

HOW STANDARD CUT EMPLOYEE TURNOVER RATE



By **BRIAN GUENIOT**, Director of Human Resources,
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When I joined Standard Coffee Service Company as its new human resources and development manager in 1997, employee turnover at our New Orleans-based company was over 40 percent a year—a figure I vowed to President Bob Maurer to bring down to 25 percent.

For the past four years, I've gotten my wish—but not without tweaking corporate processes and overhauling how we hire, motivate and develop employees.

How do we do it? It starts with making sure that the candidate who is sitting across the manager's desk is the right person for the job in the first place. I believe in the old adage that it's better to hire smart than to manage hard.

We hire for attitude because we can train for skills. I want the person with the right attributes who can grow and develop.

Standard Coffee is known in the OCS industry as a leader with annual sales of over \$120 million. Founded in 1919 as a pioneer in delivering coffee, tea and household products, today the company oper-

ates nearly 320 routes nationwide and provides personalized service to more than 70,000 offices and businesses. With clients from delis and theme parks to urban corporate offices, Standard Coffee is the only company to provide coffee and coffee machines in every state.

I was previously a 20-year coach and consultant with The Dale Carnegie Organization and I believe that experience has given me some insight into what motivates people. As a result, I sometimes get approached by other OCS companies to ask how to handle the human resource challenges that are specific to the industry.

After all, we've successfully tackled a dilemma the company had been battling for years—a high employee turnover rate and low morale that was digging deep into the bottom line. To solve the problem, I was certain that Standard Coffee Service Company had to address three separate, yet connected, areas—hiring, motivating and developing employees.

The proof is in the hiring: The toughest issue our industry faces is

recruiting the right type of individual to work in this business.

Our company employs over 320 route sales representatives (RSRs), each one servicing from 150 to 400 corporate customers. With the corporate office in New Orleans, RSRs work out of mini-storage buildings dotted across the country, often hours away from their nearest manager. RSRs are required to service customers on a pre-arranged basis and to invoice and collect money. Plus, they have to be able to sell the service (mostly on referrals)—by bringing in at least two new accounts every four weeks.

It's a tall order and it takes a very specific type of person, a real self-starter, to succeed in the role. With turnover reduction as one of my top priorities, I put the company's hiring processes under the microscope and immediately found some problems that were working their way up through the ranks, tarnishing other areas of the business.

For instance, when an RSR was terminated or left the company, the district manager (DM) would be

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forced to cover the route until finding a replacement. Torn between servicing clients and spending time interviewing candidates, the DM nearly always took a “mirror approach” to hiring.

Put simply, if you were breathing and you had a valid driver’s license, then you were hired. DMs had a tendency to hire quickly—whether the individual was qualified or not. As a result, many DMs found themselves caught in a vicious cycle in which they spent too much time hiring and not enough time running their business or lending support to the existing RSRs. The bottom line took a hit.

Because the personality traits required for the role are so specific, we turned to The McQuaig Institute®, an organization that offers Web-based behavioral assessments for hiring and developing. We wanted to differentiate between candidates who would be strong at growing the business, those who would be strong at servicing existing clients and those who wouldn’t be strong at either.

Does it work? In the words of Greg Moss, our vice-president of field sales, “One of the things I have learned over the years is that if McQuaig says they can’t close, they can’t close.”

I worked with the DMs to develop McQuaig job profiles for both growth and maintenance routes—and we then hire accordingly. (See: What Makes a Good RSR?) I firmly believe you can hire a candidate who seems to have great potential, but if you put them in the wrong job, it’s a waste of talent.

By lowering turnover, DMs can spend more time motivating their employees instead of becoming bogged down in interviewing and sorting through resumes.

Keeping them motivated: Employee motivation is also key to lowering turnover, but geography had always made it difficult to keep employees motivated and fulfilled.

When people don’t show up at an office day in and day out, management thinks “This person is a self-starter who gets things done so I don’t have to talk to them every day.” But from employees’ point of view, the perception becomes, “I wonder if the company really cares about me.”

When colleagues don’t see each other face-to-face very often, it’s easy for a small mis-communication to escalate into a disgruntled employee

who “checks out” long before actually leaving the company—alienating clients and compounding the DM’s problems.

Our solution was not only to ensure that DMs were in touch with their RSRs on a regular basis, but that the communication had to be positive and uplifting—not simply moaning and groaning when something went wrong.

More than that, though, we are convinced that motivation starts even before an employee comes on board. That’s why we are firmly committed to sharing results of McQuaigs with candidates.

Candidates who come for a second or third interview say, “I’ll do anything to get this job. I’ve never had anybody give me so much information. I want to work for a company like this because you care about your people.” And for those people the company does hire, our openness and sharing attitude has new employees starting their jobs feeling very comfortable and satisfied with the company they’ve chosen to work for.

Even with candidates we decline hiring, we make suggestions from a career standpoint. This continues to build our employer brand in the marketplace.

The right career path: There was one more important way to ensure employee turnover was kept low. Employees had to feel that they could forge a challenging career path for themselves.

That meant taking the blinders off when employees suggest they want to take on new roles—even in another area of the business. In some cases a route employee wants to move into sales. In other cases, a sales team leader might decide he or she wants to run a route.

In these situations, we sit down with the person to talk about the pros and cons of the job they want and how they may have to adjust their behaviors to meet new demands—an adjustment which might or might not correlate with their innate personality and competencies.

That’s why we put so much emphasis on McQuaig. We’ve got to be careful that we don’t take a great route person and put them in a role where we know they don’t have the attributes to be successful. We’d be setting them up for failure and everyone would lose.

It’s been less than a decade since Standard Coffee turned itself

What Makes A Good RSR?

Obviously, not everyone is cut out to be an RSR. Working alone, with little supervision or management, RSRs must be self-starters with superb interpersonal skills and an entrepreneurial spirit. Yet there are significantly different attributes for a high-quality growth route sales representative and a high-quality maintenance route sales rep.

Growth Route: Successful RSRs are competitive, persuasive, target-oriented, innovative and independent.

Maintenance Route: Successful RSRs are friendly, out-going, conscientious, helpful and supportive.

Source: The McQuaig Institute®

around. Employees are more content, turnover is down, morale is at an all-time high and our accountants are very, very happy.

And now high-quality potential employees are coming to the table looking to be part of the success.

It’s like the chicken and the egg. When we show that we’re putting more effort toward getting the right people on board and keeping them happy, we have less turnover and we attract better people. And that’s because we have better people to choose from. □

How Far Did Turnover Plunge?

1997	40%
1998	35%
1999	24%
2000	27%
2001	22%
2002	19%
2003	20%
2004	24%

2004 was an unusual year. We made a large acquisition and, while we always bring everyone along and some do work out, unfortunately the majority don’t. Plus we had a higher than normal number of people retiring in that year. Still, when we talk about turnover, we look at anyone who leaves—no matter what reason—and we still expect our turnover to be under 25 percent each year.

—Brian Gueniot, Director of Human Resources, Standard Coffee Service Company