



Promising Workforce Strategies from Across the Reimagine Retail Network

Chicago's Fresh Approach to Incumbent Worker Training

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In recent years, the United States grocery industry has become increasingly competitive and experienced unprecedented consolidation.¹ In Chicago, 25 stores closed between 2015 and 2017 — bringing the total number of stores down to its lowest number since 2009.² Independent, privately owned food retailers rate competition as their highest concern, followed by worries about hiring and retention. In 2017, sales declined for half of the nation's independent grocers.³

Pete's Fresh Market (Pete's) offers a notable exception. Launched in the early 1970s as a small, full-service produce stand on the South Side of Chicago, today Pete's has 13 stores in the city and plans to open five more in the next few years. This

family-owned grocer recognizes what it takes to succeed in a rapidly changing industry.

High-performing independent food retailers are those that differentiate themselves from competitors, cater to local communities, and give customers a reason to stop in — such as exceptional customer service or specialty products like quality produce or ethnic foods.

These competitive strategies depend on an engaged workforce dedicated to creating an outstanding customer experience. Pete's attracts and retains talent — employees have an average tenure of five years — by providing stable jobs and advancement opportunities. About 80 percent of Pete's workers are full-time employees (well above the regional industry

¹ <https://www.ers.usda.gov/topics/food-markets-prices/retailing-wholesaling/retail-trends/>

² <http://www.chicagotribune.com/business/ct-grocery-store-report-0813-biz-2-20170811-story.html>;
<https://www.businessinsider.com/chicago-grocery-stores-in-crisis-turmoil-2017-8>

³ http://www.nationalgrocers.org/docs/default-source/2018-docs/2018_fms_igfs-5.pdf?sfvrsn=2

average), and they are eligible for benefits including health care and a 401(k) plan with an employer match.

One key to Pete's growth strategy is its partnership with Instituto del Progreso Latino (Instituto), a nonprofit organization committed to the fullest development of Latino immigrants and their families through education, training, and employment. Instituto provides comprehensive educational and career pathways, and supplemental family supports such as child care and financial counseling. Workforce organizations can struggle to build **two-way relationships**⁴ with retailers. Instituto models how a business-savvy training provider can design a customized curriculum that meets business needs and improves worker performance and opportunity. Together, Pete's and Instituto addressed this challenge by developing a mutually beneficial relationship and designing a customer service and

sales training curriculum customized for Pete's, based on the National Retail Federation (NRF) credential.

Reimagine Retail, an initiative of the Aspen Institute Economic Opportunities Program funded by the Walmart Foundation, explores ways to enhance job quality and improve mobility for the retail workforce. In Chicago, we partner with **Reimagine Retail Chicagoland**,⁵ a collaborative of workforce organizations, including Instituto, that is testing approaches to advance and retain workers in the retail sector. We recently visited Chicago to tour Pete's, meet with workers and managers, and talk with training providers and workforce experts at Instituto. We caught up with Alita Bezanis, director of organizational development at Pete's, and Yesenia Cervantes, dean of student services and community affairs at Instituto, who were eager to share how the partnership supports growth for Pete's — and for Pete's workers.



Yesenia Cervantes, Pete's Corporate Liaison Eileen Pratl, Instructor Rebecca Zeman, and Alita Bezanis share their work at a convening of the Retail Opportunity Network

⁴ <http://www.thepinkertonfoundation.org/wp-content/uploads/2016/07/Pinkerton-Papers-2-FINAL-WEB.pdf>

⁵ <https://www.reimagine Retail Chicago.org/>

Putting People at the Center of the Operating System

Pete's Fresh Market's customer-responsive business model rests on an operations management strategy that invests in and empowers workers at all levels. "We are about value, aesthetic, quality, and customer service," Alita says. As a family-owned and -operated business with over 45 years of experience, Pete's still sends buyers to the market daily to hand-select fresh produce. Each store has a full-service kitchen, bakery, and deli with dedicated staff, and in-house butchers who work closely with customers to meet their needs. Pete's specializes in international and organic products catered to each location's neighborhood consumer base.

Pete's attracts and develops its customer-focused workforce through four complementary strategies:

- **Invest in training:** Through its partnership with Instituto del Progreso Latino, Pete's provides training for its workforce to build customer service skills. The training is customized to Pete's values and operations and offers workers a foundation they can carry across their careers — 90 percent of graduates receive a credential in customer service from NRF. Pete's reports that workers who participate in training show increased confidence and interest in advancement opportunities, and that accidents have decreased due to workers' greater awareness of safety protocols.
- **Provide stable jobs that build loyalty:** About 80 percent of Pete's workers are full-time employees — well above the regional industry average — and these employees are eligible for benefits including health care and a 401(k) plan with an employer match. Through both internal supports and the Instituto partnership, Pete's workers receive other important services, including English as a second language (ESL) training, financial coaching, and support accessing child care.
- **Empower and reward workers at all levels:** Pete's has created unique management positions, including the director of organizational development and corporate liaison, who each sit at the intersection of operations and human resources and have authority to influence the business to improve worker experience and performance. Frontline staff and managers are trained in standardized practices, and then empowered as "owners" with opportunities to monitor financials and take responsibility for their contributions to business success.
- **Communicate openly and often:** "To me, the biggest tool that we have is not just our people but communicating to them effectively through collective structured communication," Alita says. Pete's uses team huddles and department meetings to provide transparent financial information to staff, helping them see how their work contributes to company performance and success.

This set of strategies improves outcomes for Pete's customers, frontline retail workers, and its business's bottom line. While competitors struggle to increase sales and retain talent, Pete's is on track to sustain growth.

Tell us about your background and current roles.

Alita: I began working at Pete's five years ago, following a career in the technology and health care sectors. Having a business education and owning and operating my own company with my husband for 23 years provided the best schooling — next to being a mom and managing my household. When I started at Pete's, everyone thought they reported directly to Jimmy Dremonas, our owner and co-founder. While that may have been possible when Pete's was only a few stores, it became less feasible over time. My role is to manage how Pete's responds to growth and change. This includes adapting our management structure and human resources processes as we grow. I also support the development of our people, with a focus on communication, which is crucial to managing change and meeting our business goals.

Yesenia: I have been in the workforce development field for over 15 years and I worked throughout my childhood and teenage years in the retail sector. I assisted my mom with sales and taking care of customers in her jewelry, fabrics, and food businesses, and later at her small restaurant. Working with my mom at a young age helped me understand her needs as a business owner. She always had to be on top of operations and financials so that her business could survive. I learned the value of having allies to successfully and efficiently run a business.

At Instituto I'm responsible for the successful implementation of its wrap-around services offered to community residents, students, job seekers, and business partners. During my time at Instituto I have worn many hats, from recruitment to project management, and now dean. Today, I also manage Instituto's partnerships with retailers and ensure that workers who participate in our training programs have the resources they need to be successful.

How did the partnership get off the ground?

Alita: Yesenia and I first crossed paths a year and a half ago when I began exploring services in the workforce development sector. I was interested in Instituto given that many of our employees are native Spanish speakers — 60 percent of our workers are ESL employees who require language support — but Instituto did not have a retail program at the time. So, this was tabled until Yesenia came to my door and said there was an opportunity to provide retail training for our employees. I described what my needs were, and we reviewed Pete's organizational chart. I felt that I was speaking to someone who understood me and could be flexible in meeting Pete's needs. Then Yesenia came back with a plan for customer service training that made sense for Pete's given how much of the grocery business is about interacting with customers.

I wanted to offer the training to frontline managers first since they are the voice and example for their teams, but we had difficulty fitting the training into some of their work schedules. Yesenia suggested we open the training to all store staff, including entry-level workers. We are now offering Instituto's training in customer service and sales, customized to Pete's stores and open to all employees. Yesenia's team is also developing a separate training in retail management and operations for department and store managers.

Yesenia: In 2016, Instituto received a grant from the Walmart Foundation to develop a career pathway in the retail sector, offer community residents retail training that results in a recognized industry credential, and offer incumbent workers retail training to support higher retention and job promotion rates. Through our initial meetings, Alita and I settled on customizing this curriculum to Pete's company culture and store operations. This is a time- and resource-intensive process, so it was necessary for Alita and me to establish a joint commitment early on. We signed a memorandum of understanding outlining that Pete's would provide a consistent point of contact who could give us a lens into the business and

provide feedback as we developed training materials. Pete's also committed to pay training wages for the time staff spent in classes, provide classroom space, manage enrollment, and contribute to graduation event costs.

One of Instituto's objectives was to collaborate with Pete's on the development of its internal career ladder. English language skills can be a barrier to advancement for entry-level and early management workers. We created an ESL program to help workers with limited English proficiency develop the language skills they need for advancement opportunities within Pete's. Students who complete the ESL program are then prepared to enroll in the customer service and sales training. Graduates of the ESL training receive a

certificate of completion, and students who complete the customer service and sales training and pass the end-of-course exam receive a credential from the National Retail Federation.

I would like to highlight the importance of Alita's position to the success of this initiative. From the get-go in pursuing a partnership with Pete's, I knew that I had to identify a leader within the business who had decision-making authority over employees' growth and development. My goal was to develop a strong and honest relationship with Alita and make her aware of Instituto's value proposition that incumbent training can improve staff retention and job productivity and minimize the costs that come with higher turnover rates.



Pete's Fresh Market started as a produce stand on the South Side of Chicago and is still known today for the quality of its produce.

Providing Customized Training to Build Customer Service Skills

In 2016, Instituto del Progreso Latino received a grant from the Walmart Foundation to develop a retail training program to prepare students to achieve industry-recognized credentials from the National Retail Federation. Serving a large population of Latino immigrants and their families, Instituto sought to make the curriculum accessible to individuals with varying levels of academic and English language skills. Instituto first developed a customer service curriculum aligned with NRF's credential program in customer service and sales. After initially providing the training to community members interested in retail careers, Instituto expanded the offering to local retailers, including Pete's Fresh Market.

Instituto and Pete's worked together to customize the curriculum to the needs of the business and its employees. Highlights of their strategy include the following:

- **Tailoring the curriculum to store culture and operations:** Instituto and Pete's staff held regular conversations to discuss the goals and content of the training program. To help Instituto understand Pete's culture and business, Pete's organized store visits, invited Instituto to new staff onboarding sessions, and shared its employee handbook with training staff. The curriculum includes sessions in which guest speakers from Pete's corporate office provide examples of how classroom content applies within the business. Alita says, "It's nice to have the NRF credential, but for Pete's it's about preserving our culture. We wanted to make sure Pete's was kept whole, that we're investing in our people to grow."
- **Grouping classes by academic and English language skills:** Instituto conducted TABE tests to determine students' literacy levels followed by oral screening for English proficiency. Based on students' scores, Instituto created a basic training for students with fifth- to eighth-grade reading levels and an advanced training for students with reading levels of ninth grade or higher. These classes prepare students for NRF's Customer Service and Sales and Advanced Customer Service and Sales credential exams, respectively. Instituto also developed a contextualized ESL training for employees with limited English proficiency, which serves as a bridge to the credential-bearing courses. All classes are held once a week for three hours over a period of 16 weeks and take place outside of students' scheduled work hours. Pete's compensates workers for the hours they spend in class.
- **Customizing lessons based on the needs of each cohort:** Instituto training staff further customize the Pete's curriculum based on the job responsibilities and interests of each cohort. Prior to each class, staff interview students to solicit their direct input. Students also provide ongoing feedback throughout the course.

As of October 2018, Instituto has held six cohorts, including two basic customer service and sales trainings, two advanced customer services and sales trainings, and two retail ESL classes. According to Instituto, 90 percent of students who have completed the customer service and sales trainings have successfully completed the NRF exam and obtained a credential. In November 2018, Instituto started three new cohorts — one in basic customer service and sales, one in advanced customer service and sales, and one in retail ESL.

What do you see as the value proposition to Pete's of investing in its workforce, including through training? How did you make the business case for this partnership early on?

Alita: Pete's culture is about family. Not only is Pete's a family-owned business, but our workers are part of our family. In fact, it's not unusual to see several members of the same family working at Pete's. Part of our value proposition is about how high the stakes are when you work in a close-knit environment. We want to be able to tell our workers that the world may be going through turmoil, but this is a really good place to be and we're going to work on developing them and developing our company.

We're also a growing business, which presents a particular set of challenges. We have 13 stores and are in the process of opening five new stores. That's 1,400 additional workers. As we grow, it's important to us that we maintain our culture. We invest in the quality of jobs we provide and in opportunities for workers to understand who we are and how we operate. Churning through workers doesn't make sense for anyone. The cost of turnover is \$3,500 for every new person we bring on board.

I make the case to our leadership team that training is about our growth and sustainability. We have this great company, but if we want to continue this trajectory of having 20, even 50, stores, we have to have a process in place for developing our workers. And if we can get our workers to the next level of customer service, that's true value for the company. If staff can upsell, cross-sell, and grow our margins, that's profit for the business.

Yesenia: Just as Alita advocates to Pete's leadership about the importance of developing its workforce, I advocate to Alita and make the case that Instituto can help her and other leaders at Pete's meet business needs. I have a Master of Business Administration, which helps me feel confident when I'm having conversations with business leaders because we're speaking the same language. I know that time is money for retailers, and that achieving excellence in

customer service is a business differentiator to any business. When I approached Alita, I didn't try to sell her a program, a process, or a set of grant requirements. I focused on learning from her, from her business, from her needs and Pete's business growth aspirations. I sold her on value and return on investment.

My business background gives me the confidence to focus on having real conversations with business representatives to develop a plan that meets their needs. My strategy is simple: Develop a win-win relationship. After I take time to really learn about the business, I propose a work plan that will have long-term impact for both the business and Instituto's primary constituency, the workers.

I feel that this approach engages the employer because I don't try to push a one-size-fits-all solution. Each employer is treated with respect and as a unique entity with its own business needs and tailored solutions. This approach helps me to establish trust in my business relationships. As a workforce professional, I always keep the business's goals in mind and also think creatively about how I can make effective use of the business's resources within the context of a workforce grant.

How did you go about customizing the NRF Customer Service and Sales curriculum for Pete's?

Yesenia: To customize the curriculum, Instituto had to develop a deeper understanding of Pete's culture and operations. Our instructors play a central role in this process. Our lead instructor, Rebecca Zeman, will tell you she spends so much time at Pete's that it feels like she's working for two different organizations! Rebecca found it particularly helpful to attend one of Pete's onboarding sessions and review the employee handbook. She also observed one of Pete's stores to better understand the day-to-day operations.

Once Rebecca begins developing rapport with students, she can further customize the curriculum based on students' specific positions and job

responsibilities. A lot of the content involves role-playing, and Rebecca will adapt scenarios depending on where a student works – for example, in the deli or in the flower department. Students are then able to return to work and immediately apply what they learn in class to their jobs.

Alita: We try to embed scenarios to help staff learn to think like owners. Our workers are interacting with customers all the time and are often the first to field a customer complaint. If we lose a customer, that is money out of all of our paychecks. It's important for staff to understand that even though we have certain policies, it's OK to think outside the box to keep a customer happy. Each of our customers spends between \$5,000 and \$10,000 a year in our stores. We may lose \$20 today, but we'll lose thousands of dollars at the end of the year if a customer doesn't come back. We're trying to train our staff to make decisions and provide solutions. So far, we're seeing positive indications based on our online reviews.

Alita, tell us more about Pete's business model and how you think about the relationship between Pete's operations management and talent strategies.

Alita: Value, aesthetic, quality, and service are core to Pete's business model. For us, value is about having great prices that reflect our quality. Pete's started as a produce stand on the South Side of Chicago, and produce is still something we're known for. We still have our buyers go to the market every morning and hand-select our produce. As for variety, while a typical grocer may carry between 20,000 to 50,000 items, our stores carry 70,000 to 100,000 items at a given time. Our buyers get the products customers want, and these often vary by store and by neighborhood. So our buyers are immersed in our store operations.

We recently established team meetings for department managers, including our owner Jimmy Dremonas, our operations leadership, buyers, and me, to discuss monthly sales and earnings.



Instructor Rebecca Zeman develops close relationships with students such as Delfino Valladares, pictured here.

These meetings focus on highlighting the value of our people, products, and processes so department managers understand how to analyze business metrics and assess their effectiveness. I view these department meetings and our customer service training as mutually reinforcing. Department managers who attend the training are drawing on instructors' methods to teach their teams about new products and creative sales strategies. And store staff, who are the eyes and ears of our business, are feeding back new information to buyers about products customers are requesting as they gain more confidence in having conversations with customers.

What motivates workers to enroll in and complete the training?

Alita: Pete's has a corporate liaison (CL) in each store who supports enrollment and attendance for the trainings. CLs report to me and oversee human resources and customer service at the store level. Our general managers and CLs work closely together. The general manager is the store leader and is responsible for people, products, and processes, but the CL is really the store's people person. CLs encourage employees to enroll in the training and help them see the connection between the program and their career goals. Our CLs check in with workers and support them throughout the training process. Their role is to support both our workers and our customers. Pete's invested in creating the CL position about two years ago, and I really think it's our secret sauce.

Yesenia: Having the right instructor is really important. Our instructors are the heart and soul of the training and help students feel engaged and comfortable as they learn new skills. Beyond this, workers have access to Instituto's comprehensive supportive services that help them navigate life issues during the training. For instance, Instituto representatives regularly attend trainings to promote services we offer, such as parenting workshops. Students are also connected with an Instituto career coach. The career coach contacts students if they miss class and can refer students to services related to health care, transportation, child care, financial

wellness, and other challenges. These services not only help students complete the training, but also help workers persist in their jobs when they're experiencing difficulties.

Finally, holding a graduation celebration at the end of the program is a must. It's a milestone and celebration that students look forward to throughout the program. Completing a training is a source of pride both for students and for Pete's and signals that students are taking a step toward where they want to be in their careers.

What benefits do workers see as a result of participation in training?

Alita: One of the first changes we noticed was increased confidence. We have a produce manager, Delfino Valladares, who has great product knowledge and has been with us for 10 years. Since the training, he's more confident approaching customers and pointing them to our best products. He's also leading his team in new sales approaches. Recently, the team provided samples of cantaloupes with chili powder, which was a big hit with customers and led to increased sales of both items. Jimmy Dremonas, Pete's owner, recently asked Delfino what he attributes to his team's increased sales, and he said it was the training. He told Jimmy he thinks all Pete's staff should have a chance to attend. As workers gain confidence and strengthen communication skills, we're promoting up. About 80 percent of our managers are promoted from within, and our goal is for some of our graduates to take on management positions at our new stores.

Yesenia: I remember one of our students at graduation who spoke about how the training gave him the confidence to apply for a store manager position — now I hear he's training to be a store manager. We have all these individual success stories. Our next step in this great partnership is to come together with Pete's to determine how we will develop meaningful metrics to measure the success of the training collaboration for both workers and the business.

Building Confidence and New Skills: A Worker's Perspective

"Here at Pete's I'm the deli department manager. It's my first job, actually. I started as a bagger. From bagging and carts, I wanted more hours and more money, so I just kept on telling my managers. I worked my way up. I've been department head about seven years now. You could say I was hungry. I come from a rough past, so I was hungry to prove to my family and myself that I could be something better.

I decided to take the Instituto class because my dad always said, 'Always try to be the best at something.' The class helped me out a lot. I learned upselling, cross-selling, how to ask open-ended questions. It's all about keeping the customer engaged one on one. Every time I left a class, the next day at work it was, 'Hey guys, I learned this and this,' and I trained other people and used the examples with them. The class just gave me a little bit more confidence in myself. After that, it was easy.

In the morning I do a team huddle, and if I have to talk to them about something that's difficult, I do that first and then I end with something positive and motivating. I think I got my team of 15 closer than ever. It has helped out in the deli. If one of us is having difficulties with a customer, we try to help each other. I train my employees to say hi to customers they see outside of the store. I wouldn't always do that before. Now I know a lot of customers by name.

Now when I get to work in the morning, I take five or 10 minutes to look at my sales from the day before, then I look at our week using an app. Every penny counts. I try to set personal goals — try to sell more of this or do that. I've learned how to run the numbers myself. When my week ends I run a report to see if I met my goals.

In department team meetings, we learn how much we contribute to the stores. I always say, 'We need to bring some of those numbers up,' and we have. We were asked to give percentages and margins, and I think that my deli was one of the only ones that's improving in those two categories. It's hard because there are slow weeks and busy weeks. A lot has to do with your ordering. Every detail counts, even how I display the meat behind my counter. I've learned to buy smart and time when I buy to make a bigger profit.

Pete's has been really good to me; they've helped me out a lot. The Dremonas family are good people, and I owe a lot to them. I try to give back to them the best I can. I have a lot of family members who work here, too. My mom's been here for over 20 years.

My next goal is to become a store manager. That's going to be a while — I still have a lot to learn — but I'm excited. I'd like to do more trainings. I think they're offering a management class, so I'm interested in that one."

-Julio Ramirez, Deli Manager



Deli Manager Julio Ramirez and Corporate Liaison Eileen Pratl celebrate together at Pete's graduation.

Do you worry about workers leaving when they acquire new skills?

Alita: There is always a risk that workers will leave, but we have a loyal employee base. Our average employee tenure is five years, and 20 percent of employees have been with the company for over 10 years. We're intentional about supporting loyalty and retention, including through our workplace culture, enhanced benefits package, and annual wage increases. On average, we also offer workers more hours than our competitors. We see this training as a way to double down on our workforce investments and provide an opportunity for our staff to see their career trajectory here at Pete's.

You mentioned that your next step is to develop a separate training in retail management and operations for department and store managers. Why do you think it's important to invest in managers?

Alita: A lot of people are promoted into management positions and don't know how to manage. Take the

example of Michael Jordan and Phil Jackson. You take a Michael Jordan, who plays the game well and you put him in a position in which you ask him to do Phil's job and his job. A lot of these managers are playing the game, but they don't know how to coach and play. That's not fair.

We need to take our Michael Jordans and make them feel great about being a star. Then, if they do have the ability to coach, we'll develop them into the Phil Jackson role. Having leadership understand that concept has been my goal, and I say it over and over. When I first started, Stephanie Dremonas, Jimmy's daughter and Pete's part owner, said to me, "Why do you say the same things over and over, are you losing your mind?" I said, "No, I do it because that's what needs to be done in order to build a consistent theory and practice."

I tell the managers that their goal is to make people better. The three things I tell managers are to communicate, motivate, and delegate. I want them to be aware that they're inspiring people with the example that they set.

Reimagine Retail is a project to explore ways to enhance job quality and advancement opportunities for workers in retail, made possible by a grant from the Walmart Foundation. This is the first in a series of profiles by the Workforce Strategies Initiative spotlighting promising retail practices from across the Reimagine Retail Network. To learn more about Reimagine Retail, visit [as.pn/reimagine-retail](https://aspenworkforce.com/reimagine-retail). To learn more about the Workforce Strategies Initiative, visit [as.pn/wsi](https://aspenworkforce.com/wsi). Stay up-to-date with the Workforce Strategies Initiative by joining our mailing list ([as.pn/eopmail](https://aspenworkforce.com/eopmail)) and following us on social media ([as.pn/eopsocial](https://aspenworkforce.com/eopsocial)).

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