Little Caesars Slices Turnover across 23 Locations with Predictive Index® (PI®)

About Company:

Little Caesars® is the fastest-growing pizza chain in the world and the largest carry-out international chain with restaurants on five continents.

Vicki Marshall has been working in the Little Caesars restaurant franchise business for nearly 35 years, beginning her career as a crew member at the age of 16 and going on to open her first Little Caesars franchise restaurant at the age of 22. Today, she and her partner Mike Insco, Market Director for the Little Caesars franchise, operate 23 stores across Kentucky, West Virginia and Ohio as VDM Management.

> "The Predictive Index has helped us 'get the right manager in the right seat on the bus,' significantly reducing turnover and improving how we communicate and educate our staff."
>
> *Vicki Marshall,*
> *Multi-Unit Little Caesars Franchise Owner*

Challenge:

In an industry plagued by overwhelmingly high turnover rates, selecting, developing and retaining the right managers to run a quick service food business can be a difficult and expensive task. In fact, data from the Quick Service Restaurant (QSR) industry shows that although hourly crew member employee turnover has decreased since 2009, competition for experienced managers continued to rise steadily through 2011. For Little Caesars multi-unit franchise owner Marshall, the process of staffing and retaining qualified General Managers (GM) to run each of her 23 locations had also become a costly and labor-intensive undertaking.

According to Marshall and Insco, in some areas each GM opening could attract hundreds of applications from external applicants and existing hires seeking promotions. Marshall and Insco would manually sort through the applicant pool to qualify candidates for the interview stage then use the interview as a way to get a "feel" for how the person would behave in the role; how he/she would manage and work with others and help drive the financial business. This approach proved unreliable as many candidates could be impressive in the interview but ultimately did not deliver the expected performance on the job.

After several seemingly successful hires turned over, it became clear that "something was missing" in their selection process and that this deficiency was costing the company several thousands of dollars. Insco estimates a loss of up to $3,600 and six weeks of training time for each General Manager turnover. In addition to the costs of onboarding, losing a General Manager was having a trickle-down effect on the organization, impacting crew member morale and productivity.

Process:

Marshall and Insco recognized they needed a different approach to address this problem of how to better understand the natural motivations and drives of management candidates. They turned to the Predictive Index® (PI®) behavioral assessment tool because it offered a clear, science-driven solution. Working closely with ADVISA, a PI Worldwide Member Firm, Marshall and Insco first evaluated the General Manager position by looking at the behavioral requirements for the job. Using the Performance Requirement Options™ (PRO) job assessment tool from PI Worldwide, the franchise owners with their ADVISA consultant determined the key responsibilities of the role and applied the science of the PI and the PRO to understand how these requirements translated into behavioral characteristics. The PRO revealed that the General Manager needed to be operationally focused with a strong sense of ownership and a desire for collaboration. The individual would also need to have a high level of extroversion, keen attention to detail

and a low tolerance for risk taking. With the job requirements established, Marshall and Insco had every GM candidate complete the PI® assessment which would deliver deep insights into the candidate's natural workplace behaviors. Then, by overlaying an individual PI with the target PRO, Marshall and Insco could quickly see the fits and the gaps between the candidate and the job. Equipped with this Predictive Index System, they could make business decisions much more confidently and efficiently.

> "The Predictive Index® is a valuable tool for any franchise organization because it enables you as an employer to better understand your people. This insight into how someone is naturally wired makes it possible to coach and develop them in the right manner."
>
> *Mike Insco, Market Director,*
> *Little Caesars Franchise*

Results:

Before implementing the PI and PRO tools, Marshall recalls having to run upwards of 1,500 W-2 forms for 18 locations due to the high crew member turnover. As her business and staffing needs have expanded to 23 locations, had they stayed on that trajectory that number would have grown to over 1,900. She credits the Predictive Index System with helping her to decrease this number to less than 1,100, a 42% improvement as well as an overall improvement in all-level employee retention rates.

After successfully defining the General Manager role to optimize job fit, Marshall and Insco have worked with ADVISA to create additional PROs for three other management levels: Co-Manager, Key Holder and Assistant Manager. While the desired PI patterns for each role vary slightly, Marshall and Insco have found that all management positions require someone who can multi-task with a strong sense of urgency and work collaboratively with others within a rule-driven environment. As employees build strong careers with Little Caesars, the PI continues to serve as an important tool to support their development, helping everyone make sure the right person is in the right job.

For new employees, Marshall and Insco report the selection process has become much more efficient noting that while they cannot control the number of applications for each job, integrating the Predictive Index with the job application and comparing it with the PRO has enabled them to develop a process to effectively identify the right candidates for interviews much more quickly and with greater confidence. They use the insights provided by the PI and the PRO to guide the interview discussion by developing targeted questions addressing the fit and gaps between the candidate and the job.

With the Predictive Index System on board, Little Caesars has developed a more productive hiring process resulting in lower turnover and all the associated benefits including improved morale and productivity. Marshall and Insco say the Little Caesars franchise has saved "a small fortune" in training and on boarding costs across all locations, not to mention their time and energy savings. They also rank in the top 10% of all Little Caesars franchise organizations in terms of performance and profitability, an accomplishment Marshall attributes in part to their use of the Predictive Index. Looking ahead, the successful business plans on leveraging the PI and PRO with more employees at the franchise level and within the administration of VDM Management.