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MEASURING AND MANAGING EMPLOYEE TURNOVER AT TASTEE MAX RESTAURANTS

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INTRODUCTION

Ronda Garvey, assistant manager of a Tastee Max restaurant located in the food court of one of upstate New York's busiest malls, pored over the turnover statistics for her restaurant. In 2008, average employee turnover within the nine-unit quick service restaurant chain was 66.3%—well below the industry average of 120% (U.S. Bureau of Labor Statistics, 2009). However, the average annual turnover rate for Ronda's restaurant was 122.7%, approximately double the turnover rate of other Tastee Max stores. Ronda chafed at the knowledge that her restaurant was known as the chain's "bad store" due to frequent employee problems and high turnover, and she was determined to improve her unit's performance. Ronda had several ideas about how the turnover problem could be addressed, but knew that obtaining support for her ideas would not be easy. Noting that the chain's employee turnover was about half the industry average for quick service restaurants, Tastee Max's corporate managers had been relatively unconcerned about the problem. Key to the success of any initiative taken to curb turnover was gaining the support of corporate management. Ronda wondered, "What actions should I suggest for lowering employee turnover, and how can I make a business case for my ideas?"

Company History

Tastee Max was a family restaurant chain established in upstate New York in 1955. The original store was a small refreshment stand featuring ice cream and hand-made root beer; over time the menu expanded to include hamburgers, hot dogs, hot sandwiches, and French fries (see Appendix: Table 1, p. 6). The restaurant was known for its uncompromising standards for excellent product and service quality. For example, choice cuts of beef were ground daily in every store for hamburgers; only all-meat hot dogs with natural casings were used; and the restaurant's handcrafted root beer was made on site. Tastee Max won a devoted following among customers, who were known to drive long distances to purchase a Tastee burger or frosty mug of root beer. Over the next five decades, Tastee Max opened a total of nine restaurants (called units or stores by company insiders) across upstate New York. Six units were stand-alone restaurants, while the remaining three—including Ronda's unit—were located in the food courts of area malls. All restaurants featured a menu consisting of hamburgers, hot dogs, hot sandwiches, cold salads, French fries, ice cream, and soft drinks. In 1985, a group of local businesspeople purchased the chain, but continued to operate the company using the original name, menu, and business concept. Tastee