

Engaging Site Managers And Key Employees to Help Drive Major Change Initiatives

By
Bridget McVerry
Eric Nelsen

Retail and restaurant chains that need to achieve greater differentiation or a stronger competitive position often devise major changes to product lines, customer service strategies, or operating procedures. But large-scale change can encounter stiff resistance among the people who are most critical to the effort: site managers and seasoned employees. As a result, many change efforts die on the vine or fall well short of expectations.

Based on our experience with retail and restaurant clients, this white paper identifies the root causes that undermine change efforts and discusses seven specific principles that raise the odds of success.



Retailers and restaurants looking to differentiate their offerings and improve the customer's experience often dabble with small changes, such as introducing a new menu item, changing the product mix, or tweaking operating hours. There are times, however, when incremental improvements are not enough to achieve financial goals or sustain differentiation relative to competitors.

When major changes are in order, such as substantially redesigning a product line, introducing a new line of food offerings at convenience stores, or initiating 24-hour operations across locations, they typically also require employees to change the nature of their work. This may include delivering different levels or types of service, new operating procedures or delivering the current level of service with fewer employees (Exhibit 1).

Yet transformational change can be difficult, as it requires significant adjustments to employees' work processes, and managers and team leaders must devote extra time to teaching and reinforcing new processes and behaviors. Large-scale change often triggers serious resistance among the site managers and seasoned workers who can serve as change leaders themselves if handled effectively. Without their enthusiasm and engagement, even brilliantly designed major change initiatives will stumble.

These stumbles are costly. When we researched our clients' major initiatives over the past five years, the

lack of successful results were dramatic. Fewer than 25% of the initiatives successfully implemented all elements of the planned transformational change. Another 50% did achieve some of the desired changes (either some components or the full set of changes at only some of their stores); however, these gaps made it impossible to achieve their strategic and performance goals.

Root Causes of Failure

At the most general level, the explanation for why this is so hard centers on inertia and adherence to the status quo. Throughout retail and restaurant companies, most site managers and key employees have many years of experience and have grown accustomed to their positions, levels of responsibility, benefits, and schedules. Major change programs are generally perceived as a nuisance or a threat, depending on how disruptive previous efforts have been. Furthermore, as the people closest to the customer on a daily basis, site managers and long-time employees believe they know what's best for the business.

Site managers value their autonomy and take pride in running their operation. Many of them view a top-down transformation effort as an infringement on their turf or a lack of confidence among senior management. Seasoned employees, meanwhile, have plum positions and schedules, and may view large-scale change as jeopardizing their gains or simply dismiss the new program as just another flavor of the month.

Exhibit 1 Examples of minor and major change

Minor changes – relatively easy to implement	Major changes – require significant transformation
<ul style="list-style-type: none"> • Introducing a new or seasonal menu item • Adding more shifts to the schedule • Changing a store set-up or shut-down process • Enacting price changes • Initiating a new weekly or monthly promotion • Making slight changes to operating hours • Changing the product mix in a section of the store 	<ul style="list-style-type: none"> • Redesigning a product line <ul style="list-style-type: none"> – Completely new offer – Different preparation, display, and customer interaction • Implementing a new staffing schedule <ul style="list-style-type: none"> – Part-time shifts – Shift timing changed to match customer demand • Launching a new customer-loyalty program <ul style="list-style-type: none"> – Changing service levels for specific groups of customers • Initiating 24-hour operations • Introducing a new approach to customer service

Besides overall inertia, there are four specific root causes that undermine change efforts:

- **Failure to cultivate a sense of ownership among employees.** Seasoned retail personnel have first-hand knowledge of customer preferences and want to help shape any changes that affect their operations. They have strong opinions about which changes would most benefit customers and employees. Yet executives tend to exclude these individuals while designing major change programs. Without the commitment of seasoned front-line employees, a change initiative has little chance of succeeding. As program failures stack up, employees become more cynical and resistant to change.
- **Underestimating time needed to alter behavior.** Experienced employees with familiar routines have to learn new ways of working, and that takes time, patience, and practice. Too often, company leaders assume that a single workshop or a new manual is all that's required to make change stick.
- **Tinkering by site managers and seasoned employees.** Site managers often cite reasons that a change handed down from on high won't work at their location because their market or location is "different." In an effort to put their own stamp on change, managers may promote a modified version of the initiative to their employees. For instance: "The company wants us to add these ten steps to our food preparation process, but you can ignore the first five. Our way of doing those steps is better." Similarly, experienced employees may choose which process changes strike them as worth making and which they want to ignore. For retailers where consistency in business processes across all sites is critical, such customizing can be fatal.
- **Missing standards, metrics and incentives.** Senior executives often fail to translate the vision of a program into specific goals or required actions. For example, the executive team decides that all sites need to demonstrate greater environmental responsibility, and they communicate this vision to site managers. That vision will go

nowhere without metrics for assessing progress and specific behaviors that site managers and employees should adopt, whether it's purchasing product packaging made from 100% recycled materials or setting up recycling bins for paper, cans, and food waste. Without hard metrics and appropriate rewards for showing the required behaviors (or consequences for failing to do so), employees will not change their ways.

Seven Principles to Drive Large-Scale, Site-Level Change

How can retailing executives surmount these challenges? Our experience with retail and restaurant clients suggests seven principles that raise the odds of success of major change initiatives:

1. Engage site managers and key employees in designing and rolling out the change program.
2. Direct the change in a meaningful way.
3. Give people time to change.
4. Constantly reinforce expectations.
5. Prove and share results.
6. Make success and failure matter.
7. Weave change into the culture.

These principles may seem intuitive at first blush, but many companies don't adhere to all of them, thus compromising the entire effort.

Let's examine each principle in more detail.

1. Engage site managers and key employees in designing and rolling out the change program.

Invite a sub-set of site managers and employees who are forward-thinking and respected by peers to contribute ideas at the outset. To get their attention and commitment, relieve them of their daily activities for a period of time. This not only demonstrates genuine interest in their perspective, it also encourages them to advocate for the change once they're back in their usual roles.

Once the program is designed and ready for rollout, seasoned employees can also help execute the program by defining the more detailed process changes at certain customer touch points or defining specific roles for different types of site employees.

For example, if a retail chain’s executive team decides to introduce a new line of fresh sandwiches, baked goods, and hot beverages at convenience stores, experienced employees might suggest ways to execute several new or redesigned processes:

- Preparing the different sandwiches and baked goods
- Displaying and replenishing the new offerings
- Directing customers’ attention to the products
- Monitoring freshness
- Testing execution efficiency
- Developing new training materials

2. Direct the change in a meaningful way.

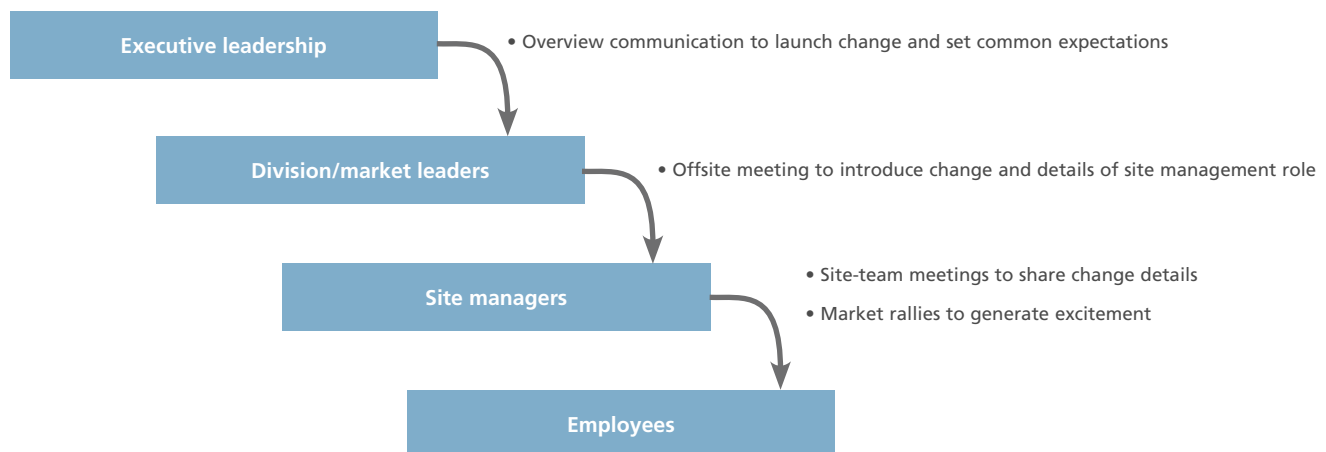
Whatever the ultimate goal of a major change effort—increased customer visits, lower costs, or improved profitability—employees need to understand what it will also mean for them personally. It

is incumbent on senior executives to articulate how the proposed change will benefit workers and affect their day-to-day activities.

Consider a retailer that wants to switch to a more flexible shift structure in order to better align store staffing with customer volumes. This would obviously benefit the company, but it also could benefit employees if the company invites them to sign up for shifts that best suit their needs.

How leaders communicate matters as much as the content of the message. Executives may want to discuss the change program first with site managers, as a sign of respect for their role and a way to cascade the message through the ranks. During those conversations, it’s vital that executives demonstrate high enthusiasm for the change, to help sell the program to site managers. In turn, the site managers should discuss the change plan with their employees as a group. This ensures that all employees receive the same message, and gives them the opportunity to raise questions and concerns publicly, neutralizing employees who may criticize the change or try to undermine the effort behind the scenes. Conversations in smaller groups or one-on-one can follow in order to reinforce messages, answer questions not discussed in the larger group setting, and address specific individual challenges (Exhibit 2).

Exhibit 2 Cascading communication plan



3. Give people time to change. Sustained behavioral change takes time and repetition, depending on the nature of the change, the company’s culture, the adroitness of site management, and each employee’s receptivity and ability. Employees will need comprehensive training on the new processes required, as well as the time to practice, learn from mistakes, and try again (Exhibit 3).

Don’t overload employees with too many big changes at once. Instead, give them the latitude to get used to a few new processes and then to introduce a few more once they’ve mastered the first set. Suppose a restaurant chain has decided to feature a new method of service using a team approach for every table instead of sections run by individuals. Wait staff can be eased into the new process by first educating them on the advantages of this approach and familiarizing them with the specific steps used in welcoming the guests and taking their initial beverage orders. Once the wait staff had mastered this step, you can train them on how to take and deliver meal orders in a team setting.

4. Constantly reinforce expectations. Behavioral change requires continual reinforcement, particularly among employees who tend to resist such

efforts. Emphasize the importance and value of a large-scale initiative through communication vehicles such as company-wide announcements, meetings, and everyday conversations with site managers (Exhibit 4).

Site managers can provide reinforcement in other ways as well. At every shift-preparation meeting, they can ask employees to talk about how they’re doing with executing the change and invite them to help one another work through challenges. Managers should spend time observing employees in action and providing real-time coaching during the shift; this provides employees with tangible examples of their mistakes and the specific remedial steps required to improve their execution.

Managers can also establish a certification program, through which employees who have already mastered the new processes work side-by-side as coaches with their colleagues on-site. These individuals can demonstrate how to execute new activities, monitor fellow employees’ behavior, and address any questions and concerns—all with the goal of achieving consistency across sites. As these employees reach a certain level of proficiency, they also become certified as mentors and coaches.

Exhibit 3 Learning cycle

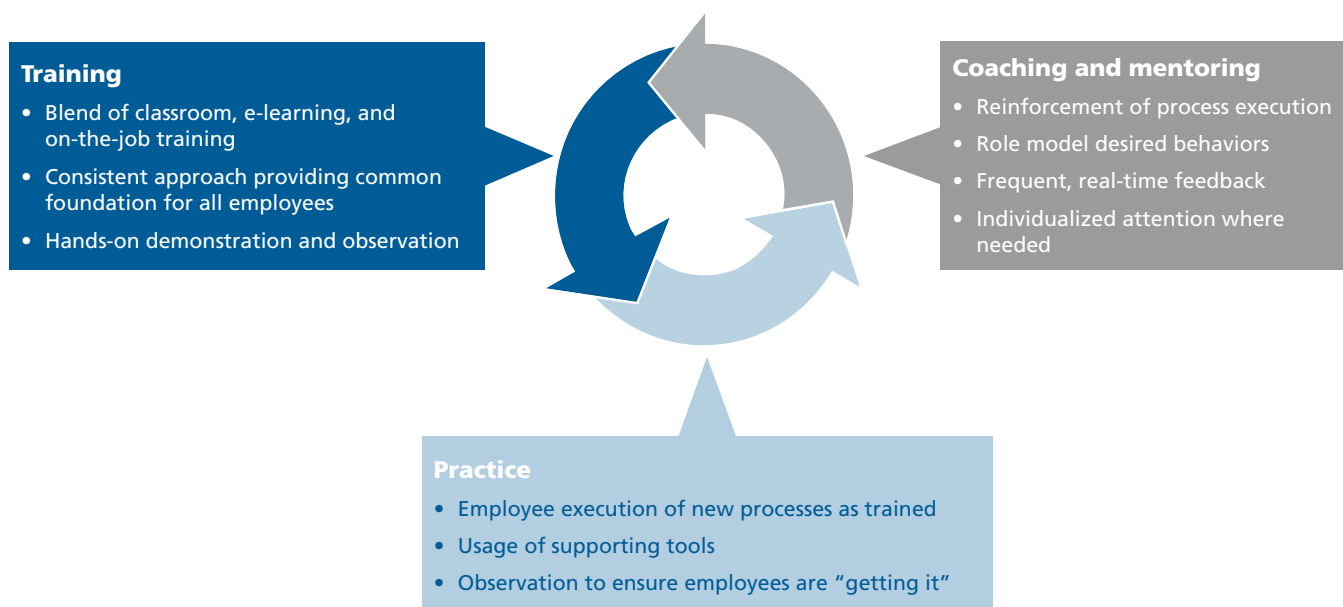


Exhibit 4 Reinforcement methods

- Mention initiative in major company announcements (e.g., press release, earnings call)
- Add as standing agenda item in staff meetings
- Incorporate on individual or site performance scorecards
- Include in company, district, or site newsletters
- Managers act as “employee for a day” to observe and demonstrate behaviors
- Execute surprise management visits to monitor progress
- Provide frequent refresher training

Reinforcement also means being firm about expectations. Leaders and managers can be open to suggestions on how to make improvements. However, they must send a clear message that carrying out the desired change is not negotiable.

5. Prove and share results. Naysayers seldom embrace a change program until they hear about and

see positive reactions from their peers. Therefore, leaders must measure the results of a change effort from the outset and present those successes to skeptics and supporters alike. Possible results range from increased sales and numbers of new customers, to higher mystery shopping or customer satisfaction scores, to the winning of industry awards. Identify and establish key metrics of success early in the process and begin tracking them before implementation as a baseline for improvement. While overall results are important, one should also rigorously monitor and share the information at the site level, so that individuals and teams can understand how they are doing.

6. Make success and failure matter. At all locations, managers can encourage employees to change by offering rewards and recognition for individual performance. These could be given on the spot, when a manager observes an employee delivering exceptional service to a customer or flawlessly executing a new activity. Rewards might include a gift certificate

Working with Franchisees

- Involve franchisees in design and testing:
 - Gauge their level of interest and engagement.
 - Tailor solutions and level of support to franchisees’ unique circumstances.
 - Seek support for best-in-class initiatives.
 - Identify opportunities to alter franchisee contracts and manuals to reflect the desired changes.
- Make your representative, such as the franchise territory manager, the key program champion.
- Identify and publicize quick wins for initial rollout:
 - Identify tools and processes that are easy to implement and that will have a short-term impact on sales and customer satisfaction.
 - Use quick wins as a way to introduce other elements of the program.
- Demonstrate long-term profit improvement driven by the changes:
 - Recognize that franchisees are driven by increased profitability and explain how the change will benefit them personally.
 - Share business-case results from company-owned sites to pique interest.
- Provide the right tools and training:
 - Integrate new tools and knowledge into existing operations manuals.
 - Use company employees and dedicated trainers to deliver training.
 - Share the same tools used at company-owned stores, to ensure consistency.
- Over time, integrate the desired new behaviors into the franchise value proposition.

to a local store, a free lunch, or a small cash reward. Alternatively, larger rewards including extra vacation days, a monetary bonus, or a job promotion could go to employees demonstrating sustained performance over time, such as the highest average customer satisfaction ranking or the fastest path to certification.

While individual recognition is important, shared rewards can be even more powerful. A company can initiate a “Customer Satisfaction Drive” contest across sites and award winning teams with trips, bonuses, and other prizes. Or the best teams may simply win bragging rights and an article in the company newsletter. Engaging different sites in competition encourages employees to work together, both by coaching one another to improve and by taking each other to task for not making the desired changes.

Leaders can also use bonuses to push site managers to drive change at their locations. During implementation, these rewards may be tied to successful execution of specific stages in the implementation plan.

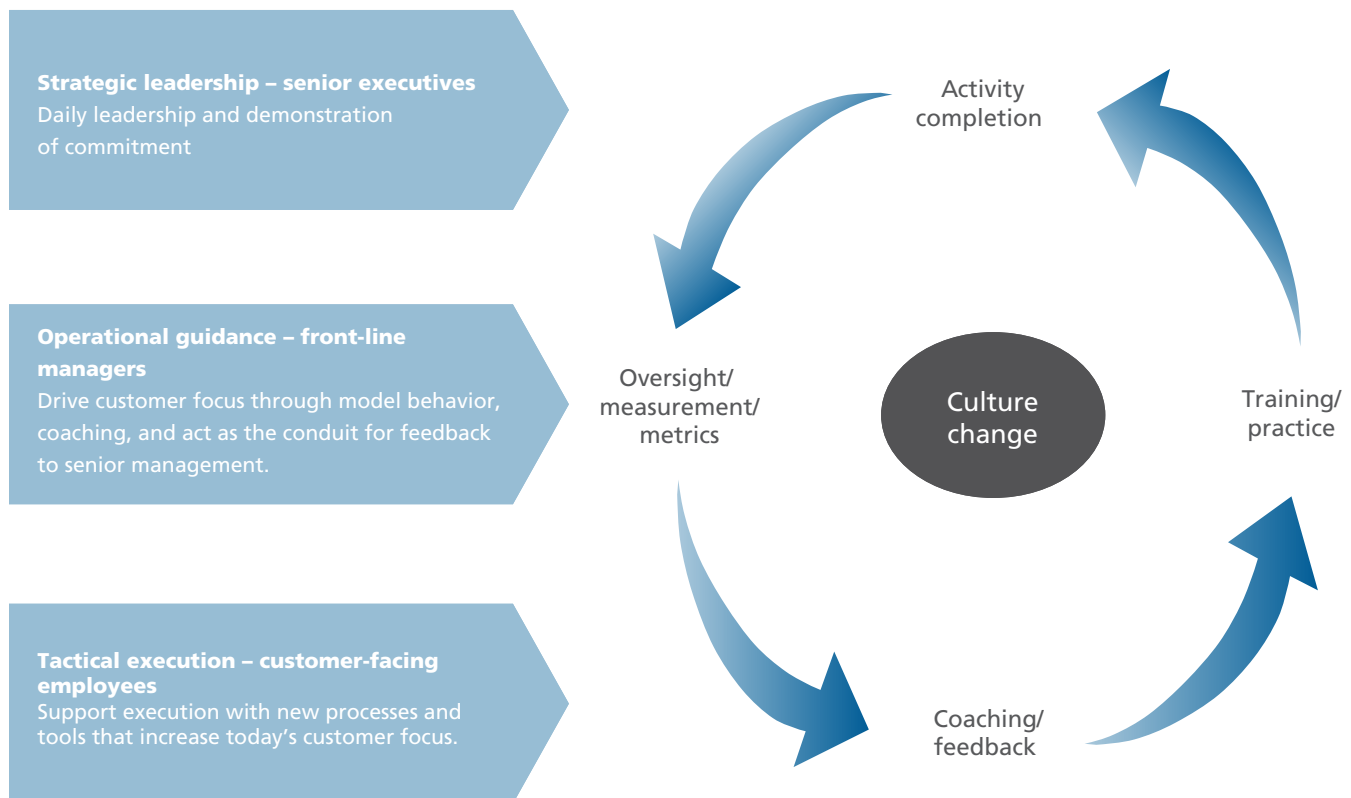
More substantial rewards, however, typically are linked to sustained improved performance across a set of core metrics. Managers who have a stake in the effort’s success will likely be more motivated to lead change.

The flip side of this equation is also true. Leaders must also make failure matter by, for instance, reducing bonuses for site managers whose stores or restaurants fall short of targets or dismissing managers or employees who consistently fail to meet the new goals. These actions send the message that refusal to change will not be tolerated.

7. Weave the change into the culture. Getting a major initiative to stick means ensuring that employees embody the changes that leaders want to see. Change agents at three levels can help weave new processes into the company’s culture (Exhibit 5):

- **Senior leaders** need to publicly demonstrate their support of change by participating in kick-off

Exhibit 5 Driving cultural change



meetings and market rallies and by making frequent visits to stores and markets. They can also empower site managers and employees to handle customer issues on site.

- **Operational leaders** such as regional managers and store supervisors can focus employees on desired new behaviors. They can also act as the conduit for feedback between senior leaders and the field. Because it is tough to drive change from behind a desk, operational leaders should get out in the field to observe and model desired behaviors. They should have frequent conversations with site managers to track progress against targets, ensure that sites are hiring the right employees, and regularly celebrate success.
- **Site managers and experienced employees in the field** must provide explicit guidance and performance feedback to other site personnel. They can also promote the change initiative in conversations and routine activities. One retailer implementing new processes for interacting with customers instituted a “customer moment” at the

beginning of every employee gathering, whether at headquarters or the site level, when employees were asked to share their personal experiences with good and bad customer service and explain what they learned from the situation.

* * *

Retail and restaurant companies operate in highly competitive markets that can frequently require large-scale change. Yet they also face obstacles to initiating and sustaining transformation across their many, sometimes far-flung sites. Surmounting these obstacles takes determined, smart leadership and the ability to reshape a company’s culture at the site level.

Executives must get site managers and their most experienced employees on board, as these are the people who are most critical to the effort and must shift them from skeptics to dedicated change agents. The process takes patience and substantial effort, but the payoff is well worth the investment: large-scale change that generates sustained competitive advantage. ❖

Leading Large-Scale Change at a Convenience-Store Chain

A national convenience store operator had a problem: Its desire to deliver a differentiated and consistent experience at all stores was not being executed; as a result, traffic and sales growth had slowed. To reverse this trend, the company embarked on an effort to refocus employees on customer service. This involved a complete overhaul of the company’s strategy for hiring, training, and retaining site employees; store presentation and operating standards; staffing levels; and processes for resolving service breakdowns. Dozens of new tools and processes were involved across the nationwide chain of company-owned and franchise stores.

Engaging Employees

Senior executives appointed at least one high-performing store manager and store employee to each of the initiative’s project teams, relieving them of their normal jobs for the duration of the project. These employees designed new processes and tools,

led in-store training, and reinforced changes in their local markets. To expand field involvement, executives also established a local store manager as project champion to support communication and implementation in their market, and conducted employee focus groups to generate ideas for training on new processes.

Positioning the Change

Executives articulated why the changes were essential for the company to remain competitive and succeed in the marketplace. They acknowledged the critical role employees play in defining the customer experience and pledged their commitment to provide the tools and resources workers would need. Communications cascaded from territory managers to site managers to employees, with executives, territory managers, and site managers leading employee rallies to generate excitement and recognize instances of success.

Giving People Time

The company designed a 3½-month-long process for implementing the new processes and tools in each market. Related processes and tools were grouped into waves, rolled out one at a time. Implementation of each wave involved four steps, shown in Exhibit 6:

- Pre-launch preparation: activities, such as site evaluations, to prepare the market for launch
- Training: classroom workshops and on-the-job training for site managers and employees
- On-site reinforcement: ongoing observation and coaching by site managers and team members
- Transition: meetings and activities to transition ownership of new tools and processes to local market leaders

Reinforcing Expectations

Executives assigned a dedicated person to each market, who would conduct all new-hire and refresher training, visit sites to observe employees, and demonstrate desired behaviors. Leaders also took pains to clearly define the role of site managers, territory managers, and executives in reinforcing new ways of working at the site level, including lists of activities for leaders to perform when on site, checklists to highlight areas requiring observation, and a list of questions to ask site managers and employees to test their understanding of the new tools and processes. A monthly store newsletter and employee

“engagement board” updated employees on the implementation’s progress, on new tools, and the latest news about store performance (Exhibit 7).

Proving Results

The company developed site, market, and network scorecards to track implementation progress and the resulting changes in customer satisfaction. Corporate, market, and individual store scores were shared in the newsletter and at store shift meetings.

Raising the Incentives Stakes

A new rewards and recognition program acknowledged site, team, and individual contributions to the business. Frequent rewards helped focus employees on the current wave of implementation (Exhibit 8). Financial incentives rewarded overall site performance on a set of financial and customer metrics, while still maintaining control metrics such as inventory and staffing levels. Including both positive and negative elements in the reward system ensured that managers did not drive positive results using the wrong behaviors—for example, over-staffing cash registers to completely eliminate lines and boost customer satisfaction scores. Managers whose locations consistently underperformed against service targets were either demoted or removed from their jobs.

Changing the Culture

To become more customer-centric, the organization drove cultural change at many levels. For instance, senior leaders implemented surprise site visits, without the advance notification that site operators

Exhibit 6 Launch framework

Illustrative timing, not precisely sequential

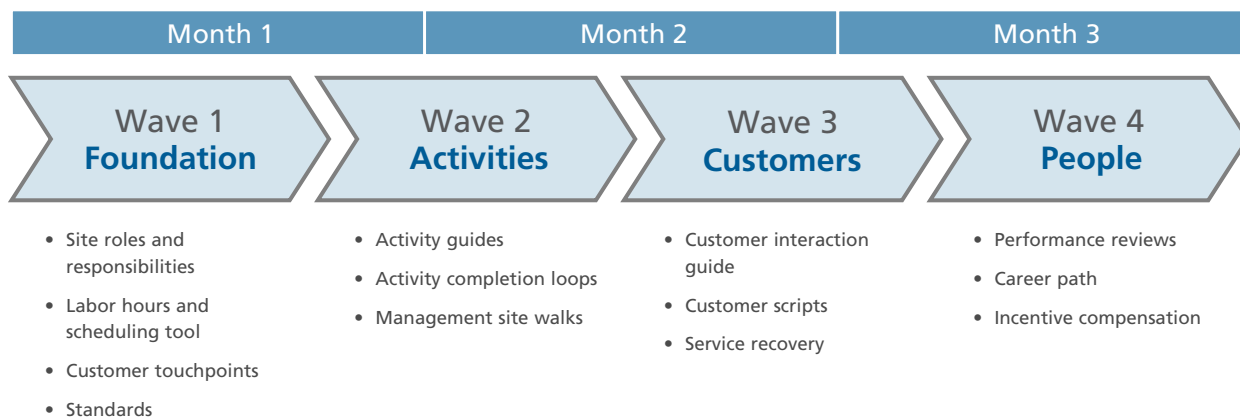


Exhibit 7 Roles in on-site reinforcement

Site manager	Territory manager/ operations manager	Implementation team
<ul style="list-style-type: none"> • Train all employees on all activity guides and groups • Use site task list to assign activities every shift • Spot check task list during shift • Stand in for employees at register to allow them to complete activity assignments • Reinforce employee engagement and effective completion of activities • Focus on subsets of activity groups at a time, to promote adoption and understanding <ul style="list-style-type: none"> – Week 1: restroom and outside – Week 2: food and coolers – Week 3: store floor 	<ul style="list-style-type: none"> • Support site-manager training of site employees • Initially when on site, stand aside with site manager and observe behaviors • As walking the site or while waiting for manager, complete activities as promoted in tools • Coach employees on completing activities to achieve standard • Get into habit of constantly referring to tools with employees 	<ul style="list-style-type: none"> • Support site manager training of site employees • Pay extra visits to sites to observe behaviors and understanding of tools • Coach employees on completing activities to achieve standard • Provide frequent positive reinforcement to site managers and employees for noticeable improvements and achievement of standards • Assess need for additional training from subject matter experts

previously enjoyed. This sent the message that good customer service was something expected every day. In addition, operational leaders carved out time at the beginning of each store or territory meeting for site managers and employees to describe outstanding examples of customer service. These customer moments generated ideas for replicating good service and avoiding poor service.

Fifteen months after it began this initiative, the convenience store chain is already starting to see results. Employees have embraced the new behaviors, resulting in significantly higher customer satisfaction scores across the network, an average sales increase of over 5% per store in the first year of implementation, and senior management's confidence that the positive trends will continue. ❖

Exhibit 8 Sample rewards and recognition program

	Month 1	Month 2	Month 3	Month 4	Month 5
Individual	100% mystery shop score	100% mystery shop score	100% mystery shop score	100% mystery shop score	100% mystery shop score
Site	Cleanest restrooms and store floor	Top food service execution	Regular use of customer interaction tools	Best role model site in territory	Retail leadership award
Territory	Highest average mystery shop score	Highest average mystery shop score	Highest average mystery shop score	Highest average mystery shop score	Highest average mystery shop score

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Bridget McVerry is a San Francisco-based associate partner and **Eric Nelsen** is a Chicago-based partner of Oliver Wyman. They can be reached at bridget.mcverry@oliverwyman.com and eric.nelsen@oliverwyman.com.

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