

# Happy Staff, Happy Store

EMPLOYEE ENGAGEMENT AND RETENTION IS A KEY ELEMENT TO A SUCCESSFUL BUSINESS. RETAILERS HAVE MULTIPLE WAYS TO ENSURE THEIR TEAM IS HAPPY.

By Katie Martin



**W**hen it comes to retaining employees, the almighty dollar is what many think is most important. But intangibles — like feeling part of a community, feeling invested in a business, feeling like what you as an employee does matters to the overall health of the company — can go a long way in keeping employees. Many retailers simply can't afford to pay their good employees what they may be worth, but business owners can employ other methods to make employees feel valued and incentivize them to work as well as they can.

"I don't know that anyone has the magic bullet, but I think it's a combination of things," says Maggie Bayless, managing partner for ZingTrain, one of 10 business

▲ PICTURED ABOVE: Wheatsville uses open book management to help employees feel engaged.

operated by Zingerman's Community of Businesses based in Ann Arbor, Mich. "Having a culture where employees feel that they truly can make a difference and that their ideas are heard, that's the big picture."

## OPEN BOOK MANAGEMENT

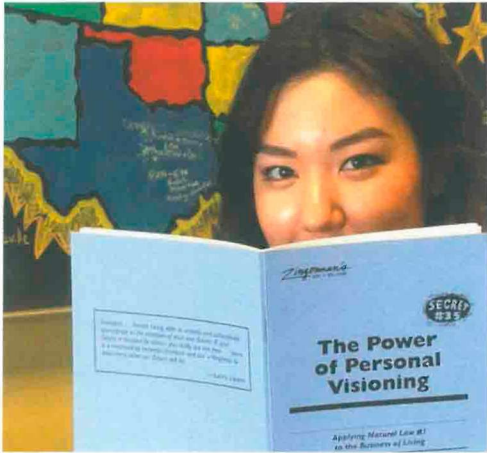
One of the things Zingerman's does to let employees feel like they are a part of the business is use open book management. Retailers that use open book management share the income statement and balance sheet with employees as well as other data such as productivity. Employees are trained to understand the financials and this encourages them to use the information in their daily work. Retailers also share the financial results through a gainsharing program.

"We share financial information because it makes people work better, they operate better, but it's also the right thing to do because they know more about their workplace," says Dan Gillotte, general manager of Wheatsville, a co-op with two locations in Austin, Texas. The stores had been sharing financial information for years, but it was about six years ago that Gillotte got serious. All new hires go through several training courses, one of which details open book management that teaches employees how to understand the business financials.

Both Wheatsville stores hold weekly Wheatcasts, or meetings about the finances where all staff are welcome and the team discusses what happened last week, what is planned for the current week and what is expected for the following week. "It really does build ownership on a staff level. Any employee can come, and they get paid when they come," Gillotte says. "It's actually very empowering to people."

Companies that use open book management experience a one to two percent annual increase in sales growth over expectations, according to research from the National Center for Employee Ownership.

Gillotte has found the management system also provides a broader understanding of the company as a whole. "We do a staff satisfaction survey every other year, and we discovered that there is a higher level of engagement among staff here than at other stores that don't do open book," he notes. "There's an understanding



◀ **Zingerman's Community of Businesses encourages staff to help create the vision of the company moving into the future.**

of why we spend money the way we do, the financial situation of the co-op and what they can do to improve the financial situation. Open book shares the financial success burden that normally falls on the CEO or store manager and shares it among everybody and says we're all responsible for the financial success of this company."

## CREATE A VISION

In addition to opening up financials to all employees, Zingerman's Community of Businesses also invites the staff to share in the visioning process for the company. The current vision plan, which was drafted in 2007 and runs through 2020, had more than 250 people from the organization involved in providing feedback, Bayless notes. Staff also are invited to participate in the yearly strategic plans that are developed off of the vision plan. "In the spring, everybody on our team is involved in some way in developing the plan for the next fiscal year," she adds.

Just having a vision for the company helps the staff feel better about their position in the business. Wheatsville, under Gillotte's guidance, developed what it calls the Big Direction, essentially a vision plan for the co-op. "It's helped staff, owners and the community to understand what we're doing. It was really just clarifying what we're doing, and now everybody owns it and feels connected to it," Gillotte says.

Zingerman's also offers employees with two years of employment the opportunity to become community share owners, or "become an owner in the intellectual property of the business," Bayless says. It operates in a similar manner to owners in a co-op who buy a membership share. Zingerman's employees can only own one share, and they are bought out if they leave the company.

Shares cost \$1,000 and can be purchased in cash or deducted from paychecks. "A community share is

basically the ticket to play in an annual game-share game for the whole organization" Bayless says. The dividends, which are paid out once a year at the close of the fiscal year, are based on the net operating process of the company as a whole, all 10 businesses. Since it is based on all companies, employees that are in a start-up operation that may not be profitable yet can still get a return if other portions of the business do well.

The reaction from employees has been a bit across the board, Bayless says. Some already felt completely invested in the business before buying a share while others have become more aware of what other portions of the company are doing and are more willing to share ideas or critiques of what is happening in the company as a whole.

## FINANCIAL 'GAME'

Wheatsville employs a similar measure that ties into open book management where every year the company plays a financial "game," which focuses on a particular aspect of the business and tries to improve it. One year, the focus was on sales per labor hour. If the two stores beat the sales per labor hour goal that had been set, the money saved went into a pool with money paid out to the staff at the end of the quarter. Both stores were in the game together, so one store couldn't win without the other. The payout at quarter's end was only a couple hundred dollars per employee, Gillotte notes, but it was a boost to everyone. And it was a way for the staff to earn more money without a salary increase.

Zingerman's also uses financial games, and often asks the staff what incentives they would like to win. One of the biggest "asks" for an incentive is a Zingerman's t-shirt. Employees wear the t-shirts as part of their uniform, so a new t-shirt, in essence, gives them a new uniform to wear. Another "game" the company plays involves its charitable giving. The volunteering work group coordinates volunteer projects that employees are interested in and the person with the most volunteer hours "wins" a charitable donation from the company to the non-profit of his/her choice.

But employee engagement doesn't always have to be a drastic measure. Wheatsville has found great success with its "Caught in the Act" board. This bulletin board is all employee contributed and recognizes other employees for a job well done, whether it was offering someone candy or helping out in another department.

"I think the big picture is that it's a lot of little things," Bayless says. Figure out what you as business owner need or want to do. Is it reducing turnover? Is it higher staff turnout at meetings? "Then ask the people in your organization to help you figure it out," she adds. **TGR**