

## INDUSTRY OVERVIEW

# Retail Training

**If executed properly, retail training can yield increased revenues, higher productivity, and motivated employees.**

THERE ARE THOUSANDS of horror stories in the world of retail customer service, and you've probably heard them all. There's the salesman with the minimum-wage glaze in his eyes who ignores you; the clueless saleswoman who knows the product you want is in stock but can't find it on the shelves; and the cashier who'd prefer to talk with co-workers rather than ring up your purchases.

However, there also are those golden shopping moments. You walk into a music store, hum a few bars of a jazz piece you'd recently heard, and the salesman knows exactly what you want. Or there's the clothing salesperson who knows where in the store to find the perfect tie to go with the sports jacket you just purchased from him.

More likely than not, the difference between a happy and horrifying shopping experience is the amount and quality of the training that frontline employees, such as sales associates and store managers, have received. With competitive pressures mounting from traditional local retailers, deep-discounters, warehouse clubs, and a galaxy of online merchants, many retailers see customer service and product knowledge as their key competitive differentiators, and they've ratcheted up their employee training efforts to meet that challenge.

But while consultants, software vendors, and retailers themselves suggest that training of retail salespeople and store managers is on the rise, it's not true everywhere. Just as the term "retail" covers businesses as diverse as Wal-Mart, your local 7-Eleven, and that cute little used bookstore down the block, the quantity and quality of training varies widely. One thing appears true, however: If executed properly, employee training in retail can yield increased revenues, higher productivity, and motivated employees.

### **Retail employee training**

Training of frontline retail employees falls into three general categories: operational, customer service, and leadership. Operational training includes the "nuts and bolts" activities that are essential to run the business: how to operate a cash register, how to inventory merchandise shipments, how to construct a Super McWhopper hamburger, and so on. Customer service training is aimed at providing employees with product knowledge as well as relationship and selling skills. Subjects often include how to handle troublesome customers and how to suggest appropriate add-ons to the purchase of particular product. Leadership training gives select individuals the business and relationship skills they need to advance into managerial positions.

Virtually all retailers have to provide enough minimal training to enable store managers to unlock the doors and turn on the lights every morning. Retail 101 usually arrives via in-person training or training manuals and memos. With customer service training, however, issues arise in some businesses based on the value of such investments. Frontline employee turnover in the retail industry is typically 100 percent each year, which raises questions for some employers about their training return-on-investment.

The type of training a store offers its employees partly depends on the nature of its business, says Jim Dion, president of Dionco, a Chicago-based retail industry consultant. If it's a self-serve store, such as Wal-Mart or Target, where customers are expected to find what they need themselves, the strategy isn't on customer service or selling add-ons to customer purchases.

"In those cases, I'm going to teach them some technical things, like ringing a cash register as fast as they can," he says. "Specialty stores, such as Crate and Barrel or Victoria's Secret, are more concerned about a customer's shopping experience, and those companies might make it a strategic imperative to invest more on staff training."

Elaine Berke, president of EBI Consulting, a Westport, Massachusetts, training provider, notes that training initiatives in most retail companies are driven from the top down by senior executives.

"Customer experience, satisfaction, store sales, repeat business, and retaining customers—these are the goals of all senior managers in retail, and they're not shy about these goals," says Berke. "What tends to happen is a lot of the actual burden for implementation falls to the store managers."

She says the amount of training a store provides to its employees depends on the commitment and dedication of a store manager. Many will spend much of a person's first two weeks on the job in instructional activities, and the manager "touches back" repeatedly with coaching and motivation tips, she says. However, Dion asserts that retailers invest far too little in employee education—usually less than 1 percent of an employee's salary.

"Retailers have really come to view their frontline staff as expenses to be controlled rather than assets to be developed," he says. "Retail companies would like to pass employees under a lamp where they'll get all of the knowledge they need in seven to 10 hours rather than in a true orientation program and a learning and growing experience."

### Industrywide practice

Cheryl Doucet, a store manager with a major, national footwear chain, says her experience bears out Dion's assertions. With the exception of memos regarding basic store operations, the company provides virtually no training for store managers or their employees, she says.

"It's not just my company; it's industry practice," says Doucet, who is a 25-year veteran of the retail footwear industry. "I really don't think training is on their radar. It's sad. In my opinion, when you make an investment in people, the business has no place to go but up, and I really don't understand why they don't share my philosophy on that."

Instead of relying on the company for support, Doucet trains her three employees in the finer points of their jobs based on her own experience.

Paul Sparta, chief executive officer of e-learning software provider Plateau Systems, suggested that any retail business content to be "fat, dumb, and happy" about employee training is setting itself up for a fall.

"They may figure that they can just hire someone straight out of high school who likes shoes, teach them the operational basics, and think that's all you need to be successful," says Sparta. "But if there's another shoe store next to them that spends a half-hour talking about how to sell shoes, how to identify when a customer thinks he has the right fit, and how to set up promotions, that may make all the difference."

Many retailers have taken that lesson to heart and have built businesses recognized for their customer service. A prime example, says Dion, is The Container Store, which sells storage and organization products in 14 states and the District of Columbia. Each full-time first-year salesperson receives nearly 250 hours of training on the store's products, operations, and services. The company has been listed in *Fortune* magazine's list of "100 Best Companies to Work for in America" for the past seven years, and Dion notes that there's a great deal of employee longevity and loyalty.

"They just have an abiding commitment to truly educate their people," says Dion. "I'm always amazed when I go into one of their stores. I'm always impressed by how their people talk to customers—their product knowledge is astounding."

### Commitment to training

He also cited HoneyBaked Ham Company of Georgia for outstanding commitment to employee training. HoneyBaked, which sells specialty foods including its signature spiral-sliced hams, operates 105 corporate-owned retail stores and has 250 franchised stores as well. During most of the year, each store employs three to eight people who receive extensive training in three operational areas: production of the food products, over-the-counter sales, and operation of the stores' cafes, says Ami Huff, the company's senior manager of training and development.

A major training push occurs prior to the year-end holidays, when HoneyBaked does 65 percent of its business. During that period, stores sometimes employ as many as 50 sales associates.

"We have a very comprehensive holiday training program that we update every year," says Huff. "It encompasses video training and orientations, and then they're trained in telephone sales, register sales, and sales floor operations, such as sampling and directing customers to different parts of the store."

In addition, the company has an accelerated de-

velopment program in which high-potential employees receive high-level training during three sessions throughout the year. The company also is in the process of decentralizing many of its training activities by designating training stores that are charged with training other employees throughout a region.

Like most major retailers, HoneyBaked extensively tracks and analyzes sales data. While it is difficult to draw a direct cause-and-effect relationship between training and business results, the company has had substantial improvements in catering, gifting, and fundraising sales that correlate to training initiatives in those areas, Huff says.

### E-Learning

Many industries have eagerly adopted computer-based training, but retail has been slow to warm up to e-learning. While retailers have long sent point-of-sale data to corporate and divisional offices via computer networks, connectivity for any other purpose had been the exception in most stores until recently. However, that situation is starting to change, says Plateau Systems' Sparta. Many retailers have thought about the return-on-investment that e-learning delivers and have realized that they get a solid return in increased productivity.

"Take a fast food restaurant as an example. On average, it might take eight hours of training before an employee becomes productive, and their length-of-service as employees will be short, so training ROI is limited," says Sparta. "But, if you can reduce those eight hours of training to six hours through some e-learning and other electronic job aids on the job, you gain productivity and reduce training costs. If we're talking about a company with 50,000 employees who turn over every six months, that's a lot of saved dollars and increased productivity."

Claire Schooley, a Forrester Research senior analyst, notes that many retailers are delivering e-learning to their employees where they can most quickly put that knowledge to use—right at their work.

"If you're a salesperson, instead of going off somewhere to go through half-hour e-learning modules, you might have a seven-minute module on, say, credit card acceptance, which you go through right at the cash register, when you're not busy," she says. "Maybe you don't have time to take an assessment right then and there, but that's okay, you can get back to that later."

In other situations, sales associates familiarize themselves with products or take sales training at kiosks right on the sales floor.

"It's exactly the kind of e-learning that I think is most effective," says Schooley. "It's learning that's needed, and it's put into practice immediately."

But no matter what mode a retailer uses to reach

out to his employees, the teaching method will be only as successful as the employer's commitment to knowledgeable employees, says Dion. E-learning may hold great promise, but he adds, "The reality is that, if you don't have a learning culture and environment to begin with, no matter how much technology you throw at the problems, it's just not going to go anywhere. And yet, if you do have that learning culture, your employees will be eager to take advantage of the additional stuff that technology offers." **TD**

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