



Case Study #19 The Case of the Terminated Turnover

Summary

People leaving an organization just to make more money indicates there isn't much else holding them. However, giving people an opportunity to make a difference with their life, and having them experience being important members of a team fulfilling that difference, can be powerful glue holding a workforce together, and people to that organization.

The Situation

Exceptional Importers (EI)¹, a 100-employee importer, processor, and wholesaler of specialized food products had been marginally profitable for many years, and was faced with rapidly changing market tastes, increasing competition, and unreliable raw-material sources. How Frontier Associates facilitated a change in culture that led to a doubling of revenue is described in *The Case of the Mistrustful Managers*.

This article focuses on how the culture change also resulted in elimination of a major turnover problem.

A Turnover Problem

Except for the seven senior-most executives, company workers were all immigrants from third-world countries on hourly wages. Many faced challenging economic circumstances, often with multiple families living in one unit.

Competitors were located in the geographic vicinity, making it relatively easy for a worker to transfer between companies for even a slightly higher wage. Since operating the machines required training, skill, and experience, particularly among the machine bosses, the company's high turnover was a major problem.

A Culture Change

As described elsewhere,² Frontier Associates was engaged to help solve the low profit problem by both reducing costs and increasing revenue. This involved a culture change that improved communication, creativity, and collaboration among previously siloed departments.



Important aspects of the process including

- Creation of a powerful, inspiring future for the company that would generate the energy and commitment
- Inclusion of everyone in the workforce in the design of the future and the implementation of the resulting strategic plan.
- Improved communication.
- Altered management style from command and control to leadership and influence.

As part of the initiative to alter the company culture Frontier Associates facilitated a Strategic Planning Workshop, during which the group created a powerful, inspiring Vision of “good health and nutrition for all.” This, together with a breakthrough 20-year strategic plan, excited the workforce and major improvements were seen almost immediately

The sales of the company rapidly increased over the months following the Strategic Planning Workshop. In addition, the significantly improved reliability of the raw material supply chain became a competitive advantage. These accomplishments were visible in the industry, resulting in competitors frequently asking Exceptional Importers’ employees what was the cause. In general, the answers they received did not get to the source of the new success. As a result, the number of job offers from competitors to EI employees significantly increased. However, rather than increasing, turnover actually decreased, and after about five months, was essentially zero.

The following conversation between a machine boss and EI’s CEO illustrates the reason.

“I’ve Received a Job Offer.”

About four months after the Strategic Planning Workshop, Jose, one of the machine bosses, approached Frank, EI’s CEO.

Jose: Frank, I need to let you know that ABC (a competitor) has offered me a job.

Frank: (Thinking “Why is a machine boss telling the CEO that he is going to quit?”, but having learned to listen, simply responds...) Yes?

Jose: They called me about a month ago and offered me a job. I turned them down.

Frank: Yes?

Jose: They called back about a week later and offered me a raise. I still said “No.” They have called often in the last four weeks, and yesterday they offered me a 20% raise and a \$5,000 signing bonus.

Frank: And so?



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Jose: Well, I told them that they had handled the money issue, but I wanted to know what they were up to. They said, “We’re up to the same thing you guys at EI are.” I said, “Yes, what is that?” They said, “Well, we bring in raw materials, clean them up, grind them into barrels, and ship them out, just like EI does.” I said, “Yes, that is what we both do. But what are you up to?” They said, “That is what we are up to.” Frank, I told them that I have been there and that’s hell. They can take their job and stuff it.

Frank: (Very surprised at how this story has turned out.) Why did you tell them that?

Jose: Before we did the Strategic Planning Workshop, when I went home at night and my kid asked me what I did that day, all I could say was that I had ground up another 10,000 pounds of stuff and shipped it out. Now when he asks what I did, I can say with pride that I made the world a healthier place. That is worth a lot more to me than the money. I know that in a year I will probably be making the money they offered, and maybe more. But during that year I can hold my head up high with my kids, more than I ever could before. Just thought I’d let you know.

¹ The name of the client and participants has been changed to maintain anonymity.

² See “Case Study 11: The Case of the Mistrustful Managers.”