

AT C LEVEL

Danny Wegman, CEO, Wegmans Food Markets

Part of a series of talks with top-level executives on the subject of learning and performance.

A HIGHER LEVEL of LEARNING

HERE'S A TEST.

If you want to find out why Wegmans rules among supermarkets, try this. Go to a Wegmans' cheese department and ask for something really obscure. We tested this at the Wegmans in Fairfax, Virginia, by asking for a Tomme de Savoie, a savory, semi-hard cheese made in the part of France that surrounds the southwestern corner of Switzerland. For the record, Wegmans carries 700 kinds of cheese, but not Tomme de Savoie. And here's the cool part. The saleswoman not only knew instantly that the Tomme was not among Wegmans' 700 offerings, but she knew why. It's made with raw cow's milk and therefore can't be sold in the United States. This degree of knowledge is one of the secrets of Wegmans' success.

A not-so-secret success factor is the way Wegmans treats its employees. We talked with a young checkout clerk with a punk haircut and lots of red eye shadow about what it's like to work at Wegmans. She told us about some things she liked (flexible hours and good benefits) and then she said, "Wegmans treats its customers really great, but it treats the employees even better." So it's no surprise that Wegmans is number 1 this year on *Fortune* magazine's list of the 100 best companies to work for.

We talked with CEO Danny Wegman about the company's training and culture and how they are helping the 89-year-old food store chain puree the competition in a very tough market.

By Tony Bingham
and Pat Galagan

Q. *Wegmans recently branched out of its traditional home base of New York, Pennsylvania, and New Jersey to open two stores in Virginia. The company spent more than \$1 million training staff for the opening of the store in Sterling, Virginia. What's the rationale for that level of investment?*

A. Yes, that's a lot of money. Normally we're able to train new people in some of our existing stores but the Virginia market is so far from any of our other stores that we couldn't do that. We took possession of the store in November and opened it in February. We did all the training right in the store.

Training is extremely important to us. Our level of service is extremely important. And knowledge is very important to us. We can't always find people who know how to bake bread or are knowledgeable about a lot of the different things that we do. We really have to show people how we like things done. It does cost a lot of money for us to open a store. We're a very labor-intensive operation. That's by design. We think that's the best way to offer our products.

Q. *At what point did you decide people were sufficiently trained and you were ready to open the store?*

A. Once you decide to open the store, you better be ready. This isn't our first day in business: We've been doing this for a while, so we generally know from experience what it's going to take to make sure people are at the right level.

We bring in a lot of experienced help who get the staff through the opening and allow people to be more proficient in their learning. By the time the current employees leave, the new employees are comfortable doing what they have learned to do and they do it well.

Q. *How are you training them? Action learning? Classroom training?*

We use a blended approach. We do a little bit of classroom, probably 10 to 15 percent. A lot of the training is on the job: It's experiential. We're a food business, so learning with the five senses is very important to us. We want a lot of hands-on. We do have universities that we put people through in areas such as operations, product knowledge, and cooking. We want to make sure training is relevant to what people do every day. We also believe that we have to keep it simple. Just enough, just in time.

Part of what we also want to teach our people are the Wegmans values. We try to make sure that people really understand that we mean what we say and we live what we say. Part of the training is being together

and sharing philosophies and approaches. That's different than just plain technical training. To us, that sharing is the most important element of training.

Q. *What about the role of the learning function at Wegmans? Could you articulate how you think it provides strategic value to the organization?*

A. It's related to our values. The first is caring. When we hire, we try to find people we believe will be caring: caring about our customers and caring about their Wegmans teammates. And then we have to spend some time together and learn to trust each other. That's all part of what goes on when we open a new store or bring on a new employee.

The first thing a new employee has to understand is how we live our values. People learn to live our values by seeing them in action. Let's take caring. When employees have a problem of some kind, we step forward and help them solve it. Permission to do that doesn't have to come from me. It can come from anyone. We've made that very clear. That's what we believe in and that's how we treat each other. Part of that is training, but part is living it. And talking about it. We do a lot of storytelling to get feelings across. It's part of our training effort to recap stories.

High standards are another way of life here at Wegmans. That's where technical training comes in. We teach the basics of a store department. What makes the food safe? What makes a department safe for employees?

On the next level, we begin to work more on the food itself and the cooking and preparation of food. We try and help people understand what it takes to make good products. We also believe that almost anyone can sell if they have the proper knowledge and they care about people. We don't teach people to sell first. We teach them first about the products that they're selling and what makes them good and how to prepare them. Armed with that knowledge, they can provide real value to our customers. That's how we see the training function enabling our people to provide value to our customers.

Q. *Do you have any specific metrics you like to see about training activity?*

A. Yes, I like to see our sales grow. When our sales are growing, I know we are doing a good job at training. That's exactly how we look at it. We feel that with their knowledge, our people are able to serve our customers in a way they won't be served anywhere else, and that grows our business. That's been going on at Wegmans for a long time. Our employees' knowledge

is the key to our success. And fortunately, many of our competitors don't take the same approach.

We think that if you take a normal supply and demand curve, some things work: The lower the price, the more you sell. But if a customer doesn't know how to cook an artichoke, no matter how cheap it is, it doesn't do any good to buy it. So we think the time comes when knowledge is what drives sales, not price. That's why we leverage knowledge very heavily. The better the job we do helping our employees gain knowledge and share it with our customers, the more our sales grow. So that's how we really measure what we do in training.

Q. *You say that training helps your sales grow. Do you see its effect on customer satisfaction?*

A. Frankly, a lot of our customer satisfaction data is anecdotal. It takes me about an hour to get in and out of our stores because customers want to tell me how much they appreciate what our people do for them. It's kind of magical. The more knowledge we enable our people to get, the more it comes back to us.

If you measure the service you get at Wegmans compared to some other place, we always come out pretty good on that. But I think it's gone to a new level. I hear that when folks are in a bad mood, they go to Wegmans to cheer up. People greet you with a smile and ask you if you want a taste of something. Customers get a happy fix and that makes our people feel spectacular. It's circular. And it all begins with knowledge.

The very first job I had in our company...we had a packaged produce operation...was working in the back packaging produce. Trust me, the last thing I wanted to do was go out on the sales floor because people were going to ask me a question about the produce and I didn't know anything about it.

I think the direction we've taken to help our employees be totally familiar with the products they are selling has really changed our interaction with our customers. And so today I think Wegmans is a happy place for people most of the time. That's due to training.

Q. *You talked about the fact that knowledgeable employees help drive sales. What about having knowledgeable customers? Do you consider your customer education efforts an extension of the idea that knowledge helps drive sales?*

A. Absolutely. I think knowledge drives interest and if you're interested in something you pay more attention to it and it becomes more important to you. That's part of our strategy to help our customers un-

derstand the products we sell. First of all, we try to offer for sale the very best products we can. But if you don't know how to take something home and be successful with it, you wouldn't even know if you had something good or something bad. Our goal really is to make food and cooking fun and interesting and something to spend your time on. You can spend your time on many things in this world, and we'd like our customers to spend at least some of their time cooking.

We send out Menu magazine, about a million copies four times a year. It's full of recipes and cooking techniques and advice on products. That's supported back in our stores by knowledgeable cooking coaches and sales staff in the various departments. Every week they go through a session on how to make a meal of the week. That increases their knowledge and makes them comfortable with the products they're selling.

This is not a small thing to us. This is our company. This is what Wegmans is all about. In fact, we're working with our folks this year on the idea that when each of us improves, we all improve. For years we've believed in making sure that our employees kept on learning things even if it wasn't in performance plans. We ask "What are you learning this year that's going to help you improve as a person and as a team member?" We've been doing things like this for so long they're just a way of life. It's education but you don't always realize it.

Q. *Yolanda Benitez is Wegmans' top learning officer. What kind of metrics do you use to measure her performance?*

A. Fifteen minutes ago you asked me how we measure training. Frankly, the measure is the same for Yolanda: "Are our sales going up? Yes, our sales and our profits." They are and Yolanda is a critical and crucial part of the whole effort. People are continuing to learn and have more confidence. We don't have a formula for measuring that, but we ask ourselves "Are we being successful as a company? Are we getting good feedback from our people on the various courses that we're offering? Do they feel they (the courses) are relevant to their success as individuals and as part of the company?"

Q. *When it's time to do the budget, are you involved in determining the size of the learning investment at Wegmans?*

A. I have no idea what we spend. The weekly cooking class I just mentioned doesn't show up anywhere (as a training statistic). We don't track that. Because

everything is a learning event for our employees, it's very hard to capture all that. It's just part of doing business. It's the right thing to do for our people so we don't necessarily track it as an expense.

Q. *Do you consider it part of your competitive strategy?*

A. It's not part of our competitive strategy: It is our competitive strategy. That's how we differentiate ourselves in the marketplace.

Q. *Is there anything else about Wegmans' development of people that's important to you?*

A. We have a youth apprenticeship program with about 250 people in it each year. They take on a team project on some aspect of a department they're working in. They study it for five months and then give presentations. The kids are learning and realizing how they can make a difference, and by listening, we model a behavior we all think we should practice anyway. We should listen to each other and respect folks. It doesn't matter if they're 16 years old. They're the ones doing the work. They see the opportunities.

It's one of the most exciting things I see us do. To me it models every value that's important to us as a company. They're listened to. There are people in the company who care about them. High standards are being practiced. We know we're making a difference in their lives. We're giving them opportunity and teaching them a process that they can use even if they don't stay with us. And they love it. They make so many improvements to our company, it's just spectacular.

We've got lots of kids working in our stores. If they couldn't do as good a job as anybody else we wouldn't have a high service rating with our customers. These kids really make a difference to Wegmans so we want to make a difference to them. I would hope one day we could give every young person in our company the same kind of opportunity to contribute to making Wegmans a better place to work. **TD**

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