

05/05/11

Raising the Employee Bar

Exceeding the Expectations of Every Employee on Every Shift

Report II: Project Proposal

Prepared for:
Executive Group

Prepared by:
Chapin Brinegar & Michael Regina



Table of Contents

Executive Summary.....	3
The Problem Statement.....	4
Proposed Solution and Rationale	4
Deliverables.....	6
Project Description	9
Appendix 1	14
Appendix 2	14
Appendix 3	18



Executive Summary

ABC Company is a retail coffee company whose headquarters is located in Wilmington, North Carolina. Since it opened in 1995, its mission has been to roast and serve the finest coffees while maintaining an atmosphere of hospitality. The company started out with a single coffeehouse in downtown Wilmington and slowly started expanding across the city as well as into other states. Currently, ABC operates both corporate and franchise stores, most of which are located in North Carolina.

The executive leadership team at ABC Company has found a gap in Employee performance between when a manager is present and when a manager is off duty. Over the last two years, company owned stores have seen an increase in incidents requiring a manager's assistance. Although training is provided to the Employees upon hire, data analysis shows a need for a more detailed and standardized training program.

The following proposal outlines the development and implementation plan, as well as the resources needed for a training program at ABC Company. This training will consist of a standardized instructor-led program across all retail locations as well a "train the trainer" aspect for the leadership team tasked with facilitating the training. The opportunity to train the managers before they train the Employees is an important part of this solution. The training will be delivered by the instructional design team with the support of an evaluation specialist who will measure the success of implementation. Manager training will take place at corporate headquarters using existing resources, equipment and supplies. Employee training will be done mostly at retail locations with corporate headquarters being used only when it is necessary to train larger numbers of Employees at one time.

This proposal has been prepared after a careful front-end analysis, which included observation, interviews, data analysis, and face-to-face meetings with the ABC executive leadership team. The proposal will serve as a map for the organization to follow as they implement their enhanced training program. The expectation is that a standardized training program will reduce the number of incidents requiring a manager's assistance.



Problem Statement

After meeting with the executive leadership team and refining the data gathered from the front end analysis, we have found the following: The performance problem at ABC Company is that Employees are not performing at the expected standards when a manager is not present or on duty. Over the last two years, company owned stores have seen an increase in incidents requiring a manager's assistance of 23%. The same holds true for franchise locations, as there has been a spike in incidents that require a manager's assistance of 30% during the same time period. (These incidents included, but were not limited to direct customer complaints, handling of unruly guests, issues with the P.O.S system, conflicts amongst Employees, and questions from customers outside the scope of Employee knowledge). In response to this problem, the executive leadership team would like to see a decrease in incidents in both corporate and franchise locations to less than 5% within the next fiscal year.

The causes of this problem stem from a lack of a thorough, standardized training across the various retail locations. The current training program lacks detail and organization. This leads to Employees being trained differently, or even incorrectly, in some of the cafes. In addition, the training does not provide enough hands on or scenario based practice activities, nor does it assess Employees in this manner. It is critical to address these various items in training, in order to cut down on the need to rely on a manager.

Proposed Solution and Delivery System

Based on the data collected during the front-end analysis, as well as a comparison of possible solutions, ABC Company should implement an enhanced, standardized instructor-led training program. Because the gap in performance at ABC stems from a lack of knowledge and skills, as well as a lack of problem solving abilities, a training program with



formal objectives would be the best solution. It is also the most feasible solution for the organization at this time.

In order to accomplish the development and implementation of this training program, a team consisting of a project manager, two instructional designers, subject matter experts, an editor, graphic designer, videographer, marketing specialist and an evaluation consultant will be put in place. This team will carry out the planning, design, development, implementation and evaluation of this new training program.

To ensure proper delivery, a team will be put in place to facilitate the actual training. This team is made up of an Instructional Designer, who will be conducting the train-the-trainer sessions as well as a manager from each café location, who will be conducting the end user Employee training. The delivery team will be presenting an instructional package that is more standardized, detailed and thorough. This will provide the end users with more hands on experience and realistic role-play activities, in addition to the current paper based activities and assessments.

The managers of each café location will be trained at corporate headquarters in a train-the-trainer workshop. After completion, each manager will facilitate Employee training at his/her café. The resources currently in place will be reorganized, updated and restructured. This way, they will not be totally new to the staff, and would reduce cognitive overload.

Upon completion of the training, there will be an increase in supporting elements to assist with the retention of the materials. Performance support systems in the form of job aids and SOPs will be put in place to assist Employees while on the job, as well as for reference after training. In addition, the Employees can re-visit the various video components. This will serve as a quick reminder of how to complete a certain task or prepare a specific drink.

This instructor led training program is the best choice for ABC Company at this time. This decision stems from the information collected during interviews, surveys, document analysis, and on the job observations. This instructional package will provide the organization with a more standardized, detailed and thorough training experience for their

cafe employees. It will take the current paper-based assessments, and add both hands on experience and realistic role-play practice. This proposed solution will be the most efficient way to close the current performance gap occurring in the cafes.

Deliverables

Instructor's Guide

The ABC Company Instructor's Guide to Employee training will contain the following elements:

- A "how to use this guide" section which will include basic training procedures, a timeline of the training events and activities, materials needed and any suggestions for setting up the physical space, preparations needed and best practices for conducting the training.
- The policies, procedures and expectations of both the instructor and the Employee. Instructors will have scripting to read when explaining to the trainees what is expected of them during the training period.
- The training material or content will be the heart of the guide. This will be the biggest part of the manual and will include the actual learner's guide materials that the Employees will use, but will also outline the objectives and strategies of each section of the training as well as all the content included.
- A section to supplement the video training modules. This will include scripting to introduce the videos and ask questions, or further explain what the Employees will be watching.
- A list of key terminology, for reference.

Learner's Guide

The ABC Company Employees will each be given a copy of the learner's guide. This guide will



include the following items:

- A short “how to” guide for using the materials. This will include the timeline for the training and what is included in the guide.
- A list of training policies, procedures and expectations.
- The actual training content. This will be the biggest part of the manual, as it will outline the objectives of each section of the training as well as all the content needed. This includes role play activities, recipes for making food/drinks, the history behind ABC, the sales and customer service skill building section, etc.
- A list of key terminology for easy reference

Assessment Materials

The assessment packets will be put together to include the following items:

- The required scripting for the instructor to read aloud to introduce the assessments to the learners as well as explain the rules, grading system and time allowed
- The Employee quizzes and tests
- The answer keys and rubrics for the instructor’s use while grading

Videos

To supplement ABC’s training program, and as a strategy to save money and allow for distance training, videos will be developed. They will include clips of Employees demonstrating how to make certain drinks and prepare specific food items. Voice-overs will be added to explain the actions on the screen.

Job Aids

Job aids will be created and given to each Employee to support their performance after training. The aids will provide information and procedures, specifically in the areas of food/beverage preparation, customer service and sales soft skills, and procedures needed to operate the POS system. They will include steps, diagrams and examples to assist the

Employees with decision-making and facing challenges in their daily work.

Standard Operating Procedures

SOPs will be created to specifically detail the activities and policies with regard to ABC Company's training program. These SOPs will address the processes required for updating instructional materials, the procedures for implementing training and for rewarding employees with regard to professional development.

Awareness Materials

The awareness materials will include flyers, emails and invitations, as a way of notifying employees of the upcoming training. These materials will include the date, time and location of the sessions, as well as a brief description of the topics to be covered.

Evaluation Materials

Two types of evaluation materials will be created: formative and summative.

The formative packet will include copies of the rough draft of the instructional materials, including videos and job aids. Also included will be a list of the objectives, learning activities and the tasks included. The formative evaluation materials will have specific questions with regards to the products, as well as the following questions:

- Is the instructional design aligned with the training?
- Do the components selected address the needs of the training?
- Is the material user friendly?
- Will the delivery system use the program the way it is designed?

The summative packet will be utilized after the train the trainer workshop, as well as after Employee training. These two levels of summative evaluation will be created and conducted

by an evaluation specialist. These materials will include surveys, interviews and observation in the cafes.

Project Description

Listed below are the phases included in our project. These phases include the list of tasks and staff required to complete this project. See Flowchart (Appendix I) for more details about tasks and Staffing Chart (Appendix II) for details regarding human resources. A formalized Budget (Appendix III) is also available for review.

Phase 1: Planning(June 13-15, 2011)

- **Project Team Met**
- **Project Planned**

Staffing:

Instructional Designer 1, Project Manager, Executive Leaders

In this first phase, the project team will meet to create a plan for the upcoming training. They will determine a timetable, select the staff that will be involved, and create a rough outline of when various tasks will occur. The Project Manager, who will be assisted by the Instructional Designer and the Executive Leader, will lead this. Since the Instructional Designer has expertise in the area of tasks and staff needed, he/she will provide important criteria. The Executive Leaders from ABC Company will provide expertise on their budget and staff members. Once the team has met and made decisions on how to best move forward, the Instructional Designer will type up the plan for the Project Manager.

Phase 2: Content Planning(June 16 -28, 2011)

- **Content of Material Determined**
- **Learners Defined and Analyzed**
- **Context of Delivery Defined**
- **Objectives Defined**
- **Instructional Strategies Defined**



Staffing:**Instructional Designer 1, Instructional Designer 2, Executive Leaders, Manager 3**

In this phase, the Instructional Designers will work closely with the ABC Company Executive Leaders, as well as two experienced cafe managers. The cafe managers and Executive Leaders are content experts who can provide information on experiences they've had in the past with regard to strategies and context of delivery. The managers can assist specifically with determining content and objectives for the training. The Instructional Designer, with assistance from the Executive Leaders, will carefully review the data on the actual learners. This will allow them to know who their end users will be, and the best way to ensure the materials are appropriate for their use. After the content, learners, context, objectives and instructional strategies have been defined, the Instructional Designers will get all of the information organized and typed for review by the Project Manager.

Phase 3: Development *(June 30 - August 30, 2011)*

- Test items developed
- Video segments developed
- SOPs developed
- Graphics, Tables, Charts developed
- Job Aids developed
- Instructor Guide Developed
- Learner Guide Developed
- Draft of products developed Editor
- Evaluation packets developed
- Formative Evaluation of Products Conducted
- Products Revised
- Final draft of training products developed
- Awareness activities developed
- Final Package Formative Evaluation conducted
- Final package revised

Staffing:**Content Editor, Instructional Designer 1, Instructional Designer 2, Marketing Communications Specialist/Administrative Assistant, Graphic Designer, Executive Leaders, Manager 1, Manager 2, Manager 3, Employees, Videographer**

During this phase, the various team members will work together to develop the instructional products, which include the assessment items, videos, job aids, SOPs, graphics and both the Instructor Guide and Learner Guide. The team will utilize the materials created in phase 2 to prepare these deliverables. While developing the instructional products, the team will include formative evaluation materials for each product. These materials will be used later in this phase once the rough drafts are completed and the team can conduct formative evaluation. A professional writer/editor has been brought in to assist with phrasing, grammar and the actual writing of the materials. The ABC Company Marketing Specialist will be assisting with creating the various awareness activities. A professional videographer will be in charge of shooting the videos and editing them together. These videos will show case a few ABC Company managers performing various tasks, including drink and food preparation, cleaning procedures and customer service related skills.

Once the rough draft of products has been created and the Project Manager has verified completion at the milestones, the Instructional Designers will conduct formative evaluations. These evaluations will include small groups and one on ones. The Employees will be brought in to evaluate the materials they will be using in the training. The managers will also evaluate these materials, in addition to the Instructor Guide that they will utilize while conducting the training. The team will take the information collected in the evaluations to make changes. After revision of the products is complete, the final draft will be ready for evaluation. The Instructional Designer will beta test these materials on Employees and managers, to seek any additional feedback and make necessary revisions before developing the final package of instructional materials.

Phase 4: Workshop Planning*(September 1 - 2, 2011)*

- **Workshop scheduled**
- **Trainers scheduled**

Staffing:



Marketing Communications Specialist, Executive Leaders

In this phase, the logistics of the workshops will be determined. The Marketing Communication Specialist, who also serves as the ABC Company headquarters administrative assistant, will work with the executive leaders to schedule the train-the-trainer workshop. They will send emails or make phone calls to the managers to ensure they understand the dates, time, place and purpose for the workshop. Because the workshop will be held in the corporate headquarters, there is no need to reserve any external locations or equipment.

Phase 5: Conduct Workshop*(September 5 - 6, 2011)*

- **Conduct Workshop**

Staffing:**Instructional Designer 1, Evaluation Specialist**

In this phase, the train-the-trainer workshop will be conducted. All of the store managers, who serve as trainers, will be required to attend. The Instructional Designer will deliver the training, and an evaluation specialist will attend and observe the training. The evaluation specialist will be brought in from the outside to provide a new perspective. During the training, the managers will go through both the Instructor Guide and the Learner Guide. They will also participate in all Employee activities, watch the videos and examine the assessments. This is required in order for them to be able to train their own Employees on the various materials.

Phase 6: Summative Evaluation*(September 6 - 20, 2011)*

- **Conduct Summative Evaluation Level 1**
- **Conduct Summative Evaluation Level 2**
- **Report Written**



Staffing:**Evaluation Specialist, Instructional Designer 1, Instructional Designer 2, Project Manager**

In this phase, the evaluation specialist will be conducting two different levels of summative evaluation. The first level is conducted immediately following the train the trainer workshop. The evaluation specialist will deliver surveys and interview questions to the managers to get their feedback on the train the trainer workshop itself. The second level of evaluation is conducted after the managers have gone back to their cafes and conducted this training to their Employees. Time will be needed to train the Employees, as well as give them a chance to implement their new knowledge and skills. At this time, the evaluation specialist will survey and interview the Employees on their training, as well as interview the managers to see if the objectives and goals for the training were met. Once summative evaluation has concluded, the Instructional Designer and Project Manager will review the results of the training and the Instructional Designer will formulate their findings into a report.

In conclusion, by following the proposed implementation plan, ABC Company will be able to reduce the number of incidents in each retail location that require a manager's assistance.



Appendix 1: Events and Activities

See Attached Gantt chart and Pert chart

Appendix 2: Staffing Plan

Tasks	Activity	Required Personnel											
		Project Mgr.	ID 1	ID 2	Editor	Graphic Designer	Videographer	Marketing	Evaluator	Manager 1	Manager 2	Manager 3	Exec. Leader
Project Team Met	Plan	X											
	Do	X	X										X
	Check	X											
Project Planned	Plan	X											
	Do	X	X										X
	Check	X											
Content Determined	Plan		X										
	Do	X	X									X	
	Check		X										
Learners Defined	Plan		X	X									
	Do			X								X	X
	Check		X										
Context Defined	Plan		X	X									
	Do											X	X
	Check		X										
Objectives Defined	Plan		X	X									
	Do		X									X	X
	Check		X	X									X
Instr. Strategies	Plan		X										



Defined	Do		X								X	
	Check		X								X	X
Test Items Developed	Plan		X									
	Do		X	X	X							
	Check		X	X						X		
Video Developed	Plan		X	X			X					
	Do					X			X			
	Check		X	X					X			
SOP's Developed	Plan		X									
	Do		X	X	X					X		X
	Check		X	X								X
Graphics Developed	Plan		X									
	Do					X						
	Check		X							X		
Job Aids Developed	Plan		X									
	Do				X	X						
	Check		X		X				X			
Instr. Guide Developed	Plan		X									
	Do		X	X	X							
	Check			X							X	
Learner Guide Developed	Plan		X									
	Do		X	X	X							
	Check			X						X		
Draft of Products	Plan		X									
	Do		X	X	X							
	Check			X	X							
Formative Evaluation Conducted	Plan		X									
	Do		X								X	
	Check		X								X	
Products Revised	Plan		X									
	Do			X	X							
	Check		X									
Final Draft Developed	Plan		X									
	Do		X		X							
	Check		X									
Awareness Activities Developed	Plan						X					X
	Do					X	X					
	Check						X					X



1 Editor (\$25 per hour)

Writes a variety of technical articles, reports, brochures, and/or manuals for documentation for a wide range of uses. Will be responsible for coordinating and reviewing all instructional items during the planning and development phases.

2 Instructional Designers (\$26 per hour)

Responsible for assisting ABC in the design, development and modification of instructional programs. Instructional designers will employ the use of instructional technology and serve as the technology expert. Their services will be needed during planning, development, design, and implementation.

1 Project Manager (\$29 per hour)

Responsible for the coordination and completion of all phases for this project. Sets deadlines, assigns responsibilities, and monitors and summarizes progress of project. Reviews and approves revisions to instruction after formative evaluation and prepares final report after summative evaluation for executive leadership.

3 Store Managers(\$20 per hour each)

The store managers are serving as subject matter experts during the development phase. Their expertise in the area of instructional content is valuable to the team. Three managers are being utilized in various development related tasks.

Videographer (\$25 per hour)

Integrates video and audio capability for training videos. Maintains and operates video equipment, edits select footage, and stays up-to-date with all new technological advances that can enhance learning. This person will also be in charge of taking still shots for product placements and job aids as well as any images for the instructor and student guide.



Marketing Communication Specialist/Admin Assistant (\$25 per hour)

Creates communications programs that will effectively describe and promote the instructional products including graphics, brochures, company or product fact sheets, logos, or other promotional products. This person will work closely with the graphic designer to develop fundamentally sound marketing strategies. She will also assist executive leaders when scheduling the trainers for the workshop.

Evaluation Specialist (\$45 per hour)

The Evaluation Specialist will be brought on from the time of the train the trainer workshop going forward. She/he will be in charge of the facilitation and implementation of the summative evaluation. The evaluator is responsible for collecting the data, providing interim feedback during the program, analyzing data, presenting the findings, and providing input on recommendations.

Executive Leader (\$35 per hour)

The executive leader will be used primarily during the planning and development stages. He will be used to make sure that our design stays in alignment with the objectives of the organization. During the planning phase, he will be working closely with the instructional designers. In the development phase, his main duties will include reviewing the different products that are being created.

Appendix 3: Budget

See attached Budget chart

The proposed budget for this solution includes both internal and external human resource costs. Internally, the human resources will be allocated from existing staff at ABC Company. They include the *executive leaders, store managers, marketing communication specialist,*



project manager, and graphic designer. Their budget will compromise approximately 40% of the total expenditures for staffing. Externally, the staffing budget will include the *evaluation specialist, instructional designers, videographer, and editor*. Their cost will compromise about 60% of the total staffing budget.

As seen in the attached budget chart, the total cost for staff is \$31,800 over a four-month period. We feel that this is an accurate estimation of human resource costs for ABC Company. In addition to these costs, the company will need to buy the following for their training implementation:

- DVDs for recording video components(**\$20**)
- CDs for storing instructional materials(**\$10**)
- Binders and Printing Costs for instructor/learner manuals, SOPs and job aids (**\$1,000**)
- Food/Beverage materials for video components(**\$300**)

So, in reality, the total cost for ABC Company to implement the recommended training program is \$33,130.



05/05/11

Raising the Employee Bar

Exceeding the Expectations of Every Employee on Every Shift

Report I: Front End Analysis

Prepared for:
Company Executives

Prepared by:
Chapin Brinegar & Michael Regina



Table of Contents

Executive Summary.....	3
<u>Section I</u>	
The Operating System.....	5
The Problem.....	6
Operating System Analysis.....	6
What is the Operating System like Now?	6
Real Objectives.....	7
Present Activities	8
Important Side Effects	12
Relevant Resources.....	13
Fixed Constraints.....	13
How the System is managed.....	13
What should the Operating System be like?	14
Probable Cause of the Problem	15
<u>Section II</u>	
Possible Solutions	16
Analysis of Solutions	18
Instructional Development and Delivery Capabilities	20
Recommended Solution.....	20
Appendix A.....	24
Appendix B.....	27
Appendix C.....	27
Appendix D.....	28



Executive Summary

ABC Company is a retail coffee company. Since its opening in 1995, its mission has been to roast and serve the finest coffees while maintaining an atmosphere of hospitality. The company started out with a single coffeehouse and slowly started expanding across the city as well as into other states. Currently, ABC operates both corporate and franchise stores, most of which are located in North Carolina.

ABC Company's operating system is made up of the headquarters building as well as both corporate and franchise retail locations. Included in their system are all of the hourly and salaried employees that support the company within these locations. These employees are made up of the Employees and managers inside the retail stores as well as the corporate leadership team.

One of the most important things to ABC Company is the culture it creates. They strive to create an environment of hospitality in which their customers feel as if they are "guests". Their goal is to make their guests feel at home and turn guests into regulars and turn regulars into fans. In order to create a "fan", the Employees of ABC Company must provide outstanding customer service. To see that this happens, the company has a strict hiring process. They only hire approximately 6% of their applicants. The corporate team puts a great deal of effort into the management and development of their workforce.

Recently, the corporate executive management team has noticed that Employees are not performing at a consistent and optimal level. Results of the analysis presented in this report confirm that a performance problem exists. The report indicates that, this is in part due to the fact that a store manager is not always present, during which time the Employees are to perform the task of managing a store. It is also tied to a disconnect in the training that does not address the required management skills a Employee needs to perform this task. If Employees can, however, perform at an expected level, the number of incidents requiring a manager's assistance will be reduced. Thus, customers will be more satisfied, more customers will turn into fans of the business, and the stores will generate larger profits.



The data collected during our analysis shows that a difference in perceptions does exist between management and Employees as far as performance and confidence to perform at a high level when a manager is not present. The analysis shows that ABC's training program, as it is currently designed and implemented, is the main reason a gap in performance exists.

Employees who were recently surveyed at both corporate and franchise locations were asked a series of questions relating to confidence in performance when a manager is not present.

- 64% of corporate and 100% of franchise Employees strongly agree that they *are inspired to give their best regardless of whether a manager is present*.
- 64% of corporate and 92% of franchise Employees strongly agree that *ABC provides enough training and support to handle the store without a manager present*.
- 90% at of Employees at both locations felt confident that they were *performing at a high level and could resolve customer complaints without a manager present*.

We also asked the same Employees questions about the current training and support provided by ABC and saw a measurable drop in positive responses that would normally be associated with high levels of confidence in job performance.

- 28% of corporate and 20% of franchise Employees *practice procedures independently at work to improve performance once a week or less*.
- 35% of corporate and 46% of franchise Employees think *additional training resources would be helpful to improving job performance*.
- 29% of corporate and 54% of franchise Employees have *store safety and emergency procedures reviewed with them almost never*.

The ability to resolve the performance problem will be best served by combining two distinct solutions. First, we recommend a standardization of all training procedures that reflect the performance objectives of the organization while taking into account the unique needs of both the franchise and corporate locations. The second part of our solution will seek to improve the motivation of Employees when performing job responsibilities without a manager present. In order to do this, we suggest that an incentive program be created that will reward Employee performance based on measurable outcomes such as sales contests, **reduction** of waste and customer service skills. By putting the ownership of performing at a high level in the hands of the Employees and rewarding that output with incentives, it will alleviate the need to hire additional managers as well as reduce the increased levels of stress that the current managers are experiencing.

Section I

The Operating System

ABC Company was established in the spring of 1995. Though the business grew exponentially over the first decade, the current super system has seen a decline in the number of retail locations. Currently, this larger system is made up of a headquarters location, the coffee houses, retail displays in grocery stores, a roaster, a commissary for bake goods, and a whole sale company in which they get their coffee beans from.

The operating system include the corporate headquarters, twelve corporate owned stores, five franchise cafes and all of the salaried and hourly employees of these locations. The company currently has a chairman who is also the owner. Directly under him is the Chief Executive Officer. This individual currently has five direct reports. These individuals are the district manager, franchise business consultant, marketing director, controller and director of roasting and distribution. The CEO, district manager and franchise business consult, in addition to several store managers, will serve as subject matter experts for this analysis.

Currently, ABC Company stores are open on around ninety six hours a week. On average, a manager is present and on duty forty-eight hours a week. Employees are working without the presence of a store manager approximately 50% of the time. In order to ensure that the store functions as it should while continuing to serve customers with a high level of hospitality; Employees will have to solve management-related problems on their own.

The goal for ABC Company (ABC), like most companies, is to increase their revenue and build a larger customer base. However, the company does not want to compromise their mission statement to “exceed the expectations of every guest on every visit” at the expense of its strongly held values of excellence, community, passion, respect and growth. ABC strives to create a welcoming atmosphere and provide excellent service to their guests. The ability of the Employees to not only meet, but exceed expectations, is critical for their success.



The Problem

Interviews with the executive leadership team show that over the last two years, company owned stores have seen an increase in incidents requiring a manager to return to a store to or provide direct assistance to Employees in handling performance issues. The same issue holds true for franchise locations that require a manager's assistance. (These incidents included, but were not limited to direct customer complaints, handling of unruly guests, issues with the P.O.S system, conflicts amongst Employees, and questions from customers outside the scope of Employee knowledge.) To rectify this problem, executive leadership would like to see a decrease in incidents in both corporate and franchise locations.

As sole employees of a coffee shop, Employees are expected to perform the tasks of providing quality customer service, opening and closing the store, preparing both food and beverages, as well as managing the store by placing orders, taking inventory, making bank deposits and responding to unexpected events in the store. By Employees completing these tasks effectively, it is possible for the management to reduce the stores' dependency on managers while still striving to maintain a high level of customer satisfaction.

Operating System Analysis

What is the Operating System like Now?

In order to determine how ABC Company is operating presently, we utilized several methods of data collection. First, we interviewed subject matter experts who also serve in a leadership role within the company. These interviews consisted of informal, open ended questioning as well as discussion.

Over the course of our interviews with the SME's, we were provided with copies of the operations manual, Employee training manual, a point of sales job aid (POS), Employee assessments, and information on their hospitality seminars. After conducting an analysis of the documents, we were able to better prepare for additional data collection methods such as: observations, surveys, and follow up interviews.

Observations were conducted in several of the retail locations. These observations involved filling out a checklist on each store's environment, including items such as cleanliness, appearance and safety (that are part of Employees' responsibilities). We also collected data on the interactions between Employees and the customers. These observations were conducted at stores both when a manager was present and when a manager was not present.

In addition to interviews and observations, surveys were conducted. An online, electronic survey was sent to each of the store managers. These were labeled as being either from a franchise location or a corporate owned store. Paper surveys were also distributed to four of the stores for the Employees to fill out.

After analyzing the data collected through these various methods, we conducted a gaps analysis to identify the causes of the performance problem. The results of this analysis is outlined and discussed in more detail below.

Real Objectives

ABC Company's mission statement is defined as, "exceeding the expectations of every guest on every visit". During our interview with the CEO, we identified a series of informal objectives that support the mission statement. Although the system (ABC) is expected to meet these objectives, it is not clear if all these objectives are targeted and met. The following bullet points are a list of the objectives that are shared by the executive management team within ABC.

- To increase customer satisfaction by providing great customer service.
- To make sure drinks are identical (both in taste and presentation) at all locations.
- To create a dining experience that fosters interactions regardless of age, gender or ethnicity.
- To have the culture and philosophy of ABC transferred over to the Employees

Our data has revealed that the managers and staff share these objectives, however, whether or not the systems operate effectively to achieve these objectives is the subject of this analysis



Present Activities

Currently, ABC Company provides a dining experience to a wide range of customers. The company prides itself on great customer service and delivering high quality products. Of these products, ABC is most widely recognized for its coffee beverages. Making these beverages, and a vital part of their success, are the Employees. Outlined below are specific activities associated with meeting these goals. They include *customer satisfaction, Employee performance, communication and the role of leadership.*

Customer Satisfaction

Being that customer satisfaction is their primary goal, it seems appropriate that the company would collect data on the customer experience and inform Employees of the results. However, the data shows that only one store actively collected customer satisfaction data. Thus, Employees were not aware of the results of their work. Interviews with subject matter experts further suggested that there were not any standard procedures in gathering this valuable customer satisfaction data. According to our surveys, 93% of corporate Employees and 85% of Employees in a franchise location serve at least 26 customers per shift making them the single most important resource for measuring customer satisfaction. Due to the lack of existing customer satisfaction measuring tools, the analysts proceeded with developing an in-store observation tool to identify what encompasses great customer service in order to infer Employees' performance.

During our in-store observations we measured quantitatively if customers were receiving a level of customer service that would lead to an increase in customer satisfaction. Three primary performance objectives were measured. The first was defined during the interview process and the other two are outlined in sections I and IV of the Employee training manual.

- The Employee should **recommend additional products** for purchase during the initial sale that can enhance the customer's experience.
- Along with the drink specifics, the cashier is also required to **write the guest's name** directly on the cup in the box provided.
- When the guest's order is ready to be picked up, you will need to politely **call that guest by first name.**



In both the franchise and corporate locations, we discovered that none of the listed objectives were being met with any regularity. The following data at both locations indicate that a performance gap exists in meeting these objectives.

Corporate Locations

- Locations CF & F: 73% of Employees did not attempt to suggestively sell additional products
- Locations CF & F: 69% of Employees did not write the customer's name on the beverage
- Locations CF & F: 67% of Employees did not call the customer by name when order was ready

Franchise Locations

- Locations MJ & L: 83% of Employees did not attempt to suggestively sell additional products
- Locations MJ & L: 42% of Employees did not write the customer's name on the beverage
- Locations MJ & L: 75% of Employees did not call the customer by name when order was ready

Surveyed Employees agreed that these objectives are a necessary component to improving the customer's experience. Some of their comments are as follows:

- "Teach up-selling, cross training, stronger customer service training with role playing."
- "More emphasis on guest interaction at the register instead of focusing mostly on drink making"

However, results of the managers surveyed did not support the need to work or focus on meeting these specific objectives. None of the managers being surveyed pointed to these issues in their responses.

Employee Performance

Though not measured directly during our analysis, on the basis of other data sources, it appeared that Employees were not able to make drinks that are identical, both in taste and presentation, at all locations. For example, a high level manager of the organization stated, "one of the areas of



customer complaints is that guests don't find that the drinks are identical." At the end of their training, Employees are given three different quizzes and the final test focuses primarily on assessing related-procedural knowledge gained throughout training. Section II of the Employee manual enforces the importance of mastering procedural knowledge: *At the conclusion of your initial training period, you will take a written Employee test, which you must pass with a score of 90% or higher.* Section III of the Employee manual compounds the need for optimal output: *Only through repetition and practice will you be able to eventually make the distinctions between the subtle flavors and aromas in our coffees.* The results of this analysis suggest that the performance of Employees' skills in making identical drinks may not be at the expected level by the end of their required training. The need to focus on this objective is also supported by a large amount of qualitative data collected from both corporate and franchise locations as well as from Employees and managers. They suggest:

- Add practical hands on examination; anyone can memorize answers and recipes but I want to know that they are capable of producing a quality product.
- A hands on test that has measurable results
- It's very difficult to train Employees on making the drinks when they don't have the \$\$ to do so. Instead they have to wait until one is ordered.
- Taste the drinks, even a sip, so you can tell the customers about each drink
- Trying/sampling items that we sell in order to know more about the product
- A more detailed test, to test how to make drinks

Effective Communication

Another issue that was found to have impacted Employees' performance was communication at all levels. Data showed that over 60% of all managers, 29% of corporate and 46% of franchise Employees have at least two years of work experience at ABC. Stability in the workplace allows for the transfer and acceptance of philosophies that are culturally important to the success of ABC. To make sure any philosophical transfer meets the objective of "exceeding the expectations of every guest on every visit," the ability to communicate effectively at each level of leadership is important. However, 27% of corporate and 40% of franchise managers find communication between leadership to be inadequate with only 45% of corporate managers finding the weekly manager meetings productive. In addition, 18% of corporate and 20% of franchise managers indicate that they almost

never receive feedback from their immediate supervisors. It appears that the lack of communication trickles down from the leadership to the Employees where 25% of franchise and 28% of corporate Employees receive feedback about their performance only once a month or less.

Adding to the issues created by the lack of effective communication, is the fact that both corporate and franchise locations have no manager present approximately 50% of the time. Preparing the Employees properly puts additional stress on the managers to effectively train them to handle any “in work” situations that may arise when they are not present. This may be a contributing factor to the fact that 60% of franchise and 75% of corporate managers feel at least a moderate level of stress in their job. Even when managers are not actively working, 75% of corporate managers get phone calls from their Employees at least once a week though only 14% of corporate Employees feel the same way.

In order to identify whether Employees performance is also influenced by the corporate incentive system, a document analysis was conducted. The results show that currently, ABC Company has a small number of incentives in place. All company store managers have monthly bonus potential, which is based on their profitability. At this time, franchisees do not have any incentives in place that are sponsored by the corporate office, but are encouraged to implement programs. Employees are given incentives, but our data analysis shows that this is rare. Incentives are usually seasonal, or when a new product is launched. These incentives are all based on sales and revenue. If there was some type of incentive geared towards hospitality, Employees would probably be more inclined to build rapport with customers and meet the mission statement of exceeding customer’s expectations. However, our interview with the corporate leadership team shows that they feel rewards should be cooperative, and be directed towards an entire staff, not just a single employee.

Role of Leadership

Recognizable leadership is a vital part to the success of any organization and ABC is no different. When asked about the need to have a specific leader in place when a manager is not present, an overwhelming 76% of franchise and 72% of corporate Employees agreed. When a similar question was posed to managers about the best solution for maintaining Employee performance in their absence, a similar pattern developed. Based on the surveys given to all managers, more than 35% believed the following would solve the gap in performance when a manager is not present.



- Keep a shift lead in the cafe
- An assistant Manager/Store Supervisor
- A shift leader position or a full-time assistant manager position
- Another person in a specified supervisory position to work opposite cafe managers

Of note, it is worth mentioning that four managers mentioned the existence of cameras in the store to monitor Employee performance. We argue that this solution fundamentally stems from the same need to have an authoritative presence in the cafe at all times. Another interesting point that deserves more attention is the belief that 100% of all Employees could perform their duties without a manager present and more than 70% of all Employees independently practice procedures to improve performance.

It is our belief that the corporate leadership team is willing to accept suggestions and information regarding the improvement of their business. They have been very supportive as we've been conducting our research and open to communicating their challenges with us. It seems as if the CEO and his direct reports understand the need for change, and we feel they will be apt to implementing some new strategies.

Important Side Effects

Data Analysis has shown several side effects of the present activities of the system. The majority of these side effects are negative in nature, but can be altered by changing the way things are done or by putting in place a brand new solution.

The first side effect deals with customer satisfaction. Due to the lack of customer satisfaction data, the company can't truly assess its mission of exceeding the expectations of guests when they don't know their guests' needs. It is hard to make improvements to the stores and to the menus when they don't understand how their customers feel about them currently. This is a negative side effect that will poorly influence the actions of ABC. In order to alter this negative side effect, the company could take advantage of the fact that Employees serve many customers per shift, and involve them in the collection of customer satisfaction data. Not only will doing so provide ABC with valuable customer data, but it will allow the Employees to become more intimately involved in the process.

In addition, the data analysis shows Employees are not meeting the objectives to enhance customer satisfaction. These objectives include suggestive selling, writing customer's names on cups, and calling the names when the order is ready. The inability to meet these objectives is a direct negative effect for the organization as it is preventing them from turning customers into guests. Employees are not trying to truly meet the needs of these customers nor are they attempting to get to know them on a personal level. In order to alter this negative effect, the company needs to put more emphasis into both motivating and training their employees to strive for excellence in customer service.

While ABC Company has put a lot of effort into their Employee quizzes and tests, data reveals these assessments lack a hands-on piece. Employees learn the ingredients needed and the knowledge to make the drink, which is a positive side effect. However, the fact that they do not know what the drink tastes like or the actual physical skills involved in making it, directly affects their ability to create the drinks with consistency. This lack of skills can easily be altered by providing more hands-on training around drink and food preparation. This will better ensure that menu items look and taste identical across locations, as well as ensure Employees are confident when preparing them.

Relevant Resources

In order to ensure that customer satisfaction is going to be met, the store manager or a veteran Employee in a particular store currently conducts the training of new Employees. Supporting the need to train outside of normal business hours, ABC also has a mock store, with equipment and supplies, set up at their corporate location for training. The mock store is located inside the corporate headquarters. Within the same location, ABC provides facilities for face to face training that include a large conference room with standard meeting tools.

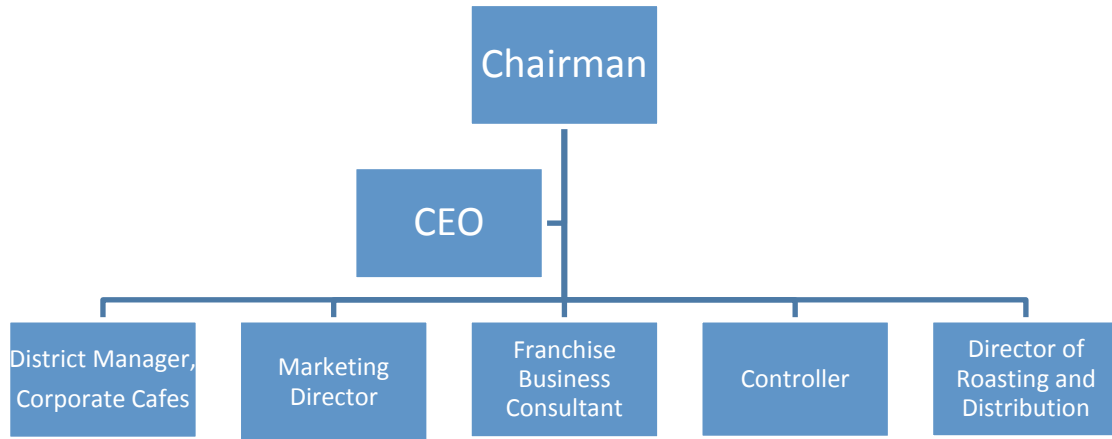
Fixed Constraints

In addition to budgetary concerns, another fixed constraint of the system is the lack of a suitable training time for each of the members needing the training to be gathered together.



How the System is managed

The management at ABC Company is arranged in a top-down manner. The chairman/owner is on the top. Directly below him is the Chief Executive Officer. The CEO has five direct reports.



Currently, decisions are made locally in the various retail locations without having to consult the corporate leadership. Store managers are responsible to make daily decisions that will support the well-being of their store. The Employees voice their opinions through their direct manager, who will bring them to corporate leadership. Based on an interview with one store manager, it is rare that the corporate leadership team makes changes based on a suggestion from a manager or Employee.

Once a week, the store managers meet with the leadership team to discuss customer complaints, incidents, and any other item of business that needs discussing. Although these meetings take place, surveys and interviews show a lack of communication between functional groups, as well as a lack of data to support decisions made by the corporate leadership team. The system seems open to opinion and is likely to accept feedback and suggestions.

What should the operating system be like?

To help us better determine optimal conditions within the operating system, interviews with SME's as well as survey questions were utilized to collect data. Based on our conversation with the CEO who says:



“When you walk into a ABC, you should see Employees smiling and hear them building rapport with the customers. You would see them asking the customers for their names and writing them down on their cups, as a way to develop a relationship. Customers would be sitting at the tables, interacting with each other, possibly playing board games, and enjoying both food and drinks.”

We have established a set of goals and objectives to be achieved by the Employees in an ideal system.

In addition, according to the CEO, in an ideal situation, in order for Employees to provide such stellar customer service, they need to see the reasoning behind it, are capable enough to take care of all expected duties, and feel high level of ownership.

In addition, ideally, the stores should be collecting data on customer satisfaction. This could include surveys to customers, a suggestion box, or simply Employees asking customers how they feel about the services and products provided. Surveys should allow ABC Company’s leadership the ability to learn the real needs of their customers, and meet them. By learning customers’ needs, the Employees can make improvements on what really matters to its guests which then results in ABC Company meeting its mission statement to exceed customer’s expectations.

An optimal environment at ABC: Employees are performing the task of a manager along with the task of taking care of their customer in a way that there is no need for requesting a manager’s assistance. Ideally, the Employees are able to problem solve and handle issues that occur within the store, without needing a manager present. There should be a well formulated set of procedures in place to respond to customers who require assistance beyond what an Employee can provide.

It is also our opinion that a system that provides some type of incentive for Employees to strive to meet the mission of exceeding customer expectations will be more effective. By making some slight changes to the environment, ABC should be better equipped to meet their desired status.

Probable Cause of Problem

On the basis of the analysis, the following causes can be identified for the identified performance problem at ABC.



1. The communication issues that are currently affecting outcomes at ABC Company can be linked to the lack of a standardized training program. When conducting a document analysis of the various training manuals, it was clear that components of organization necessary for success in a training program were lacking. Though detailed items exist for reference during training, the packaging and delivery of these items is scattered, at best.
2. Another cause of the problem was the end of the training test. Although the Employee tests are helpful when assessing training progress, they did not seem to be beneficial in the long run. The majority of the questions on the test involve how to make various drinks. However, dependency of the test on memory rather than performance could have resulted in lack of Employees' skills in making identical drink.

In addition to training causing a problem, lack of ownership and motivation among Employees could also be a cause of low performance. Behaviors such as sitting around on couches and chatting behind the counter when there is clearly work that needs to be done resulted in performance determinants. This problem could have been caused by the fact that there are no regular incentives in place for Employees. Although there are periodic incentives for whole groups of employees, Employees do not have the ability to shine on their own.

Section 2

Possible Solutions

The identified gaps in performance at ABC can be resolved using the solutions listed below. Each of them is directly linked to the objectives that were discussed earlier as a result of our interviews, surveys, observations and contextual analysis. Our solutions include:

- standardization of training procedures
- updated incentive program
- creation of a performance-based training program
- restructuring of positions at retail locations



First, we recommend a standardization of all training procedures that reflect the performance objectives of the organization while taking into account the unique needs of both the franchise and corporate locations. In conjunction with this standardization, it is also our opinion that a formalized training program would be beneficial once the standards have been identified. The program would be designed to work effectively in a live and/or virtual environment. As ABC continues to expand its retail locations, this solution will be able to support and train both managers and Employees while reducing the overhead costs associated with face to face meetings.

A solution based on behavior will seek to improve the motivation of Employees when performing job responsibilities without a manager present. In order to do this, we suggest that an incentive program be introduced that will reward Employee performance based on measurable outcomes such as sales contests, reduction of waste and consistent use of the peer review program. By putting the ownership of performing at a high level in the hands of the Employees and rewarding that output with incentives, it will alleviate the need to hire additional managers as well as reduce the increased levels of stress that the current managers are experiencing.

Our cause analysis points to the need for a performance-based training program that would be facilitated at ABC headquarters by select individuals. By aligning objectives with the goals of ABC, a training program can be developed that would be led by one or two select members whose main responsibility would be to train the new Employees (as well as the managers) on procedures and skills. This team could also effectively communicate and train on new product placements, alleviate the current training process, introduce proper sales techniques that would increase business, and most importantly show the type of support that can motivate Employees to perform at optimal levels.

Finally, restructuring the system that is in place by utilizing Employees who are currently with ABC could also solve the problem. Our research has shown that the stores who were perceived to be “better performers” by management have a greater sense of ownership by its Employees. Given the right support, these Employees have been able to meet most of the performance objectives as outlined in this report. Our solution would effectively identify current Employees at each store who would be promoted to a level of responsibility that included the training of new Employees and oversight of the store in the absence of the manager. With only 25% of corporate and 40% of



franchise managers enjoying the current training process, this solution would alleviate this dissatisfaction. A number of current managers and Employees support this initiative already. When managers were asked how to improve the performance of Employees when you are not supervising them, one replied that “having an assistant manager, lead Employee, supervisor in that position would see an increase in ownership and get everyone on same page with policies, incidents, etc.”

Analysis of Solutions

SOLUTION COMPARISON CHART							
Possible Solutions	Time	Environment Consideration	Organizational Change	Space Equipment Environment	Cost	Benefit & Loss Individuals	Benefit & Loss Organization
standardization of training procedures	-	+	+	+	0	+	+
updated incentive program	+	+	+	+	0	+	+
creation of performance based training program	-	0	0	0	-	0	0
restructuring of positions at retail locations	+	0	-	+	0	0	0

+ uses less time and resources **-** uses more time and resources **0** uses about the same amount of time and resources

In order to recommend a solution, it is important to analyze each solution for its practicality and effectiveness. The first solution to analyze is the standardization of training procedures. Although this solution would require a lot of time on the front end, its benefits in terms of results would outweigh the requirement. Because the standardization would utilize current materials, the organization would not be starting from scratch. They would take what is in place and make the necessary changes to it, mainly adding detail and scripting for use during training. This solution would be greatly accepted and would not involve much of a learning curve. It will exist very well with the current conditions. This method would not require any organizational change nor any additional



space and equipment. There would be cost involved in terms of the employees' time to actually adjust the current material. However, the benefits to the organization as a whole and to the individual employees would be great. The managers would have a more formal program with scripting. They would know exactly how to train each skill and procedure. In addition, Employees would have the tools necessary to replicate the procedures at any store location.

The second solution of an incentive program would require reasonable operation time to create and maintain. Because incentive programs are positive in nature, it would be widely accepted across the various functional groups. A program based on behavior and motivation like this would not require any change in routine, staff, or to the organizational chart. It would also not take up any additional space or utilize new resources. Although there would be some start-up cost involved, it would be minimal. The benefits for putting an incentive program in place would be numerous. This would assist in the problem with personal ownership; reduce discrepancies for Employees who feel their co-workers aren't pulling their weight, and would bring about renewed motivation for employees as they fulfill their daily obligations.

Next, we must analyze what is involved in creating a brand new training program. This would require a lot of time to research, design and develop. It will also require human resources within the company to be pulled from their daily work to assist in this project. A solution like this may be accepted by some, but it may be perceived negatively by others. Creating a training program would use very little from the current system, so a lot of changes would occur. The position of trainer(s) would need to be filled, either by current managers or knowledgeable Employees, or hired from the outside. The trainers would need to undergo training to ensure their ability to both understand and deliver the materials. Therefore, there is a large cost involved with this solution. Current space and materials could be utilized.

The last solution involves the restructuring of positions at retail locations. Most likely, this would involve the addition of a leadership position at each cafe. This position might be titled lead Employee, assistant manager, or store supervisor. The time involved would be moderate, as ABC would have to interview and hire people to fill these roles. In addition these new hires would have to undergo training to ensure that responsibilities will be met. A negative reaction to this change from Employees would need to be measured. Once the new leaders are in place, they might have difficulty supervising peers. Although the individuals selected to fulfill the positions would receive a



pay raise, this will cost the company more money in salaries and possible benefits. As individuals are shifted into new roles, the company must ensure they maintain the same number of Employees in the cafes. Therefore, they will have to interview and hire for Employee positions that have become open due to promotions. This will be an inconvenience for the company in terms of time, money and training.

Instructional Development and Delivery Capabilities

There is no official training team currently employed by ABC. The company utilizes store managers and veteran Employees to train the newly hired Employees. A majority of Employee training is delivered in the store that he/she will be working. It is unknown at this time how management training is delivered other than new managers are required to attend it at the corporate headquarters. In speaking with executive leadership, we have discerned that all instruction is developed by them with input from store managers and possible Employee suggestions.

Executive leadership also takes on a large role in delivering instruction in the belief that the information will trickle down accordingly. After reviewing all of the training material, we have also concluded that training is normally delivered face to face because the documents lack the ability to be interpreted without a subject matter expert. This theory is also supported by the fact that instructional delivery items such as a chalkboard, white board and flipchart are present. We were unable to see the capability of ABC to deliver multimedia tools in their training.

We did learn that the leadership of ABC enjoys training and meeting the new employees. They feel that it is important to assist in the training of the Saturday seminars. They feel confident in their abilities to facilitate training. Knowing that these individuals have some experience with training at ABC.

In conclusion, ABC does have the tools necessary to deliver quality training for both Employees and management. Though not ready to embrace technology as a delivery tool, the current system in place is adequate to meet the needs of the organization. A more refined system to develop instruction and have it delivered is a must if ABC wants to see consistency in the performance of it Employees.



Recommended Solution

ABC Company should adopt a combination of solutions. We recommend a blend of standardized training procedures as well as an incentive component for employees. The standardized training would simply be an enhancement of the current training manual and the incentives would be in addition to what they currently have in place.

Though a current incentive program is currently in place, we believe a more consistent and targeted program would benefit both managers and Employees. An incentive program focusing on both cooperative and individual performance will allow the Employees an opportunity to more regularly meet the objectives of the organization.

The training would consist of instructor led sessions, facilitated in the various cafe locations. The manager would still facilitate the training, but it would be a more standardized, detailed guide. This guide will be user friendly. The resources that are currently in place will be reorganized, updated and restructured. This way, they will not be totally new to the staff, and would reduce cognitive overload.

The managers will have to attend a “train the trainer” session where the printed materials would be distributed and managers could practice a “teach back” session to ensure their ability to facilitate the new materials. This way, the manager knows exactly how to train each item and will be better prepared. The “train the trainer” sessions would be facilitated by the franchise consultant and the district manager.

During the Employee training period, all of the current topics and procedures would be covered. In addition, more time will be spent formally training hospitality skills, including building rapport and handling customer’s concerns. In addition, sales skills and suggestive selling will be covered. In order to better facilitate the material, the managers will be provided with scripted role plays.

The new innovative training solutions would be more effective and efficient. There would be great detail and scripting provided to the managers. The current managers would appreciate this type of manual as it will reduce their stress level by requiring less preparation time. The Employees will be trained the same, no matter what store they are working at. This will allow them to be a floater or



fill in for Employees at other stores. A problem solving element will be added to prepare Employees for a wide variety of challenges they might face without a manager present. The standardized training will also ensure that material is communicated well through different functional groups. This type of training will solve a lot of the problems currently happening at ABC Company and will allow the company to meet its mission statement of exceeding customers' expectations.

