

# What retention strategies can be used by fast food companies



**ASSIGN  
BUSTER**

## **Introduction:**

Over the past decade, volatility in the global economy has forced businesses to re-evaluate operating assumptions and financial forecasts. The pressure on businesses today is further increased by a market where the customer acquisition rate is slowing, customer loyalty is decreasing and sales cycles are lengthening. In such an environment, losing a valuable customer to a competitor can have significant impact on profitability and growth. As a result, businesses have shifted their focus from customer acquisition to customer retention. Customers will always remain the primary focus of every business because without customers there will be no reason for a business to operate. Fast-food businesses offer products which are perishable hence there is a need to retain existing customers who are loyal and frequent purchasers. Brink and Berndt (2004: 32) stipulate that many businesses spend a great deal of effort, time and money recruiting new customers, but only a few take the necessary measures to retain existing ones. In addition, it is ten times more expensive to acquire a new customer than to retain an existing customer. The research study focused on the value and importance of Customer Relationship Management (CRM) and technology in enhancing the retention of customers. The primary focus was on Customer Relationship Management (CRM) as a strategy to build long term relationships with the existing customer base.

Key employee retention is critical to the long term health and success of your business. Managers readily agree that retaining your best employees ensures customer satisfaction, product sales, satisfied co-workers and reporting staff, effective succession planning and deeply imbedded

<https://assignbuster.com/what-retention-strategies-can-be-used-by-fast-food-companies/>

organizational knowledge and learning. If managers can cite these facts so well, why do they behave in ways that so frequently encourage great employees to quit their jobs?

Employee retention matters. Organizational issues such as training time and investment; lost knowledge; mourning, insecure co-workers and a costly candidate search aside, failing to retain a key employee is costly. Various estimates suggest that losing a middle manager costs an organization up to 100 percent of his salary. The loss of a senior executive is even more costly. I have seen estimates of double the annual salary and more.

Employee retention is critically important for a second societal reason, too. Over the next few years while Baby Boomers (age 40 to 58) retire, the upcoming Generation X population numbers 44 million people (ages 25-34), compared to 76 million Baby Boomers available for work. Simply stated: there are a lot fewer people available to work.

Employee retention is one of the primary measures of the health of your organization. If you are losing critical staff members, you can safely bet that other people in their departments are looking as well. Exit interviews with departing employees provide valuable information you can use to retain remaining staff. Heed their results. You'll never have a more significant source of data about the health of your organization.

Retention tips: [http://humanresources. about. com/cs/retention/a/turnover. htm](http://humanresources.about.com/cs/retention/a/turnover.htm)

Recruiting the right employees and keeping the right employees matters, especially now.

A recent Society for Human Resource Management (SHRM) press release revealed the answer to the question of what people plan to do when the job market rebounds. The majority of the Human Resource (HR) professionals and managers surveyed agreed that turnover will rise significantly once the job market improves. Both groups felt that the job market will improve within the next year, according to the latest Job Recovery Survey.

The survey is produced by SHRM and CareerJournal. com, the free, executive career site of The Wall Street Journal, two of my personal favourite sites. The survey results include responses from 451 HR professionals and 300 managerial or executive employees.

“ We’re surprised by the percentage of executive employees who say they plan to jump ship once hiring rebounds,” says Tony Lee, editor in chief/general manager of CareerJournal. com. “ And with 56 percent of HR professionals agreeing that turnover will rise, we’re interested to see what types of retention efforts those companies launch to keep their best employees on board.”

Employees cited the following three top reasons they would begin searching for a new job:

53 percent seek better compensation and benefits.

35 percent cited dissatisfaction with potential career development.

32 percent said they were ready for a new experience.

HR professionals were asked which programs or policies they use currently to help retain employees. The following three are the most common programs employers are using to retain employees:

62 percent provide tuition reimbursement.

60 percent offer competitive vacation and holiday benefits.

59 percent offer competitive salaries.

Most HR professionals surveyed (71 percent),

in large organizations (those with more than 500 employees), thought it would be extremely likely or somewhat likely to experience an increase in voluntary turnover once the job market improves.

Forty-one percent from small organizations (1-99 employees) said it was extremely likely or somewhat likely that turnover would increase.

Fifty-three percent of respondents from medium organizations (between 100 and 499) thought the same.

## **Journal article:**

### **Recruitment and Retention Strategies**

#### **How to Attract, Keep and Motivate Today's Workforce**

By: Gregory P. Smith

Employers face major challenges when they consider the increasing difficulty of finding skilled people, a younger workforce with different attitudes about work, and a growing population of older workers heading toward retirement. A recent study shows 85% of HR executives state the single greatest challenge they have in managing the workforce is their organization's inability to recruit and retain good employees and managers.

Picture this scenario — John is the CEO of a large organization experiencing high turnover. His Human Resources staff was spending more and more time recruiting, hiring, and training replacements. As soon as they got them trained, they would be gone in six months. Customers were upset and complaints were increasing.

John decided to explore the main reasons people were quitting. He identified new strategies and tactics such as creating an emerging leaders program, providing training for managers, and improving their employee recognition program. As a result, they are now attracting better talent and more importantly, have retained their best people. The Human Resource Department is happier because they are not spending all their time conducting training.

Few businesses realize how much employee turnover impacts their bottom line. It takes \$7,000 – \$14,000 to replace a typical employee. Replacing a key manager costs the same as buying a new Honda. In the healthcare arena, it costs up to \$185,000 to replace a critical care nurse. The question then arises, how can a business survive when the cost of turnover and recruitment runs into the millions of dollars each year?

<https://assignbuster.com/what-retention-strategies-can-be-used-by-fast-food-companies/>

Businesses can improve their ability to attract, retain and improve productivity by applying the following five-step PRIDE process:

P – Provide a Positive Working Environment

R – Recognize, Reward and Reinforce the Right Behavior

I – Involve and Engage

D – Develop Skills and Potential

E – Evaluate and Measure

<http://www.managerwise.com/article.phtml?id=649>

## **STEP 1–PROVIDE A POSITIVE WORKING ENVIRONMENT**

Jim Goodnight is the co-founder and President of SAS in Raleigh-Durham, NC. SAS is the largest software development company in the United States. Their progressive work environment and host of family-friendly benefits keeps their turnover rate far below the national average. Jim said, “ My assets leave work for home at 5: 00 or later each night. It is my job to bring them back each day.”

Wise executives realize the responsibility for creating a positive work environment cannot be delegated. It starts at the top. Have you ever worked for a bad boss? One of the main reasons employees quit is the relationship with their first-line supervisor. The fact is many supervisors and managers are unaware how their actions and decisions affect employee turnover. A critical aspect of an effective retention strategy is manager training. Properly

<https://assignbuster.com/what-retention-strategies-can-be-used-by-fast-food-companies/>

trained managers play a major role in an effective recruitment and retention strategy. Managers need the skills, tools, and knowledge to help them understand their employees' retention needs and be able to implement a retention plan designed to increase employee engagement in the organization.

## **STEP 2–RECOGNIZE, REWARD AND REINFORCE THE RIGHT BEHAVIOR**

Money and benefits may attract people to the front door, but something else has to keep them from going out the back. People have a basic human need to feel appreciated and proud of their work. Recognition and incentive programs help meet that need.

A successful reward and recognition program does not have to be complicated or expensive to be effective. Graham Weston, co-founder and CEO of Rackspace Managed Hosting, gives the keys to his BMW M3 convertible to his employees for a week. This creative way to reward employees has a bigger impact than cash. He says, “ If you gave somebody a \$200 bonus, it wouldn't mean very much. When someone gets to drive my car for a week, they never forget it.”

At First American, managers present a Greased Monkey Award to the computer technician who is best in resolving problems with computer programs. The award is a plastic toy monkey in a jar of Vaseline along with a \$50 dinner certificate.

An equipment distributor rewards each employee's work anniversary with a cake and a check for \$200 for each year employed. Twice a year employees' <https://assignbuster.com/what-retention-strategies-can-be-used-by-fast-food-companies/>



children receive a \$50 savings bond when they bring in their “ all A’s” report card. In addition, they reward employees with a “ Safety Bonus Program.” They screen each employee’s driving record twice a year, and anyone who has a citation is removed from consideration. Those employees remaining at the end of the year divide \$2, 000. On Fridays, all employees rotate jobs for one hour. This builds a stronger team, unity, and improves communication within the company.

### **STEP 3–INVOLVE AND ENGAGE**

People may show up for work, but are they engaged and productive? People are more committed and engaged when they can contribute their ideas and suggestions. This gives them a sense of ownership.

The Sony Corporation is known for its ability to create and manufacture new and innovative products. In order to foster the exchange of ideas within departments, they sponsor an annual Idea Exposition. During the exposition, scientists and engineers display projects and ideas they are working on. Open only to Sony’s employees, this process creates a healthy climate of innovation and engages all those who participate.

TD Industries in Dallas, TX has a unique way of making its employees feel valued and involved. One wall within the company contains the photographs of all employees who have worked there more than five years. Their “ equality” program goes beyond the typical slogans, posters, and HR policies. There are no reserved parking spaces or other perks just for executives — everyone is an equal. This is one reason why TD Industries was listed by Fortune magazine as one of the “ Top 100 Best Places to Work.”

## **STEP 4–DEVELOP SKILLS AND POTENTIAL**

For most people, career opportunities are just as important as the money they make. In a study by Linkage, Inc. more than 40 percent of the respondents said they would consider leaving their present employer for another job with the same benefits if that job provided better career development and greater challenges.

Deloitte is listed as one of the “ Top 100 Best Places to Work.” They discovered several years ago they were losing talented people to other companies. They conducted exit surveys and found 70 percent of those employees who left to take new jobs and careers outside the company, could have found the same jobs and careers within Deloitte. As a result they created Deloitte Career Connections, an intranet-based development and career coaching program for all employees. During the first week of implementation over 2, 000 employees took advantage of the program and viewed internal job openings.

Not only does the program provide new job opportunities, but Career Connections offers a host of career development tools such as self-assessments, tools to develop resumes, and articles on various job seeking strategies within the company. Skilled people will not remain in a job if they see no future in their position. To eliminate the feeling of being in a dead-end job, every position should have an individual development plan.

## **STEP 5–EVALUATE AND MEASURE**

Continuous evaluation and never-ending improvement is the final step of the PRIDE system. The primary purpose of evaluation is to measure progress and

determine what satisfies and de-satisfies your workforce. The evaluation process includes the measurement of attitudes, morale, turnover, and the engagement level of the workforce. Here is a checklist of items that should be included in your evaluation and measurement process.

Conduct an employee satisfaction survey at least once a year.

Initiate interviews and surveys concerning the real reasons people come to and leave your organization.

Improve your hiring process to create a better match between the individual's talents and job requirements.

Provide flexible work arrangements for working parents and older workers.

Hold managers responsible for retention in their departments.

Start measuring the cost of turnover.

Focus on the key jobs that have the greatest impact on profitability and productivity.

Examine those departments that have the highest turnover rates.

Design an effective employee orientation program.

Case study of pizza hut retention strategy:

<http://t2.gstatic.com/images?q=tbn:RDXK0GnLy3wtUM>: [http://www.classymommy.com/blog/uploaded\\_images/Pizza-Hut-Logo-780541.jpg](http://www.classymommy.com/blog/uploaded_images/Pizza-Hut-Logo-780541.jpg)&t= 1

About Pizza hut:

<https://assignbuster.com/what-retention-strategies-can-be-used-by-fast-food-companies/>

In 1958, Frank and Dan Carney had an idea for a great local pizza restaurant in Wichita Kansas. The small 25 seat restaurant only had room for 9 letters on the sign... the building looked like a hut... so ' Pizza Hut' was born!

Fifteen years later, we opened the first UK restaurant and since then we've become the biggest Pizza Company on the planet!

Recruiting the right employees and keeping the right employees matters, especially now.

A recent Society for Human Resource Management (SHRM) press release revealed the answer to the question of what people plan to do when the job market rebounds. The majority of the Human Resource (HR) professionals and managers surveyed agreed that turnover will rise significantly once the job market improves. Both groups felt that the job market will improve within the next year, according to the latest Job Recovery Survey.

The survey is produced by SHRM and CareerJournal. com, the free, executive career site of The Wall Street Journal, two of my personal favourite sites. The survey results include responses from 451 HR professionals and 300 managerial or executive employees.

“ We're surprised by the percentage of executive employees who say they plan to jump ship once hiring rebounds,” says Tony Lee, editor in chief/general manager of CareerJournal. com. “ And with 56 percent of HR professionals agreeing that turnover will rise, we're interested to see what types of retention efforts those companies launch to keep their best employees on board.”

<https://assignbuster.com/what-retention-strategies-can-be-used-by-fast-food-companies/>

Employees cited the following three top reasons they would begin searching for a new job:

53 percent seek better compensation and benefits.

35 percent cited dissatisfaction with potential career development.

32 percent said they were ready for a new experience.

HR professionals were asked which programs or policies they use currently to help retain employees. The following three are the most common programs employers are using to retain employees:

62 percent provide tuition reimbursement.

60 percent offer competitive vacation and holiday benefits.

59 percent offer competitive salaries.

Most HR professionals surveyed (71 percent),

in large organizations (those with more than 500 employees), thought it would be extremely likely or somewhat likely to experience an increase in voluntary turnover once the job market improves.

Forty-one percent from small organizations (1-99 employees) said it was extremely likely or somewhat likely that turnover would increase.

Fifty-three percent of respondents from medium organizations (between 100 and 499) thought the same.