

BUSINESS ACTION GUIDE

Leading at the Intersection of People & Profits

GET TO HIGH PERFORMANCE

Creating Great Customer Service by Putting People First: New Seasons Market

Companies that achieve excellence in customer service put people first. They treat their employees well, which encourages and empowers employees to treat their customers well. To learn more about how to



KRISTI MCFARLAND,
CHIEF PEOPLE OFFICER

create great customer service by putting people first, we spoke with Kristi McFarland, Chief People Officer of New Seasons Market. Based in Portland, OR, New Seasons Market is a grocery chain that employs 3,000 people at 15 stores. New Seasons Market is committed to serving the community through its progressive workplace and its support of sustainable agriculture.

NEW SEASONS
MARKET

At New Seasons Market, we have a commitment to outstanding customer service. Posted outside each of our stores is a document called “The Fine Print” in which we explain our philosophy – we will do whatever it takes to make New Seasons Market the best shopping experience in town. We aspire to be the ultimate neighborhood grocery store, so we hire people who are friendly and want to be part of the community. We treat them as we want them to treat our customers. Most importantly, we empower our people to use their best judgment in responding to customer requests and providing great service.

This way of operating results in low employee turnover, which has saved us a lot of money in recruiting and training costs. It’s easy to attract talent when we open a new store – and we promote people from within to lead the new stores. We have high customer loyalty, with customer satisfaction scores consistently 10 to 15 percent higher than grocery industry averages. Many customers will choose to go through certain cashiers’ lines because they are friends. Overall, New Seasons has evolved into a stable, agile, and resilient company as a result of our customer- and employee-centric operating commitment. These are some key lessons we learned in the process:

1. Just say “yes” to customers

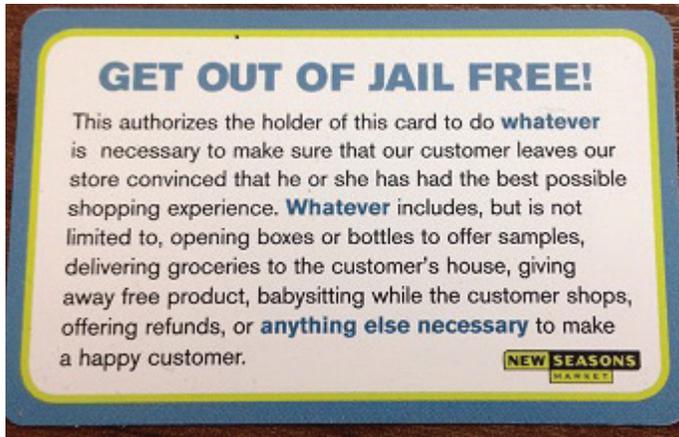
There are a number of things we do to empower employees to create a great shopping experience for our customers. Our philosophy is to always say “yes” to the customer. This is a little different than “the customer is always right.” We do what they ask. There is story we always tell during our new hire orientation about the muffins we sell in packages of four (for example, four blueberry muffins or four banana muffins). Once we had a customer who wanted a mixed pack with several different flavors. Most stores would say, “Sorry, they come in packs of four.” Our employee opened four packs, mixed them, and gave them to the customer. We don’t look at it in terms of the immediate cost – this is a customer relationship you’ve built and they will keep coming back.

2. Empower employees to use their best judgment

We show that we are serious about empowering employees to use their best judgment about how to serve customers by giving every new employee a “Get Out of Jail Free Card.” The back of the card says: “Dear Supervisor: The holder of this card was, in their best judgment, doing whatever was necessary to make a happy customer. If you think they may have gone overboard, please take the following steps: 1. Thank them for giving great customer service. 2. Listen to the story about the events. 3. Offer feedback on how they might do it differently next time. 4. Thank them for giving great customer service.”

NEW SEASONS MARKET’S FORMULA FOR GREAT CUSTOMER SERVICE:

1. Just say “yes” to customers
2. Empower employees to use their best judgment
3. Random Acts of Demo
4. Treat employees well and they will treat customers well



If the manager didn't want you to do it that way, they would first say "thank you" – for serving the customer – and then tell you to consider these other factors next time. We train managers to never punish employees for taking initiative to serve customers. Examples happen every day: employees walk people half a mile home if they bought too many groceries and can't carry them. A customer once forgot her wallet. We got all the way through a big sale, packed her up and sent her home, and she came back later with a check. We could have lost \$50, but instead we gained a lifelong customer.

4. Random Acts of Demo

We also have the RAD program – Random Acts of Demo. RAD empowers staff to open something for a customer at any time. If they are deciding on a type of granola bar, we will open two packages and let them taste both. Then we turn that into an opportunity to do spontaneous tastings for other customers, and it creates a fun scene. The staff member then fills out a form saying "I opened these two packages of granola bars, and here's what customers thought." We post these forms in the back room, and the RADs are entered into a raffle for gift cards. This is how we celebrate staff for creating RAD. It also benefits the business because we get a better understanding of what will sell and why. We are institutionalizing empowerment

NEW SEASONS MARKET VALUES

- We're in this together.
- Do the right thing. Always.
- Be passionate. About everything.
- Trust each other. Use your best judgment.
- Make real connections. We're a grocery with heart.
- Celebrate our differences. It's what makes us strong.
- Speak up and listen. Every voice matters.

– there is no fear factor for staff. We are also engaging customers and creating a buzz in the store.

5. Treat employees well and they will treat customers well

Our values say to treat people like family. You can't measure that, but we know it leads to low turnover. Our headquarters is intentionally referred to as Store Support, and almost everyone in leadership, including the CEO, works in the stores during the our busiest times doing everything from bagging groceries, taking groceries to cars, sweeping floors, and bringing in carts from the parking lot.

We provide progressive compensation (profit sharing plan, company-matched retirement plan, medical benefits, and product discounts); ongoing training, mentoring, and coaching; and incentives such as community service time off, a home buying program in partnership with a local bank, and support for nursing mothers. We have 80 percent employer-paid health care, and we are committed to keeping the employee portion as low as we can. In addition, we provide predictable scheduling to allow employees to plan for things like childcare, transportation, going to school, or a second job.

FINAL WORDS OF WISDOM

The bottom line is that we trust that our people want to work hard, do a good job, and make customers happy. Our job as management is to put them in a position to do that and say “thank you.” In the end, how you deliver service to employees is how employees deliver service to customers. Trust your employees and care about them, and they will do the same for customers.

HOW DO WE LEARN MORE?

Customer Innovations: [Empathic Delivery and the Empowered Front Line](#)

Harvard Business Review: [Creating Sustainable Performance](#)

Fast Company: [Why Treating Your Employees Fairly Can Actually Boost Your Profits](#)

Northwest Food Processors: [New Seasons Market](#)

Zeynep Ton: [The Good Jobs Strategy](#)

Other companies that excel at creating great customer service by putting people first include Zappos and Zingerman's.

For more information:

Mark Popovich, VP of Program
mpopovich@hitachifoundation.org
202-828-1643

Tom Strong, Sr. Program Officer
tstrong@hitachifoundation.org
202-828-1657

Profile researched and written by
Anne Claire Broughton,
Broughton Consulting, LLC
anneclaire@broughton-consulting.com
www.broughton-consulting.com