



Sears' High-Potential Program Drastically Reduces Turnover

Sears Holdings Corporation
Best Advance in Leadership Development Strategy
October 2017



Company Background

SEARS HOLDINGS

Company At-a-Glance	
Headquarters	Hoffman Estates, IL, U.S.
Year Founded	1893
Employees	150,000+
Global Scale	United States, Puerto Rico, US Virgin Islands, Guam
Customers/Output, etc.	Consumer products and services sold in stores and online
Industry	Retail Consumer goods and services
Stock Symbol	SHLD
Website	http://www.searsholdings.com

Budget and Timeframe

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Number of employees involved with the implementation?	6
Number of Operations or Subject Matter Expert employees involved with the implementation?	15
Timeframe to implement	6 – 12 months
Start date of the program	2013

Business Conditions & Business Needs

Traditionally, turnover in retail leadership is high. This led the Sears Holdings training team to implement a talent pipeline to help people transform from having a job to having a career.

A *World at Work* November 2016 article reported that “nearly 40% of HR and compensation professionals at 66 U.S. retail organizations have seen an increase in employee turnover since the beginning of this year ... Hourly store employees have the highest turnover rate at 65%, followed by retail distribution positions at 23% and corporate positions with turnover rates of 18%.”

People in the highest turnover positions cited better opportunities/promotions as the number one reason for leaving, followed by more money and desire for a move/geographic change. The survey noted the following focus areas as methods to curb retail turnover moving forward:

- Career paths.
- Training.
- Better communications on the employee value proposition.
- Compensation packages.

“To retain top employees, employers need to lay out a clear career path as well as offer training to stay ahead of today’s Omni-channel options, such as helping fulfill customer orders online. It’s critical that employees feel nurtured and that they feel part of the organization instead of just having a job,” a Sears Holdings executive said.

To reach those goals, the company created the “Lifecycle of a Leader” program that identifies high-potential hourly associates and provides a career path with enhanced training and promotion opportunities. With continuous development, an associate can step into progressive leadership roles, fulfilling a career path with the potential for growth from hourly to salaried assistant manager, store manager or other positions within the corporation.

Overview

This program has evolved over the past few years, starting with Store Manager Academies, adding Assistant Store Manager Academies, and Growing Entry-Level Managers (GEMs). The training team also designed high-potential training for assistant managers, store

managers, district managers/market leaders (DM/ML) and regional directors. As the program has matured, an increasing flow of individuals have completed the GEM program, advanced to the ASM Academy, participated in the ASM HiPo program, and completed the Store Manager Academy. Some have been promoted to the DM/ML level.

Store Manager Academy

The Store Manager Academy provides an example of the blended learning program initiated by Sears Holdings.

On-boarding for store managers includes a thorough approach to ensuring that associates know what their job responsibilities entail and what resources are available for fulfilling those responsibilities. Associates then move to on-going development, a robust learning plan for each role that allow them to add to skill sets and leadership capabilities.

Finally, high potential associates are identified and provided opportunities to learn what they need to know to take on more challenging roles. Those individuals who complete the “Lifecycle of a Leader” program demonstrate above-average performance and loyalty to the company.

Design and Delivery

Design of the program began with a needs assessment for each role. What does someone in a particular role need to know, and what do they need to know how to do it? Curriculum has been designed to provide candidates with resources to excel in their new or anticipated roles. Topics include critical operating processes, financial acumen, and leadership skills.

The program adheres to the 70/20/10 methodology, and the curriculum combines eLearning with guided activities, mentoring and classroom experiences, pre- and post-assessments to gauge learning and course corrections when necessary.

Business team members and HR partners are involved in determining the most appropriate methods to deliver content.

Figure 1: 70/20/10 Methodology



Source: Charles Jennings, former CLO of Reuters

Source: Sears Holdings 2017

Deployment

The Sears Holdings' training team has worked with HR to identify candidates and their development needs, and with retail executive teams to ensure buy-in and strengthen communication.

Store Manager Academies are held at company headquarters in Hoffman Estates, Illinois, and employees are personally invited to participate. Newly hired or internally-promoted store managers are placed in a certified training store environment to be mentored and, within six weeks, are invited to attend an academy. In the first week of training, the academy uses eLearning to assign pre-work to prepare them for content they'll cover in the academy.

Participants then travel to Hoffman where they'll have a rigorous one-week agenda with business-specific content, HR, financial acumen and leadership development. They return to their certified stores for a week for follow up and job shadowing, then go back to Hoffman for another week of store rotations with business leaders.

For the next week, participants return home for more job shadowing and to close any gaps in their learning, then back to Hoffman for a final week of leadership development, financial acumen and testing.

Finally, they return to their training stores to go through a board certification process with their district or market leadership teams to validate that they are prepared to take on the role of store manager. Once they earn certification, they are placed in a store where they will lead.

Measurable Benefits

The cost of turnover, as identified by the Center for American Progress, is a minimum of 16% of an hourly employee's salary or an average of 20% of a salaried manager's salary. A rough estimate to replace a store employee would range from \$5,000 - \$10,000.

Every aspect of the Sears leadership program has reduced turnover, increased retention, and created a talent pipeline to fill positions from an internal-candidate pool rather than from outside the company:

- SM turnover = 11%, compared to an industry average manager turnover of 21%.
- ASM turnover = 28%, compared to an industry average salaried turnover of 47%.
- GEM turnover = 26%, against industry average hourly turnover of 80%.

Overall

Sears leaders and trainers found that store associates are hungry for self and team development, and they respond to learning opportunities – no matter how they are delivered – with improved performance and retention.

The training team continuously changes the blended learning, partnering with multiple online universities to provide options for associates to begin, continue, or complete their education in a convenient way while still working and using rich resources, such as People Leadership, MindTools and Get Abstract. The training is delivered through the Leadership Development portal, which aggregates leadership development content for all roles.

The future outlook is to continue enhancing, refining, designing, and delivering content aimed at developing the whole person, not merely equipping them for a specific role. This approach has been shown to develop loyalty and widen the scope of participants' opportunities.

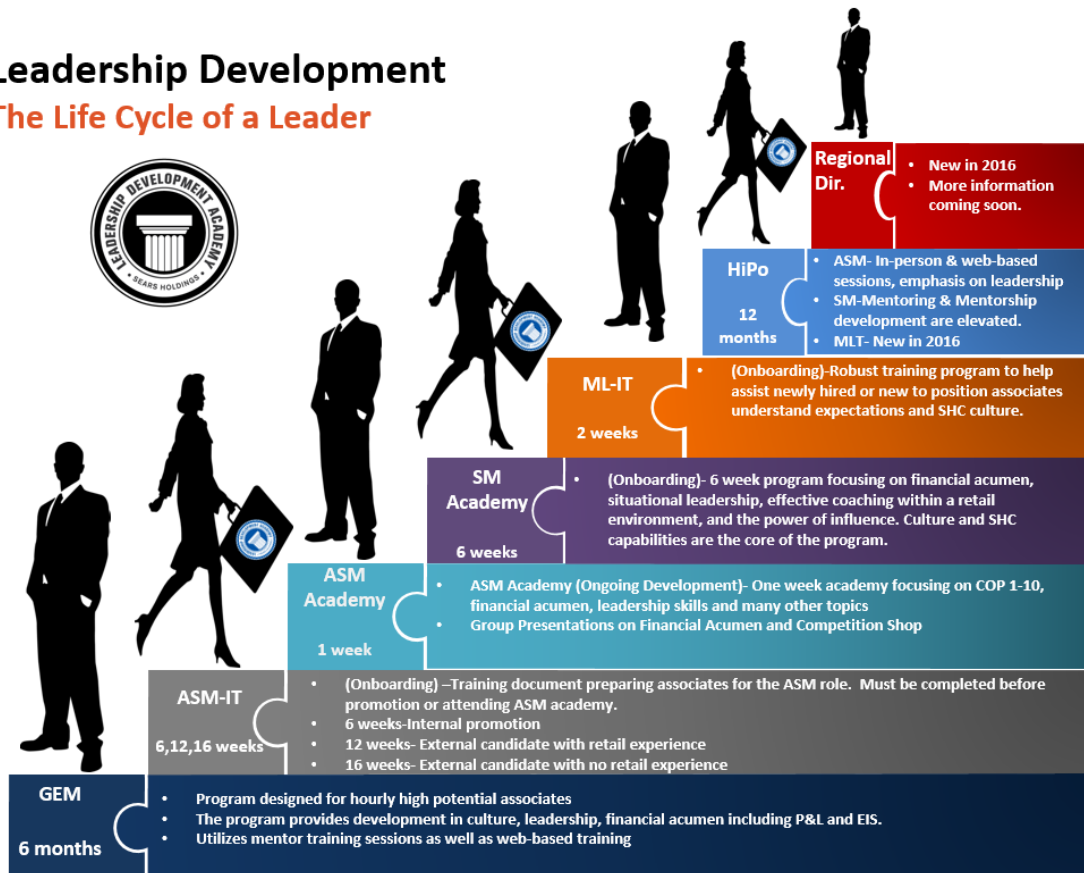
In a February 2017 blog for Cisco, Mary Freeman wrote that the Hay Group reports a median turnover rate of 67 percent for part-time retail employees:

"I doubt any of us would be too challenged to list the problems driving this high turnover:

1. Retail jobs are considered boring and repetitive, with little training and low pay or benefits.
2. Schedules may change without notice and are hard for workers to live with.
3. Associates have few opportunities for advancement."

Figure 2: Lifecycle of a Leader

Leadership Development The Life Cycle of a Leader



Source: Sears Holdings 2017

Turnover – Just as Bad for Store as it is for Employees

A study by the Center for American Progress found that it costs, on average, \$3,328 (or 16 percent of one year’s salary) to find, hire, and train a replacement for one minimum-wage employee. Actual costs are much higher, including lost funds for hiring, onboarding and training costs, the cost of errors and lower productivity during the training period, and the impact on the company culture and other employees’ productivity.

“Many of these problems are increasingly solvable ... In fact, a study showed that from 1997 to 2014, companies considered employee experience leaders outperformed the broader stock market, generating an annualized return nearly double the SAP 500 index.”

A 2015 Aon Hewitt study that finds that a 5% increase in employee engagement is linked to a 3% increase in revenue growth in the subsequent year.

2017 Excellence Awards Case Study Sears Holdings



Retailers need to take four important steps to help employees engage in a way that drives the customer experience:

1. **Invest in Wi-Fi.** It's time. You need to connect your associates to product information.
2. **Bring in the experts virtually.** Take advantage of Wi-Fi in the store to enable new kinds of personalized tools.
3. **Encourage online collaboration.** Help your associates use new tools to work as a team.
4. **Focus on developing talent.** The most important role that new worker-experience technologies play is in developing employee talent.

According to the American Society for Training and Development (ASTD) report, "Bridging the Skills Gap," 41% of employees in companies that invest little or nothing in training said they're likely to leave within one year. By contrast, that number dropped to 12% for employers who invested significantly in training and development.

"All these capabilities make the store a more congenial environment for today's employees of every age and level. By following these four steps, stores are preparing to drive a better customer experience through a better associate experience."

Figure 4: Leadership Development Portal

SEARS HOLDINGS
Leadership Development / Talent Management

Home | Hourly / H/PO / GEM | New to Role | Current Role | Next Role | People Leadership 101 | Culture | Interns | Team

kmart | **sears**

Kmart Profiles:
G.E.M. >click to enter
Salesfloor Supervisor >click to enter
Assistant Manager >click to enter
Store Manager >click to enter
District Manager >click to enter
Regional Directors >click to enter

Sears Profiles:
G.E.M. >click to enter
Zone Supervisor >click to enter
Assistant Manager >click to enter
Store Manager >click to enter
Market Leadership >click to enter
Regional Directors >click to enter

Kaplan University Scholarship!
Have you considered continuing or completing your education? Kaplan invites you to apply for one of their [Scholarships](#) to help you get started! Apply between Feb. 8th - May 8th, 2017.

People Leadership 101
Resources for Developing Our People

Kmart Most Popular
• [2017 Kmart Store Manager Academy Calendar](#)
• [SHC Intranet](#)
• [Kmart Retail Services \(internal site\)](#)
• [Asset & Profit Protection Portal](#)

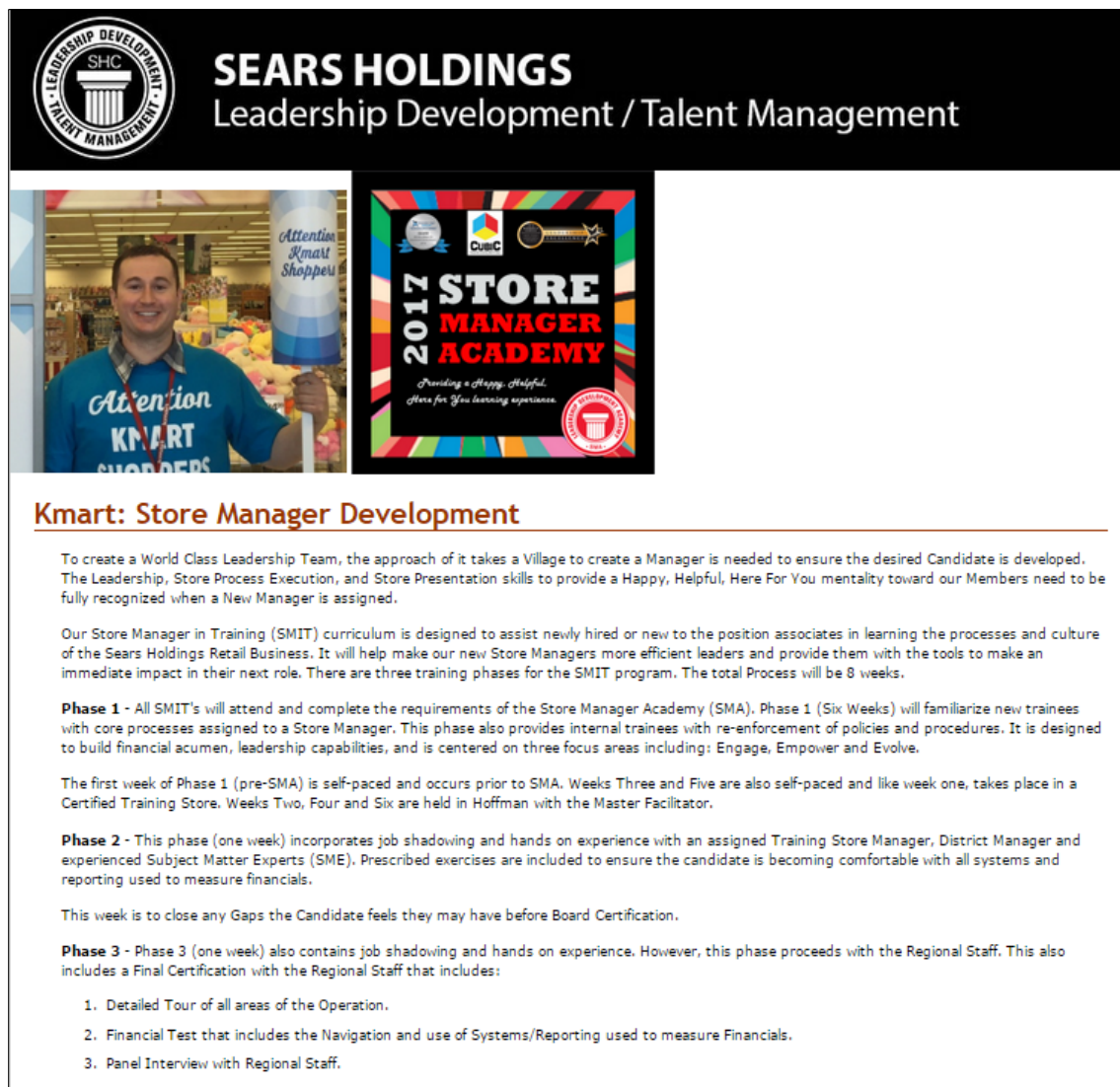
Leamapalooza 2016!
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[Leadership Excellence Awards](#)

Sears Most Popular
• [2017 Sears Store Manager Academy Calendar](#)
• [SHC Intranet](#)
• [Asset & Profit Protection Portal](#)
• [Change Management](#)

Source: Sears Holdings 2017

This resource contains the academy content for every level of leadership development, links to frequently used sites and applications, information about university partnerships, and resources such as MindTools, Get Abstract, 100+ Soft-skills training courses, HR information and tools, exercises for individual and team development, and news about upcoming events.

Figure 5: Store Manager Development



Kmart: Store Manager Development

To create a World Class Leadership Team, the approach of it takes a Village to create a Manager is needed to ensure the desired Candidate is developed. The Leadership, Store Process Execution, and Store Presentation skills to provide a Happy, Helpful, Here For You mentality toward our Members need to be fully recognized when a New Manager is assigned.

Our Store Manager in Training (SMIT) curriculum is designed to assist newly hired or new to the position associates in learning the processes and culture of the Sears Holdings Retail Business. It will help make our new Store Managers more efficient leaders and provide them with the tools to make an immediate impact in their next role. There are three training phases for the SMIT program. The total Process will be 8 weeks.

Phase 1 - All SMIT's will attend and complete the requirements of the Store Manager Academy (SMA). Phase 1 (Six Weeks) will familiarize new trainees with core processes assigned to a Store Manager. This phase also provides internal trainees with re-enforcement of policies and procedures. It is designed to build financial acumen, leadership capabilities, and is centered on three focus areas including: Engage, Empower and Evolve.

The first week of Phase 1 (pre-SMA) is self-paced and occurs prior to SMA. Weeks Three and Five are also self-paced and like week one, takes place in a Certified Training Store. Weeks Two, Four and Six are held in Hoffman with the Master Facilitator.

Phase 2 - This phase (one week) incorporates job shadowing and hands on experience with an assigned Training Store Manager, District Manager and experienced Subject Matter Experts (SME). Prescribed exercises are included to ensure the candidate is becoming comfortable with all systems and reporting used to measure financials.

This week is to close any Gaps the Candidate feels they may have before Board Certification.

Phase 3 - Phase 3 (one week) also contains job shadowing and hands on experience. However, this phase proceeds with the Regional Staff. This also includes a Final Certification with the Regional Staff that includes:

1. Detailed Tour of all areas of the Operation.
2. Financial Test that includes the Navigation and use of Systems/Reporting used to measure Financials.
3. Panel Interview with Regional Staff.

Source: Sears Holdings 2017

Academy content is contained in collapsed sections so participants can access what they need without being overwhelmed or lost in the volume of material.



Figure 6: Kmart Store Manager Academy

Kmart Store Manager Academy

- » [District Manager Mock Installation Template](#)
- » [Certified Training Store Manager Pal Guide for Training Store Managers and District Managers](#)
- ▣ [Store Manager Academy Overview](#)
- ▣ [Financial Acumen](#)
- ▣ [Phase 1: Week 1 - Training Store](#)
- ▣ [Phase 1: Week 2-Engage Week](#)
- ▣ [Phase 1: Week 3 - Training Store](#)
- ▣ [Phase 1: Week 4 - Empower Week](#)
- ▣ [Phase 1: Week 5 - Training Store](#)
- ▣ [Phase 1: Week 6 - Evolve Week](#)
- ▣ [Phase 2: Week 7](#)
- ▣ [Phase 3: Week 8-Regional Curriculum](#)

Source: Sears Holdings 2017

About Brandon Hall Group

Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition, and HR/Workforce Management. With more than 10,000 clients globally and more than 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

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- Survey
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