

fierce.® any conversation can.™



Turning Conversations into a Driving Force for Growth and Success:

A Retail-Industry Perspective

a fierce white paper

Turning Conversations into a Driving Force for Growth and Success:

A Retail-Industry Perspective

Introduction

With the continuing impacts of the recession and the leveling off of the benefits from “lean retailing” and other strategies, an increasing number of retailers are turning to the strategy that has always served them best: rich and effective interpersonal connections – connections between salespeople and customers, between purchasing managers and suppliers, between frontline employees and managers, between managers and leadership.

It’s a renewed focus on people rather than processes. It’s a focus that has a positive impact on the bottom line, boosting growth and profitability. When employees connect through conversations that empower them to speak up, they become engaged to go the extra mile. Those conversation skills can be learned. And they can produce positive significant financial results.

“Business is fundamentally an extended conversation with partners, employees, customers and the unknown future emerging around us,” says Susan Scott, founder and CEO of Fierce Inc., a training and development provider with a focus on conversations as a driver of individual and organizational success.

“What gets talked about in an organization, how it gets talked about, and who gets invited to the table, determines what will happen, or won’t,” Scott says.

Or, in the words of Howard Schultz, CEO and chairman of Starbucks Coffee, “Everything matters.”¹

This informational paper from Fierce Inc. explains why developing the skills for powerful, meaningful conversations within an organization can provide a significant competitive advantage in improving retail revenue in today’s uncertain times.

¹ Schultz, Howard, “Pour Your Heart Into It: How Starbucks Built a Company One Cup at a Time,” Hyperion, 2006.

On the Mind of Today's Retailer: Sales and People

In an interview last year with The New York Times, Wal-Mart executive Eduardo Castro-Wright was asked what areas of study he thought business schools should teach more. "The people side of business" – communication skills and interactions – topped his list.²

The "people side of business" obviously plays a huge role in the retail industry, where customer interaction and conversations are paramount to business success. A major 2009 national study of retail shopping experiences found that "engagement" was one of the five shared common aspects of a "great shopping experience."³

The result of having engaged retail employees is increased customer loyalty. The 2009 study reported that an overwhelming 75 percent of shoppers who enjoy a "great experience" with a specific retailer "definitely intend to return to that retailer the next time they need a similar product or item." By comparison, only 40 percent of shoppers who encounter a merely "standard" store experience are likely to return.

Fierce President and CEO Susan Scott puts it this way: "If you improve conversations, you improve relationships, which has a positive impact on key areas ... including the bottom line."

Cedric T. Coco, the highly respected vice president of learning and organizational effectiveness for Lowe's Companies, the home improvement stores, knows the power of employee engagement in the retail sector.

"For Lowe's, employee engagement is key for a number of reasons," Coco wrote in a November 2009 article for the American Society for Training and Development. "The holistic combination of employee engagement and customer satisfaction has a predictive effect on financial performance."⁴

Starbucks' Schultz has said his company is not in the coffee business, but in the people business serving coffee, and he built the company and its success squarely on his belief in the power of engaged employees.

"People directly affect the quality of products and services our customers receive," Schultz wrote. "People will determine the ultimate success of Starbucks. Products are inert. You have to hire great people [and] celebrate their passions and their skills, and give them the freedom to do their jobs right."⁵

75 percent of shoppers who enjoy a "great experience" with a specific retailer "definitely intend to return to that retailer the next time they need a similar product or item."

² The New York Times, "In a Word, He Wants Simplicity," May 24, 2009.

³ The Verde Group, The Jay Baker Retailing Initiative of the Wharton School of Business, and the Retail Council of Canada, "Discovering "WOW" – A Study of Great Retail Shopping Experiences in North America," 2009.

⁴ Coco, Cedric T., "From Employed ... to Engaged," T&D, the online magazine of the American Society for Training and Development, November 2009.

⁵ Schultz.

Retailing Success, One Conversation at a Time

Engagement stems from meaningful conversations, because, as Scott says, “the conversation is the relationship.” That means that the fulcrum from which any retailer can create authentic employee engagement and benefit from the resulting business advantages is totally dependent on the conversations that happen minute by minute, day by day among employees and with customers.

Fierce has worked with many of the most recognized global retail brands to help transform the conversations that are central to their success. To determine the ROI for these and other clients, Fierce encourages organizations to link the cost of training to statistics from corporate initiatives that the company is already tracking and that have a tangible and direct measure.

One example is to compare the cost of training against the cost of employee turnover, a key metric used by the Great Place to Work Institute and a significant problem in retailing. If employees feel connected to their companies, if they trust leadership, feel leadership respects them and believe communication is open, it increases a company’s ability to retain employees. Voluntary turnover is two to four times lower among the 100 Best Companies to Work For than industry norms, according to the Great Place to Work Institute.⁶

“These organizations directly profit from this through lower direct costs for hiring and training new employees as well as the indirect benefit of avoiding the lost institutional knowledge and disrupted customer relationships created by departing employees,” according to the institute.

What many retail companies have found is that one path to greater employee engagement and improved leadership capabilities is skilled conversations – conversations that are open to each person’s point of view and in which differing views are respected – at every level of the organization. The results are changes that improve the organization and can be measured with definable ROI.

⁶ Great Place to Work Institute, “Do You Know What Your Employees Think About Working at Your Company?” http://resources.greatplacetowork.com/article/pdf/the_value_of_a_great_place_to_work_evaluation.pdf, 2010.

About Fierce

Fierce, Inc., is leadership and development training that drives results for business and education by developing conversation as a skill. Traditional programs are impersonal, complicated and disconnected from concrete results. Fierce creates authentic, energizing and rewarding connections with colleagues and customers through skillful conversations that lead to successful outcomes and measurable ROI. Tailored to any organization, Fierce principles and methods translate across the globe, ensure individual and collective success, and develop skills that are practical, easy-to-learn and can be applied immediately. Fierce, Inc., is based in Seattle and online at www.fierceinc.com.