



Investing in Entry-Level Talent

Retention Strategies that Work

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About FSG

FSG is a mission-driven consulting firm supporting leaders in creating large-scale, lasting social change. Through strategy, evaluation, and research we help many types of actors—individually and collectively—make progress against the world’s toughest problems.

Our teams work across all sectors by partnering with leading foundations, businesses, nonprofits, and governments in every region of the globe. We seek to reimagine social change by identifying ways to maximize the impact of existing resources, amplifying the work of others to help advance knowledge and practice, and inspiring change agents around the world to achieve greater impact.

As part of our nonprofit mission, FSG also directly supports learning communities, such as the Collective Impact Forum, the Shared Value Initiative, and the Impact Hiring Initiative to provide the tools and relationships that change agents need to be successful.

Learn more about FSG at www.fsg.org



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CONTENTS

2 Introduction

4 Executive Summary

6 About this Report

10 Strategy 1: Provide Purpose in the Workplace

12 Practice 1: Personalized Recognition

14 Practice 2: Entry-Level Employee Training

16 Practice 3: Clear Connections between Entry-Level Roles and the Company Mission

18 Strategy 2: Create Opportunities for Learning and Growth

20 Practice 4: Educational Assistance Programs

22 Practice 5: Mentorship

24 Practice 6: Support for Career Advancement

26 Strategy 3: Invest in People-Centered Management

28 Practice 7: Frontline Manager Development

30 Practice 8: Employment Pathway Programs

32 Practice 9: Employee-Driven Scheduling

34 Practice 10: Retention Specialists

36 Strategy 4: Make Employee Benefits Relevant

38 Practice 11: On-Site Resource Navigators

40 Practice 12: Compensation Significantly Above Industry Average

42 Practice 13: Employer-Sponsored Childcare

44 Practice 14: Transportation Assistance

46 Internal Allies and External Partners

49 A Call to Learning and Action

50 Appendix A: Key Definitions

51 Appendix B: Evidence Matrix

53 Sources

58 Acknowledgments

A close-up, portrait-oriented photograph of a young man with dark hair, smiling warmly. He is wearing a brown polo shirt with a white stripe on the collar. He is holding a light-colored paper bag. The background is a blurred grocery store aisle with shelves of various products. The word "INTRODUCTION" is overlaid in white, uppercase letters on a semi-transparent dark grey rectangular background in the upper left quadrant.

INTRODUCTION

Entry-level employees are vital to business success. From restaurants to retailers and from manufacturers to hospitals, Americans working in entry-level positions contribute to economic growth for companies and society. Yet while many companies focus on supporting and retaining their senior executives and managers, most accept high entry-level employee turnover as the cost of doing business.

A high-cost, high-turnover cycle does not have to be the norm. Although the U.S. retail industry lost approximately **\$9 billion dollars to voluntary entry-level turnover in 2016**,¹ and turnover is forecast to rise across industries from health care to banking,² there are exceptions to this trend. Our research identified a wide range of companies who are unlocking value by investing in the retention and advancement of their entry-level workforce. In addition to reducing recruiting and training costs, these companies are able to:

- develop a stronger talent pipeline,
- increase employee productivity and engagement,
- offer customers a superior experience, and even
- improve the culture and employment brand of their companies.

Improving the retention and advancement of entry-level employees also creates value for the communities in which employers operate. Consider the case of Tausha, a young mother working at a retirement community in Vermont. She felt forced to quit her job because her son's childcare no longer matched her work schedule. On top of that, her car broke down, and like the majority of Americans who have less than \$1,000 in their bank accounts,³ she wasn't sure how to cover the significant repair costs. Luckily for Tausha, her employer provided her access to a nonprofit resource coordinator who helped her find a new childcare solution and a discounted car repair solution. Luckily for her employer, Tausha was back at work just a few days later and there was no need for her employer to invest in recruiting, onboarding, or training for her replacement. As a beloved staff member of the retirement community, the full cost of replacing Tausha would have been substantial.

Unfortunately, Tausha's story is not the norm. There are over 5.5 million young adults in America⁴ who have become disconnected from work and school. If young people in the United States don't find steady employment before age 25, they will earn 44 percent less over their lifetime than their peers,⁵ impacting their well-being, their families, and their communities. It also impacts businesses—at a minimum, the cost of turnover is approximately 20 percent of an entry-level employee's annual salary.⁶ When lost productivity is taken into account, it is often much greater.⁷

When companies invest in the retention and advancement of their entry-level employees, they can improve business outcomes and ultimately contribute to a more economically vibrant and equitable society. In this report, we outline a range of practical strategies to improve entry-level retention that have worked for employers large and small. While each company has a slightly different strategy designed to meet their business needs, they are all unlocking the value of their entry-level workforce.

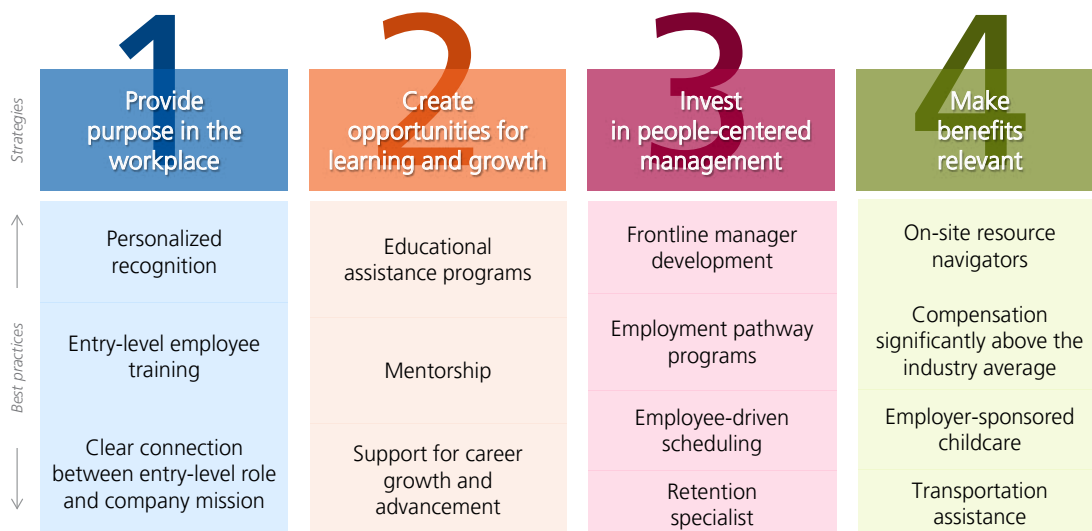
A young woman with blonde hair tied back, wearing a blue work shirt over a maroon top, is smiling warmly at the camera. She is leaning on a metal railing in what appears to be a factory or industrial setting, with shelves of parts visible in the background. The text 'EXECUTIVE SUMMARY' is overlaid on the left side of the image.

EXECUTIVE SUMMARY

Even in today's competitive economic environment, there is much that companies can do to reduce entry-level turnover costs, increase employee engagement and retention, and create a talent pipeline for the future. Many companies pursue basic strategies to address turnover and promote advancement, such as offering competitive benefits and developing internal career paths. But our research found pioneering companies that are going beyond the basics and addressing turnover in remarkable ways.

In examining the practices of these leading companies, we identified four strategies, outlined below, that markedly improve entry-level retention and advancement. This report is designed to share those strategies and practical suggestions for implementation with corporate leaders across the United States who are seeking to engage, retain, and advance their entry-level workforce.

FIGURE 1. STRATEGIES FOR RETENTION



Our research indicates that successful companies with excellent entry-level retention typically focus on implementing a few select practices across all four of these strategies. While the mix of practices chosen by each company will vary, successful companies share a common approach to implementation. They recognize the vital role that managers play in the execution of any strategy, and work to train, engage, and empower their frontline managers. They start small, often with a pilot, and scale efforts once they have measured progress and fine-tuned their approach. Finally, they make decisions guided by the philosophy that supporting entry-level workers is an essential investment in strengthening their companies.



ABOUT THIS REPORT

This report is organized into four main sections, one for each of the retention strategies identified in Figure 1. Under each strategy, we describe specific practices for employers to consider, illustrated through practical examples, and include resources for implementation. We recommend employers not seek to implement every practice, but rather choose a combination of practices that fit their business model and culture, using a three-step process to apply our learnings to their work. See Figure 2 (next page) for a detailed overview of the process.

Methodology

FSG has worked with corporate leaders across a wide array of companies through our consulting work, our **Impact Hiring Project**, the **Shared Value Initiative**, and our support for the **100,000 Opportunities Initiative** (the largest employer-led effort to hire opportunity youth^a in the U.S.). Several of the employers we have worked with are suffering from high entry-level turnover, and

^a We define opportunity youth as young adults between the ages of 16 and 24 who have become disconnected from school and work, often due to challenging life circumstances. Please see a full definition of opportunity youth in Appendix A.

FIGURE 2. THREE STEPS TOWARDS IMPROVING ENTRY-LEVEL RETENTION

step

1

FIND YOUR STARTING POINT



Identify what you're already doing

Compare your HR practices and practices to those in Fig. 1, evaluating:

- What strategies and practices are we doing well?
- What are we doing that needs refinement?
- What are we not doing?



Look for strategic gaps

Identify those strategies (if any) where your company is not implementing any practices, or may want to fine-tune implementation.

Within those strategies, identify potential practices that your company may want to consider given your business and culture.

step

2

CUSTOMIZE YOUR APPROACH

Partner with operations

Ask for early input on the practices that your core business partners find compelling. This will provide insight into their real needs and encourage cross-department collaboration.

Seek manager and employee input

Invite both entry-level employees and frontline managers to weigh in on what practices they believe would most influence retention and how those practices would be most effectively implemented.

Build the business case

Once you have selected a few priority practices, estimate the cost of implementation and the potential cost savings from improved retention (estimate the cost to recruit, hire, and train new employees before they reach full productivity). Compare the financial performance of low- and high-retention teams or stores across your business.



step

3

TEST DRIVE YOUR STRATEGY

Prototype

Consider testing select practices in a small area first. You may have more leeway to try new practices in groups or stores with significant retention challenges.

Measure

Measure retention at various points across implementation (e.g., at 30, 60, and 90 days from hire). You may also consider tracking productivity and customer satisfaction for the same group.

Adjust

Small tweaks to implementation can make a big difference —test and refine your approach before scaling!




we have heard from multiple Human Resources (HR) and Corporate Social Responsibility (CSR) leaders who are deeply concerned about the cost turnover poses for both business and society. There is a clear opportunity to identify and share proven practices across the business sector that can lead to improved retention and advancement for entry-level talent.

To create this report, FSG researched evidence-based strategies for reducing and improving entry-level retention, particularly for opportunity youth and other vulnerable entry-level workers. These strategies were informed by the experiences of companies like Costco, CVS Health, Gap Inc., Wegmans, and others. We built on insights from corporate leaders, workforce development experts, nonprofits, and funders. We also drew from FSG’s consulting experience, performed an extensive literature review, interviewed leading HR experts, and held focus groups with more than 50 youth in entry-level jobs. Finally, we benefited from the input of expert reviewers from Fortune 500 companies, major foundations, and leading nonprofits.

Through our research, we sought to understand the data available to support each best practice identified. We then categorized best practices by the quality of data available. While all practices were shown to impact retention when thoughtfully implemented, the quality of data and examples varied widely by practice. We thus developed the evidence level rating scale depicted below as a proxy for how robust the data are in support of each practice. It is worth noting that the evidence level may understate the effectiveness of the practice, as there could be highly effective practices for which we found only limited data.

RATING	LEVEL OF EVIDENCE
6	Retention data from multiple companies that have been verified by a 3 rd party
5	Retention data from a single company that have been verified by a 3 rd party
4	Retention data from multiple companies
3	Retention data from a single company
2	Report on best practices from a trusted 3 rd party
1	Anecdotal stories from multiple companies





STRATEGY 1: PROVIDE PURPOSE IN THE WORKPLACE

When designed well, entry-level jobs offer employees opportunities for meaningful work, belonging, and self-actualization. Yet, too often, these positions can look and feel like dead-end jobs.⁸ Creating a work environment and job structure that provides employees with purpose, even as they conduct the most routine tasks, is critical to retention.

In our interviews with entry-level employees, they told us they felt most supported in their work when their managers were clear about the role they played, gave them the training and tools they needed to do their jobs well, and celebrated their accomplishments. The results of this approach go beyond retention, as research clearly indicates that the satisfaction of entry-level service employees impacts the customer experience.⁹ We identified three specific best practices for providing purpose in the workplace, each with evidence of direct impact on retention: (1) personalized recognition, (2) entry-level employee training, and (3) a clear connection between the entry-level role and the company mission.

EMPLOYEE SPOTLIGHT: LEE

Expeditors

When Lee^a graduated from high school, she needed to find a job. Like many of her friends, she didn't apply to college. It was too expensive and she didn't know what she wanted to study. Six months after graduation, with no job prospects and no clear direction, Lee felt like she was drifting.

When she wasn't looking for a job, Lee spent some of her time with YouthForce, a Seattle, Washington based nonprofit. One of the staff members there encouraged her to apply to the Opportunity Knocks program at a global logistics company called Expeditors. She had never heard of the company or the program, but not knowing what else to do, she decided to apply. To her delight, she was offered a six-month paid internship.

On her first day of work, Lee felt lost—literally and figuratively. Not only did she struggle to find the building among a sea of corporate offices in downtown Seattle, she was the youngest person in her department. To her surprise, everyone was kind and supportive. They wanted to help her figure out how to do her new job. Lee's manager made a point of having regular 1:1 meetings with her to help her understand her new role, and the importance of her role to the entire company. She was taught that as part of the training department, she played a critical role in helping employees across Expeditors gain the skills they needed to do their jobs well.

“When I started the Opportunity Knocks program, I wasn't thinking this was going to be my career. I just wanted to see—is this something I might like? But I found my career, and with this career, I'm able to live a better life.” – Lee

Lee credits her colleagues for helping her navigate the new experience of working in an office environment and for showing her that she could move from an internship to a full-time job. But she says the most important things they helped her discover was that she loved learning and that she was good at helping others learn.

Seven years later, Lee still works at Expeditors. When asked why she has stayed, she explains, “I like helping people figure things out. If they have issues, I tend to want to help them trouble shoot—and that is what my department does.” Lee is now administering the system that supports learning for all employees across the organization. If you ask Lee, she'll tell you that she didn't just find a job. She found purpose in helping others learn, just as her colleagues helped her.

^a Lee's name has been changed to protect her privacy

PRACTICE 1:

PERSONALIZED RECOGNITION

Level of evidence: 6

Retention data from multiple companies that have been verified by a 3rd party

Recognition improves the way people feel about their work, regardless of what they do. To meaningfully recognize entry-level employees, employers need to provide frontline managers, executives, and peers with a range of tools. The most effective recognition tools are often simple and easy to implement: saying thank you, giving managers the leeway to hold celebratory events for employees when goals are reached, and privately and publicly recognizing the efforts and accomplishments of individual employees (through awards, gift cards, additional paid time off, etc.).

Resources for Further Learning

One Small Company Finds a Solution to Employee Burnout, Noel King, NPR

The Business Impact of Employee Recognition, Society for Human Resource Management

Rewards and Recognition, Bersin by Deloitte

The State of Employee Recognition in 2012, Stacia Garr, Bersin by Deloitte

Celebrate Careers: 6 Best Practices for Recognizing Employee's Career Achievements, OC Tanner

Practice in Action

SOUTHWEST AIRLINES

Southwest Airlines has been consistently recognized for low employee turnover (between 2 and 5 percent) and has historically outperformed competitors on revenue, customer satisfaction, and employee engagement.¹⁰ Their Senior Vice President for Culture and Communi-

cations attributes part of their success to a number of innovative employee recognition programs. In particular, Southwest celebrates employees who receive recognition from customers. This is done across multiple settings and venues, such as company newsletters, videos featuring the accomplishments of the employee, and company dinners in their honor.¹¹

Southwest employees have a **2-5%** turnover rate

SPOTHERO

SpotHero is a startup that operates what it calls the “number one parking app in the United States”. It employs several entry-level call center employees to address customer questions and complaints. The call center team at SpotHero currently has almost no turnover, which is unusual in an industry that has an average of 35 to 45 percent turnover. The manager of the SpotHero call center partially attributes their success to employee recognition. As she commented in an interview with NPR News, “the work [call center employees] do is just so, so important.” With the support of her executive team, she put this belief into practice by:

- introducing hero appreciation day for employees (complete with hero capes);
- creating a physical space for employees to de-stress after challenging calls;
- hosting social events to celebrate employee accomplishments; and
- working with the entire company to publicly recognize the work done by the call center employees.

Her efforts have paid off. Colleagues refer to call center employees as company heroes. In the words of one of the SpotHero call center employees, “I have not had a single day where I woke up and was like—I can’t go into the office today.”¹²

Employee recognition has led to a **near 0%** turnover rate

BERSIN RESEARCH

Bersin by Deloitte recently surveyed over 830 HR professionals, employees, and managers to identify effective incentive and recognition programs. They found that

companies with highly effective recognition programs—like those of SpotHero or Southwest—have 31 percent lower voluntary turnover than organizations with ineffective or no recognition programs.¹³

Recognition programs can result in **31%** lower voluntary turnover

PRACTICE 2:

ENTRY-LEVEL EMPLOYEE TRAINING

Level of evidence: 4

Retention data from multiple companies

When companies create comprehensive entry-level employee training programs, and make those programs a central pillar of their corporate culture and business model, they see entry-level retention that exceeds industry averages. Employees view the most effective programs as personally valuable beyond their current job and even beyond their current employer. Best-in-class trainings benefit from significant input from entry-level employees and frontline managers to ensure relevance to job duties and to appeal to trainees.

Resources for Further Learning

The Container Store's CEO on Finding and Keeping Frontline Talent, Kip Tindell, *Harvard Business Review*

Grow Faster Together, or Grow Slowly Apart, David Ellwood, the Aspen Institute

Practice in Action

THE CONTAINER STORE

All first-time, first-year staff at The Container Store receives 263 hours of formal training, significantly higher than the industry average of eight hours. In combination with other benefits and higher salaries, this leads to a 10 percent overall turnover rate for Container Store employees,¹⁴ significantly lower than the retail industry average annual turnover of 56 percent.¹⁵

Robust formal training contributes to a

10%

overall turnover rate

CHCA

A senior service organization in the Bronx called Cooperative Home Care Associates (CHCA) has seen improved retention by providing their health aides with two additional weeks of tailored training. This additional training, combined with CHCA's robust benefits, has resulted in a turnover rate of 20 percent, much lower than the industry average of 60 percent.¹⁶

Tailored training has resulted in a turnover rate

40% less

than industry average

PRACTICE 3:

CLEAR CONNECTIONS BETWEEN ENTRY-LEVEL ROLES AND THE COMPANY MISSION

Level of evidence: 4

Retention data from multiple companies

By explicitly connecting entry-level roles to the broader corporate mission, employers can help their employees find a sense of purpose and belonging in their workplace. This usually requires direct and repeated communication through a variety of methods, such as one-on-one meetings between managers and entry-level employees. Team meetings can also be effective forums in which to convey the importance of everyone's role in relationship to the business model of the company.

Resources for Further Learning

Why One Company Is Giving Youth a Leg Up in the World of Work, Scott Bowen, *Forbes*

Becoming Irresistible: A New Model for Employee Engagement, Josh Bersin, Deloitte University Press

Practice in Action

GAP INC.

Interns in Gap Inc.'s program, **This Way Ahead**, attend training at a variety of partner nonprofits, such as **The Door** in NYC, and then participate in a 10-week paid internship program in a Gap, Old Navy, or Banana Republic store. During the internship, participants are required to have four one-on-one coaching sessions with their managers. In these meetings, the manager coaches the intern on a variety of topics, including how stores are assessed across the company, as well as how an entry-level employee on the floor of the retail store can help drive sales, reduce costs, and improve other elements of store performance. Gail Gershon, executive director of Community Leadership at Gap Inc., cites these coaching sessions as an important component of the internship program. Along with other internship program elements, it leads to retention rates for This Way Ahead graduates that are double that of other Gap Inc. hires in similar positions.¹⁷

Retention rates for program participants are

double

that of other hires

BERSIN RESEARCH

Bersin by Deloitte research across their member companies indicated that companies that clearly communicate a strong sense of purpose have 40 percent higher levels of retention than those who don't communicate a strong sense of mission or purpose.¹⁸

A strong connection to purpose results in

40%

higher retention



STRATEGY 2: CREATE OPPORTUNITIES FOR LEARNING AND GROWTH

Conventional wisdom tells us that in today's economy, most employees—particularly millennials—don't expect to spend their entire professional lives at a single workplace.¹⁹ While that may be true, research definitively shows that employees are more loyal and more productive when their employer offers them opportunities for growth.²⁰ Growth opportunities will undoubtedly look different from company to company. The ones we found to have the most impact on retention are (1) educational assistance programs, (2) mentorships, and (3) support for career advancement.

EMPLOYEE SPOTLIGHT: STEPHANIE ROCHA

Walmart

When Stephanie Rocha graduated from high school, she was excited to go to college. She knew she would have to work a full-time job while she studied, but felt optimistic that she could balance life's demands. Unfortunately, her first job at a financial services company was much less flexible than she anticipated. The work schedule made it impossible for her to attend all of her classes. Discouraged, she quit the credit union after just a few weeks and found a job at Sam's Club as a cashier. She hoped it would be a good short-term solution until she could finish college and start her career.

Stephanie was surprised by how welcoming and kind everyone was on her first day at work. Not only did her managers work around her class schedule, they encouraged her to learn new skills and offered her opportunities for cross-training. When they found out she was studying business, they were eager to help her learn how Sam's Club's and Walmart's business model worked.

Stephanie's relationships with her managers changed the way she thought about her job. When they described a few different career paths that she could follow and talked about immediate opportunities for career progression, staying with Sam's Club and Walmart started to seem like a real possibility. After six months, Stephanie was promoted and given a raise. Not only did she feel valued and appreciated, she felt engaged and challenged by her work.

Five years later, Stephanie has been promoted multiple times. She is now an assistant store manager at a Walmart Neighborhood Market, and she also has her bachelor's degree in Business Adminis-



tration with a focus in Human Resources and a minor in Spanish. Stephanie believes that her managers were a significant part of her success in both work and school. Even when she had only been working at Sam's Club for a few weeks, they took the time to learn about her skills and passions and suggested roles in the company she might want to think about in the future. As she grew, they continued to provide her with cross-training opportunities, and Stephanie was able to explore what she really wanted to do with her degree. From her first managers (Brad and Daniel) to her current manager, Stephanie says they are all still invested in her success.

"My managers worked with me to build my capabilities because they said that I had great potential, and that has made an impact on my life and career. They took a chance on me. They didn't have to, but they saw my potential and what I could be."

PRACTICE 4:

EDUCATIONAL ASSISTANCE PROGRAMS

Level of evidence: 6

Retention data from multiple companies that have been verified by a 3rd party

Education is critical for entry-level employees to build skills and move up the wage and career ladder. However, many entry-level employees don't have the resources for, knowledge of, or access to the necessary education required to move forward. Offering employees the ability to advance their education while earning an income can help employers fill talent shortages while helping entry-level workers grow in their careers. Furthermore, when employers provide opportunities for employees to access pre-paid, free, or reduced price continuing education courses, they often see a substantial payoff in terms of retention and employee engagement.

The types of courses subsidized by the employer do not need to be directly applicable to the workplace, though courses that represent potential career advancement within a company (e.g., a **retail management certificate** offered at a local community college) may be particularly compelling to employees. We suggest employers considering offering an educational assistance program take the following steps:

- Ask entry-level employees which education resources would be most helpful for them (the opportunity to enroll in online college courses free of charge may be more or less compelling than access to industry-specific certificate programs, depending on the employee population).
- Estimate the cost required to design and market a robust program to existing employees.
- Develop a clear plan to facilitate participation, including providing scheduling flexibility, clearly linking the attainment of relevant credentials to career advancement, and celebrating success.
- Most importantly, put processes in place so employees receive support and encouragement from their managers to help them accomplish their educational goals (for more on managers, see Strategy 3).

Resources for Further Learning

Why You Should Be Investing in Your Employee's Education, Jamie Fall, UpSkill America

Developing America's Frontline Workers, i4CP

Talent Investments Pay Off, The Lumina Foundation

The New Role of Business in Global Education, FSG

Practice in *Action*

CIGNA

The Lumina Foundation and Accenture studied the return on investment of Cigna's Education Reimbursement Program (ERP) from 2012–2014. During this time period, 2,200 Cigna employees participated in the ERP, representing a 5.8 percent utilization rate. The ERP reimbursed up to \$8,000 for graduate courses and \$5,250

for undergraduate courses or certificates annually. The study found that employees who participated in the ERP were 8 percent more likely to be retained, 10 percent more likely to be promoted, and 7.5 percent more likely to receive an internal transfer than employees who did not participate in the ERP. Due to cost savings from reduced turnover and recruitment, the ERP produced a return on investment of 129 percent for Cigna.²¹

Reimbursement program produced a

129% return on investment

VERIZON WIRELESS

Nearly 80 percent of the Verizon Wireless workforce is entry-level. To improve engagement, productivity, and retention, Verizon offers all employees access to a comprehensive tuition assistance program. Through the Learning Link program, full- and part-time employees receive 100 percent pre-paid tuition, text books, and fees for any courses related to their current position or other positions within the company. Roughly 20

percent of its workforce participated in Learning Link. Verizon also emphasizes the importance of finding a long-term career, starting on day one with a career pathways discussion called Launch Your Success Story. After instituting both of these programs, Verizon saw its turnover rate drop by 50 percent. Of the employees that participated in the Learning Link program, 96 percent said they wanted to stay with Verizon for at least two years after they earned their degrees.²²

Tuition program caused a

50% decrease in turnover

STARBUCKS

In June 2014, Starbucks and Arizona State University (ASU) partnered to create the Starbucks College Achievement Plan. In its current form, this program offers 100 percent tuition coverage for any of ASU's online bachelor's degree programs to any Starbucks employee in the U.S. who does not have a college degree and is working at least 20 hours a week. As of March 2017, there were over 6,800 Starbucks employ-

ees participating in the program—primarily baristas in entry-level roles. More than 400 Starbucks employees have already attained a college degree through the program,²³ with close to 1,000 slated to graduate by end of 2017. While there is no requirement to stay with Starbucks after graduation, early results indicate that employees enrolled in the College Achievement Plan have twice the retention and four times the promotion rates compared to U.S. baristas not participating in the education program.²⁴

Program participants have

2x retention rates

PRACTICE 5: MENTORSHIP

Level of evidence: 3

Retention data from a single company

Over the past several decades, researchers have clearly demonstrated that mentorship is an important component of career advancement and personal growth in the workplace.²⁵ Therefore, it is not surprising that mentorship can positively influence retention.²⁶ What may be surprising is the relative importance of mentorship for young people who are not familiar with the unwritten rules of the workplace.

In our interviews with both HR leaders and entry-level employees, we heard repeatedly how critical mentors were for the success of young people in the workplace. We found that while effective mentorship programs take a variety of forms, they typically include a clear structure for initiating the mentor relationship when employees begin work, ensure mentorship is a key component of both the mentor's and mentee's jobs, and regularly evaluate the impact of their programs. Best practice programs also assign a mentor from outside of the employee's direct chain of supervision.

Resources for Further Learning

Workplace Mentoring Primer, Employee Assistance Resource Network

Workplace Loyalties Change, but the Value of Mentoring Doesn't, The Wharton School

How to Establish an Employee Mentoring Program, HR Specialist

Mentoring, Workforce Innovation Networks

Practice in *Action*

SUN MICROSYSTEMS

While not exclusively focused on entry-level employees, a comprehensive mentorship program at Sun Microsystems demonstrated the strong business case for mentorship. A seven-year study of the program concluded that both mentors and mentees had higher retention rates than the general employee population. Furthermore, those receiving mentorship were promoted five times faster than those not receiving mentorship.^{27,28}

Mentees saw a

5x

promotion rate

FIRM SURVEY

In 2002, a third-party survey of approximately 500 firms indicated that 65 percent of firms with mentorship programs have higher job retention, 53 percent see reduced absenteeism, and 45 percent reported monetary savings as a result of their mentorship program.²⁹

As a result of mentorship,

45%

reported monetary savings

PRACTICE 6:

SUPPORT FOR CAREER ADVANCEMENT

Level of evidence: 4

Retention data from multiple companies

Employers can support the career aspirations of their entry-level employees by creating clear career paths, offering career coaching, offering cross-training opportunities, and encouraging open conversations about employees' next steps in their career paths. These practices help employees feel more engaged and improve retention. Businesses not only benefit from improved retention when they invest in employee career development, they also strengthen their talent pipeline.

Resources for Further Learning

As Economy Recovers, Career Paths Aid Retention, Steven Miller

A Guide to Upskilling America's Frontline Workers, Deloitte and the Aspen Institute

Improving Retention and Mobility with Career Maps, Nicole Brahms

Practice in *Action*

URBAN HEALTH PLAN

Urban Health Plan (UHP), a healthcare provider in Pennsylvania, hired a career coach to help new hires resolve performance challenges at work, connect with needed social services, and develop their own career paths. In addition, UHP provided training opportunities, tuition assistance, and robust employee benefits to its frontline employees. In 2014, UHP's retention rate was 86 percent and its turnover rate was 11 percent, significantly lower than the industry average of 20 percent.³⁰

A career coach resulted in

9% less

turnover than industry average

LIFEBRIDGE HEALTH

LifeBridge Health, a healthcare provider in Baltimore, Maryland, provides career coaching in conjunction with its training program, tuition reimbursement, and flexible scheduling offerings. Its retention rate for certified nursing assistants is approximately 82 percent, while the median industry retention rate is 68 percent.³¹

Career coaching keeps
Lifebridge's retention rate

14% higher

than the industry standard

CHIPOTLE

Chipotle begins talking about opportunities for career advancement with entry-level staff before they are even hired. The career paths that employees can follow are laid out on **Chipotle's website** and include the new benefits employees can expect at each level, as well as inspiring videos of employees who have successfully advanced at the company from entry-level positions. Ninety percent of Chipotle's store managers are promoted from entry-level positions.³²

Of Chipotle's store managers,

90%

were promoted from entry-level

A woman wearing a green baseball cap, a green long-sleeved shirt, and a green and white striped apron stands behind a meat counter in a grocery store. She has her arms crossed and is smiling. The counter has a scale and various meats are visible. The background shows shelves with more meat products.

STRATEGY 3: INVEST IN PEOPLE-CENTERED MANAGEMENT

When we spoke with companies that had higher entry-level retention rates than their peers, we typically found that prioritized investing in internal capabilities allowed them to better manage their entry-level employees. These investments in internal capabilities included: (1) training and development for frontline managers, (2) creation of employment pathway programs, (3) innovative scheduling systems that allow entry-level employees greater autonomy and predictability, and (4) dedicating resources to specifically focus on retention in target areas.

EMPLOYEE SPOTLIGHT: TEYA RICHARDS

Wegmans Food Markets

When Teya Richards was in eighth grade, her mother suggested she sign up for the Wegmans-Hillside Work-Scholarship Connection program. At the time, Teya's high school had a 56 percent graduation rate, and her mother was determined to see her daughter graduate. She knew the mentorship and experience Teya would receive through Work-Scholarship Connection could help Teya succeed in school.

Teya joined the program, and in tenth grade she got her first job bagging groceries at Wegmans Food Markets. She recalls feeling overwhelmed, explaining, "The guy on the register was throwing groceries down at me, and at first I couldn't keep up!" But, store managers mentored her and encouraged her, and in a few months, she was running the register with poise and efficiency. They also helped her to succeed in school, and in 2007, she graduated high school and moved to Florida to pursue a degree in finance.

When the recession hit in 2008, Teya struggled to find employment in Florida and to pay for housing and tuition. She was forced to move back home to Rochester, New York. While she never imagined her career would be in the grocery industry, she knew Wegmans cared about her and she needed to pay the bills.

When she asked Wegmans about full-time employment, they suggested she join a leadership program, so she did. In the years following her return to Wegmans, she has grown from an entry-level cashier to the manager of the Bakery Department, a multi-million dollar department with over 50 employees.



Wegmans also supported Teya's return to school. Even when she worked 32 hours a week, had 19 credit hours, and was caring for her newborn daughter, her managers offered her the flexibility and support to earn a bachelor's degree in business administration and a master's in human resource management. Her long-term goal is to become a human resources leader at Wegmans.

Teya directly attributes her professional and personal success to the growth opportunities and mentorship she received at Wegmans through the Work-Scholarship Connection program and full-time employment. Her experience is not unique—Duane Hutt, Teya's human resource manager, explained Wegmans' approach, saying, "We sell groceries, but we are in the people business." Through Wegmans' commitment to people-centered management, it creates opportunities for hundreds of young people like Teya to find not only a job, but a career.

PRACTICE 7:

FRONTLINE MANAGER DEVELOPMENT

Level of evidence: 3

Retention data from a single company

Employers, employees, and industry experts all say that frontline managers play a critical role in employee retention. We also found that without the engagement of frontline managers, implementation of any new retention strategy is challenging. There is relatively little data indicating precisely which aspects of frontline manager performance have the greatest impact on retention; however, we identified the following key steps necessary to engage frontline managers and improve retention:

- Have clearly defined manager metrics that connect back to people development, and celebrate and reward people development as well as business performance.
- Limit or streamline administrative work so that managers can focus more time and energy on people development.
- Invest in the leadership capacity of managers (training managers in people development, etc.).
- Provide managers with the tools, autonomy, and flexibility to respond to the needs of their team and offer their star performers opportunities for growth.

Resources for Further Learning

Unlocking the Potential of Frontline Managers, Aaron De Smet, Monica McGurk, and Marc Vinson, McKinsey & Co.

Frontline Managers: Are They Given the Leadership Tools to Succeed? *Harvard Business Review*

Frontline Managers Matter: Labour Flexibility Practices and Sustained Employment in US Retail Jobs, Susan Lambert and Julia Henly, Chapter 9 of *Are Bad Jobs Inevitable?*, edited by Chris Warhurst

Practice in *Action*

CORPORATE EXEC BOARD

According to the Corporate Executive Board (CEB), an effective manager has the potential to improve employee retention by 40 percent—yet nearly 60 percent of frontline managers underperform during their first two years, driving performance gaps and turnover.³³

An effective manager can see

40%

improved retention

MCKINSEY RESEARCH

McKinsey and Company conducted extensive research on how companies can enable frontline managers to be more effective. They found that the quality of supervision and the relationship between supervisors and their teams are the most important drivers of performance in the service industry, yet the majority of managers in the service industry are not given the time or tools to offer quality supervision or invest in meaningful relationships with their teams.

Supervision factors are the

most vital

drivers of performance

FOOD SERVICE EMPLOYER

A national food service employer found that when a store manager had tenure of over one year, the retention rate of that manager's team was three times higher than teams at stores run by managers with shorter tenures. When working with the managers directly, the HR team realized that tenure correlated with the opportunity for that manager to go through a comprehensive training on managerial skills, which in turn helped that manager better support the people who worked at his or her store.³⁴

Store managers with a tenure of over one year had a

3x higher

team retention rate

PRACTICE 8: EMPLOYMENT PATHWAY PROGRAMS

Level of evidence: 6

Retention data from multiple companies that have been verified by a 3rd party

Veterans, opportunity youth,^b refugees, Americans with disabilities, and the long-term unemployed all share a common struggle: their contributions to the workforce are often undervalued. This is often due to workforce barriers to entry, ranging from hiring bias to a lack of internet access to search for job opportunities. Our research shows that when employers understand the business advantage of hiring and developing individuals whose talents may be underestimated, they benefit from a more loyal, productive, and diverse workforce.

Many employers are tapping into this talent pool through partnerships with nonprofits, workforce development boards, and educational institutions that provide employment pathway programs to help train and place employees in jobs. Those partnerships often extend beyond the hire, supporting employees to navigate the workplace and access critical resources to job success, such as transportation and childcare. We've highlighted a few examples of companies with successful employment pathway programs below, but there are many other successful programs at companies from Gap Inc. to CVS Health. We provide more information on the approach companies take to developing these programs and how they select their partners in "Resources for Further Learning," below.

Resources for Further Learning

Grads of Life, a nonprofit campaign focused on changing employer perceptions of opportunity youth talent, has extensively documented examples of successful programs created by employers such as AT&T, CVS Health, Expeditors, Stateside, Prudential, JP Morgan Chase, and others. Grads of Life also offers a **directory of potential partners** for companies interested in hiring and retaining opportunity youth and provides resources and coaching for companies seeking to connect with nonprofit partners.

^b We define opportunity youth as young adults between the age of 16 and 24 who have become disconnected from school and work, often due to challenging life circumstances. Please see a full definition of opportunity youth in Appendix A.

Practice in *Action*

UPS

UPS, the world's largest package delivery, transportation, and logistics company, was struggling with more than 70 percent turnover in its Next Day Air Hub operation in Louisville. It was considering moving to another location to find the workforce it needed, but city, county, and state officials worked with UPS to create a different solution. Together, they created the Metropolitan College (MC) partnership, a pathway program offering education and employment to eligible community members.

MC identifies individuals who face barriers to education and employment, such as those with disabilities and opportunity youth, and works with community partners and UPS to offer individuals the support they need to succeed. That support includes career coaching, 100 percent paid tuition for any degree at local participating colleges, and a job at UPS. Through this program, UPS has seen its overall turnover drop from 70 percent to less than 20 percent, and program participants have a retention rate of 89 percent.³⁵ Since 1998, more than 13,000 employees have participated in the program.³⁶

Pathway program resulted in a **89%** retention rate

WEGMANS

Wegmans Food Markets, a Northeast grocery store chain, created the Wegmans Work-Scholarship Connection Program in 1987, which became the Hillside Work-Scholarship Connection (HW-SC) in 1996 when it spun off as an independent nonprofit. HW-SC provides wraparound supports and mentorship to at-risk youth, while Wegmans provides a part-time job that gives

youth the tools to help them succeed in their first job and in their chosen career. A third-party study of early program results found that employee retention was 15 percent higher than other similar employees who did not go through HW-SC.³⁷ Wegmans credits Hillside Work-Scholarship Connection with helping to reduce its annual turnover of employees under 18 from close to 100 percent to 30 percent³⁸ and with creating a talent pipeline for Wegmans' management and leadership positions.

Work-Scholarship program caused a **70%** drop in teen turnover

PRACTICE 9:

EMPLOYEE-DRIVEN SCHEDULING

Level of evidence: 5

Retention data from a single company that have been verified by a 3rd party

When employers allow entry-level employees increased autonomy over setting the shifts that they work, retention rates increase. How employers implement scheduling programs varies, but successful designs include providing employees the opportunity to select a fixed or flexible schedule, allowing employees to use technology to pick up additional shifts, and allowing employees to swap shifts. Furthermore, research shows that employers can do this in a way that works for their bottom line and meets customer needs without increasing costs.

Resources for Further Learning

How to Manage Scheduling Software Fairly, *Harvard Business Review*

How to Make the Shift to Collaborative Scheduling, ADP

Why Employees Need Workplace Flexibility, Sloan Center on Aging & Work at Boston College

The Retail Staffing Model Gets a Makeover: Digital and Dynamic, Accenture

Practice in *Action*

WOMEN'S APPAREL

Researchers conducted a study of a national women's apparel retailer located in the Midwest and Eastern United States with an average store size of 10 employees. The researchers hoped to identify which frontline manager practices most affected retention. The data showed that stores where frontline managers took employee scheduling preferences into account had a 23 percent lower turnover and 7 percent higher retention than stores where frontline managers did not.³⁹

Stores that scheduled by
employee preference saw

23%

lower turnover

PRACTICE 10:

RETENTION SPECIALISTS

Level of evidence: 3

Retention data from a single company

One best practice that improves retention seems deceptively simple, yet few companies employ it: appointing a person with sufficient authority (a retention specialist) to be accountable for measuring and improving retention over a set period of time. This individual could work across the organization, or could be focused on high-turnover areas or stores. In either scenario, she or he would have the responsibility to measure retention, develop strategies to improve retention, get buy-in at all levels for those strategies, and implement them. This could be a temporary or permanent position—the important components are accountability and the authority to make needed changes in concert with other HR and operations leaders.

Resources for Further Learning

Connecting the Dots: A Case Study of Transforming Care and the Frontline Workforce of UnityPoint Health-Des Moines, Randall Wilson, CareerSTAT

Practice in *Action*

UNITYPOINT HEALTH

UnityPoint Health-Des Moines, a health provider in Iowa, recognized that high turnover in entry-level, non-licensed positions was costing millions of dollars in orientation, training, and performance losses annually. In addition to a number of other practices, including an educational assistance program and a career pathway, UnityPoint created a retention specialist role. The retention specialist is responsible for providing career coaching, removing barriers to job retention, and increasing access to skill and career development through case management and referral to community resources. The specialist focuses specifically on departments where turnover exceeds 20 percent, as compared to the company-wide 14 percent retention rate. Turnover in departments served by the retention specialist fell from 20.8 percent to 19.5 percent, a savings of \$97,500 for the healthcare provider.⁴⁰

A retention specialist saved
UnityPoint

\$97,500

A photograph of a woman wearing a blue baseball cap and a blue apron over a blue shirt. She is smiling and looking towards the camera. She is wearing blue and white checkered gloves and is holding a bouquet of colorful flowers, including purple and yellow ones. The background is blurred, showing other people in similar attire working in a field or garden.

STRATEGY 4: MAKE EMPLOYEE BENEFITS RELEVANT

Several HR leaders we spoke to lamented the fact that employees underutilize company benefits, considering that these benefits were put in place not only to support employees but to improve retention, engagement, and productivity. At the same time, large numbers of the entry-level employees we interviewed, particularly millennials, were unaware of company benefits or didn't feel that existing benefits addressed their needs. To begin to address this gap, companies can communicate more clearly and frequently about total compensation to their entry-level employees. For example, Chipotle breaks down pay and benefits for employees through a "What's in Your Burrito?" discussion that occurs when new employees start at the company and when employees are promoted and receive new benefits.

We also recommend that companies evaluate the relevancy and accessibility of their benefits from the perspective of an entry-level employee. Companies that seek input from these employees on benefits may find that barriers to retention are not skills or desire to work, but are instead factors such as transportation, childcare, and housing. While these issues may seem challenging to address, there are tangible actions employers can take to help their entry-level employees address life challenges so they can stay at and succeed in their jobs.

We discovered four proven practices below that have demonstrated both efficacy and business returns: (1) on-site resource navigators; (2) compensation above industry average; (3) employer-sponsored childcare; and (4) subsidized transportation.

EMPLOYEE SPOTLIGHT: KENDALL HILL

Chipotle

Kendall Hill has always been driven. After high school, he went to college for mathematics, worked hard, got good grades, and dreamed of becoming a teacher. His mother inspired him. She had raised Kendall and his sister while working full-time in the U.S. Army and studying for her bachelor's and master's degrees at night. If she could do it, he could too.

Yet after college, Kendall couldn't find a job in his area of study. In fact, he struggled to find any meaningful employment that would provide him with a steady income. After a year, he ended up losing his housing. As he bounced between friends' houses, trying to set his life back on track, he felt discouraged and alone. A friend recommended he apply for Chipotle's entry-level crew member position. Although it wasn't exactly what he wanted, he was running out of options.

When Kendall got the job, he was surprised both by how much he enjoyed it and by how it differed from his expectations. The people he worked with clearly cared about each other and the food they were making. Crew members were paid bonuses and received good benefits. The store managers were supportive and encouraging. It almost felt like he had joined a family.

It was also more interesting than he expected. While he had routine chopping, cutting, and cleaning tasks, he also learned about Chipotle's supply chain, the

"I am a stronger person than I was before I started at Chipotle. Five years ago, I didn't have a clear direction. I had no confidence whatsoever. I was lost. Now to be in the position that I am, to see how quickly I've gone up, to see I'm doing everything I dreamed I was going to do but just in a different way... I'm making my family proud." – Kendall Hill

reasoning behind how it prepares its food, and how his role contributed to the store's financial success.

As Kendall continued working, he began to see a future at Chipotle. From the beginning, his store manager told him that one day he could run a restaurant, that he had what it took to succeed. Seven promotions and five years later, Kendall manages three restaurants. He's going back to school this year—with a clear vision for his future—but he's not leaving Chipotle. On the contrary, Chipotle will pay for his education through the online programs they offer to any employee interested in getting a bachelor's, master's or associate's degree.

PRACTICE 11:

ON-SITE RESOURCE NAVIGATORS

Level of evidence: 4

Retention data from multiple companies

Employers that offer their employees regular access to “on-site resource navigators” typically see a significant improvement in their retention rates. In fact, investing in this benefit can have a return on investment that exceeds 200 percent.⁴¹ To offer this benefit, employers will usually partner with a nonprofit in their community that offers resource navigation. For an annual fee, which varies based on employees served, a navigator will be assigned to the company. That navigator will come on site regularly to meet with employees, and will also be available via email and phone. Navigators begin their work by advertising their services within the company and then meeting with interested employees 1:1.

After understanding life challenges the employee may be facing, the navigator works to help that employee access company benefits and community resources that are relevant to their individual needs. Navigators can help an employee resolve issues with childcare, transportation, and housing, and provide employees with information on company benefits and career ladders. They are also knowledgeable about medical, legal, and financial issues and resources. They are able to quickly resolve issues because they are experts in the corporate, community, and public services available in their area. Employee consultations with the navigator are confidential, and employers receive a summary report of benefit utilization, return on investment, and impact at regular intervals.

This service works best when the navigator is from an independent, third-party organization; employees are offered confidential consultations with the navigator; and employees can talk to the navigator during work hours if needed. We also found that employers see the greatest return on investment for this service when the navigator works regular shifts at locations with large numbers of employees (for example, more than 100 employees in a single location).

Resources for Further Learning

These nonprofit providers all offer on-site resource navigation to employers and clearly documented the return on investment of their services:

- **The Source** (Michigan)
- **Working Bridges** (Vermont)
- **WorkLife Partnership** (Colorado)
- WorkLab Innovations (National)

Further recommended reading:

- **Recruitment and Retention of the Front-line and Hourly Wage Worker: A Business Perspective**, U.S. Chamber of Commerce
- **“Need to Know”** a PBS documentary profiling Working Bridges

Practice in *Action*

RHINO FOODS

Rhino Foods, a food manufacturer in Vermont, partners with a coalition of approximately 10 other employers and Working Bridges, a local nonprofit based at the United Way, to provide on-site weekly resource navigation to all the employees of member companies. Interested Rhino Foods employees can meet with the resource navigator during their shift for 15–20 minutes. Since it has started working with Working Bridges, Rhino Foods' turnover rate has decreased from 37 percent to below 15 percent company-wide.⁴²

Weekly resources resulted in a

22% drop

in turnover

SENIOR CARE PROVIDER

A long-term senior care provider in Denver contracted with the nonprofit organization WorkLife Partnership to provide monthly resource navigation to interested employees. Since it began offering resource navigation to employees in 2014, the senior care provider has seen turnover drop from 44 to 33 percent, an impact primarily driven by improved retention among entry-level employees, such as certified nurse assistants.⁴³

Contracting with a resource navigator resulted in an

11% drop

in turnover

PRACTICE 12:

COMPENSATION SIGNIFICANTLY ABOVE INDUSTRY AVERAGE

Level of evidence: 4

Retention data from multiple companies

Perhaps the most straightforward benefit a company can offer is above-market entry-level wages. Companies that do so are typically motivated by a corporate culture that values employees above all other assets. If managed well, this culture and practice can result in retention that dramatically exceeds industry norms. We found that employers who undertake this practice typically pay much more (e.g., over 50 percent more) than the industry average, and expect to see an equally large differential in employee engagement and retention (e.g., 50 percent above than the industry average). In addition to creating cost savings in recruiting and training, improved productivity, and better customer service, higher-than-average industry wages can increase the value of a company's employment brand and lead to higher sales and profits.⁴⁴

Resources for Further Learning

How Four Retailers became “Best Places to Work,” Zeynep Ton, *Harvard Business Review*

The High Cost of Low Wages, Wayne F. Cascio, *Harvard Business Review*

Costco CEO Craig Jelinek Leads the Cheapest, Happiest Company in the World, Brad Stone, *Bloomberg*

The Container Store's CEO on Finding and Keeping Frontline Talent, Kip Tindell, *Harvard Business Review*

Practice in **Action**

COSTCO

Costco pays its employees an average of \$21 an hour, which is 100 percent higher than the average retail wage.⁴⁵ In turn, Costco's workforce has approximately 6 percent overall turnover⁴⁶ and just 5 percent turnover after one year of employment,⁴⁷ much lower than the industry average turnover of 56 percent.⁴⁸ Costco has also enjoyed excellent financial performance over the past decade and continues to outpace all other retailers in its industry on the American Customer Satisfaction Index.⁴⁹ A recent article in the *Harvard Business Review* explains that Costco founders and leadership firmly believe that their labor costs—which make up 70 percent of their budget—are essential to their business success.⁵⁰

Costco's high pay results in turnover that is

51%

lower than average

THE CONTAINER STORE

The Container Store pays its full-time salespeople an average annual salary of \$50,000, which is 50–100 percent above retail industry norms. According to its former CEO, The Container Store's remarkably low turnover rate (just 10 percent per year) is driven by its choice to compensate above the industry average, train rigorously, and offer a wide range of highly competitive benefits.⁵¹

The store's high compensation is credited for a

10%

turnover rate

PRACTICE 13:

EMPLOYER-SPONSORED CHILDCARE

Level of evidence: 4

Retention data from multiple companies

When employees find that childcare needs are keeping them from attending work or holding onto their jobs, employers can help by offering a number of different childcare sponsorship options. These options can include on-site childcare, reimbursing employees for childcare costs, providing a childcare cost stipend, back-up childcare, or helping employees to find public childcare supports. Employers can begin by evaluating whether childcare issues are a cause of turnover for the employees they are seeking to retain. If childcare is a challenge, we suggest employers ask employees what they think the most effective childcare solutions would be before piloting or testing any programs.

Resources for Further Learning

2014 National Study of Employers: Child Care Assistance, Families and Work Institute

Employer-Sponsored Child Care, Sunshine Early Learning Academy

The Ultimate HR Challenge?, Bright Horizons

Practice in *Action*

UNION BANK

Union Bank, a 1,200-employee bank in California, found that employees who utilized the on-site childcare center had a 2.2 percent turnover rate, lower than the 9.5 percent turnover rate for employees who did not use the service.⁵²

Employees who used the childcare center had

7.3%

less turnover

CHILDREN'S HEALTHCARE

Children's Healthcare of Atlanta, a healthcare provider in Georgia, implemented a robust dependent-care benefit plan. The healthcare provider supplied subsidized, full-service, near-site childcare; back-up care options for infants; and childcare credits to its employees through Bright Horizons, a national provider of employer-sponsored childcare. Children's saw its employee retention increase from 83 percent to 89 percent after initially implementing the program, and reach 92 percent in 2011 (meeting its publicly stated goal).⁵³

Childcare options resulted in a

9%

higher retention rate

PRACTICE 14: TRANSPORTATION ASSISTANCE

Level of evidence: 3

Retention data from a single company

Our interviews with companies revealed that employee transportation is a major pain point, particularly for employees who must rely on public transit. Increasing costs of living, particularly in metro areas, mean more entry-level employees have long commutes on public transit to reach their jobs, decreasing both the reliability of their commute and the time they have to spend on other pressing life needs. Helping employees pay for and navigate transit is a best practice for employers of high-wage workers, and we encourage employers interested in improving entry-level retention to consider this practice as well.

Transportation assistance comes in many forms, such as subsidized bus passes, a dedicated bus service to an employer site, commuting stipends, and lobbying cities to change bus routes. As with childcare, employers can begin by evaluating whether transportation issues are a cause of turnover for the population of concern and understand the specifics of those transportation challenges. Prior to piloting a solution, employers may want to seek employee input on the most effective transportation subsidies or programs that would meet employee needs.

Resources for Further Learning

Transportation to Work Toolkit for the Business Community, CTAA and the Department of Labor

Practice in **Action**

CHARLOTTE AREA HOTELS

The Charlotte Area Hotel Association, an association of the largest hotels in Charlotte, North Carolina, participated in the Employment Transportation Coordinator program provided by the Charlotte Area Transit System. The program allowed association members to band together to purchase discounted transit passes for their employees. Offering the passes also better connected HR personnel to employees, as picking up a pass required an employee to visit the HR officer monthly. Overall, offering the passes has improved employee retention across the participating hotels.⁵⁴

Discounted passes

increased

employee retention

ST. LOUIS HOSPITALS

Barnes Jewish Hospital and St. Louis Children's Hospital, both in St. Louis, Missouri, offer employees a variety of transportation assistance programs, including subsidizing monthly metro passes as well as offering a regular shuttle system between the hospitals and local transit centers for patients and families. Since the transportation assistance programs were implemented in 2006, the hospitals have seen improvement in both recruiting and retention.⁵⁵

Transportation programs

improved

recruiting and retention

WEGMANS

Wegmans Food Markets works closely with Hillside Work-Scholarship Connection (HW-SC) to provide support to the high school students they employ. The program operates in five main locations across New York, Maryland, and Washington, DC. Support for student participants often includes subsidized transportation on an as-needed basis to and from the Wegmans stores every day that students are working. Meghan Wagner, director of Hillside Work-Scholarship Connection's Jobs Institute, and Duane Hutt, HR manager for Wegmans in Rochester, New York, believe transportation is an essential part of low turnover for HW-SC students. Following the implementation of the Work-Scholarship Connection program, they found that turnover of high school students dropped from close to 100 percent to 30 percent annually.⁵⁶

Subsidized transit caused

70% drop

in turnover for high school students



INTERNAL ALLIES AND EXTERNAL PARTNERS

Human resources executives reading this report may wonder: how did the companies featured in this report identify the resources and the internal support they needed for implementation?

Given the multi-faceted nature of retention, they certainly didn't approach the challenge alone. We identified five types of internal allies and external partners that can play an important role in helping HR leaders incubate, accelerate, and grow their retention efforts.

Internal Allies

CORE BUSINESS OPERATIONS

HR teams already collaborate with their core business partners on a daily basis. For example, recruiters work closely with managers to understand what skills are needed to run the business most effectively, and then seek to hire candidates with those skills. That close collaboration is also essential for the implementation of entry-level retention practices. It is particularly important for HR teams to work closely with frontline supervisors or managers in order to design and roll out improvements for retention. It is also essential for HR leaders to gain buy-in from their company's senior executives, especially those running the business operations that need to improve retention.

HR and operations executives may also want to consider ways to run the business differently, should retention significantly improve. What would be the impact on employee knowledge and abilities? How could they position their employees to be more efficient and autonomous? Zeynep Ton has an interesting perspective on the answers to these questions in her recent book, *The Good Jobs Strategy*.⁵⁷ She explains that two companies in the same industry that both invest in their workforce and have high retention rates might see markedly different financial results. The key is configuring operations to fully unlock the potential of the talent they've retained.

CORPORATE SOCIAL RESPONSIBILITY

In FSG's experience advising more than 100 multinational companies on their philanthropic initiatives, we have seen an increasing number of CSR and corporate foundation teams focus on signature initiatives with specific societal impact goals aligned with their core business. CSR and foundation teams focused on goals related to workforce development can be incredibly helpful

allies and thought partners for HR executives. For example, in our recent learning brief, *Advancing Strategy*, we shared the story of SAP North America's business-aligned philanthropic initiative, which focused on creating pathways to technology careers in cities. Participating high school students earn their diploma and a technology-related associate's degree. The initiative focuses on cities where SAP has high-priority hiring needs, in part because SAP CSR and HR have open lines of communication and understand that technology workforce development is critical for both society and their business.

We therefore encourage HR, CSR, and foundation executives to seek to understand one another's programs, and identify areas where they may have aligned goals. Gail Gershon, the Executive Director of Community Leadership at Gap Inc., has done this in remarkable ways. Her team founded Gap Inc.'s signature program, *This Way Ahead*, in 2007, to provide youth with job training, support services, and a paid internship. Their goal was and is to help young people from low-income communities find and succeed in their first jobs, and this goal is strongly aligned with Gap Inc.'s business priorities. More than 2,600 youth have participated to date. Seventy-five percent of This Way Ahead graduates have received job offers after completing their internships. Once hired, they stay twice as long as peers who did not participate in This Way Ahead. Operations leaders across participating Gap Inc. lines of business often talk about how This Way Ahead graduates are strengthening their stores' culture. This year, the company announced a long term goal: by 2025, 5 percent of all entry-level new hires will be graduates of This Way Ahead.

External Partners

NONPROFIT ORGANIZATIONS

As illustrated throughout this report, nonprofits are critical partners to employers implementing retention initiatives, especially those that require skills or capacity an employer may not have in-house. Some of the practices outlined in this report where companies are supported by strong nonprofit partners include: (1) educational assistance programs, (2) employment pathway programs, and (3) on-site resource navigators. When approaching a nonprofit partnership, we encourage employers to evaluate the match between the nonprofit and the company mission, the extent to which the nonprofit may already have programming that meets (or could be adjusted to meet) company needs, and the financial resources that the nonprofit may need to execute the partnership. We also recommend *Grads of Life* as a helpful resource for companies considering a nonprofit partnership. It offers a number of resources to help companies find and work with nonprofit partners, including a searchable directory of nonprofit partners across the United States.

EDUCATIONAL INSTITUTIONS

As we highlighted in this report, companies from Verizon Wireless to UPS have found that offering educational opportunities to their employees can substantially improve retention. In order to offer these educational opportunities, companies typically need to develop partnerships with educational institutions. In our experience, key elements of those partnerships include: (1) identifying education providers that are mission-aligned with your company, (2) ensuring that partners can offer classes in a format accessible to the majority—if not to all—of your employees, and (3) creating an agreement for how tuition costs will be covered. When companies are able to identify long-term partnerships that provide paid educational opportunities to their employees, they not only improve retention, they strengthen their internal talent pipeline for non-entry level jobs.

GOVERNMENT AGENCIES

Government institutions such as local Workforce Development Boards can be powerful partners in supporting non-traditional talent to succeed, addressing employee transportation challenges, or even providing employee training. CVS Health's Pathways to Pharmacy program is a good example of how a company can align its goals with the goals of workforce training centers, resulting in a program that benefits the company and helps public workforce organizations connect more Americans with good jobs. Through this program, CVS partnered with public workforce development agencies in high unemployment areas to source and train retail pharmacists. As a result of this program, more than 80,000 people have been able to transition off public aid and into a pharmacy career, while CVS Health has created an important—and loyal—talent pipeline. Graduates of this program have twice the retention rate of their peers.



A CALL TO LEARNING AND ACTION

The companies featured in this report are pioneers in creating business environments that prioritize people development in the workplace. This not only benefits individual companies, but also the larger public, as meaningful, gainful employment is an essential part of an inclusive and prosperous society. Putting these strategies into practice is not easy, but the companies that are succeeding at reducing entry-level turnover see them as strategic investments. They approach these investments with creativity, willingness to prototype new solutions, and a commitment to genuinely engage entry-level employees and their direct managers in developing their approach.

While we have highlighted dozens of examples of companies that are spearheading strategies to retain their entry-level talent, a great need for innovation still exists in this area. There is also a real opportunity for business leaders engaged in this work to learn from one another. We're encouraged by the growth of employer-led initiatives such as the **100,000 Opportunities Initiative**, which offers a way for employers to partner with each other in hiring, retaining, and advancing opportunity youth.^c We believe in the power of employer forums such as the **Impact Hiring Innovation Labs**, which we host with the support of the Rockefeller Foundation and Walmart. These labs offer companies tailored support and a pre-competitive peer community as they actively prototype practices that create business advantage in hiring and retaining individuals who face barriers to economic opportunity.

While we know there is no single solution for improving retention of entry-level employees, we encourage readers to view the practices outlined in this report as a menu of options that they can choose from to develop a tailored strategy to improve retention and prepare employees for advancement. Implementation of these options may require an evolution in corporate strategy and culture, additional training and development for frontline managers, or new partnerships. The key is to link entry-level retention to the success of the core business, and to listen carefully to the needs and opinions of your employees. When integrated with your culture and your business model, and when implemented with an eye to what employees and the business need, the practices outlined in this report can create significant long-term value for your business and for society.

^c We define opportunity youth as young adults between the age of 16 and 24 who have become disconnected from school and work, often due to challenging life circumstances. Please see a full definition of opportunity youth in Appendix A.

A blurred background image showing several call center workers wearing headsets, looking towards the right. The text 'APPENDIX A: KEY DEFINITIONS' is overlaid in large white letters.

APPENDIX A: KEY DEFINITIONS

Entry-Level Positions

This report is focused on improving retention and advancement from positions that do not require prior work experience, technical certificates, or a four-year degree. These positions can be in retail, accommodation, food services, health care, manufacturing, banking, and other industries.

Retention

The definition of good retention varies widely among industries and even among employers. For the purpose of this research, we believe that retention should benefit both employers and employees. Good retention is thus characterized by the employer recouping recruiting and training costs and benefiting from the employee's acquired expertise, and the employee acquiring new skills and experiences that will help them move to the next level. When viewed through the lens of entry-level positions as defined above, good retention often means that employees stay with a company for one to three years while growing professionally, increasing in their productivity, and accessing education and career growth opportunities.

Opportunity Youth

Young people between the ages of 16 and 24 who are disconnected from school and work are often referred to as opportunity youth by leading organizations in the workforce field. There are approximately 5.5 million opportunity youth in the United States.⁵⁸ Furthermore, African-American, Native American, and Latino youth tend to be disconnected at a higher rate than their white and Asian counterparts. For example, 21.6 percent of African-American youth are disconnected, while only 11.3 percent of white and 7.9 percent of Asian youth are disconnected.⁵⁹ Opportunity youth remain disconnected for a variety of reasons. Some face tremendous barriers, such as poverty, disability, and homelessness. Others have not attained a post-secondary degree or credential that would help them connect to employment, or have not found an employer willing to recognize their skills and abilities. As such, opportunity youth are a critical, yet overlooked, source of talent for employers across the United States.

APPENDIX B: EVIDENCE MATRIX

All of the examples that we refer to in the report are listed below, accompanied by the level of evidence we found for each example. This list is by no means comprehensive, as there are likely many other examples of companies implementing best practices that impact retention. However, this list represents the best examples that we found in our research.

STRATEGY	PRACTICE	EXAMPLE	LEVEL OF EVIDENCE
Provide Purpose in the Workplace	1: Personalized recognition	Southwest Airlines	3: Retention data from a single company
		SpotHero	3: Retention data from a single company
		Bersin by Deloitte research study	6: Retention data from multiple companies that have been verified by a third party
	2: Entry-level employee training	The Container Store	3: Retention data from a single company
		CHCA	3: Retention data from a single company
	3: Clear connections between entry-level roles and the company mission	Gap Inc.	3: Retention data from a single company
Bersin by Deloitte article		2: Report on best practices from a trusted third party	
Create Opportunities for Learning and Growth	4: Educational assistance programs	Cigna	5: Retention data from a single company that have been verified by a third party
		Verizon Wireless	5: Retention data from a single company that have been verified by a third party
		Starbucks	1: Anecdotal story from a single company
	5: Mentorship	Sun Microsystems	3: Retention data from a single company
		Jobs for the Future report	2: Report on best practices from a trusted third party
	6: Support for career advancement	Urban Health Plan (UHP)	1: Anecdotal story from a single company
LifeBridge Health		3: Retention data from a single company	
Chipotle		1: Anecdotal story from a single company	

Invest in People-Centered Management	7: Frontline manager development	Corporate Executive Board (CEB)	2: Report on best practices from a trusted third party	
		McKinsey & Company	2: Report on best practices from a trusted third party	
		National food service employer	3: Retention data from a single company	
	8: Employment pathway programs	UPS	5: Retention data from a single company that have been verified by a third party	
		Wegmans Food Markets	5: Retention data from a single company that have been verified by a third party	
	9: Employee-driven scheduling	Research study	5: Retention data from a single company that have been verified by a third party	
	10: Retention specialist	UnityPoint Health-Des Moines	3: Retention data from a single company	
	Make Benefits Relevant	11: On-site resource navigator	Rhino Foods	3: Retention data from a single company
			Healthcare company	3: Retention data from a single company
		12: Compensation significantly above industry average	Costco	3: Retention data from a single company
The Container Store			3: Retention data from a single company	
13: Employer-sponsored childcare		Union Bank	3: Retention data from a single company	
		Children's Healthcare of Atlanta	3: Retention data from a single company	
14: Transportation assistance	The Charlotte Area Hotel Association	1: Anecdotal stories from multiple companies		
	Barnes Jewish Hospital and St. Louis Children's Hospital	1: Anecdotal stories from multiple companies		
	Wegmans Food Markets	3: Retention data from a single company		



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