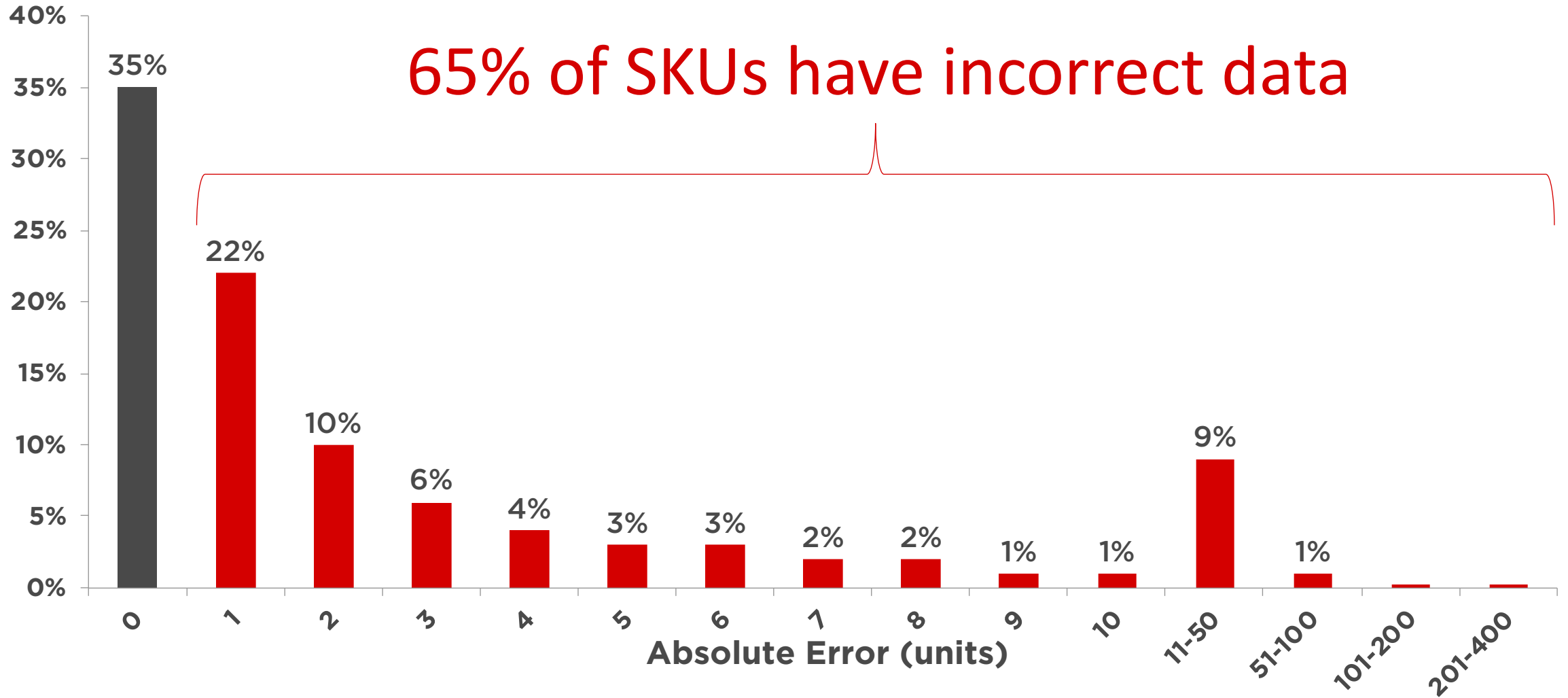


# Phantom stockouts

- 25-30% in CPG
  - 60% at a specialty retailer
- ## Promotion compliance
- 50% compliance



65% of SKUs have incorrect data



% of SKUs (n=369, 592)

# Unpredictable Schedules

**Schedule of a full-time hourly manager during a week**

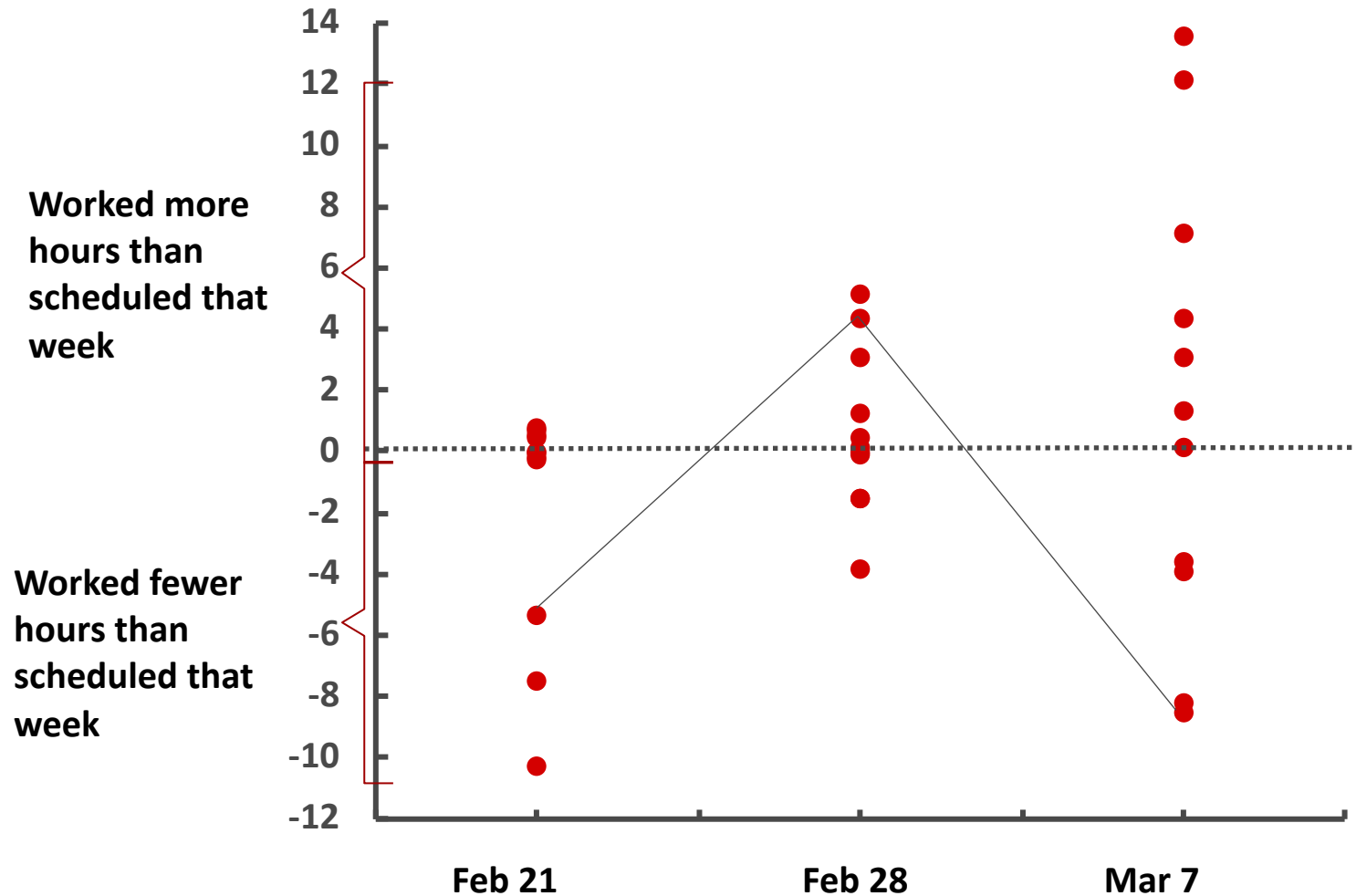
**(7 years, several promotions later)**

	MON	TUE	WED	THUR	FRI	SAT	SUN
11 PM							
10 PM							
9 PM							
8 PM							
7 PM							
6 PM							
5 PM							
4 PM							
3 PM							
2 PM							
1 PM							
12 PM							
11 AM							
10 AM							
9 AM							
8 AM							
7 AM							
6 AM							
5 AM							
4 AM							
3 AM							
2 AM							
1 AM							
12 AM							



Little stability → no time for managing

Turnover  
= 120%





## *Little Respect for Employee Time, Capability, Knowledge*

*“We are throwaways who are a  
dime a dozen... Just human  
robots, really”*



# Meeting Employee Needs

## WORK MEETS HIGHER NEEDS

### MEANINGFULNESS

Work itself and  
significance to customer

### PERSONAL GROWTH

Learning, creativity,  
problem solving

### BELONGING

Team, pride for working at the  
company, mutual respect

### ACHIEVEMENT

Have autonomy, tools, time  
and resources to do great work

### RECOGNITION

High expectations, feedback  
from others and job

## WORK PROVIDES BASIC NEEDS

### PAY & BENEFITS

Fair for the work and compared  
to others, meets needs

### SCHEDULES

Stable and predictable  
schedules, adequate hours

### CAREER PATH

Clear and fair advancement to  
higher pay

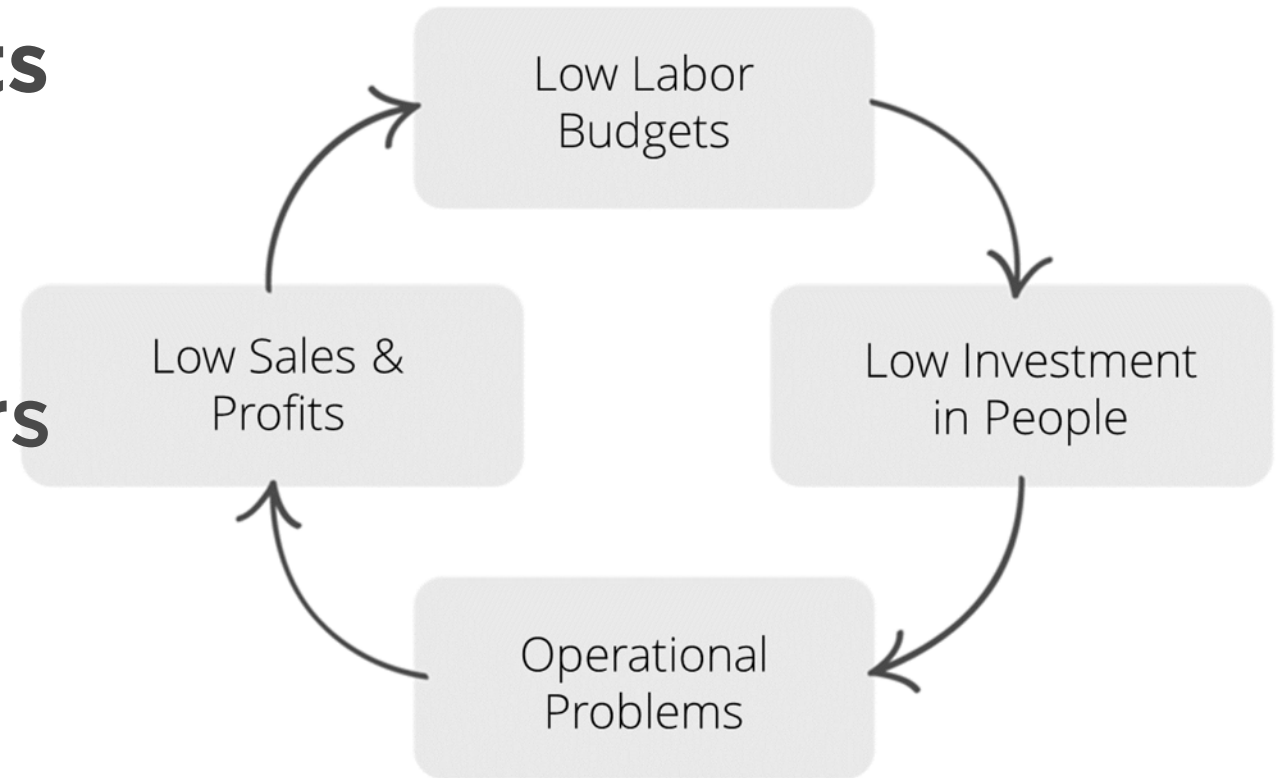
### SECURITY & SAFETY

Keep job if perform well,  
safe conditions

# Assumption: People = Cost

## This Vicious Cycle Hurts

- Investors
- Customers
- Employees & Managers





- Tight labor market
- Min wage hikes in cities/states
- Scheduling legislation
- Competition & slower growth
- Omni channel experience
- Technological advances
- Big need to adapt/implement changes
  - Need people stability to roll out new processes/tech

**Companies that  
pursue  
operational  
excellence  
through a Good  
Jobs Strategy  
will win**

# QuikTrip: A Convenience Store Chain



## Profit Per Store

- 89% Higher than Top Quartile Performers

## Sales Per Hour

- \$142 vs. \$94.7 (Top Quartile)

## Shrink

- 0.7% vs. 1.52% (Top Quartile)



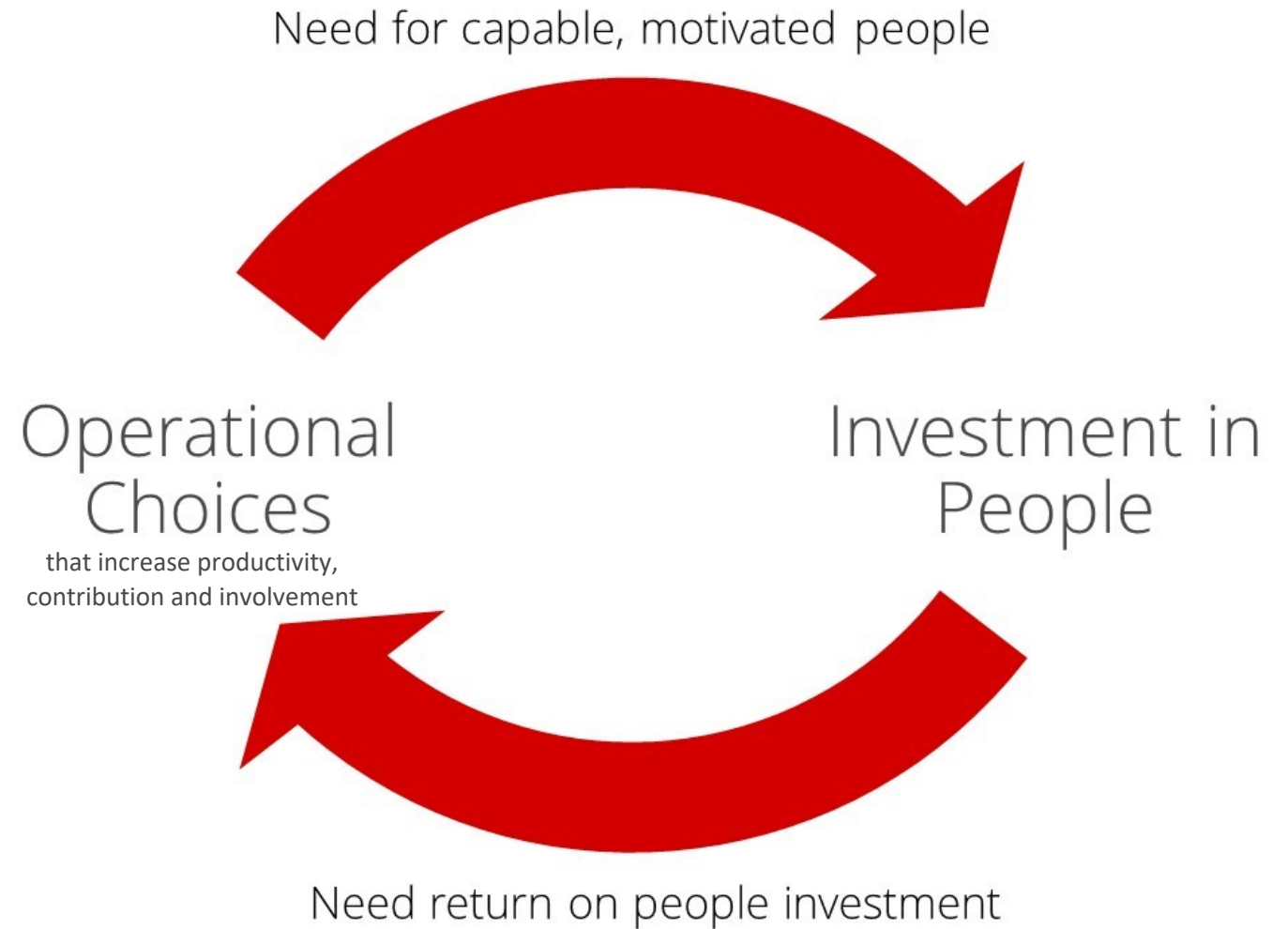
Source: QuikTrip Instagram





# What's Their Secret?

# Human-Centered Operating System





# *The Good Jobs Strategy*

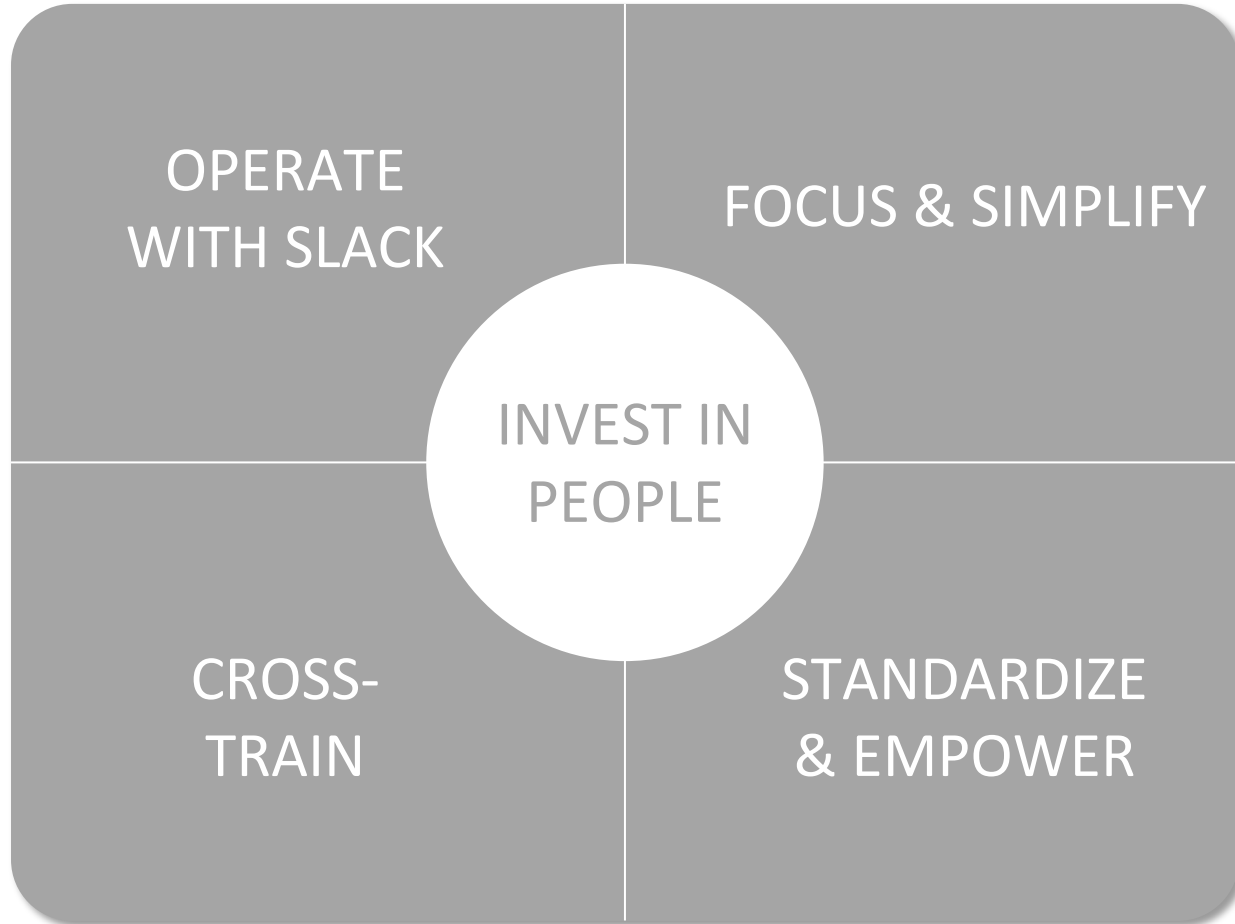


VALUES: 100% COMMITMENT TO  
CUSTOMERS, EMPLOYEES & IMPROVEMENT

## **Holistic System Across the Company**

- Decisions made at the headquarters
- Decisions made inside the store, hospital, senior living community, etc.
- Coordination across the company

# *GJS Is a System*



**VALUES: 100% COMMITMENT TO  
CUSTOMERS, EMPLOYEES & IMPROVEMENT**

- Ops choices require, leverage, drive motivated & capable workforce
- People investment enables and requires ops choices
- Ops choices work together and with investment in people

# What GJS Enables

- Strong managers who can focus on developing staff
  - Know their staff—strengths, weaknesses, what matters to them
  - Have time to hire, train, provide feedback
- Managers who feel like owners rather than task executors
- Continuous improvement
- Successful corporate rollouts/new programs



# Common Themes Across GJS Elements: Assumptions About People and Their Work



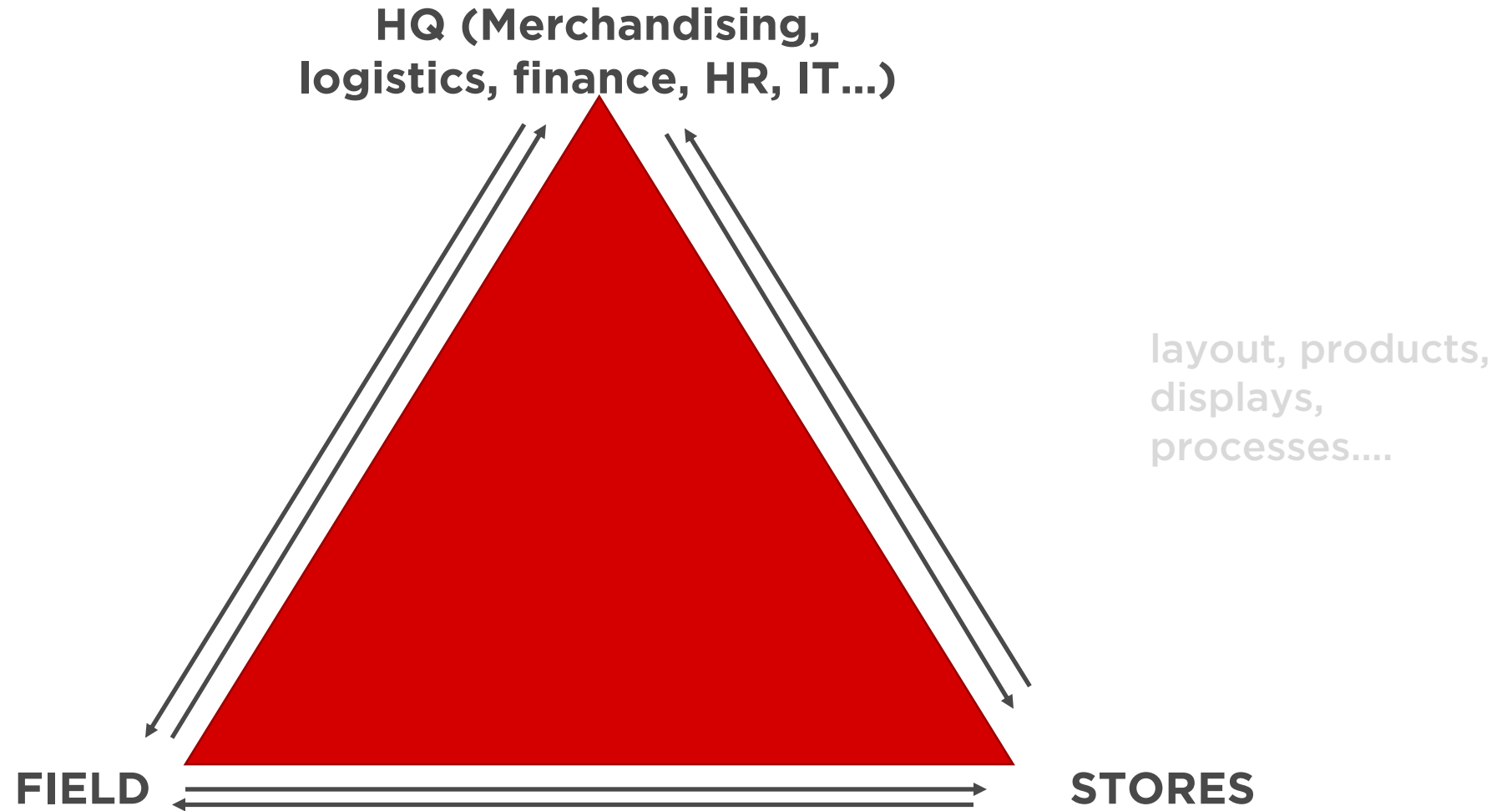
GJ leaders believe

- 1 People are internally motivated to do a good job, take pride, and improve versus people are lazy and unwilling to take responsibility
  - *Whatever your belief is, people will prove it to be right*
- 2 The best ideas about work come from the people who do the work versus engineers or HQ
- 3 Problems are caused by the system versus people

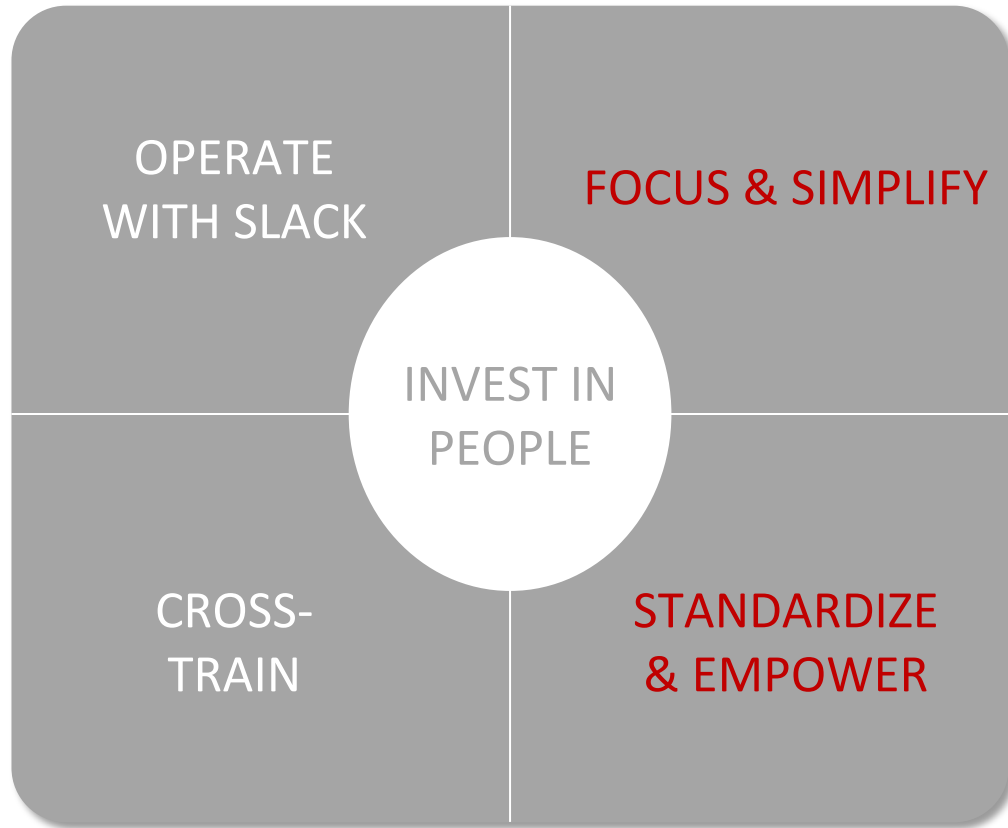
## Specified Principles (early 90s)

- Everyone is reliable
- Only do what adds value to the boss
- Every company is an assembly line
- Have a scientific mind
- Zero defects
- All is improvable
- The company must prescribe
- Abide by the law
- Convince, not defeat

# Common Themes Across GJS Elements: End to End Focus on the Customer



# Common Themes Across GJS Elements: Headquarters-Store Coordination




**VALUES: 100% COMMITMENT TO  
CUSTOMERS, EMPLOYEES & IMPROVEMENT**

- Involve stores, tie to customer 1st, explain why
- Deep respect for associate time, knowledge, and ability to shine in front of customers
  - e.g., QT maintenance



# Versus

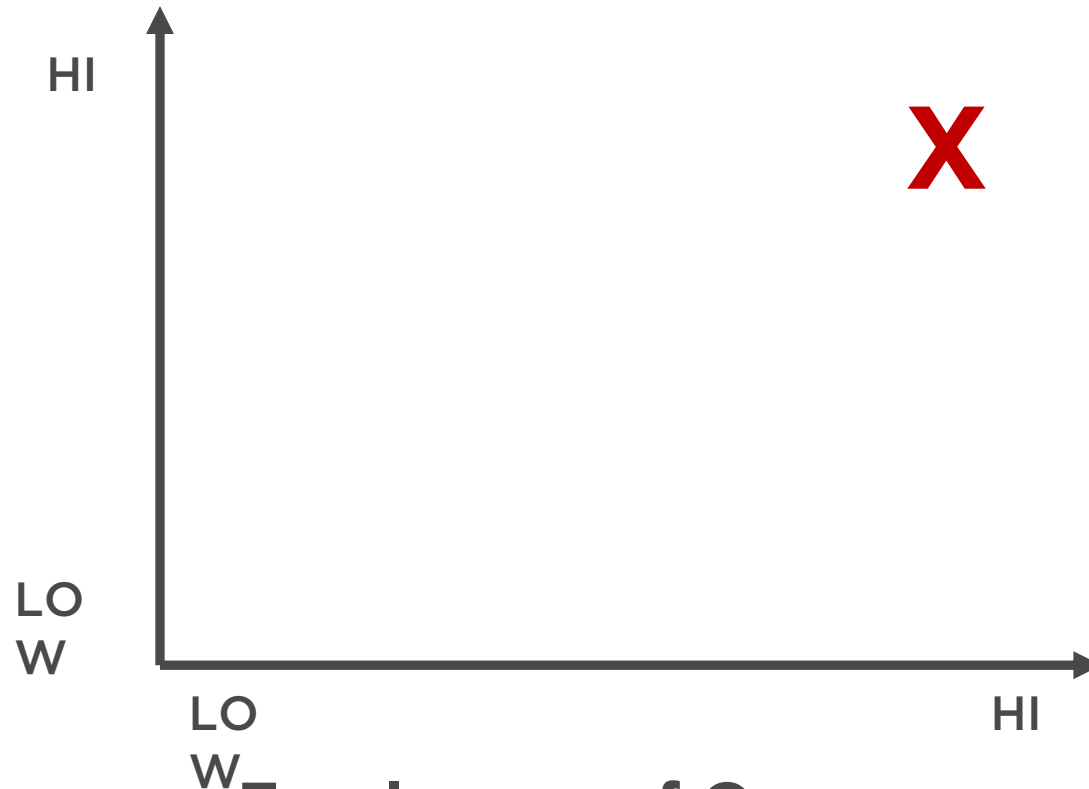
- HQ thinks, frontlines complete  store managers are task executors
- HQ decisions with little store input
  - Decisions may not work at the store level
    - Can't adhere to displays
    - Products inappropriate for local market (snow blowers in Miami)
    - Technology or tools not used by associates
  - Impact on associates & managers
    - Lack of trust in HQ capability

©Good Jobs Institute 2019 HQ decisions rarely consider the effect on frontline employees and their ability to serve customers

# Common Themes Across GJS Elements: High Expectations All Around

## Company of Employees

- High Standards: hiring, attendance, task performance
- Clear expectations
- Recognition of strong performers, weeding out weak performers
- Healthy competition



Employees of  
Other  
Employees

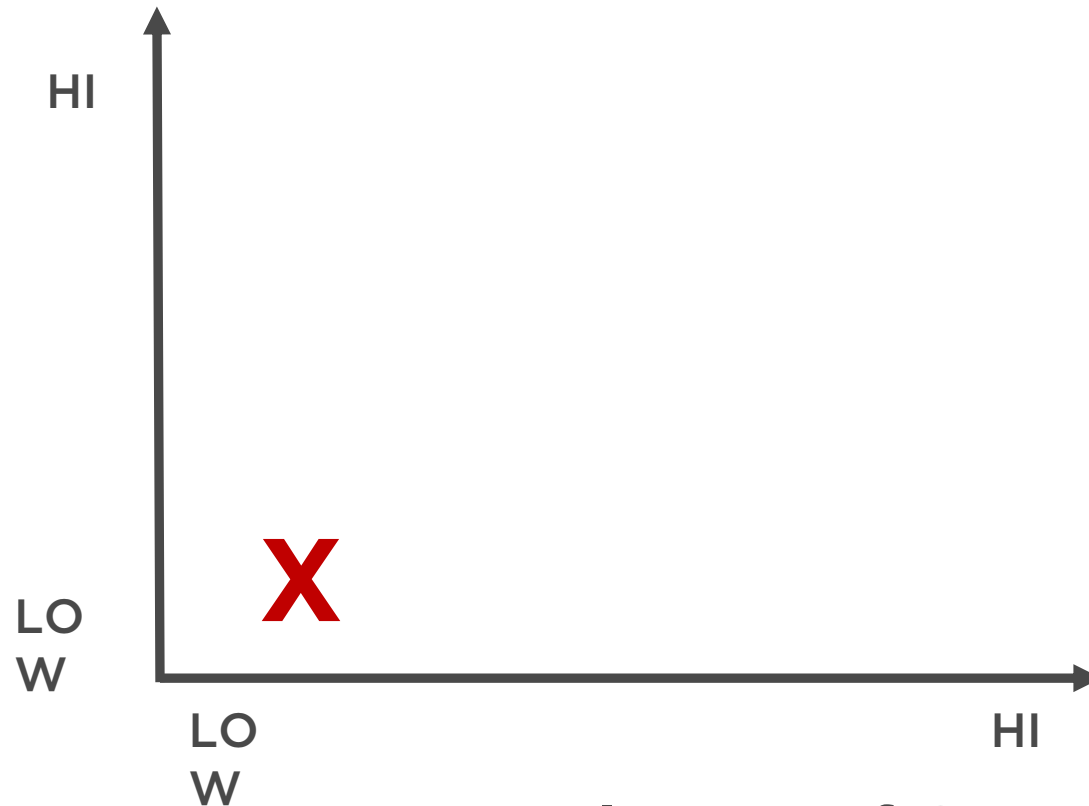
## Employees of Company

- Care for them, their success and growth
- Respect for their time,

# Versus: Low Expectations All Around

## Company of Employees

- Low Standards: hiring, attendance, task performance
- No time for constructive, specific feedback
- Weak performers linger



## Employees of Company

- Don't care for them, their success and growth
- Don't respect their time, knowledge



# Focus & Simplify

## Strategic Focus

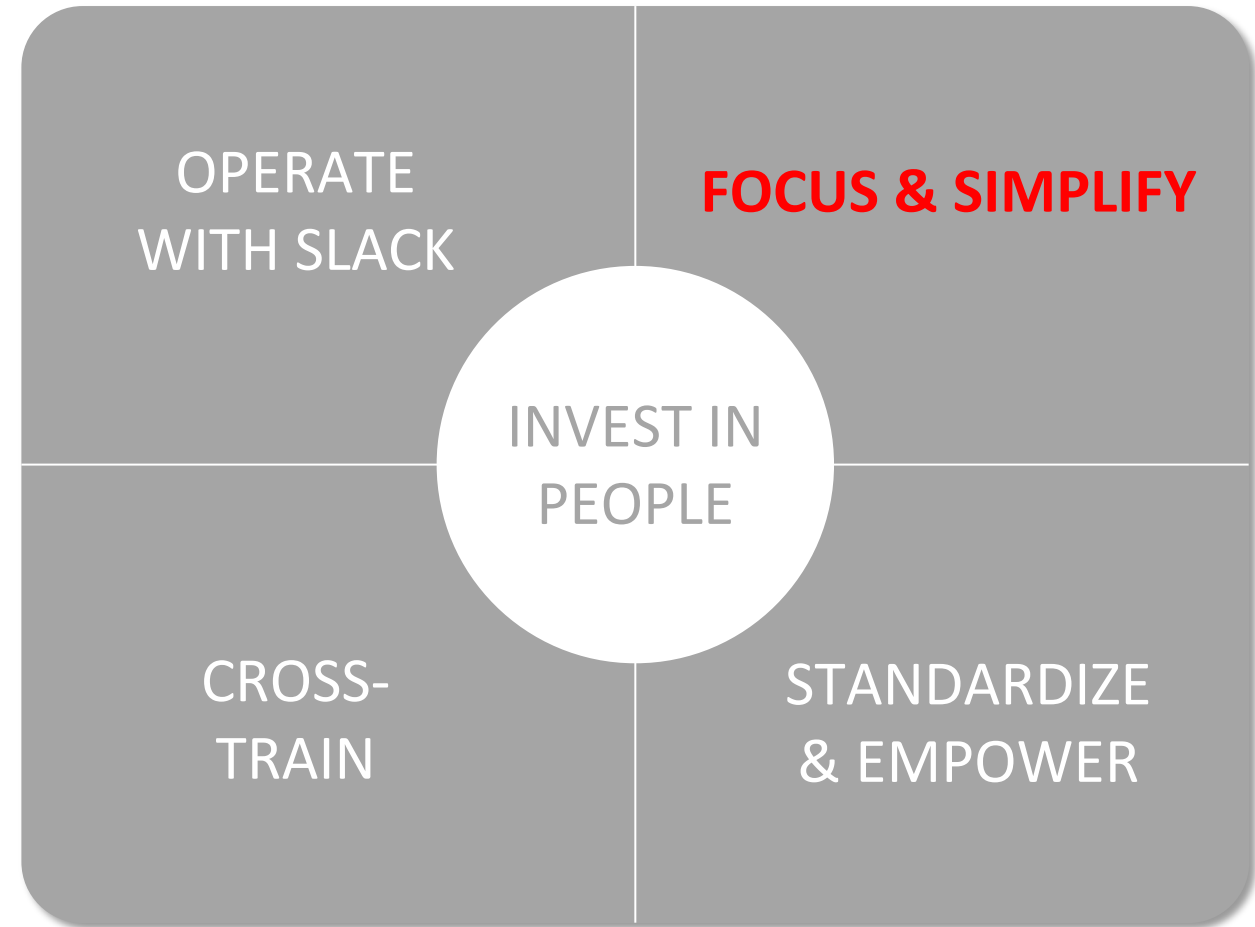
- Clarity and alignment on the ideal customer experience
  - What problems are you solving for the customer?
  - Why do your customers come to you?

## Operational Simplification

- Rigor around new products, promotions, training, communication, and processes to be added (or removed)

©Good Jobs Institute 2019

- Consistent with strategic focus



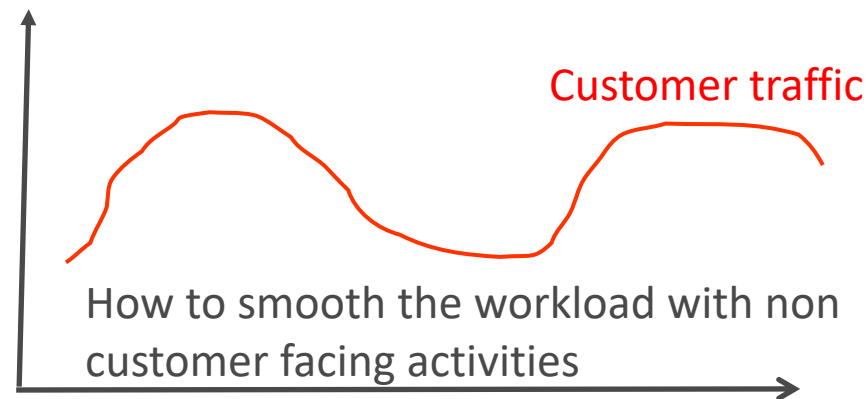
VALUES: 100% COMMITMENT TO CUSTOMERS, EMPLOYEES & IMPROVEMENT

# WHAT to Simplify

## • AMOUNT

- Work that does not add value to the customer
- Busy work that doesn't respect employee time
- # of tools, products, processes, promotions, communication...

## • TIMING



## • VARIABILITY

- Reduce last minute changes

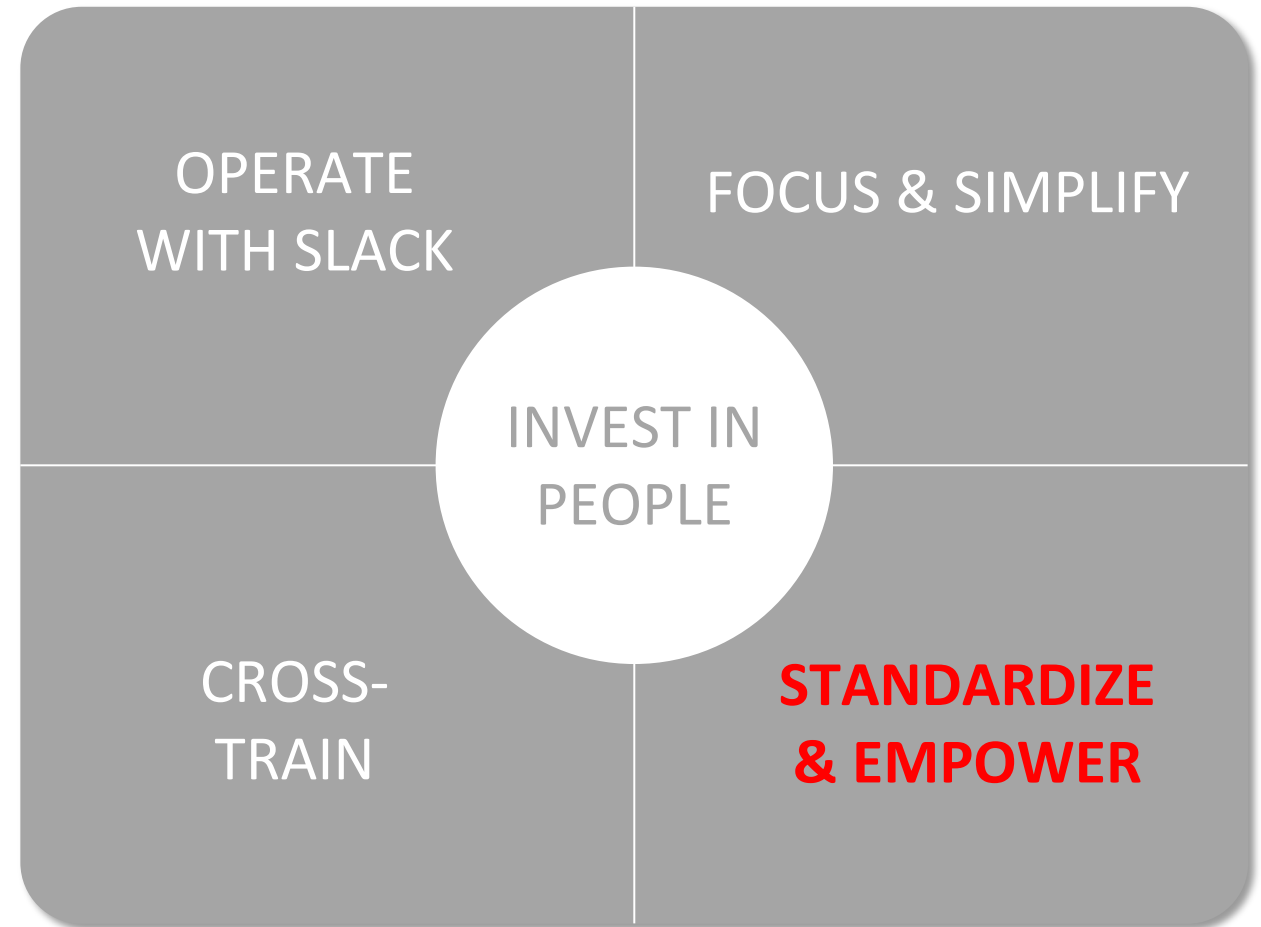
# How to Simplify

- Explain why
  - Highlight impact on customers and employees
  - Convince not defeat
- Involve Front Line Workers
  - Tools & technology
  - Merchandising: mechanisms to get store input
  - Non Value Add Work
  - Smart Short Cuts
  - Process Improvements



# Standardize & Empower

- **Balance is key**
  - Routine tasks
  - Variability from customers



VALUES: 100% COMMITMENT TO  
CUSTOMERS, EMPLOYEES & IMPROVEMENT

# What to Standardize

## **Routine processes**

- When, with what materials, how, duration

## **Task performance, policies, & rules**

- No more than three pallets on the selling floor when store is open, no more than three customers waiting,  $\frac{1}{4}$ " fat for ribeye
- Expectation: 100% compliance

## **Communication**

## **Improvement**

## **Management Practices**

# HOW to Standardize

- Top directed & bottom up
  - Involve front line workers to develop standards and improve them
  - Strong buy-in
- Consistently get feedback
  - Process owners
- Clarity on who will do what
- Standardization of communication
- Explain WHY → link to customer 1st
- High conformance & consistency
  - High expectations
  - Focus and Simplify → reasonable requests

# Empowerment

- Empowered employees
  - Adapt to customer needs
  - Merchandising/Service decisions
  - Improve processes/products

→ Speed/responsiveness, respect for people's time and judgment

# Involving Associates in Improvement

Most of what needs to be improved is **invisible to managers & executives** but visible to people who are closest to work

- Coca Cola Stockholm results:
  - Management driven: 2.5 million SEK from 7 projects
  - Frontline driven: 8 million SEK from 1720 projects



Source: *The Idea-Driven Organization*, Robinson and Schroeder



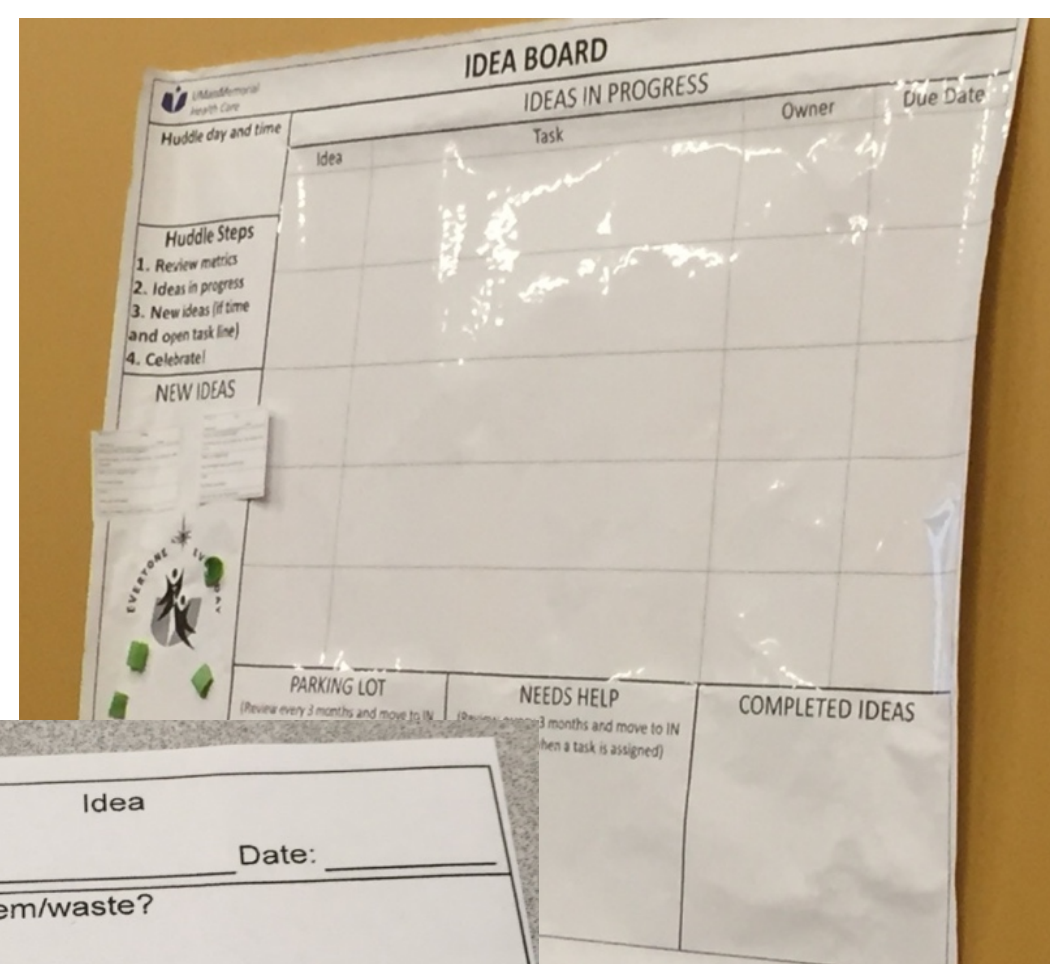
# Health Care Ideas Systems


# Many hospital systems implementing ideas systems

- **STANDARDIZE** communication by having daily huddles and clear hand offs
- **EMPOWER** front line employees by asking for and implementing their ideas

## UMASS Memorial Medical Center:

- Doctors and administrator did not know how to fix a serious ER problem—but the nurses and techs knew.
  - Engaging everyone, every day, in improving the experience
- ©Good Jobs Institute 2010



 UMass Memorial  
Health Care

Idea

Name(s): \_\_\_\_\_ Date: \_\_\_\_\_

What is the problem/waste?

Why is it happening?

Idea:

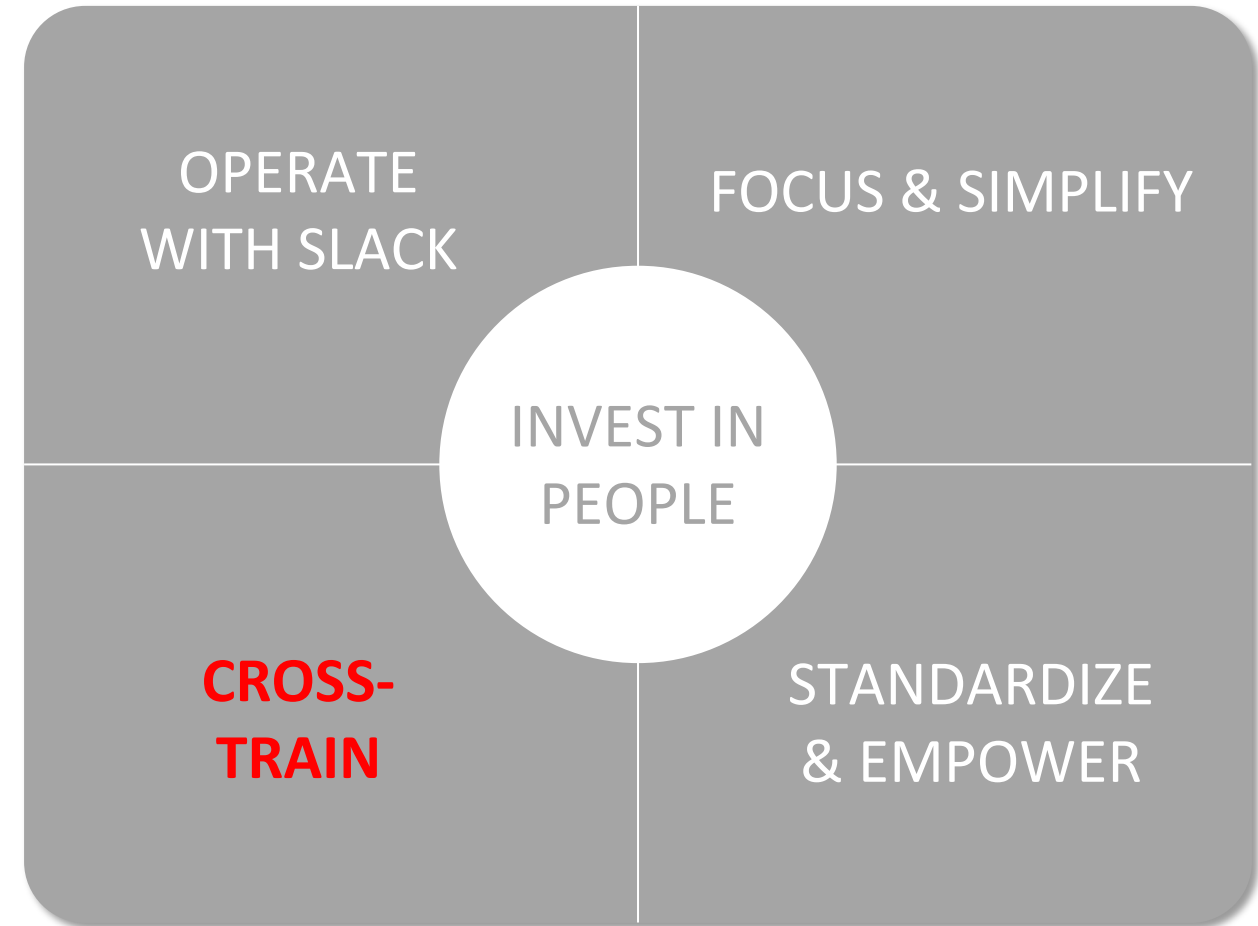
Date the Idea was Implemented: \_\_\_\_\_

# Cross-Train

- I. Cross Train to Customer and Non-Customer Facing Tasks
- II. Fewer people with more hours

## Balance:

- Specialization/mastery
- Flexibility – to deal with variability
- Motivation
- Teamwork

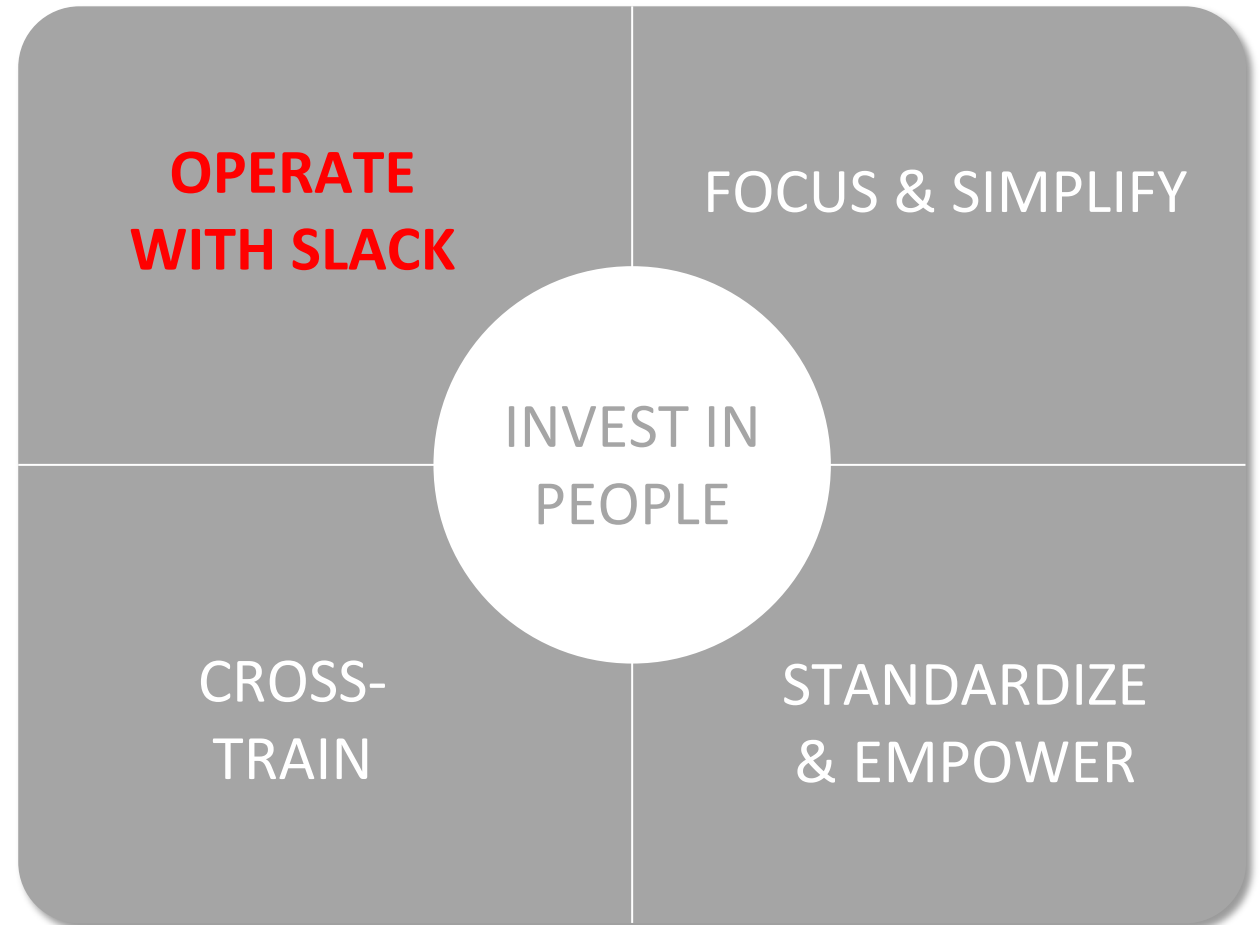


VALUES: 100% COMMITMENT TO  
CUSTOMERS, EMPLOYEES & IMPROVEMENT

# Operate with Slack

**This is the last operational choice for a reason!**

- Staff based on tasks/traffic vs sales
- Staff more than the expected workload
- Focus on customer 1<sup>st</sup>
- Managers focus on managing



VALUES: 100% COMMITMENT TO  
CUSTOMERS, EMPLOYEES & IMPROVEMENT

# Invest in People

## Stable Base:

- Pay
- Benefits
- Scheduling



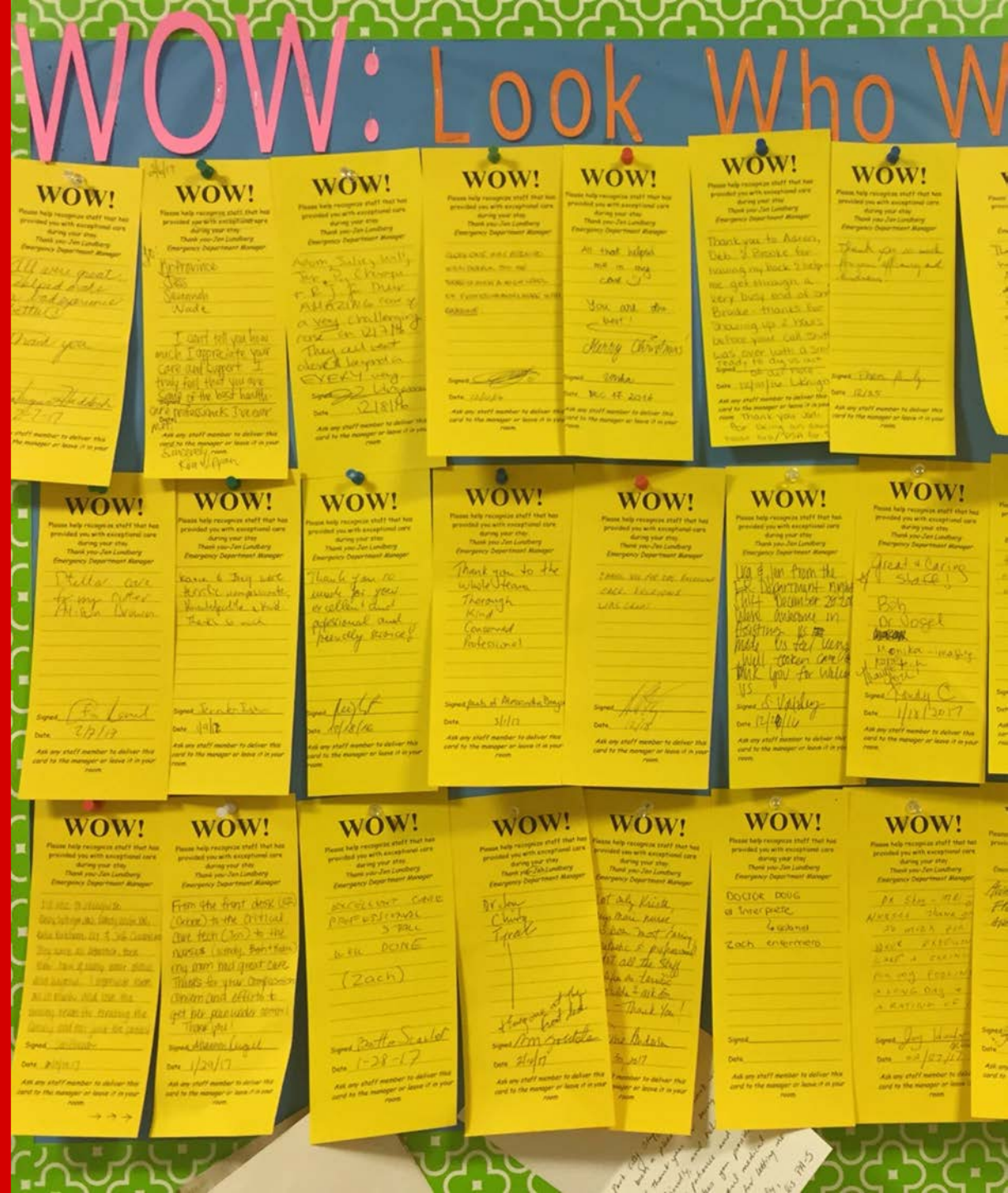
VALUES: 100% COMMITMENT TO  
CUSTOMERS, EMPLOYEES & IMPROVEMENT

# Invest in People

1. Are people capable of doing the work?
  - Hiring and Onboarding: Hire for key attributes, selection is rigorous, clear understanding of job and schedule, respect at every juncture
  - Training: Training schedule is clear and trainers are prepared, hands on, training is evaluative
2. Are people motivated to do the work?
  - Performance Management Systems
3. Are people supported to develop at work?
  - Promotion from within=crucial



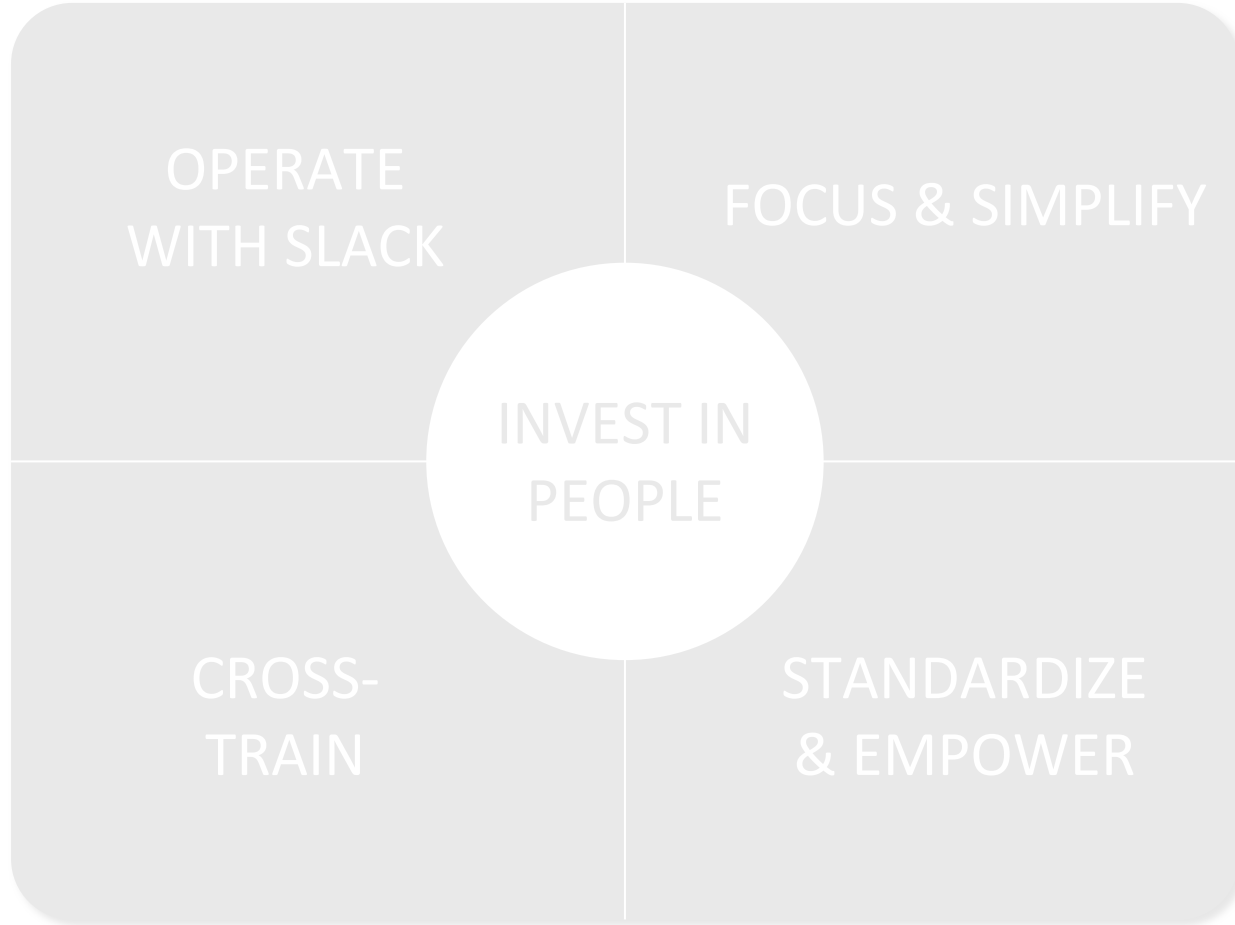
Lots of ways to recognize people



# Invest in People

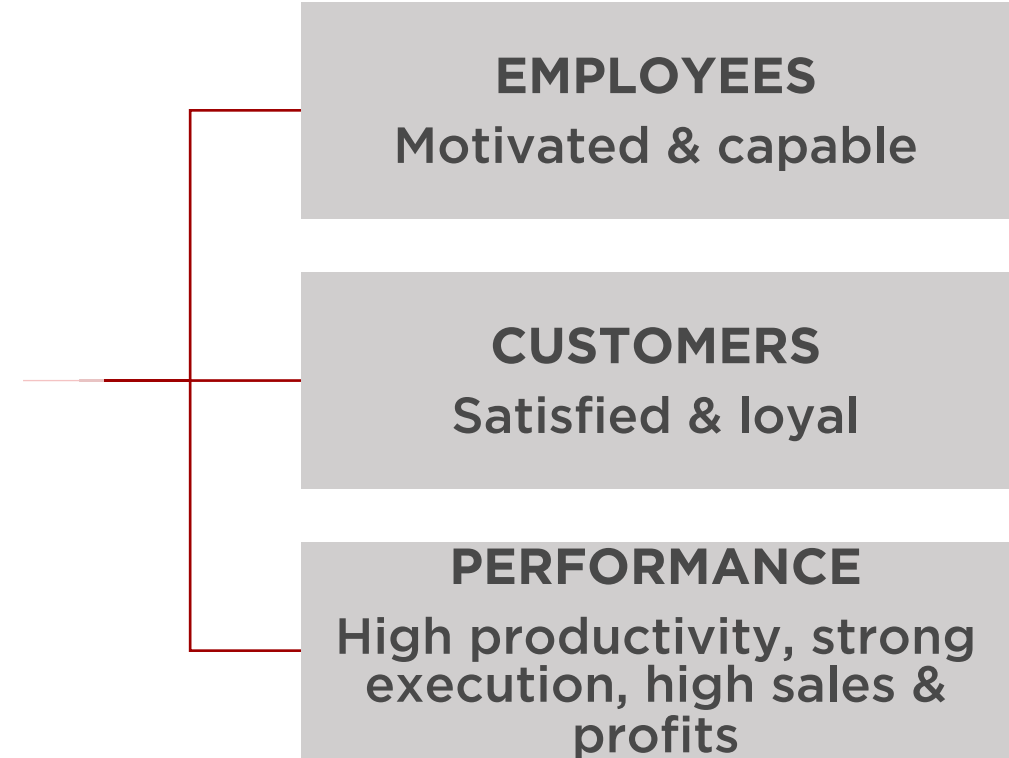
1. Are people capable of doing the work?
  - Hiring and Onboarding: Hire for key attributes, selection is rigorous, clear understanding of job and schedule, respect at every juncture
  - Training: Training schedule is clear and trainers are prepared, hands on, training is evaluative
2. Are people motivated to do the work?
  - Performance Management Systems
3. Are people supported to develop at work?
  - Promotion from within=crucial

# *The Good Jobs Strategy*

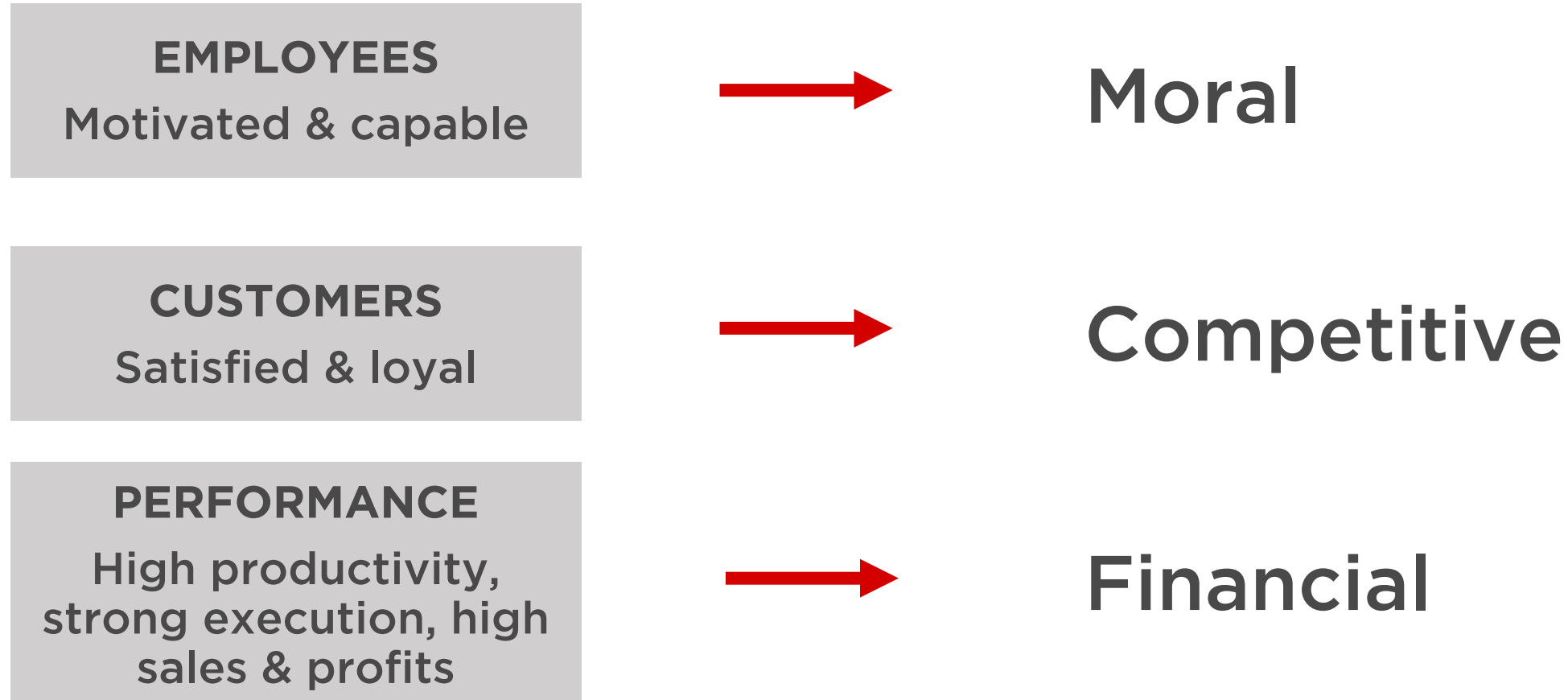


VALUES: 100% COMMITMENT TO  
CUSTOMERS, EMPLOYEES & IMPROVEMENT

## *Outcomes*



# Business Case for Good Jobs



# Employee Experience Metrics

## Pay

- % of employees making a living hourly wage
- % of employees whose annual pay is <\$10K, \$10-\$20K, \$20-\$30K, >30K
- % of full-time employees on federal assistance
- % of temporary and/or contract workers
- % of people who qualify for benefits

## Schedules

- # of weeks notice for schedules
- Deviation between actual and planned hours/employee/week
- % of employees working (per week): <10 hours, 10-20, 20-30, 30-40, >40
- % full-time employees
- Min. guaranteed hours for part-timers

## Career Path

- % of frontline managers promoted from within
- % of field leaders promoted from within (e.g., regional and district managers)

## Safety and Security

- # of safety incidents (both employee and customer)
- # of layoffs in last 5 years

**What percentage of employees make a living wage?**

**What % are full time?**

**How far in advance do employees get their schedule—and how often do they change?**

**What % of frontline managers are promoted from within?**



# Customer Experience Metrics

- Customer surveys
- Customer focus groups and observations
- Social media sentiment
- Yelp ratings and qualitative comments
- Mystery shopper evaluations
- NPS, Tempkin, ACSI
- Capacity measures for sufficient staffing
  - (e.g., customer traffic per labor-hour in retail)

**Who are your customers?**

**Why do they come to you?**

**Do you deliver the right product or service, in an accurate, timely fashion?**

**Do you offer a great customer experience?**

# Operational Performance Metrics

Category	Ways to Measure
Employee Stability	<ul style="list-style-type: none"> <li>• Employee turnover (e.g., ~4% at Mercadona)</li> <li>• First-year or 90-day turnover %</li> <li>• Turnover % of employees &gt;1 year tenure (e.g., ~6% at Costco)</li> <li>• Absenteeism</li> </ul>
Costs	<ul style="list-style-type: none"> <li>• Cost of Turnover</li> <li>• Theft or shrink</li> <li>• Waste</li> <li>• Cost savings from employee ideas</li> </ul>
Customer Satisfaction and Sales Metrics	<ul style="list-style-type: none"> <li>• Average ticket spend</li> <li>• Repeat customer rate</li> <li>• Conversion rate</li> <li>• Same unit sales growth</li> </ul>
Operational Execution	<ul style="list-style-type: none"> <li>• Data inaccuracy</li> <li>• Misplaced products or resources</li> <li>• # changes, promotions, and/or deviations from schedule</li> </ul>
Productivity	<ul style="list-style-type: none"> <li>• Productivity of your most important resources; e.g., space, people, inventory/materials</li> </ul>

**Do you have stability in your workforce?**

**What is the cost of turnover? Shrink and waste?**

**How do your employees help you reduce costs and increase sales?**

**What are your biggest operational problems?**

**How do you make sure your employees are productive?**

# Other GJS Tools: Leadership survey (20 questions)

**Helps measure urgency and inclination in your leadership/organization**

**1) Our competitors offer a more compelling customer experience than we do**

Completely Disagree - 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 - Completely Agree

**2) Our same unit sales growth is at or below industry average**

Completely Disagree - 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 - Completely Agree

**3) Labor productivity in our units is at or below industry average**

Completely Disagree - 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 - Completely Agree

**4) More than half of our frontline employees leave the company within their first year**

Completely Disagree - 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 - Completely Agree

**5) Our units often have challenges executing corporate plans related to new products, promotions, and services**

Completely Disagree - 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 - Completely Agree

# Other GJS Tools: Diagnostic (80+ questions)

- Survey that identifies which elements of the Good Jobs Strategy your company already practices and where you can improve
- Sections on values, invest in people and each operational choice

## Uses:

- 1.) To review GJS choices and how they come to life at companies
- 2.) To see where your team thinks your company lands
- 3.) To compare scores of C-suite to leadership to field and business unit managers to understand where you may have gaps

# Case Study: Quest Diagnostics Call Centers

## Stabilized People

- Raises wages, created clear career path and improved training

## AND

- Raised Expectations: New attendance policy and clear KPIs/performance management

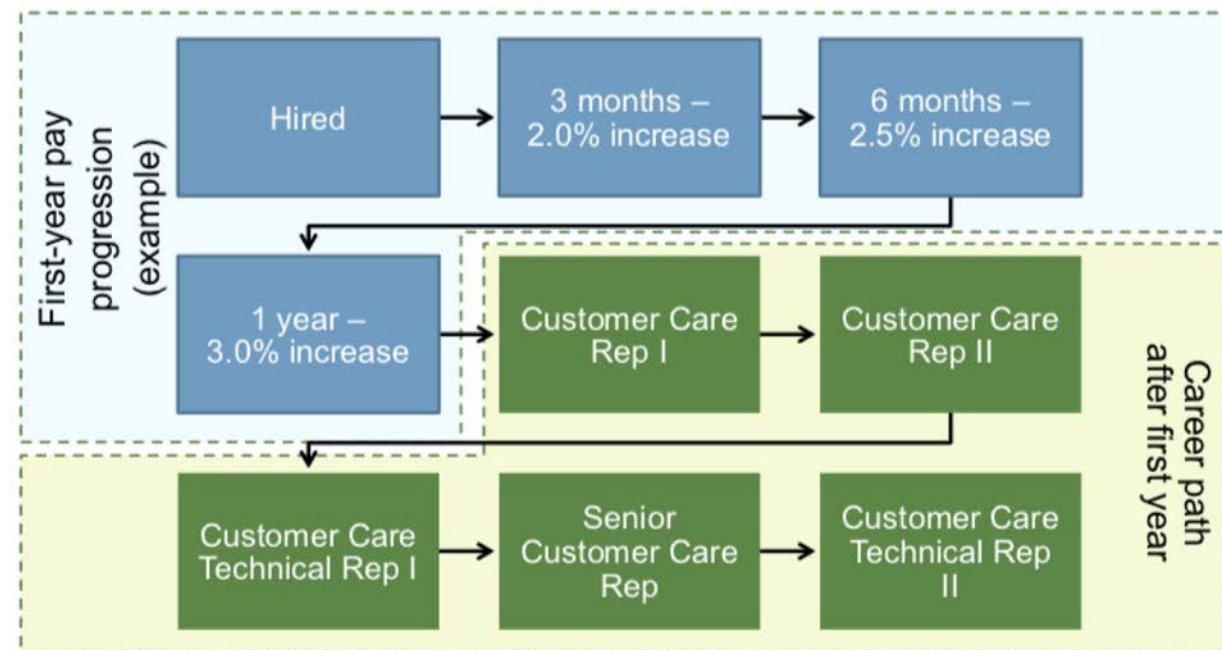
## Simplified Work

- Reduced call volume (asked customers what calls they would prefer to get via email/fax)

## Standardized Tasks and Empowered Reps

- Huddles and visual management
- Model pods
- Ideas system

## Customer Care Career Path



10 • CONFIDENTIAL – For internal circulation only



# Case Study: Quest Diagnostics Call Centers

- Improvement within 18 months:
  - Effect on customers:
    - Transfer rate: 12%→9.5%
    - Calls answered within 60 seconds: 50%→70%
    - Better service → fewer complaints → fewer lost accounts
  - Effect on employees
    - Employee turnover: 34%→16%
    - Absenteeism: 12.4%→4.2%
    - Higher pay for reps
    - Training→80% of training funds spent on onboarding to 42%
  - \$2M in savings, \$1.2M from improvement projects
    - July 2016-Feb 2017: 1556 ideas from reps, 1001 completed



Find free tools, case studies, videos of good jobs leaders, research and more at

[www.goodjobsinstitute.org](http://www.goodjobsinstitute.org)

Contact me at:

[sarah.kalloch@goodjobsinstitute.org](mailto:sarah.kalloch@goodjobsinstitute.org)