

Happy Employees = Happy Customers; how a Canadian and U.S. Independent Do It

By Wolf Gugler

This may seem like too simplistic a title, but would you disagree? The satisfied customer is the mainstay of our business. Satisfied, loyal and hard-working employees are a critical part of the customer service equation. Yet regardless of location, we all have difficulty in attracting and retaining good store level talent. Unfortunately, there is no magical genie to make them appear—and remain with us. How do others do it, then?

Buford White's Ace Hardware store (www.whiteace.com) is a great example of how this can be done. I had the pleasure of getting to know the store as a customer while building our new Oklahoma offices. Buford White, proprietor, has been in the lumber and hardware business for thirty-six years, following in his father's footsteps. His store sits on a main corner in Shawnee, Oklahoma, a community of approximately 32,000, twenty-five miles from Oklahoma City. It consists of 30,000 square feet of selling space, and a seventeen-acre lumberyard, the biggest in Oklahoma. Ninety-seven employees are on the payroll. Business makeup comprises of 65% Professional and 35% DIY/Retail. Lowe's is about two miles down the street, with three Home Depot stores (and two more being built) within a twenty-five mile radius. There were thirteen lumberyards in Shawnee at one time, but most have gone by the wayside (Hughes Lumber, a regional player, the most recent to declare bankruptcy).

Buford was the winner of Ace Hardware's "Best Lumberyard" of their 5300 stores in 1997. He followed this with the President's Cup Award in '98, so his success is not just by chance. To meet this unassuming, 73 year-old southern gentleman is an absolute pleasure, as his employees will tell you. He conducts the final interview for all new hires, and tries to get to know his employees as friends. He'll tell you, "I'm a customer service nut", so how his employees feel means everything to him and his Customers. Contractor's' nights, Lady's nights (held prior to Christmas with seasonal assortments, food and a harpist) and Saturday children's activities keep the Customer draw high.

His longest-serving employee is his General Manager, who started with the company thirty-two years ago. While many of his employees have ten years or more tenure, he is acutely aware that this can also be somewhat of a limitation to progression from within. Therefore, many activities take place to ensure employee satisfaction, a few of which follow:

Compensation—Buford believes in rewarding his employees for a job well done. He holds performance and salary reviews every ninety days! Employees can look forward to something additional in their pay packet far more frequently than many larger Employers offer. He also shares fifteen percent of all profits in every profitable month equally among employees. In addition, he also returns fifteen percent of annual profits to his employees at year-end.

Birthdays are special. All ninety-seven employees are recognized on their special day with a cake and their peers gathered on the store floor. These are also published in the store's newsletter, which is inserted in pay envelopes every pay period.

Virginia Smith, who heads Personnel (and has 22 years' service) tracks these on her computer from their payroll information, so none slip through the cracks.

Family picnics each year are extremely well attended. Buford supplies the food and prizes for the employees' children. He also holds a children's' Christmas party each year. Additionally, he holds a Thanksgiving turkey luncheon every year for all employees to attend.

To locate new employees, Buford uses a number of sources. They regularly post openings on the store's marquee. It draws a number of local job applicants, whether for current or future opportunities. Local employment agencies are also used when necessary, as well as classified ads in the community newspapers. The best source for good talent is their employee referral incentive program; when a new hire that a current employee referred reaches their ninety-day period, the employee is rewarded with a one hundred-dollar bill on the sales floor in front of their peers. Virginia indicated this is a wonderful employee motivator, and keeps up the mix of employees who already know one another. It has translated into a real "family feeling" among the employee population. Virginia provides the first in-person screening, and also administers a psychological test they have used for some time. If successful, the applicant then meets with the department Manager, and finally with Mr. White himself. This three-step process has proven highly successful in eliminating "false starts" for retail and yard help alike.

Another interesting recruiting opportunity is their linkage with the local vocational technology schools. They provide store tours for the purpose of showing young people what can be gained in a career with Buford White, and the different areas available to be pursued. One can also submit their application online through their web site.

Small wonder the turnover ratio is low; to top it off, one employee recently left, only to come back and ask to be rehired, realizing how good they really had it!

Millwork Home Centre in Oshawa, Ontario is another good example of how the family-owned and run business can compete effectively. Millwork (no web site yet but being contemplated) is celebrating their fiftieth year, owned and run by the Lupton family. The operation consists of two stores (Oshawa and Whitby), and a truss manufacturing plant in Bowmanville. The Oshawa lumberyard sits on ten acres, with a 60,000 square foot store. A third store is planned to open in 2001 in Bowmanville as well. The company employs 225 people. Business mix is 60% professional, 40% DIY/Retail.

Sue Lupton, daughter of the company founder, is a Board member and an integral member of the management team. Being the second generation of Luptons to run the business, Sue is acutely aware of what good employees have meant to Millwork in light of major competition (including Home Depot) all around them.

Their longest-serving employee has been with Millwork thirty-two years as well; eighty percent of their employees have been with Millwork longer than ten years! How then have they managed to locate and retain their staff?

Sue attributes much of it to the “family feeling” they have tried to maintain vs. the “corporate” giants. Recognition of employees and treating them as a family extension is the number one priority. This could be as simple as getting to know all employees by name, and learning more about their families. Showing empathy for them in times of family crises, and being flexible. Continually walking the floor to chat with them about business as well; managers solicit employees’ opinions on how product should be merchandised, as they are the front line to their Customers. Their loyalty has been demonstrated time and time over. Sue related an example; she spoke with the local dry cleaner, who had purchased some garden furniture at Millwork the week prior. When he went to assemble it on Saturday, he discovered the wrong table had been delivered. Upon hearing the problem, the store employee who took the call delivered the right one just one hour after the Customer’s call! This typifies how the Millwork employee will go out of their way due to their own job satisfaction.

Sue also pointed out that while compensation may be number two or three on the priority list, it is nevertheless important. As Buford White does, Millwork also involves all employees in profit sharing; it is distributed just prior to Christmas after the company year-end. The timing couldn’t be better for the employees to receive a little something extra when they can enjoy it with their families. They also hold a Christmas party that is extremely well attended because of the one big happy family feeling Millwork tries to instill.

One of the key areas Sue feels has helped with retention has been the employee involvement in the company’s go-forward strategy. The employees initiated (with the company’ approval) a Committee where they meet on their lunch hour to brainstorm new ideas. These are put forward to the Board for consideration, and many are adopted. The employee submitting a successful idea is rewarded with a gift certificate from their Peers, who offered to chip in to recognize their fellow employee’s efforts. The company then allows an employee to “champion” the investigation and implementation of that idea, to everyone’s benefit.

When the need to turn outside has occurred, Millwork has also used a variety of community newspaper ads and employee referrals. More often than not, however, an internal candidate wins each position competition, demonstrating to others that Millwork's employees are given the first opportunity to succeed and be promoted. This was recently exemplified in promoting an Assistant Manager to a buying position, thereby broadening the employee's skill base, and providing another positive influence on the employee population.

Similar to White’s Ace Hardware, Millwork will be involved in the Oshawa Santa Claus Parade this year. Much goodwill is generated from this, as well as other community participation...but needless to say, the employees are chomping at the bit to start building their company float. Unsolicited resumes arrive as a result of the positive community awareness surrounding Millwork.

Despite our nationalistic tendencies, these prime examples from both sides of the border demonstrate striking similarities in the practice of hiring, developing and retaining good people.

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