

CASE 1

Chick-fil-A—The Exception to High Turnover*

In this chapter we stated that organizational behavior involves the “climate” or feeling of the work environment. In the hospitality industry a good climate helps to reduce turnover. And in industry sectors such as food service, this becomes especially important as turnover rates run very high. This is a case study of one company that does an extraordinary job at beating the industry with substantially lower turnover rates.

You know your human resource management strategies are working when your hourly employee turnover rate is 100 percent less than your competitors and the industry sector. You know your human resource management strategies are working when many of your new investors come from within the ranks of your own employees. Both of these astonishing facts are true for the fast-food Chick-fil-A chain.

Chick-fil-A Inc. is one of the largest privately held restaurant chains and the third-largest quick-service chicken restaurant chain in the nation, currently with 975 locations in 34 states and South Africa. Chick-fil-A serves nutritious food products in malls, freestanding units, drive-through outlets, Chick-fil-A Dwarf House, and Truett’s Grill full-service restaurants, and through licensed outlets in college campuses, hospitals, airports, businesses and industrial sites. Their mission statement is to be America’s best quick-service restaurant and satisfy every customer. Their sales in 2001 reached more than \$1 billion. Amazingly, the restaurant chain maintains a “closed-on-Sunday” policy for all types of Chick-fil-A restaurant concepts, in keeping with the Christian faith of the founder and his family.

Chick-fil-A has three simple business rules:

1. **Listen** to the customer.
2. Focus on getting **better** before trying to get bigger.
3. Focus on **quality**.

In national surveys conducted by leading market research firms, Chick-fil-A’s core menu products have consistently ranked number one in their respective categories for “product quality.”

One unique human resource strategy that contributes to Chick-fil-A’s low employee turnover rate is allowing hourly employees to determine their own work schedules (within reason). Other human resource strategies include encouraging employees to grow and reach their potential by providing \$1,000

*Information derived from www.chick-fil-a.com/Company.asp; S. T. Cathy, *Eat Mor Chick-fil-A* (Nashville: Cumberland House, 2002); and S. T. Cathy, *It Is Easier to Succeed than Fail* (Nashville: Thomas Nelson, 1989).

scholarships to all restaurant employees. These scholarships may be used at the college or university of the employee's choice. Chick-fil-A's philanthropic efforts include a children's summer camp program and supporting foster homes.

Chick-fil-A employs multiple managerial strategies that have resulted in an extraordinarily low turnover rate and resultant cost savings and performance enhancements. Its human resource strategy to retain and reward its employees and its flexibility in relating to employee needs have proven a success.

Case Discussion Questions

1. Correlations support the fact that satisfied and motivated employees contribute directly to higher-quality performance and a better customer service experience. Name two or three steps you would take as a manager to improve your employees' satisfaction with their jobs.
2. Do you think it is a bad or good idea to allow hourly employees to determine their own schedules?