

# BUSINESS EXEMPLARS OF GOOD JOBS

## EXEMPLAR CASE STUDIES

UNIVERSITY OF WASHINGTON STRATEGIC ANALYSIS,  
RESEARCH & TRAINING (START) CENTER

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CENTER

STRATEGIC ANALYSIS,  
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# Overview

## Objective and Background

In 2018, the Bill & Melinda Gates Foundation (BMGF) launched the U.S. economic mobility and opportunity (EMO) strategy with a goal of increasing mobility from poverty over the next decade. As part of this strategy, it has committed to addressing systemic barriers to economic mobility by aligning stakeholders and investing in ‘public goods,’ or the tools, resources, datasets, research, partnerships and support they need to be the most effective.

One core objective of this strategy is to increase opportunity for low-mobility workers by improving access to quality jobs. The Department of Labor and the Good Jobs Champion Group have identified Good Jobs Principles. BMGF seeks to learn from businesses implementing these Good Jobs principles<sup>1</sup>, specifically stable and family-sustaining pay, wealth-building opportunities for workers, safe & healthy working conditions, and accessible and paid training opportunities. These case studies support this objective.

The UW START team developed the following case studies through grey literature and key informant interviews. The purpose of these case studies is to celebrate these businesses that are leading the way on Good Jobs, to share their practices and journeys to implement these Good Jobs practices, and to understand the impact of these practices on employees, and business health and well-being.

These case studies also build on the previous work done on the job quality elements shown to have a positive impact on mobility outcomes for the focus population<sup>2</sup>, those two times below the federal poverty line.

## Findings

BMGF is particularly interested in the journey behind implementing Good Jobs practices, and the catalyst for implementing Good Jobs practices. The central concept across all case studies has been that leaders of companies, large and small, need to be steadfast in their sense of responsibility to their employees.

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<sup>1</sup> <https://familiesandworkers.org/news/good-jobs-champions/>

<sup>2</sup> BMGF Internal Memo, Summary of EMO Knowledge Base on Job Quality Elements

- Leadership needs to have a strong mission and personal commitment to their vision for the company.
- Good Jobs policies and practices need to be continuously improved upon and should not be stagnant.
- Companies are likely to have more than one Good Job principle, as not just one principle can make the difference in providing a Good Job.

Companies that want to positively impact the economic mobility of their employees should consider implementing practices across multiple aspects of Good Jobs (i.e., economic stability, economic mobility, and equity, respect and voice).

# Pay: MOD Pizza

**Good Job Principle Highlighted:** Pay

**Industry:** Restaurant

**Size:** 2,530

**Geographic Location and Demographic:** Headquarters—Bellevue, Washington

**Interviewees:**

Robin Hamm—Head of Social Impact

Dayna Eberhardt—Chief People Officer

**Brief Introduction of Company:**

MOD Pizza is an exemplary business in the restaurant industry headquartered in Bellevue, Washington. With a dedicated workforce of 2,530 employees in 29 US states, MOD Pizza demonstrates a strong commitment to its employees' well-being and development. MOD Pizza hires those formerly incarcerated as well as people with developmental disabilities as part of its people-first mission. Not only that, but they also have a program of working with lawyers to get employees' criminal records expunged is an effort to help the formerly incarcerated move on with their lives. From the moment the company was founded, the company made taking care of employees their top priority, with the stated goal of building a culture of opportunity, belonging, and community. With its outstanding benefits package and focus on employee satisfaction, MOD Pizza serves as a shining example of a business that values and invests in its workforce.

**Statement of Purpose:** MOD exists to serve people, in order to contribute to a world that works for and includes everyone. We believe companies can and should be a force for good in the lives of the people they employ and the communities they serve, and we're committed to being the leading employer for individuals facing barriers. Through Opportunity, Mobility, Stability, and Advocacy - we're building strong and vibrant MOD Squads across the country.

## PRINCIPLE

**Pay:** Rather than striving to be the highest paid company, MOD Pizza focuses on paying fairly at the median level for the area, ensuring they are neither below nor significantly above the industry average. In addition to base salary, employees earn tips.

**Training and Development:** Through MOD Pizza’s Guild program, employees are offered free educational opportunities to finish high school, prepare for college, earn degrees and certificates, and English language learning opportunities. They offer online classes with flexible start dates. MOD tracks the progress of employees' wages over time, whether it's due to promotions or remaining in the same role. They have a growth mindset and actively encourage employees to pursue advancement opportunities. 70% of promotions are internal.

**Working Conditions:** Routine health and safety audits are regularly conducted. Company policy includes the imperative to foster an atmosphere of acceptance, opportunity, inclusivity, and belonging.

**Benefits:** Paid vacation days, sick time, and parental leave are offered. There is an emergency support program available to provide support to those who encounter unexpected hardships. Those who work more than 30 hours per week are offered medical, dental, vision insurance as well as life and disability insurance and 401K. Employees are provided with free meals during shifts.

Pay	Training and Development	Worker Conditions	Benefits
\$27,414	Tuition reimbursement: \$2500	Health insurance Was offered to eligible part-time employees (worked an average of 35 hours a week for a year)	Employee retirement plan: 401K Plan

**APPROACH**

MOD takes a thoughtful and localized approach when it comes to offering quality pay to its workers. The company believes in fairness and aims to provide a wage that aligns with industry standards. To determine appropriate pay rates, MOD conducts surveys and analyzes industry benchmarks at a very granular level, even considering zip codes to ensure consistency across

their markets and states. MOD doesn't strive to be the highest-paying employer, but rather targets around the 50th percentile, considering it a fair benchmark. This approach allows them to strike a balance between compensating their workers appropriately and maintaining competitiveness within the industry. This commitment to providing a fair wage has been a fundamental principle since their early days, even if adjustments were made as they expanded into new markets.

MOD primarily looks at market wages rather than a specific living wage. "We're trying to establish some wage parity across the country ... and look at that 50th percentile." They acknowledge the challenge of defining a living wage in the retail industry, as retail jobs are typically entry-level and not designed to support families. Instead, MOD focuses on supporting their employees as best they can within the wage framework. They prioritize providing opportunities for career growth, training, and skill development, enabling employees to increase their earnings and move up within the organization or even pursue opportunities outside MOD. While MOD aims to ensure their employees have a decent wage and accumulate wealth, paying a living wage that accommodates high living costs in certain areas would be economically challenging for the business.

There have been instances where MOD has implemented practices that align with or exceed upcoming policy changes in certain states. For example, MOD has maintained wages above the minimum wage in states with minimum wage requirements. This allows them to be prepared when minimum wage regulations change, ensuring that they still adhere to their pay philosophy. Additionally, during the COVID-19 pandemic, when some states and cities implemented sick day pay requirements, MOD had already been providing paid sick days for employees who were ill, including those affected by COVID-19. By proactively implementing such policies, MOD was able to meet the requirements without significant changes. In terms of HR practices, MOD often looks at states like California and New York as they tend to have more extreme policies, which can serve as indicators of potential changes in other states. Monitoring and understanding these policies help MOD stay ahead of the curve and anticipate future requirements. While not always adopting everything from California, MOD seeks to comprehend the intent behind such policies and explore how they can have a similar positive impact, tailored to their own operations. Another area where MOD has proactively approached policy changes is in offering flexible work arrangements, especially considering that a significant portion of their workforce faces barriers to employment. Recognizing the need for flexibility in scheduling, MOD supports employees who require time off for probation officer visits or other obligations, understanding that accommodating such needs contributes to their overall stability and success. While these

proactive practices may not always have strict written policies, they align with MOD's cultural norms and their commitment to supporting their employees' well-being.

In all of these, MOD has encountered challenges. One example is the challenge of maintaining consistency in wages and staffing when neighboring states are affected by policy changes. For instance, if Washington state enacts a law that alters wages, MOD may need to adjust pay rates in nearby Idaho or find alternative solutions to address the discrepancy. The state of California was also highlighted as a particularly challenging environment for retailers due to their wage and hour laws. Specific issues raised included regulations around clocking in and out, mandated breaks, and the need for precise timekeeping to avoid penalties. These requirements can be operationally complex and may necessitate system adjustments. Moreover, the impact on employee morale and the management of hourly workers and general managers was acknowledged, as these policies can sometimes lead to frustration and affect overall employee satisfaction.

Another obstacle from the business side is the cost of business, particularly managing revenue. MOD assesses store employee wages quarterly and conducts pay adjustments twice a year. However, there are challenges when business conditions are challenging, and there may not be enough resources to address all the priorities. Another difficulty lies in employees' understanding and perception of pay. Store managers often receive questions during open Q&A sessions about pay, such as why certain payments are not received or why there is no merit-based pay. Educating store managers and hourly employees about pay is essential. Additionally, there is the challenge of managing the cascading effect of pay increases across different levels within the organization. Wage increases at the frontline level can impact multiple layers above to maintain equity, resulting in a compression effect. Considering the entire pay structure and its impact on all levels is crucial. Balancing these challenges is essential to ensure a sustainable business model.

## RATIONALE

MOD Pizza is more focused on employee well-being, and this has had positive effects on the company's reputation, employee retention, productivity, and overall quality. Even during the "great resignation" period, MOD Pizza continued to receive a high number of job applications, demonstrating the appeal of working for the company. By prioritizing employee well-being, MOD Pizza has created a positive company culture that fosters employee satisfaction and loyalty. This, in turn, contributes to better retention rates. The company has been able to weather the



challenges of the "great resignation" trend in 2021 better than others in the retail industry, indicating that their efforts to support and engage employees have been effective.

"Most companies actually don't have a purpose statement...MOD has one that is an example of how you can take a human-centered approach to business."

Over the years, MOD Pizza has observed some positive changes among its employees. "If someone is performing well and they're also being retained... that in itself is business justification because you're not spending those money ... on filling their role, recruitment, or other cost inefficiencies." The company has focused on educating employees about their wages and benefits, aiming to provide a sense of what fair compensation looks like. "They have received feedback from employees who appreciate the flexibility and positive work environment at MOD, even if their hourly wages are on par with or slightly higher than those at neighboring retailers. Although wages remain a common concern in engagement surveys, MOD acknowledges the predictable nature of this feedback and is committed to evaluating and adjusting wages as needed.

In addition to wages, MOD has implemented social impact programs to enhance stability and mobility for employees. For example, they piloted a record expungement program, which helps individuals clear their criminal records at no cost. This initiative improves stability by removing housing barriers and enhances future mobility by enabling individuals to seek employment at organizations that are not fair chance employers. MOD has also explored programs related to housing, access to voting rights, and career mobility. While specific numbers and quantifiable outcomes may be limited, there are anecdotal stories of individuals benefiting from these programs and experiencing positive changes in their lives. "It's been an interesting kind of journey ...to harness where we were making the most measurable impacts and making those our strategic approaches... taking a more programmatic and metric based data-based approach so that we can measure the impacts... and inspire other companies to join in but then also hold ourselves accountable..."

MOD encourages both internal growth within the company and external mobility for employees. They support employees in gaining work experience at MOD and provide opportunities for internal promotions. However, they also encourage employees to explore opportunities outside of MOD, recognizing that diverse experiences can contribute to personal and economic growth. MOD is developing programs like "network to next," which aims to help employees connect with external organizations and provide support for their career mobility.

## INSIGHTS

MOD Pizza emphasizes that improving pay structure is a journey that cannot be achieved overnight. Regardless of the business type, it is important to communicate this effectively and gain alignment on the long-term perspective. “It’s a journey, not just flipping a switch... it’s multi-year goal setting with meaningful milestones within shorter time frames.” Investing in the pay structure yields returns beyond the dollars invested, and it is important to communicate this to employees.

Communication challenges can arise when discussing pay structure changes. Employees may only focus on a percentage increase without considering the timeframe. It is crucial to have clear, transparent, and frequent conversations with employees. Putting the plan in writing and seeking employee confidence and alignment are essential steps. Some employers may be hesitant to put things in writing, but it is an important practice that helps employees understand the roadmap and the organization’s commitment. Pay goes beyond just monetary compensation; it includes benefits, volunteer hours, sick pay, vacation pay, and the overall work environment. Employees need to understand the value proposition beyond the dollar amount. Telling this story and highlighting the positive aspects of working at the company can significantly impact on employee satisfaction and retention. “Employees are using their storytelling to describe their positive experiences at MOD...’I went over [to another company] ...the culture is terrible, I didn’t like the manager, and making minimally more money was not worth it to me. Especially not over the flexibility and the work environment that we have at MOD”

Lastly, companies should be open to non-traditional approaches and acknowledge that employees may eventually leave for new opportunities. Allowing employees to become mobile and supporting their career growth can be seen as a positive approach. Embracing new ideas and being okay with employees eventually moving on can foster growth and attract new talent.

### **Additional Good Jobs Practices**

MOD Pizza encourages businesses to consider the concept of "doing good" and "doing well." They believe that employees are increasingly seeking organizations that have a purpose behind their work. It is important for businesses to authentically integrate this purpose into their operations and not simply create it in the boardroom. Incorporating a sense of purpose into business practices is becoming a vital aspect of success.

“There’s an opportunity for businesses to live up to the expectations of our workforce, customers, and investors. You can do good in your community and be a successful business model.”



# Worker Conditions: Sunland Home Care

**Good Job Principle Highlighted:** Worker Conditions

**Industry:** Healthcare and Hospitality

**Size:** 60 caregivers

**Geographic Location and Demographic:** Headquarters – Mesa, AZ

**Interviewee:** Traci Beagley, CDP – Founder & Chief Executive Officer

## **Brief Introduction of Company:**

Established in 2016, Sunland Home Care provides in-home caregivers to assist seniors with daily living activities, with services including general care and supervision, assistance with personal care and hygiene, meal preparation, housekeeping, and transportation services. They offer services to those living throughout the East Valley of the Phoenix, AZ metropolitan area.

**Sunland’s Mission and Values Statement:** Our mission is to inspire, educate and connect gifted care professionals to seniors and to provide support to enhance the relationship of our team and clients. We value excellence, humility, personal development, and service to others. (<https://sunlandhomecareaz.com/about-us/>)

**Sunland’s Vision Statement:** We aim to continue our legacy of serving seniors by setting the standards the home care industry is judged by and becoming the employer of choice for care professionals. (<https://sunlandhomecareaz.com/join-team/>)

**Awards:** Great Place to Work: 2022 Best Small Workplaces (#77) & Best Workplaces in Aging Services (#9); 2021 Best Workplaces in Aging Services (#6); 2020 Best Workplaces for Aging Services (#4)

Best of Homecare: 2023 Leader in Experience, Provider of Choice, Employer of Choice; 2022 Provider of Choice, Employer of Choice

## PRINCIPLE

Pay	Training and Development	Worker Conditions	Benefits
Weekly pay	Paid 7-hour orientation and one or two in-home trainings prior to assigning clients	Paid lunchtime feedback meetings for caregivers to suggest trainings and bring issues to leadership	Health insurance, dental insurance, vision insurance, paid time off, and a 401(k) match
Starting pay for caregivers: \$17.00/hr	Provides refresher training on request, frequent training opportunities based on feedback from caregivers	Flexible hours and scheduling based on caregiver availability and preferences	
		Employee club tiers with benefits/incentives	

## APPROACH

Sunland was founded in 2016 by Traci Beagley when she found a need in her community to provide care to allow seniors to age independently in their homes. Her family had been the first to build 55+ active living communities in Arizona, and her father branched out into owning assisted living communities, so Traci understood the needs facing aging populations in Maricopa County. With experience in business and communications but no experience in home healthcare, Traci hired a consulting company to guide the first year as the company established practices of good worker conditions mostly through a process of trial and error. She drew on her

past experience with running a business and best practices from other industries to build good worker conditions for Sunland. They began with a 45-minute orientation for three caregivers. Traci quickly decided that this was not adequate. Despite Arizona's lack of requirements for paid training for in-home caregivers, Sunland developed a 7-hour orientation along with hands-on skills training and training shifts in the field prior to assigning clients to new caregivers, with all training paid. They provide flexible hours and scheduling, and work to match clients to caregivers on several different criteria, including level of care and medical skills required, travel time, comfort working around pets, etc., including matching personalities in order to find the best fit.

Recognizing that many caregivers are economically fragile and living paycheck to paycheck, Sunland pays weekly so caregivers are more likely to have access to their wages when they are needed. They offer a starting wage of \$17 per hour, which is above the \$13.85 minimum wage in Maricopa County. On a case-by-case basis, they have offered advances on wages to cover medical bills, car repair costs, or rent for those who have worked for the company for more than 90 days.

With employee turnover highest in the first 90 days, Sunland has developed a 90-day retention strategy that emphasizes the support that the company provides to caregivers. The strategy includes paid orientation, a goal to schedule a training shift in the field within 5 days of orientation completion, a follow up call to check in after a caregiver's first shift, and a check in every week for the first month. Traci makes it a point to attend every orientation in order to connect with new caregivers. She says, "I want to introduce myself, get to know them, to put a face with a name and let them know that ... I'm in the trenches working beside them. I'm transparent and say we're not perfect; we're here to work with you. Please come and talk to us if you have any concerns not only professionally but personally. We're here to help you as the whole person."

Sunland works to build trust and to create an environment where caregivers know they are part of a team. They have caregiver feedback groups every other month with a roundtable format where employees are encouraged to share thoughts and concerns about everything from uniforms to software used to training opportunities they would like to have instituted. This is also a forum where caregivers can ask for support with individual clients. Traci gave a recent example of a caregiver who was looking for ways to engage with a client with dementia. Those in the meeting were able to share from their experiences, suggesting puzzles, which Sunland then provided. Feedback from these meetings has led to grief and emotional support for employees. Traci said, "[training and support] might not always be the physical demands- how

to give a bed bath or how to change a brief. Often, it's about emotional support because many of these caregivers work with people that pass away and they need to know how to process that and be able to cope with those feelings of loss.” Based on feedback from employees, Sunland has created an employee recognition club with bronze, silver, and gold tiers based on the number of hours worked. Each tier provides meaningful incentives, including recognition for hours worked, clothing with the company logo, and paid TB testing, CPR and first aid certification for those at the highest tier.

Sunland actively encourages feedback to grow and improve. In addition to the in-person meetings, they solicit feedback through a third-party quality management firm to assess caregiver and client satisfaction and concerns. Traci stressed the importance of acting on feedback to build trust. Traci points out that, “based on the feedback that we've been given, our caregivers feel like they're part of a team - they feel like we listen to them when they have a concern. They feel valued. They feel appreciated.”

## RATIONALE

Not long after founding Sunland, Traci was diagnosed with cancer. “I've had this situation with cancer, and I've had to face my mortality and figure that out ... life is too short to be not enjoying your work or not finding meaningful work.” This reinforced her desire to make Sunland Home Care a place where caregivers found meaningful jobs and received the support, they needed to feel valued as team members.

Home health care is an industry that is difficult for employees. Caregivers are needed 24/7, there are high levels of burnout and turnover, and often caregivers have not been treated well. This contributes to what Traci identifies as perhaps the biggest issue for home health care companies,

“Our hiring practices, our training practices...they are the best and that really helps me sleep at night. I know that we are putting good people in the homes but, just as important as putting good people in the homes here in the Valley, I really want to provide meaningful jobs for people, and I find a lot of joy and satisfaction in that.”

which is employee retention, with an industry average loss of around 80% of new employees, with the greatest attrition within the first 90 days. Sunland has found effective ways to increase employee retention. Their turnover rate is 40-60%, far less than the industry average.

Traci pointed out that ultimately, the business that has the most caregivers will be able to grow and succeed. She explained that caregivers are in high demand. There are many companies in the area they can work for. Often, they work for more than one company and choose which job to take. “When Sunland calls, they'll take our hours because they know that they're going to feel

supported and how they're going to be treated." To that end, Sunland prioritizes providing meaningful jobs and works to mitigate caregiver turnover rates through the practices they've implemented.

## INSIGHTS

When you ask for feedback, acting on the feedback given is crucial to gaining and maintaining the trust of your employees.

Transparency is important. Acknowledging that you have room to grow fosters an environment where caregivers feel able to share feedback and will come to you with issues so you can improve the way things are done.

Always look for ways to improve, including looking outside of your specific industry to find best practices that you can implement.



# Pay: Marlin Steel Wire

**Good Job Principle Highlighted:** Pay

**Industry:** Manufacturing

**Size:** 32

**Geographic Location and Demographic:** Baltimore, MD, Indiana, and Michigan

**Interviewee:** Drew Greenblatt—Chief Executive Officer

**Brief Introduction of Company:**

Marlin Steel Wire is a custom metal manufacturing company that is headquartered in Baltimore, Maryland. The company was established in 1968 but bought by Drew Greenblatt in 1998 and transformed. Marlin Steel has invested millions of dollars' worth of manufacturing robots and machines to improve production and capacity and precision. Marlin Steel Wire has won numerous safety awards, and prides itself on its worker conditions, high wages, and training opportunities. Due to its success, the company has recently acquired additional assets in Indiana (Madsen Wire in 2022) and Michigan (2023).

**Mission:** Quality Engineered Quick ®

**Awards:** Inc. 50000, Inner City 100, Precision Metalforming Pioneer, Forbes Small Giant.

## PRINCIPLE

**Pay:** Starting pay: \$19.67/hr (Shipping and Receiving Clerk). The Michigan factory starting wage will be \$20.50/hr where the three biggest employers in the area are paying \$15.50/hr.

“There's a lot of competitors out there ... so we're diligently taking great care of our teammates, so they take great care of our clients”

**Working Conditions:** Marlin Steel Wire updates the lighting and equipment in all its facilities so that employees are working in a well-lit facility and with safe equipment. Their Baltimore location has gone 2688 days without a lost time accident, and Madsen has gone 1600 days without a safety accident. Its Baltimore factory is SHARP accredited, which is a level of safety achieved by only five companies in Maryland.

**Training:** Marlin spends 5% per employee in direct labor as a percentage of sales. Marlin Steel Wire provides regular training for new equipment and new skills and provides 100% tuition reimbursement to higher education and professional certifications.

**Wealth Building and benefits:** Marlin Steel Wire provides a 401K program and matches up to 4%. They also bring T. Rowe Price in annually to provide financial education to employees.

In terms of health insurance, all employees have the same plan, including management. In the past two years, their health insurance plan has increased in price, however Marlin Steel Wire did not pass on any costs to their employees and their premium has stayed the same.

## APPROACH

**Pay:** Upon acquiring the company in 1998, Drew immediately increased pay and began improving working conditions. After moving the company to Baltimore, MD, Marlin Steel Wire looked at the nearby UAW General Motors factory to set a benchmark for wages and vowed to pay higher wages.

**Working Conditions:** Immediately after acquiring Madsen in Indiana, Drew replaced outdated carpets in bathrooms, and updated the lighting so that employees are working in a well-lit area. Drew Greenblatt gives the reasoning for this as respect for his workers and concern for their safety. The lighting technology is updated as it improves over the years and has been updated three times in the Baltimore location. At Madsen, the recently acquired plant in Indiana, they used to have 1970s fluorescent lights that buzzed when on, and the aesthetic was very dark. This created several problems: employees were prone to tripping because they could not see in the work environment, and then quality problems as well because employees could not see the product they were making. Marlin commits to this working condition improvement and works quickly. At their Michigan factory, they bought the plant on April 28<sup>th</sup>, and state-of-the-art lights will be put in June. Press brakes that were bought as part of the factory purchase were from the 1950s or 1960s; they were immediately sold for scrap and the company invested in new press brakes, which is very expensive. However, this mitigates risk, preventing accidents due to safety issues with older equipment. Maintaining this kind of working condition and technology is expensive, but Greenblatt is committed to creating optimal working conditions.

**Safety Culture:** Marlin Steel Wire has a safety committee that meets once a month. They go through each observation of near misses because they are highly correlated with other disasters. Whenever there is a new machine, the team goes through a very detailed safety

check to make sure that everyone understands how to use it and so that there is no way that an employee can hurt themselves. Greenblatt was on the way to Europe to inspect two new robots. Each machine costs \$250,000, but the old machines were breaking down a lot and there were ways that employees could hurt themselves. Marlin chooses to pay upfront for better technology although it may be an expensive investment.

Madsen invites OSHA into their facilities. And whereas other companies are afraid of OSHA, Marlin embraces OSHA so that they can learn new ways to incorporate safety procedures. They focus on process improvements when trying to drill down on what went wrong during a near miss. Greenblatt explains that most of the time when there are problems, it is because there was a process breakdown, or because there is not a systematic process that is well thought out and because of that, something deviated and created an issue. Safety issues can be costly, so Greenblatt sees this fastidious approach to safety as key to their success.

**Training:** Marlin Steel Wire sends their teammates to various schools so that they can learn to operate new machine and technologies in the optimal way "...Laser school is in Connecticut, robot training school is in Michigan, 3D bending school is in Chicago..." Training increases the productivity of the employees and company because if employees can exploit all the different quality techniques and capacity of a new machine, they can run the machine at much higher than 50% utilization. Furthermore, when employees learn new skill sets, they become indispensable to Marlin and are paid more. It also makes the job more interesting to employees and employees are then more engaged in the work and more loyal to the company.

## RATIONALE

As a manufacturing company, Marlin Steel Wire has many competitors, in Mexico, Canada, and China, so it is important to provide high quality products and keep other costs low. Greenblatt has been able to do so even with paying higher wages and investing in updated technology and equipment. Greenblatt's approach has paid off.

Many of those working in the company prior to acquisition were still being paid minimum wage regardless of how long they had worked there. After just eight months of new practices, when he announced that he was moving the company to Baltimore, 9 out of 18 employees, moved their families to Baltimore to follow the company.

Drew credits organizational behavior teachings at Tulane during his MBA program for his approach to wages and wealth building. Marlin Steel Wire finds that with higher pay, retention is higher; production numbers are higher; quality is better. Greenblatt explains that "It's a positive

virtuous cycle” and that the secret to his success over his competitors is to “Treat people respectfully...There's nothing magical about what we're talking about”.

“Paying people well really gets their attention”.

At Madsen, there was a large backlog in orders, and there were late shipments. Drew Greenblatt brought in the temp agencies and set the starting pay at \$17.50 an hour, based on the average wages in the area of \$15.00, \$16.00, and \$16.50. Within the month, they had all positions filled. Not only that, about a third of the company got a pay increase in the first week. The backlog went down, and turnover also went down. Quality of final product also increased, and the factory was shipping on time again. All while this was happening, competitors were not shipping on time and did not have as high quality of products. This resulted in increased business for Madsen. Quality went up, training went down, recruiting went down, and sales went up. He also finds that he does not need to keep training new workers because they are staying around. He also saves on costs for recruiters and temp agencies.

In terms of working conditions, Greenblatt's MBA education at Tulane taught him about net present value. He uses that to calculate the investment for new machines. The new machines and training have ensured high quality of products, earning them continued business and increased business. The investment has paid off for Greenblatt because Marlin Steel Wire continues to grow and expand. “We had this big factory here and I could come in and park and I could park sideways because it didn't matter there's nobody else in the parking lot... because we raised wages so much...people have real careers, now the parking lot in front of our factory is completely packed and in some cases we're double and triple parked.”

Drew Greenblatt can see the impact that Marlin Steel Wire's practices have had on employees. “Now more than 50% of our employees own their own home...which is a huge testament to how well we pay and how comfortable they are to exit rental properties and move into finding a mortgage and actually buying.”

## INSIGHTS

Although Marlin Steel Wire does not necessarily measure their employees' economic mobility, but Greenblatt explained that the conversations about Employee X saying “I cannot get to work today I have to go to a settlement to buy a house...” are becoming more common. Marlin Steel Wire's motto is to “pay them well and they'll figure out what to do with that money.”

Drew mentions that one of the best things about their annual company celebrations (i.e., Baltimore Orioles games, Christmas parties, family picnics, etc.) is that he can see the same people year after year. This is how he measures retention; he hands out the Christmas bonus checks and sees the same faces every year. Their attrition rate is less than 10%. Marlin has many employees that have been there for 20-30 years.

# Training and Development: Costco

**Good Job Principle Highlighted:** Training and Development

**Industry:** Retail

**Size:** 203,000 full and part-time in the US

**Geographic Location and Demographic:** Headquarters—Issaquah, WA

**Locations:** 853 warehouses in United States, Canada, United Kingdom, Taiwan, Korea, Japan, Australia, Mexico, Spain, Iceland, France, China, New Zealand, and Sweden.

**Interviewee:** Pat Callans—Chief People Officer

## **Brief Introduction of Company:**

Costco is a membership warehouse club founded in 1976. Costco provides a wide selection of merchandise, plus specialty departments and exclusive member services. Costco warehouses carry about 4,000 SKUs (stock keeping units) compared to the 30,000 found at most supermarkets. Costco is often noted for being much more employee-focused than other Fortune 500 companies. By offering fair wages and top-notch benefits, the company has created a workplace culture that attracts positive, high-energy, talented employees.

**Mission and Values:** To continually provide our members with quality goods and services at the lowest possible prices.

“Our mission statement is a living and breathing thing...and part of that is that **we take care of our employees...**”

**Awards:** Glassdoor Best Places to Work: 2022 (#93), 2021 (#56), 2020 (#55), 2019 (#79), 2017 (#34), 2016 (#40), 2015 (#29), 2014 (#16), 2013 (#46), 2012 (#23)

The American Opportunity Index has previously studied Costco to provide a corporate scorecard of worker advancement by measuring three core dimensions of a firm’s opportunity generation: access to opportunity, the pay in low- and middle-skill roles, and the level of mobility experienced by employees within and beyond the company<sup>3</sup>.

Pat Callans is Chief People Officer at Costco and started his Costco Career in the legal department. Today, his responsibilities include risk management, membership, marketing,

<sup>3</sup> <https://americanopportunityindex.com/about>

privacy, but most importantly and most interestingly to him, human resources (HR). He states that a retailer is focused on buying and selling goods, but foundationally it is about taking care of employees. Callans feels that employment practices have been key to Costco from the founding of the company by Jim Sinegal and Jeff Brotman.

**PRINCIPLE**

Pay	Training and Development	Wealth Building Opportunities	Worker Conditions	Benefits
Starting pay is \$15-17/hr	Costco Employee Scholarship: \$2,500 per academic year for up to four years.	Provides twice-yearly bonuses, which Costco refers to as Extra Checks, for tenured hourly employees.	In the U.S., employees average over nine years of service with the company.	Costco offers health, dental, and vision insurance, short- and long-term disability, and a 401(k) match.
			Over 60% of U.S. employees have five or more years with Costco, and over one-third have more than 10 years.	Costco pays 80% of the cost of insurance premiums for part-time employees and 90% for full-time employees.

Costco’s Training and Development strengths are transparent through their employees’ advancement from service assistants (i.e., moving shopping carts, helping with cashier desks, etc.) to advancing to service clerks, supervisors, and even general managers of the warehouse.

Pat Callans shared that even in the early days of the company, Costco valued seniority and that employees were financially rewarded and secure in terms of benefits. “Building something towards the future...building their careers for the future...was important to the founders.”

As a measurement of engagement, Costco conducts an annual global employee engagement survey to obtain feedback concerning ethics, compliance, and engagement. The survey has had a significant participation rate of 75% and indicates a high level of satisfaction by employees with their work environment.

## APPROACH

In the beginning, Costco drew in employees by paying much higher wages than others. Today, Costco tries to pay a competitive wage to get employees in the door. Costco is proud of their starting wage across the country, which is at least \$17.50 in the US. Costco knows that there are competitors that offer higher wages, but “...what a Costco employee sees when they come in is the opportunity for career progression”.

Wages are structured so that employees earn regular increase based on hours worked (full-time increases see two increases every year. And while there is no guarantee that the top of scale wage is going to continue to increase every year, the top of scale HAS increased each year. Their top scale wage pay is over \$29 and average hourly wage is approaching \$30.

Costco aims to provide opportunities of a broad variety to their employee through training. All training is compensated as Costco does not want to provide any hurdles to someone engaging in training. There are two types of training and development offered: on-the job and structured training. For opportunities, Costco has an internal platform for employees to look at potential opportunities (both locally and across the US).

### **On the Job Training/Development:**

At Costco, they believe that training is a fundamental job responsibility for managers. Jim Sinegal, the founding CEO has said that “If a manager doesn’t understand that 90% of their job is teaching, then they don’t understand their job” and that “First and foremost, managers are teachers”. This creates opportunities for employees to learn new skills and access to promotions. For example, if an employee is assisting on the front end and sees what the cashier is doing, they can request to do cashier training. There are opportunities that are available to people just by the virtue of being in that warehouse environment, and employees can see that opportunity path for themselves.



**Structured Training/Development:** The following are some of the structured training and development programs offered by Costco. In the structured training, employees are paid the wage of the position that they are training for.

**Supervisor in Training (SIT).** SIT offers a way for warehouse employees to get a foot in the door for future management opportunities. Employees can sign up for training in an area of the business they would like to pursue. Costco has also updated and expanded the opportunities within SIT for hourly employees, resulting in a larger candidate pool.

**Merchandising Training Course.** Costco has a 12-week program designed to provide supervisor-level merchandising training to management without merchandising experience. Merchandising is an important element of the competencies required of a warehouse general manager, a key position at Costco.

**Leadership 101 training.** Costco also offers training for those that are interested in leadership development.

## RATIONALE

For Costco, their promotion from within and good employment practices are part of their competitive advantage as a retailer. “If we can keep people and have them become more experienced, they are more efficient and more productive over the course of their careers... and we do not have to replace them” There are many ways to measure that advantage, although Costco does not measure specifics in terms of productivity and efficiency. Costco’s business model relies on its employees to be able to handle the high volume of customers. It relates to the checkout stand and the person who is operating the forklift. Costco believes that greater tenure leads to greater efficiency.

Many employees come to Costco and make \$17.50 an hour, but then stay and their seniority increases and their time at Costco increases. As employees make more money, they have greater opportunities, and build out their 401K balances. “The longer tenured employees become more expensive because we are paying them a higher wage, but they absolutely create an environment that is essential to this high-volume business.”

They measure their sales compared to competitors, attrition rates and retention rates. In terms of productivity, they look at dollar sales per square foot, dollar sales per employees. Others in the retail industry replace about 50% of their workforce to 75% of their workforce. But Costco’s attrition rates are extremely low by retail standards.

There are many workers who want to make their career in retail, and it is because of other factors than just wages and training. For example, 90+% of hourly employees are eligible for benefits and 90+% of those eligible have elected benefits. Callans feels that this speaks to the affordability of benefits, whether it's healthcare, or dental, life insurance, or retirement. When talking about retention of employees, companies talk about "stickiness". Pay might get employees through the door but other factors and benefits make them stay at Costco.

"We are really proud of this idea that we provide opportunities for people and the promotion from within philosophy is something that really drives our employees when they can see all around them...examples of people that have advanced through the company."

"A lot of employees look for advancement opportunities and ask 'Pat, how can I get your job?'. Both founding CEO Jim Sinegal and current CEO Craig Jelinek started their retail careers long ago. Callans has many anecdotes from employees that are hoping to move up from starting positions. He stated that many employees never started out thinking that they would spend a career at Costco, but because of the career opportunities offered, they transition into a retail career. "I'm making a little more money than I used to...I've got a 401k.... I've got benefits...I wasn't considering a career in retail, but I see an opportunity here..." Many of these employees that start by picking up some part-time hours never intended on staying at Costco, but now have moved into assistant general manager and general manager positions.

Standardization of training was developed because warehouses were all doing it differently, and that the opportunities to become a supervisor were mostly on the front end. Costco wanted to broaden the net and pipeline a little more, and it was both for those people that were ready to become a supervisor but also open to those who had expressed an interest. "...started from the beginning, as one warehouse, and now it has turned to standardized training at over 850 warehouse locations around the world..."

## INSIGHTS

By broadening the pool of supervisors, the management workforce demographic becomes more diverse and representative of the geographies in which Costco is located. As you move higher in management ranks, Costco does become less diverse and that is an issue that Costco is still working on. If hourly workers are provided more opportunities, and the pool of employees at the supervisor and manager level is expanded, then there will be more diversity at those levels.

Historically, there were opportunities for employees and there weren't incentives for management to guide employees to new opportunities because there was a reliance on the fact

that employees who are ambitious would look for new opportunities. But now, there are employees that may not see their own talents but there are programs to develop vehicles for managers to be able to reach everybody to provide opportunities for people to advance their careers. For example, Costco prompts managers and hourly employees to have career discussions. They are provided a framework within which this discussion is supposed to take place. You're not just looking for the person who wants to become the next general manager of a warehouse or the next vice president of a division, but it is a conversation with someone who is working on the front end, asking them if they've ever thought about working in the pharmacy department or becoming a supervisor. Pat himself was a beneficiary of this kind of conversation and credits this with his successful career at Costco. He started in the corporate offices as part of the legal team, but a conversation with founder Jim Sinegal prompted him to think about other areas of the company, leading to a 26-year tenure at the company.

There are drawbacks from being too insular and only hiring from within, and sometimes Costco does look externally for particular expertise, but in a way, Costco sees more benefits than negatives from their philosophy of promoting from within.