



# Fred Meyer®

## EMPLOYEE LOYALTY AT FRED MEYER STORES

### The Challenge

Opened in 1922, Fred Meyer Stores grew to become the United States' third-largest supercenter operator. Their multi department stores averaged 150,000 square feet and carried more than 225,000 products throughout the grocery, apparel, home electronics, home improvement and garden, and fine jewelry departments. Then, in 1999, Kroger merged with Fred Meyer in a \$13 billion deal that created the nation's largest retail supermarket chain. Developed out of internal growth and mergers, Fred Meyer had become a dynamic corporation, but it needed to build a more cohesive company culture to overcome a major success barrier: excessively high employee turnover. Fred Meyer believed it could become a highly effective and synergistic business by reeducating its associates and creating the conditions for loyalty. They contacted FranklinCovey for help.

### The Solution

Fred Meyer decided to implement several FranklinCovey solutions, including *The 7 Habits of Highly Effective People* workshop, to build a new and better company culture throughout all levels of the organization. Dan Nelson, training specialist, first taught the *7 Habits* workshop to store managers to train them to lead their own teams and to break down barriers between management and associates. Then, the training department integrated the *7 Habits* workshop into the Supervisory Development Program as core training for all managerial levels. The goal was to create an environment that supported teamwork

and promoted a culture of continuous improvement focused on a Principle-Centered Leadership philosophy. In 5½ years, Mr. Nelson trained 1377 divisional and other managers from 128 stores throughout Alaska, Washington, Oregon, and Idaho. Graduates from the *7 Habits* workshop also shared the *7 Habits* principles with their work groups.

### The Results

At the time of this study (year end 2005), Fred Meyer had lowered its employee turnover rate to 40.7 percent. That was the second-lowest turnover rate in the entire Kroger company and 16.4 percent lower than Kroger's companywide average. The company's costs for turn over-related matters were 4.3 percent under budget. Managers reported that they had become more proactive in putting first things first and in seeking to understand before seeking to be understood. Senior leaders noticed stronger leadership and management skills among their associates and credited Mr. Nelson's training for the improvements.

With requests coming in for additional training in the *7 Habits*, Mr. Nelson inserted the training program into his regular annual budget and launched broadcasts of the *7 Habits Maximizer* modules over Fred Meyer's satellite system "FMTV." The broadcasts were sent to 128 stores and reached 36,000 associates. Having been trained as a FranklinCovey in-store facilitator, Mr. Nelson partnered with John Hester of Nike Corporation to create an information-sharing group for all FranklinCovey-trained facilitators in the states of Oregon and Washington. ■