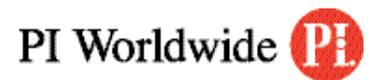


Case Study:

SUBWAY®

Lima, Ohio



Serving up an Effective Workforce and Cost Savings

After more than 45 years in the food service franchise business, SUBWAY® is one of the most recognizable brands around the globe. With more than 33,000 restaurants in 94 countries, one of the world's largest restaurant chains has been consistently ranked the number one Franchise Opportunity by Entrepreneur Magazine (2009, 2010).

Despite positive industry growth projections for the quick service restaurant (QSR) business, average turnover for hourly workers still hovers at 130 percent, according to QSR Magazine, a concern for all fast food franchise owners. In 2008, Harold Jackson, a SUBWAY® franchise owner with seven retail food locations and 100 employees throughout Ohio, enlisted the services of a PI Worldwide Member Firm, to help reduce his business's turnover rate through the use of the behavioral assessment tool, Predictive Index® (PI®). At 70%, Jackson's turnover was already half the industry standard. Yet, from a financial perspective, every employee lost was costing the business up to \$1,000, not to mention the negative impact on customer service levels.

Right People in the Right Jobs

"Despite offering highly competitive pay and benefits, we were still having trouble keeping people on staff long term," recalls Jackson. "When we introduced the PI into the mix, we discovered part of the problem was we didn't have the right people in the right positions." To address this challenge, Jackson first defined the behavioral requirements for specific positions using the Performances Requirement Options (PRO), a job assessment companion tool to the Predictive Index. Jackson cites one case where an employee stationed in the "first position," a key customer-facing role charged with greeting customers and taking detailed orders, had a PI profile that suggested success in a behind the scenes role. Given the mismatch, Jackson shifted the employee's responsibilities to food preparation and kitchen management. The welcome change for the employee proved to be a good fit as the individual was able to be more productive and overall workflow improved.

"Since implementing the Predictive Index®...our turnover has reduced from 70% to as low as 32%, saving over \$15,000 a year in training costs alone."

Harold Jackson

Multi-Unit SUBWAY® Franchisee Owner

In any business, staff reorganization can be disruptive to morale and retention. With the accuracy of the Predictive Index however, both Jackson and his employees had more confidence in job reassignments making for smooth transitions when needed. "Since implementing the Predictive Index and putting employees into jobs they are naturally suited for, our turnover was reduced from a low of 70% to an average of 42%, with four locations down to 32%, saving over \$15,000 a year in training costs alone. And because we have the right people in the right roles, it is having a positive impact on customer service and customer return visits. The Predictive Index pays for itself," he says.

Manager Development for Business Growth

Jackson attributes a familial culture focused on employee development to the high retention rate of his managers. As Jackson's business continues to grow, the franchise has been relying on the Predictive Index to help develop current and future managers. By better understanding employee personalities and motivational drives, Jackson and his executive team are able to customize training programs and identify new leaders for existing and future stores. This succession planning initiative has resulted in the creation of several manager PRO job profiles. Two examples include what the company calls the Problem Solver PRO and the Maintainer PRO. Jackson describes the Problem Solver Manager as someone who is excellent operationally and has a higher dominance drive according to the PI. "This person excels in a store that may be having problems because of his/her ability to directly address issues and a strong desire to do things right."

The Maintainer Manager is also operational but has a much more team-oriented approach in the environment. "Our stores become like little families where employees genuinely care about each other and about working together. The Maintainer is able to help drive success while fitting in with this type of dynamic." This exercise with the PI has demonstrated that the 'Manager' role is not a one-size-fit-all title. As Jackson's business continues to expand with new stores, the PI is helping him identify long-term staff at all levels for different environments.

Learning, Living and Wearing the PI

One of the greatest proof points of PI's success in the SUBWAY® franchise business is the level to which Jackson's employees have embraced the PI feedback. In addition to achieving greater self-awareness, Jackson's employees have been using the PI to customize

their interpersonal communications. In fact, Jackson shares that employees at all his SUBWAY® locations have their PI profile patterns drawn on the back of their nametags for quick reference, making communication and decision-making much more effective.

Jackson looks forward to employing the PI in additional aspects of his franchise business and sharing the successes his locations have experienced with other franchisees. He advises, “Any franchiser that invests in the Predictive Index will see turnover diminish. As a screening tool, the PI has made our hiring process more productive by enabling us to hire people who we know will stay on board long term. This method has certainly increased our retention and lowered our training costs.”