Ronda admitted that a store manager's leadership style occasionally contributed to employee turnover. Some managers favored certain employees with preferential treatment, particularly when enforcing company rules and policies. For example, a disfavored employee would be written up for lateness while a favored employee guilty of the same offense was not. Managers could also be arbitrary in enforcing rules due to distractions or disinterest. Other managers alienated line employees by "pulling rank" or acting in an autocratic manner. For example, Ronda described one supervisor who, when displeased, threatened workers with a reduced work schedule or outright termination; when employees disagreed with this person or were slow to follow her orders, the rogue supervisor demanded, "Do you want hours next week or not?" While the supervisor's imperious manner won grudging compliance in the short term, Ronda believed it created a hostile work environment that spurred employees to seek other employment.

Addressing Employee Turnover at Tastee Max

Ronda knew that employee turnover had a negative impact on product/service quality, operational costs, employee morale and productivity for the company in general, and her store in particular (see Appendix: Table 3, p. 7, and Table 4, p. 8). Lowering employee turnover would improve the chain's profitability and competitiveness. Ronda had given considerable thought to the problem and identified several possible solutions. But first, she would have to convince the company's senior leadership that the problem was a serious one. The solutions that Ronda considered would require a substantial financial investment from the company, and company management would be reluctant to invest in costly remediation if the problem was not perceived to be serious. High levels of employee turnover were endemic in quick service restaurants due to the nature of the work and jobs. Consequently, turnover was viewed as normal and unavoidable in quick service restaurants. Moreover, Tastee Max's overall employee turnover rate was approximately half that of the industry average; management attention was focused on other problems, such as increasing sales and controlling food costs in a sluggish economy marked by rising food prices. To obtain the support needed to curb turnover, Ronda realized that she needed to "shake up" company management by demonstrating the financial and strategic impact of turnover on the company. But what sort of remedial plan should she offer, and how should she make a business case to win managerial support for her plan?

Bibliography

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Appendix

Company averages for major expense categories (food and beverage, labor, paper, and fixed costs) were as follows:

- Food and beverage cost: 32% of total price.
- Labor cost: 30% of total price.
- Paper costs: 10% of total price.
- Fixed costs (rent, utilities, insurance, other services): 20% of total price.

In addition to an hourly wage, assistant managers, unit managers, human resource professionals, and trainers earned additional benefits equivalent to 28% of wages.