



TURNING AROUND TURNOVER

Hiring right and maintaining open communication can lead to a steady workforce

By Melissa Kress

WITH THE U.S. UNEMPLOYMENT rate low and minimum wage increases growing in popularity across the country, it's no surprise convenience store operators are finding it challenging to not only find store-level employees, but also keep them.

Even knowing it's a tight labor market, recent numbers presented at the 2019 NACS State of the Industry Summit were a bit surprising. Turnover among store associates in the convenience channel hit 118 percent in 2018, according to NACS, the Association for Convenience & Fuel Retailing. While that was down from 121 percent in 2017 — and a vast improvement from an industry high

of 133 percent in 2016 — the c-store industry's turnover rate still soars above the total retail industry, which comes in at 59 percent.

"Jobs in the convenience store industry have differing demands and requirements than roles in other industries. ... Schedules are part of the challenge. When you are running a 24-hour operation, trying to recruit people to work all of those shifts can play a factor in your ability to recruit and retain team members," said Joanne M. Loce, managing partner of Fortify Leadership Group.

The number of opportunities available to job seekers today doesn't help, either. "It's a very tight labor market. Prospective and current employees can get jobs in multiple places, and they are potentially moving from role to role — that may even mean between competitors," Loce explained. "Some of that turnover could be they move to work from one convenience store to another. There may be a perception of a better role, better hours, better career advancement, or potentially higher pay and better benefits at another organization."



Despite the challenges, some convenience store retailers seem to have found the secret sauce. Duxbury, Mass.-based VERC Enterprises is among them. The New England retailer has 269 store-level employees, including 29 store managers and 240 team associates. Those associates are evenly split between 121 full-time and 119 part-time employees. Compared to the overall convenience channel turnover numbers, VERC sees very little turnover. Last year, the company had just a 28-percent turnover rate among hourly associates.

Of VERC's 29 convenience stores, 12 locations are open 24 hours. While some retailers find it difficult to staff the overnight shift, VERC actually finds the opposite to be true.

"We are lucky that we have some fantastic overnight people that have been with the company long-term that we don't have to recruit for that position that often," said Barry Ahern, vice president of operations, noting that VERC offers a \$2 differential in pay for the overnight shift compared to a \$1 differential at most other companies.

"Our overnight stores have not had large turnover for our full-time employee that works five days a week," Ahern said. "Knowing that we have a steady overnight person makes all the difference in the world."



VERC Enterprises puts a priority on having engaged employees. The retailer encourages its employees to host fun events in the stores.

It's similar to having a steady opener at a store that closes at night and needs to open in the morning. "That means so much to our business," Ahern added-

Competitive Wages

As more states and municipalities implement minimum wage hikes, c-store operators must follow suit — not only to be in accordance with the law, but also to keep in line with other retailers. This may even be the case if the hourly wage remains unchanged in their operating area.

VERC's operating footprint is mostly in Massachusetts where it operates 27 convenience stores. Its other two stores are across the state line in New Hampshire.

The minimum wage in Massachusetts increased to \$12 an hour on Jan. 1 of this year, but Ahern said the retailer reviews its employee compensation every year.

"When we look at the minimum wage increase, we take that into consideration when we give raises," he said. "When Massachusetts went up to \$12, we did not have to make a lot of adjustments because the majority of our employee base was far above the increase."

New Hampshire's minimum wage still matches the federal rate of \$7.25 an hour. Even so, VERC pays more because one of its locations borders Massachusetts in Nashua, N.H. "In reality, we have to pay Massachusetts wages at that location because it's a quarter-mile from the border," Ahern explained.

Upping your base hourly wage is just one part of the equation in achieving a steady workforce, according to Loce.

“Each retailer is going to try a different strategy to get people to come work for them, particularly in dense markets where competitors are across the corner. In those markets where there is more than one choice, the question is what is going to differentiate you,” she posed.

Often, companies will use a total rewards approach — addressing what employees get paid in their paycheck, as well as offering additional benefits. “These benefits can include things such as bonuses, incremental pay, tuition reimbursement, time off or health benefits, to name a few,” Loce said. “Organizations need to determine the mix of pay and benefits to attract employees.”

Hiring Right

At VERC, many successful hires have come through its employee referral pro-

gram. If an employee refers a new team member, that employee receives \$100 on the day the new team member is hired and another \$100 after 90 days.

“If it’s a good employee that has tenure and is engaged, they are going to refer someone who knows what the expectations are,” Ahern said.

Since finding success with its referral program, VERC has kept its hiring practices fairly steady — with the exception of hiring store associates as they are found instead of only when they are needed. This has proven to be a proactive approach in addressing time off, like vacations and sick calls, as well as turnover, Ahern pointed out.

And with the right fit, retailers like VERC find employees who stay on for the long term. Of its 29 team leaders, 27 started as hourly store employees. “We don’t hire a team leader outside of the company; they have to work their way up,” he said.

The Culture Club

Finding the right employees will help drive a company’s culture. However, defining and maintaining that culture is not always an easy task.

Jim Knight, founder and owner of Knight Speaker, knows what culture is not. At the recent 2019 NACS State of the Industry Summit, during a presentation entitled “Culture That Rocks: How to Amp Up Your Workplace,” he explained that culture is not heritage.

“Heritage is about the past. There is nothing wrong with that,” said the training and development veteran. “But people care about the here and now.”

The culture of a company is all about the present. At its core, culture is a collection of people, each with their own unique behaviors. As people join or leave an organization, the culture changes.

“Turnover is the root of all evil in this industry because you never get to the sweet spot,” Knight said.

To establish a successful company culture, he advised retailers to think about their favorite brands, regardless of industry; brands that are widely known for their company culture. Then, he said, aspire to be among them as one of the most admired company cultures.

“It’s not going to happen by accident. It’s not going to happen by changing the company logo. It’s about the people,” he emphasized.

The most successful businesses have a shared mindset among all associates and someone who knows the direction the company is going and can ensure everyone is headed in that same direction.

“Someone has to have the compass,” said Knight. “Individual agendas produce random actions and that equals a culture of confusion. A shared mindset produces aligned actions and that equals organizational productivity.”

Reaching that shared mindset takes communication and collaboration.

“Be like U2 — everyone singing off the same sheet of music,” he advised.

When talking about convenience store retailers that stand out for their culture, Knight cited Wawa Inc., QuikTrip Corp. and Sheetz Inc. as “culture warriors.” He said he loves the products these retailers offer in their stores, but he loves their people even more.

“Product and atmosphere are not enough. You have to bring the thunder when it comes to service mentality, and that requires humans,” Knight explained. “Service trumps product, price, theme, tech and convenience — it has always been like that.”

The one true path to culture nirvana, according to Knight, is through the right hires.

“Labor is a big deal, but it’s the only way you get to nirvana,” he said.

“Trends will change, but what doesn’t change is good people doing cool stuff.”

— Melissa Kress

“Being a small [chain], you have to create career paths for people who want to grow. We are not a 600-store chain that offers many choices. When you have zero turnover, you want to be able to provide people the opportunity to grow.”

An Engaged Workforce

Even though it may sound like “HR speak,” VERC believes in having engaged employees. To achieve this, the company does several things, including an annual survey of each employee group — hourly associates, shift leaders, team leaders, corporate staff — and follow-up meetings to discuss the survey results.

“Each year we make changes. For example, the \$2 overnight differential was a result of the survey,” Ahern said. “Every year, we do five to 10 different things.”

The retailer also uses the survey to gauge employees’ engagement level.

“People can do employee surveys, but if



VERC Enterprises believes in promoting from within. Twenty-seven of its 29 team leaders started as hourly store employees.

you don’t make changes, then what good was the survey?” Ahern asked. “We don’t talk about what we do well; we focus on the negative. That shows you are listening to your employees.

“Can we do everything they want us to do? No. But we can do things. We can make changes that are going to make their work environment better and their jobs easier,” he continued.

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Two years ago, VERC added the position of manager of training and fun to its corporate staff. Among the fun events the company holds are team apparel days for local sports teams and a Halloween costume contest with prizes awarded.

Store employees are encouraged to come up with their own fun events, too. Such events, Ahern noted, do not cost the company any money and create a fun environment.

Another program that factors into VERC's company culture is its commitment to have at least 20 percent of its workforce made up of individuals with intellectual and developmental disabilities.

"We think that's a huge impact on the community and the culture of the store, not only from a customer perspective but also from an employee perspective," Ahern said, noting that VERC's first employee through this

program is still with the company 26 years later.

Fortify Leadership Group's Loce believes engaging employees starts during the recruiting process.

"If you look across the industry, there are a couple of organizations that have gotten very good at defining their employee value proposition — what it means to come and work here. When you are clear about what that means, it is usually aligned with the organization's mission and values," she explained.

If a retailer is clear about its mission, values and commitment to customer service, and they are able to communicate that in the interview process, they will have solved for a critical element in finding people who are going to stick around at a higher rate, Loce said.

"You should consider how your mission, values and commitment impact how you advertise open roles. Often, customers become employees," she added. "Our team associates are ambassadors for our brands. They are the ones who are basically saying, 'This is what it is like to work here,' with every customer interaction. They become advertising for you." **CSN**



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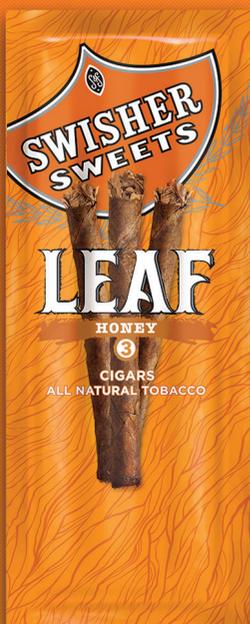


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