

Chapter 12

Using Training to Address Excessive Turnover in a Fast Food Organization

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EXECUTIVE SUMMARY

The purpose of this case is to present a story about an effort to address a threatening business problem for a company in an industry that relies on low-wage, minimally-skilled employees. The industry is characterized by high turnover that makes training efforts difficult. The designers and developers had to be flexible, creative and innovative in creating their project plan and instructional intervention. The dynamics of the organization were fluid. The team had to consider these dynamics in selecting their approach. They had to be comfortable with using approximations and assumptions in developing the inputs for their design and development decisions. Ambiguity and uncertainty were constants for the team members.

ORGANIZATION BACKGROUND

Bob's Bitsy Burgers, Bowls & Beverages (BBBB) was founded in 1950 in Richmond, Virginia by Robert and Sara Ryson. They built the company around a cooking method they developed that is still considered unique in the industry and remains a trade secret. They also celebrated the "slider" size of their bitsy burgers. They added to the menu over the years to include bitsy breakfasts (sausage biscuits, chicken biscuits, egg biscuit), bitsy bowls (chili, tomato soup) and bitsy bakes (apple and blueberry pies). Though the menu expanded, BBBB is still known for its (itsy)-bitsy burger. Bob's is also known for its 'niller shakes. The secret is in the custard base used in the shake.

In 2015 the Ryson family heirs sold the company and the company-owned restaurants to a private equity firm that had acquired other regional fast-food categorized assets. At the time of the acquisition, sales were about \$350,000,000 in 400 locations. In the past sales had reached \$450,000,000 with over 600 restaurants in operation. Today, most locations are open 24/7. There are about 5000 total employees, with 4900 working in the actual restaurants. The 445 locations are 90% company owned. Geographically, the stores are located from Virginia to Florida to Texas. There are locations in 11 states.

In 2017, the company sold again to a larger private equity group based in Charlotte, NC. Currently, the company is facing a plethora of challenges, including turnover in 2017 in excess of 200% in an industry that has experienced an increase in turnover to 150% as the economy has improved and opportunities in the "gig economy" have emerged. Most of BBBB's restaurants are somewhat dated in appearance and are located in major metropolitan and midsize cities. (The restaurants were described by one manager as "run down").

In addition, the fast food segment of the restaurant industry is engaged in an expansion phase (growing at a rate higher than GDP) with different dining concepts being introduced regularly ("Technomic: Fast casual will continue to lead industry growth," n.d.). The competition for employees is extreme. To reduce the need for workers, some fast food organizations are experimenting with self-service kiosks, automated food preparation (such as burger cooking), third party delivery (Door Dash, Uber eats), and online ordering and location pickup.

Wage competition is not viable because of the price elasticity associated with this industry. Margins are low so any increase in an expense has to be added to the price and the high price sensitivity of the customer base would drive them to other options. Addressing the turnover challenge at BBBB, which management estimates

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