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Coffee Bean & Tea Leaf Improves Retention Using Blanchard's Situational Leadership® II

Typically, an annual corporate growth rate of about 25% would be cause for celebration. But, when that type of rapid growth is coupled with extremely high employee and management turnover, the festivities are short-lived. The Los Angeles-based Coffee Bean & Tea Leaf, one of the largest privately owned, family-run coffee and tea companies, was facing this very dilemma in 2001 when Michael Serchia, director of human resources for International Coffee & Tea, LLC, was invited to attend a briefing hosted by soft skills trainer The Ken Blanchard Companies (Escondido, Calif.).

"We were looking for a training program to help with our general manager retention," Serchia told CTDA. "In 2001, our management turnover rate was 60% and our team member turnover rate was about 180%. It was really hitting us and we were looking for something that could help develop our general managers and our district managers, but something that was simple. We didn't want a real complex program," he said.

Serchia has been with the company for six years and has seen it grow from 34 stores with 950 employees to 158 stores with more than 3,000 employees. After listening to Scott Blanchard, vice president of Blanchard's client delivery segment and founder and CEO of Coaching.com, talk about Blanchard's Situational Leadership® II approach to leadership at that briefing, Serchia shared what he had heard with his company's executive team. Shortly after, Coffee Bean & Tea Leaf began a blended training program for its district, regional and area training managers.

The goal of the Situational Leadership® II program is to provide a set of tools for increasing the frequency and quality of conversations about performance and development between managers and the people they work with so that competence is developed, commitment is gained and talented individuals are retained. It is also designed to help managers determine the development levels of their employees and the appropriate leadership style to use for each individual worker, an aspect of the program that really resounded among Coffee Bean & Tea Leaf's leaders.

“What hit home was that your leadership style doesn’t need to be consistent with everybody. You need to adjust your leadership style when you are dealing with specific individuals based on what task you are talking about,” Serchia said, adding that his company’s district managers typically have about eight to 12 stores reporting to them, with an average of 20 people per store.

Training was first delivered via courses from Ninth House (San Francisco), which integrates content from Ken Blanchard with self-paced online courses and simulations. Then managers attended a one-day, skills building, instructor-led course, after which they were provided with one-on-one coaching from Blanchard and Coaching.com.

“The coaching really gave them an opportunity to talk to someone confidentially about some of the challenges they were faced with, how they could implement Situational Leadership® II and also how they could become better leaders,” said Serchia.

Since implementing the techniques learned during the training, Coffee Bean & Tea Leaf has decreased its management turnover rate from 60% in 2001 to its current 33%, and its team member turnover rate has plummeted from 180% in 2001 to 75%, according to Serchia. The company has also witnessed an increase in certain store sales and in its store performance management ratings, which combine customer comments with store audits.

Due to the success of the program, the company has begun to make regular, one-on-one conversations between managers and employees a mandatory part of its performance evaluation program. The program will train 200 general managers next year, and plans also include training about 10 individuals to preside over an in-house train-the-trainer program, he said.

Domestically, Coffee Bean & Tea Leaf operates 320 stores in California, Arizona and Nevada, 250 of which are company-owned while the other are franchises. The company also operates stores in Singapore and Malaysia and expects to add about 50 more U.S. stores next year.

“With Situational Leadership® II we’ve developed a consistent leadership language and everybody is applying it in a similar fashion. As we grow and get bigger that is going to be important,” Serchia said. ■