



CAEL

PREPARING FOR PARTNERSHIP

An Analysis of the Retail Industry in Central Iowa



Prepared by the Council for Adult and Experiential Learning (CAEL)
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Introduction and Overview

While the retail industry has, historically, rarely been an area of focus for the public workforce system and workforce development programs, it continues to not only play a significant role in the overall economy, but in the professional formation of many workers. This is particularly the case following the Great Recession, in which many medium skilled, full-time jobs in the economy were lost, and replaced by more entry-level and part-time jobs such as those typically found in the service sector. Like many other metropolitan areas around the country, the Central Iowa (or Greater Des Moines) region continues to rely on the retail industry as a central component of its overall economy and workforce.

However, while existing research has provided valuable insight into the nature and impact of the regional retail economy, little attention has yet been paid specifically to the workforce issues facing retail employers and businesses. Recognizing this, Central Iowa Works (CIW)—the region’s workforce intermediary—recently received funding from the National Fund for Workforce Solutions (NFWS) to support the development of a retail industry sector partnership in the region. Indeed, CIW is uniquely qualified to lead this work as it already supports workforce partnerships across five other industries—advanced manufacturing, business services and operations, construction, healthcare, and distribution/logistics.

Sector partnerships are becoming increasingly common nationally as a workforce development strategy meant to increase alignment between industry and other workforce development stakeholders in addressing fundamental issues of labor supply and demand. The goal of a sector partnership strategy is to regularly convene local employers and other community stakeholders (such as education and training institutions, public sector agencies, and community-based organizations) to collectively identify and develop coordinated response to ongoing industry workforce challenges. As the name implies, these partnerships are structured around, and maintain majority business representation from, a specific industry sector. These employers lead the initiative, with the support of an intermediary or convener (such as CIW), and the partnership’s efforts are driven by employer-identified workforce needs.

As a result, understanding the local workforce trends and the potential issues facing the industry is a critical first step in establishing any sector partnership—building a solid base of labor market information (LMI) provides a partnership with the intelligence it needs to identify ongoing workforce issues and how to address them. Recognizing this, CIW has begun its sector partnership development efforts by commissioning our organization, the Council for Adult and Experiential Learning (CAEL) to conduct an initial analysis of the region’s retail workforce. The goal of this analysis is to inform and shape the sector partnership work moving forward, including goal-setting and strategy creation.

Established over 40 years ago, CAEL has a long history of supporting local and regional economic development efforts by helping local stakeholders more effectively link learning and work for members of their community. This has included conducting labor market research and analysis in numerous communities, and around a variety of industries, nationwide. CAEL has drawn on this extensive expertise, as well as its prior knowledge of the retail industry, to develop the following report outlining what it sees as key issues and challenges facing Central Iowa’s retail industry. Throughout this report we will highlight findings from our quantitative analysis of labor market data, as well as call out specific themes we heard throughout focus groups held with industry employers. Based on these observations, we propose some potential areas of focus for a future retail sector partnership led by CIW, as well as outline immediate next steps for establishing this partnership.



Methodology

In our analysis of regional workforce issues, CAEL employs a blended (or mixed-methods) approach to developing labor market intelligence. This involves not only collecting quantitative data, but also garnering qualitative information and feedback from industry employers through structured focus groups and interviews. We begin by examining trends in regional labor market data from the U.S. Bureau of Labor Statistics (BLS), state labor market information (LMI) agencies, and real-time job postings data from Burning Glass Technologies. Conclusions from this initial research are then used to inform our conversations with knowledgeable industry representatives, who are asked to not only validate the findings, but to provide additional insight into their own workforce challenges, as well as trends they see across the industry regionally.

A broad and inclusive industry definition was used when collecting and analyzing labor market information and data for this report: in addition to examining the more traditional retail sector, this definition also encompasses occupations and firms in the hospitality, food services/restaurants, and retail banking sectors. Specifically, labor market data was collected using the North American Industry Classification System (NAICS)¹ codes in Table 1.

Table 1. NAICS Codes Used in Industry Analysis

Code	Full Title	Description
44-45	Retail Trade	Establishments engaged in retailing merchandise and rendering services incidental to the sale of merchandise to the public.
72	Accommodation and Food Services	Establishments that provide customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption.
52.2110	Commercial Banking	Establishments primarily engaged in accepting demand and other deposits and making commercial, industrial, and consumer loans

The decision to utilize this broad industry definition was made with the recognition that key in-demand occupations in each sector (particularly at the entry-level) are heavily dependent on service-oriented skills, which can produce similar workforce challenges. As a result, while we have used “retail” as shorthand, the set of occupations and firms we are examining could also be generally labeled as retail *and* service industry. While analysis is provided for the industry as a whole, trends and challenges are also identified by individual sub-sector where appropriate.

Three focus groups with industry employers took place over the course of two days in May 2018, with employers grouped largely according to the sub-sector (of the three above) with which they were most closely aligned. These two-hour sessions, facilitated by CAEL research staff, asked employers to reflect on which types of jobs they hire for most frequently, which jobs they have the hardest time filling, the most desirable/in-demand skills for job candidates, how they conduct hiring and recruitment, as well as a host of other workforce-related questions.

This information was then compiled, and common themes were identified for each sub-sector group as well as across the entire retail/service industry. Notes from the sessions (with responses anonymized) are contained in **Appendix B**.

¹ NAICS is a hierarchical classification system used by the BLS and other federal statistical agencies to categorize and gather data on business establishments based on their primary business activity. For more information, see: <https://www.census.gov/eos/www/naics/>



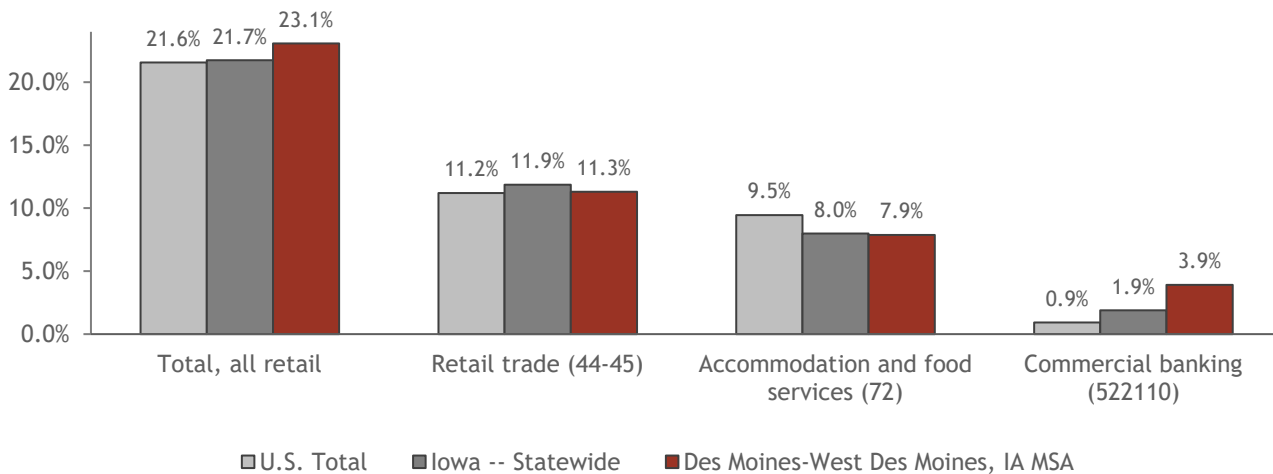
Region and Industry Overview

This report also builds on existing research examining the important role that the retail and service industry plays in the economy of Des Moines and the surrounding Central Iowa region. This includes the *2017 Downtown Retail Assessment* prepared for the Greater Des Moines Partnership (along with Capital Crossroads, the City of Des Moines, and the Urban Land Institute of Iowa) as well as the yearly Retail Trade Analysis reports released by Iowa State University’s (ISU) Department of Economics for Des Moines and surrounding counties.² This research provides a critical economic backdrop for understanding the region’s retail workforce.

For example, in its 2016 analysis of retail trade in Des Moines, ISU found that the city has maintained a retail trade surplus for the past ten years and consistently ranks at or above the top half of its peer cities (those of similar size and demographics) when measuring the degree to which retailers are drawing customers from outside the city.³ These factors indicate that Greater Des Moines is a critical retail center for the region. At the same time, Des Moines also experiences a net inflow of retail workers, highlighting the impact that the local industry plays not only in the area’s trade economy, but also in providing employment to workers across the region.⁴ Of course this is not to say that the city of Des Moines completely dominates retail activity in the region: ISU research identifies Ankeny, Urbandale, and West Des Moines as other important retail locations in the area.

This research also clearly indicates the need to plan for growth and a changing economy in order to maintain this role as a regional retail trade center. For example, as the *2017 Downtown Retail Assessment* indicates (citing a 2017 Urban Land Institute report), the Millennial population in greater Des Moines is

Chart 1. Retail Sector Employment as a Percentage of Total Employment



growing at a faster rate than the national average, having increased 6.1% from 2012-2016 compared to 2.6%

² For access to all state reports by county, visit <https://www.icip.iastate.edu/retail>

³ *Des Moines Retail Trade Analysis Report, Fiscal Year 2016*, report, Department of Economics, Iowa State University, April 2017, 7-8, https://www.icip.iastate.edu/sites/default/files/retail/retail_1921000.pdf.

⁴ *Ibid.*, 10



nationwide.⁵ Since this demographic supplies an important population of both workers and consumers to the retail industry, its rapid increase will significantly impact the regional retail industry's access to talent and, thus, its ability to meet rising demand.

Labor market data further reinforces the importance of the retail and service industry to Central Iowa's economy. Chart 1 illustrates the fact that total industry employment makes up a larger share of the area's total workforce than at either the national or statewide levels. It is particularly notable that retail and commercial banking makes up a substantially larger share of the local workforce than statewide or nationally.

That these sectors constitute such a comparatively significant portion of the regional workforce provides another strong argument in favor of paying close attention to, and working to address, any labor supply challenges or mismatches faced by employers. As in any industry or region, the ability of local retail employers to effectively capitalize on changing economic realities and continue to successfully meet demand will depend, in large part, on their ability to effectively access a pipeline of quality talent. Ensuring that this pipeline of quality talent exists, that employers can consistently access it, and that the workforce has the opportunities and resources to move from one end to the other (from hire to advancement) must involve the investment and coordination of regional workforce stakeholders.

Of course, common objections to focusing more attention on developing the retail and service sector workforce often arise out of fears of the so-called "death of retail:" the rise of automation, online shopping, and other innovative retail models such as Amazon Go Stores, has led many commentators to conclude that many of the entry-level, service-oriented jobs that make up the overwhelming bulk of the industry's workforce (as well as most of its recent and near-term growth) will soon be eliminated. In other words, critics ask, why focus on a labor market that is so volatile, uncertain, and precarious?

First, it is worth noting that while online shopping and automation have certainly increased rapidly, with significant impact on the nature and potential future of the retail industry, the overall degree of this change may be regularly overstated. According to data from the U.S. Census Bureau for the first quarter of 2018, less than 10% of retail sales occur through e-commerce.⁶ Families also spent more on "eating out" at restaurants and bars than on groceries in 2016.⁷ Finally, while more and more routine financial transactions are taking place online, more complex retail banking services such as home and business loans will likely continue to require meaningful in-person customer interaction.

Even beyond this question around the extent and pace of "disruptive" change, however, it would be difficult to argue that retail and service industry jobs, much less the foundational skills they require and help employees develop, will disappear entirely anytime soon. In fact, some observers argue that increased automation in the service sector will only heighten employer demand for more refined/highly-cultivated customer service and communication skills. Clearly identifying, and articulating the transferability of, these in-demand skills, as well as outlining the career pathways in adjacent industries (such as transportation and

⁵ Maureen McAvey, *2017 Downtown Retail Assessment*, report, 2017, 5, <https://www.dsmpartnership.com/downtowndsmusa/filesimages/PDFs/2017 Downtown Des Moines Retail Assessment.pdf>.

⁶ U.S. Department of Commerce, Census Bureau, *Quarterly Retail E-Commerce Sales, 1st Quarter 2018*, May 17, 2018, 1, https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf.

⁷ McAvey, 4.



logistics) these transferable skills can lead into, will remain an important task for workforce development professionals and intermediaries as long as these jobs constitute a significant portion of the labor market.

Workforce Demand

Before examining specific workforce issues and trends in the local retail and service industry, as well as what these might mean for regional workforce development and the work of a retail industry partnership, it is useful to first provide a general idea of overall labor demand in the area. Across all three industry sectors (retail, accommodation/food services, and retail banking) those sub-sectors (or business types) that employ the most people locally include commercial/retail banking, warehouse clubs and supercenters, new car dealers, convenience stores, and hotels/motels (Table 2).

This concentration of workforce demand by business type is reinforced when considering those employers that advertised the highest number of job postings over a 12-month period, from February 2017 to January 2018 (see Table 6, below). This list similarly includes retail banks (Wells Fargo), car dealers (Lithia Motors), convenience stores (Kum & Go), home centers (Lowe’s and Home Depot), and hotels (Marriott and Hilton). It is worth noting that among those sub-sectors with the highest local demand, our in-person focus groups included business representation and input from a wide cross-section, including in commercial/retail banking, warehouse clubs and supercenters, convenience stores, discount department stores, and “drinking places, alcoholic beverages” (see Appendix A for a full list of the top 15 area sub-sectors, and Appendix B for a description of employers involved in each focus group).

Across all industry sectors, those industry occupations with the highest employment are, perhaps unsurprisingly, those entry-level, customer-facing, and service-heavy occupations that make up the bulk of the retail and service industry workforce regardless of location. This includes sales associates, customer service representatives, food service team members, cashiers, and general managers. While a few have experienced a modest decline in employment over the past five years (e.g. cashiers) most have seen significant growth.

Most of these same occupations have also been projected to see the largest total growth in employment across the entire industry, including: customer service representatives, food service team members, sales associates, and general managers (see Appendix A for a list of top industry occupations by projected growth). Interestingly, these same occupations are at high risk of automation as determined through Burning

Table 2. Top 5 Retail Sub-Sectors by Total Employment

Industry	Total Employment
Commercial banking	13,866
Warehouse clubs and supercenters	3,339
New car dealers	3,198
Gasoline stations with convenience stores	3,126
Hotels and motels, except casino hotels	2,959

Table 3. Top 5 Retail Occupations by Total Employment

Occupation Title	Change in Employment (2011-2016)
Retail Sales Associates	19.83%
Customer Service Representatives	21.61%
Food Service Team Members	13.99%
Cashiers	-3.35%
Office/Administrative Assistants	-6.10%
General and Operations Managers	94.12%



Glass Technologies’ application of 2013 research from Oxford University.⁸ This may be because automation trends were not factored heavily into the calculation of these projections (prepared by Iowa Workforce Development’s Labor Market Information Division). However, it could also be that automation is not anticipated as having as great an effect on these occupations locally as has been predicted nationally.

Whatever the case, demand for these entry-level, service-heavy jobs is, and will continue to be in the near-term, relatively high. This need was reinforced by employer feedback, with most focus group participants indicating that their hiring need is centered around entry-level positions. For traditional retailers this centered around front-line retail sales associates and cashiers, which make up the bulk of a store or location’s staff. While there seems to be an adequate supply of workers for these positions (the time to fill these positions is average), retailers report that the primary difficulty in meeting demand lies in finding *quality* candidates (discussed below). Employers also reported difficulty adequately filling positions for more supervisory staff (typically store managers or other front-line supervisors).

Distribution and stocking occupations were also among the top employed and most in-demand for the industry (specifically, truck drivers and warehouse workers), however most employers indicated that they primarily use third-parties for this work. While a need for in-store storage and stocking exists, these tasks were reportedly combined with responsibilities of other store staff (both sales and supervisory). As a result, while front-line, service-oriented roles obtain some on-the-job distribution skills, there is less overlap here than initially assumed.

Restaurants and food service employers reported a consistent and significant need for qualified cooks and food preparation staff, which was also apparent from the data. In addition to making up a large share of the local sector’s employment than nationally, job posting data suggests that these jobs are harder to fill locally than they are, on average, nationwide⁹ (Table 4). These employers reported similar challenges (although perhaps slightly less severe) meeting their need for front-line supervisors

Table 4. Top 5 Accommodation and Food Service Occupations by Total Employment

Occupation	Concentration	Time to Fill
Food Service Team Member	Average	Similar
Waiter/Waitress	Average	Similar
Restaurant Cook	Average	Harder
Restaurant/Food Service Supervisor	Low	Harder
Maid/Housekeeping Staff	Low	Harder

and managers, a need that was also reflected by similar trends in the data (i.e. high employment and a longer time-to-fill). Smaller restaurants also expressed difficulty finding and maintaining dishwashers, while larger restaurants did not. This may be because of the particularly low concentration of these jobs locally (compared to nationally), which would result in particularly tight supply. One small restaurant felt that their challenge in this area was due to their inability to offer the same wages for this low-skilled work as their larger competitors—if true, this would indicate that large restaurants may “eat up” the limited supply of these low-skill workers, decreasing access among the smaller businesses.

⁸ Carl Benedikt Frey and Michael A. Osborne, “The Future of Employment: How Susceptible Are Jobs to Computerisation?” *Technological Forecasting and Social Change* 114 (September 17, 2017), doi:10.1016/j.techfore.2016.08.019.

⁹ Time to fill, a metric used by Burning Glass, is measured as the average length of time a job posting is left open for a particular occupation within the target area, compared to the average length of time a posting for the same occupation is left open nationally (i.e. “Similar” indicates the local average is near the national average).



For retail banks, tellers make up a high share of employment and present the greatest hiring need for employers. Focus group feedback also reinforced labor market information showing that teller positions are much more difficult to fill than is the case nationally (Table 5). Employers uniformly reported that turnover among tellers is high (partly due to pay) and that, while volume of applicants is high, finding quality candidates with the necessary availability makes re-filling open positions difficult. Aside from tellers, personal bankers were reported as the second highest hiring need for retail banks, although these occupations are typically filled internally through advancement of tellers and other entry-level staff. The banks also hire customer service representatives for positions in local call centers and other roles, which can often transition into either teller or banker positions with more direct customer contact. While banks hire for higher-level management and supervisory positions, as well as for other banker roles, their ability to also fill these through internal advancement leaves entry-level positions as the primary choke point for talent supply (as is also the case with most of the rest of the industry).

Table 5. Top 5 Retail Banking Occupations by Total Employment

Occupation	Concentration	Time to Fill
Customer Service Representatives	High	Similar
Tellers	Very High	Much Harder
Loan Processors	Average	Much Easier
Loan Officers	Very High	Much Easier
Bill and Account Collectors	Very High	Easier

Talent Sourcing and Hiring

THEME: Quick/spot hiring vs. formal applications

Employers almost universally reported that frequent turnover plays a significant role in the challenges they face with meeting their need for those jobs that are in greatest demand across the industry. Combined with the relatively tight labor supply highlighted above, this has prompted many industry employers to increasingly make entry-level hires on the spot, for fear that qualified/quality job candidates will otherwise take a job with a competitor while the employer is still making a hiring decision. Instead, these employers conduct walk-in interviews; distribute hiring responsibility (and knowledge of employment need) across multiple managers so that any of them can make hiring decisions; and use social media or Indeed’s “Quick Apply” feature for application processes that are faster and easier.

Of course, some employers, particularly those in the traditional retail space or that are part of much larger, national corporate entities, continue to employ more traditional hiring processes (even for entry-level positions) where candidates must fill out a formal application, which proceeds through a formal review process. However, even within this group, employers saw long online applications and complicated applicant tracking systems (ATS) as barriers to getting these entry-level, low-skill individuals in the door and working. In addition to the risk of candidates being hired by competitors with quicker review processes, employers reported that candidates frequently fail to fully complete longer applications.

It is worth noting that employers generally mentioned this as a hiring practice in relation to entry-level positions rather than mid-level or supervisory positions. This may be because the low-skill nature of these jobs would better accommodate this approach—that is, the immediate benefit of acquiring potentially promising talent in these cases outweighs the potential cost of hiring someone who may ultimately lack the skills for the position. If these positions are low-skilled, the cost to hire someone without the requisite skills



(in terms of potential training or orientation) is significantly lower (or more acceptable) than for higher-skilled positions.

THEME: Referrals and passive recruitment vs. traditional methods

Still, the risk with these methods for quick hiring is in sacrificing an amount of control over the quality of candidates for the ability to fill an opening quickly. Yet even more than getting people in the door, employers reported struggling to find candidates that are a good fit for the store and can meet the business' culture of professionalism and service. As a result, hiring approaches that involve "pre-vetting" candidates to some extent were preferred over hiring unknown candidates, whether through on-the-spot hiring or more traditional methods. For many of the employers, referrals from current employees produced the most consistently successful hires. Most also utilized "passive recruitment" methods, where owners or managers would actively recruit individuals through their daily interactions. For example, one business owner hands out their card to servers or other salespeople they interact with in public, and who they felt provided quality service, then encourage them to apply for a job.

Conventional recruitment methods such as job boards are still used most frequently, of course (indicating, at least anecdotally, that using real time data continues to provide an accurate picture of hiring in the retail and service industry). However, it is interesting that employers from some of those sub-sectors/business types with the highest employment (Table 2) have relatively few job postings; warehouse clubs and supercenters, for example (Table 6). This specific case at least matches with feedback from the warehouse club that participated in our focus group, which indicated that their hiring process specifically relies on some of these less-traditional, more direct recruitment methods for hiring. It may also provide an early signal that industry recruitment and hiring methods in general are moving in this direction.

In fact, employers reported that they are increasingly rewarding, and thus incentivizing, more direct recruitment approaches (through employee referral bonuses, etc.). While employers said they would prefer not to "poach" good workers from one another, they also saw these approaches as necessary for the success of their own business in a tight and more competitive labor market. This was especially the case for those positions, such as cooks, that are both highly in-demand and difficult to fill.

Table 6. Top 10 Retail and Service Industry Employers by Total Job Postings (12 mos.)

Employer	Type
Wells Fargo	Retail Bank
Hy-Vee	Grocery Store
Lowe's Companies, Inc	Home Center
Hilton Hotel Corporation	Hotel
Best Buy	Electronics Store
Sears	Department Store
The Home Depot Incorporated	Home Center
H&M	Clothing Store
Kum Go	Convenience Store
Marriott International Incorporated	Hotel



Skill Needs and Development

THEME: Need for greater soft skills/professionalism in front-line workforce

As expressed in focus groups, a key issue for employers in finding quality talent is a basic lack of foundational soft skills such as professionalism, having a “service-oriented” attitude, and interpersonal communication. Across all sectors, employers saw a lack of these skills as the primary barrier to filling in-demand jobs. While referrals and other passive recruitment methods are used as methods for filtering out candidates who lack these skills, to the extent that employers must continue to rely on traditional recruitment to fill most of their pipeline for entry-level talent, finding candidates who possess these skills will continue to provide a challenge.

The demand for these skills is reflected in job postings data, where nearly half of all retail and service industry postings (over the course of 12 months) explicitly call for communication skills and nearly a third call for customer service (Table 7). While these percentages may seem low considering the degree of need expressed by employers, both are in either high or very high concentration among local job postings when compared nationally. It is important to keep in mind that many job postings, particularly at the entry-level, contain little to no information on required skills (instead focusing on specific job tasks, company information, and education/experience qualifications), which is why this comparison between local and national concentrations is important.

Table 7. Top 10 Retail Skills Listed in Job Postings

Skill	% of Postings	Concentration
Communication Skills	44%	Very High
Customer Service	29%	High
Sales	22%	Average
Writing	21%	Very High
Work in a Retail Setting	18%	Average
Problem Solving	18%	Very High
Detail-Oriented	17%	Very High
Physical Demand	16%	Average
Customer Contact	16%	Very High
Organizational Skills	14%	Average

Other in-demand skills indicated in job postings data include sales, problem-solving, being detail-oriented, and the ability to interact with and meet the needs of customers. These remain relatively consistent as in-demand skills across the industry, indicating the proximity and overlap of all three sectors (retail trade, accommodation and food services, and retail banking). Of course, other unique skills also rise to the top when analysis is narrowed for each sector. For example, cleaning and physical demand are the top specialized and baseline (or soft) skills for accommodation and food services businesses. Cooking is also highly in-demand, matching the overall demand for cooks highlighted above. While the list of most in-demand skills for retail banking varies the most from the industry as a whole—including skills such as risk and project management, business processes, and others related to the financial setting—communication, being detail-oriented, and customer service remain highly in-demand.

A push has been seen recently, at a national level, to develop more training to address the need for high-quality soft skills among entry-level workers, particularly within retail. Organizations such as the National Retail Federation Foundation (NRF) and Western Association of Food Chains (WAFC) have even developed formal credentials to provide and validate core customer service and retail skills. Some community colleges and other workforce training entities have begun offering these certifications, including the Des Moines Area Community College (DMACC), which offers training for WAFC’s Retail Management certificate. However, as CAEL has seen nationally, awareness and adoption of these credentials among retailers themselves has been low. Indeed, employers in our focus groups expressed a general lack of awareness around these credentials



when mentioned by DMACC and, in keeping with feedback CAEL has heard from others, were unsure how the certification would factor into their decision to hire a candidate.

Instead, when unable to assess the quality of a job candidate's soft skills ahead of time (through referrals, etc.) local employers consistently reported using "probationary periods" following a candidate's hire to assess their level of soft skills and overall fit with the business' culture. This largely aligns with a model for retention and development utilized by Walmart, in which an employee is considered more "stable" following 90 to 180 days of employment. After this point, it is considered significantly less likely that the employee will leave, or that they will need to be let go, and the company will begin increasing their investment in developing and advancing the employee. Similarly, some local employers use this "probationary period" to begin evaluating and identifying standout employees with the potential for advancement.

THEME: Few internal career pathways, formal on-the-job training methods

However, even for those employees that make it through a probationary period at these local businesses, and are considered "star" employees, we found that employers rarely have formal training and development programs in place, or (outside of retail banking) clearly defined internal pathways for advancement into supervisory/management positions. Most training and development takes place on an ad-hoc or informal basis, with additional skills learned primarily through on-the-job experience or out of necessity to meet a gap in service; managers and direct supervisors are encouraged to provide training, but a formal schedule or program is rarely provided. The main exception to this was ServSafe training, which restaurant representatives indicated they would have managers complete if necessary—some would even pay the cost for the certification exam. Retail banks seemed to be another general exception, and described regular, formal trainings on regulatory compliance and other financial processes for tellers and bankers.

At the same time, while the general preference among local employers is to promote internally for supervisory and management positions, the extent to which this takes place varied widely—internal hiring for these roles reportedly occurred anywhere from 50-100% of the time, depending on employer. This may be, in part, because few employers have formally outlined internal pathways to advancement. When employees are identified for promotion, it is also often ad-hoc and informal, depending largely on immediate need. In other words, a clear path to advancement, with explicit skill expectations, development opportunities, and explicit career opportunities, rarely exists for employees that might be interested. Again, the exception here is in retail banking, where employer representatives were able to outline a clear and progressive career pathway, from teller, to banker, to branch manager.

Other Challenges

Although not directly related to hiring or skill needs, employers identified a handful of other workforce issues that they saw as impacting their ability to attract and retain high-quality talent for in-demand occupations.

THEME: Schedule flexibility and attendance as workforce challenges

Related to a perceived lack of professionalism and basic soft skills within the low-skill/entry-level workforce, employee attendance was cited as a major issue by employers (i.e. employees showing up late to work, or not showing up at all). In fact, tardiness or absenteeism was a driving factor for many employers



in establishing a probationary employment period (mentioned above). It is worth noting that attendance is reportedly less of an issue in more rural parts of the region, either because of a (perceived) difference in work culture/values, or because retail jobs make up a larger share of the labor market there and attract higher-quality workers as a result.

Even beyond this issue of professionalism or professional knowledge, however, employers (regardless of sector) indicated that they have difficulty finding employees with the flexibility to work the part-time shifts needed for most entry-level retail positions. This was partly attributed to an unwillingness on the part of employees to work odd shifts, particularly evenings or weekends (and even for full-time positions like tellers that occasionally require work on Saturdays). However, employers also recognized that these scheduling issues may be partly due to employees maintaining multiple part-time jobs or attending school, and thus having to maintain or balance multiple competing schedules.

THEME: Compensation and attendance as factors in turnover

Following hiring, attendance was also seen as the top contributor to turnover, with employers frequently describing a need to terminate employees who don't show up, or consistently show up late, for shifts. Some employers reported that employees routinely fail to show up for their first shift after hire, requiring the owner or manager to re-engage the hiring process at additional cost. This trend further contributed to some employers deciding to employ an on-the-spot hiring process to reduce potential cost and risk in hiring.

However, a few employers also cited wages and compensation as barriers to attracting and maintaining talent, with those candidates who are more highly skilled and experienced frequently choosing to take positions that are higher paid. This was particularly an issue for a small business representative who felt unable to compete with the wages being paid by larger businesses in the area, especially for low-skilled work. At the same time, even a regional hiring manager at a large national retail chain described asking corporate human resources for approval to raise their local wage floor for entry-level sales associates because he felt that he was unable to attract the talent he needed to operate successfully.

The Central Iowa/Greater Des Moines region does have a lower overall average wage for retail jobs than nationally, however its cost of living is similarly lower than the national average. Still, variance in wages between sectors reinforces the idea that there is wage competition across the industry for service-oriented staff. For example, with an average annual wage of \$26,074, it is likely difficult for home centers to compete with electronic stores (\$45,253) on salaries for entry-level employees with similar sales skillsets, much less with retail banks (\$69,696).

THEME: Transportation and child care as challenges for employees

Issues of attendance and compensation are interrelated with the two primary challenges employers saw as affecting workers themselves: child care and transportation. When asked to identify the greatest challenges facing employees outside of the workplace (but that also affect employment and work quality) focus group members frequently mentioned access to childcare as a problem, both in terms of availability and affordability. Employers see the inability to find adequate or timely childcare as visibly impacting attendance and flexibility of scheduling for workers—there were multiple stories of employees who would be late to work because they needed to drop children off at daycare, or who were unable to work shifts because they couldn't find a babysitter. Access to childcare is also obviously impacted by wages and



compensation—low overall retail wages in the region, combined with the cost of childcare, heightens a lack of access to childcare as well as subsequent impacts on quality of the workforce.

A lack of access to adequate transportation was also seen as affecting attendance and schedule flexibility, particularly for businesses outside of central Des Moines. One restaurant provided an illustrative example: their access to lower-skilled workers is significantly restricted as their hours of operation are usually later than the hours the bus line runs to the stop nearest to their location. Finding a dishwasher, for example, that has access to their own transportation or can otherwise work until closing, is significantly more difficult than for those restaurants closer to the downtown area.

Considering the degree to which the retail industry in Des Moines is dependent on an inflow of workers from outside the city (see the Region and Industry Overview section above) access to transportation at a regional level presents a significant issue for the regional industry workforce. Even beyond movement between urban and rural areas, movement across Des Moines can be limited without a car—multiple employers have found it difficult to hire employees from other parts of the city due to an unwillingness (or inability) to commute.

However, some businesses have started to look at more innovative approaches to bridging gaps in transportation. For example, one company represented in the focus groups has been in conversation with a ridesharing company to obtain discounted fares for their employees. This same employer also pushed local government and the Des Moines Area Regional Transit Authority (DART) to put in a new bus stop outside their offices.

THEME: Automation and other future trends

Finally, it is also useful to consider which workforce issues were *not* seen as immediately important by local employers (at least by those local management and recruitment staff that made up most of the focus group representatives). Specifically, while much national conversation around the retail and service industry is consumed with the long-term impacts of trends such as automation, there was little discussion of how these trends may eventually impact the regional workforce.

Despite a majority of the region's in-demand jobs being at a high risk for automation, employer representatives generally felt either that this would have little immediate impact on their hiring and the overall workforce supply or hadn't given much thought to how this would impact their business in the near-term. In general, there was the sense that these trends will impact other areas, but not Des Moines, or that they are too far off down the road to consider extensively—local employers are focused on meeting their day-to-day labor needs, rather than long-term planning.

Sector Partnership Opportunities

Based on our research and the findings outlined above, as well as the input of employer representatives, we have identified at least four areas of activity where we think a retail and service industry partnership in the Central Iowa/Des Moines region could have significant impact in addressing the workforce issues faced by employers. In keeping with the concept behind sector partnerships, these are activities that would benefit from collaboration among multiple stakeholders and that address issues that are too large or difficult for any single employer or organization to address alone.

1. Develop awareness-building efforts around industry career opportunities and skill requirements.



When asked about the work that they would like to see come out of a sector partnership, employer representatives consistently mentioned that they felt their industry and the opportunities within it are generally misunderstood, or underestimated among the general public, both in terms of career potential and skill need/responsibilities. While they felt that retail and service industry jobs are perceived as, at best, starter jobs for high school students or, at worst, “dead-end” jobs that require little skill and won’t lead to better career options, employers pushed back on this notion. They often did so by either citing their own experience finding success in the industry, or by telling stories of former employees who have gone on to successful careers. In either case, they argued that the foundational skills and attitudes built in retail jobs translate well to other jobs in other industries and can prepare workers with the kind of attitude towards work that will lead to greater success.

As a result, there was universal enthusiasm for the idea that a sector partnership could play a role in awareness-building around employment in the industry as well as its career potential (both for additional advancement within the industry, as well as for advancement into other industries through the development of transferable skills). They also felt this type of awareness-building effort would be especially useful for increasing awareness around the soft skills required for employment in the industry (customer service, interpersonal communication, etc.). Building off the assumption that at least part of the lack of quality in job candidates is due to a fundamental misperception around the level of professionalism required for such positions, this activity would also attempt to communicate the foundational work values employers seek in employees.

Because much of this idea centered on culture-change, high schools or middle schools were suggested as the primary audiences for awareness-spreading efforts, and proposed activities such as retail career fairs and in-classroom presentations by employers. However, there could also be potential for outreach to the local workforce system and board to conduct similar activities. Unlike many other areas in which CAEL has worked, employers in the region were at least familiar with the workforce board—some had even sourced candidates from the workforce system. While these employers generally reported mixed success with these candidates, additional coordinated outreach to the workforce board from a retail sector partnership could not only improve ties between the two, but also improve the results of sourcing efforts.

Employers could also glean additional individual benefit from such outreach efforts in terms of added publicity. Taking a central role in promoting opportunities within the industry could highlight certain businesses and retailers as employers of choice within the community.

2. Assist in the development and promotion of common internal career pathways/ladders and skills-based development approaches among employers.

To highlight the career opportunities that retail and service industry occupations offer, however, it is necessary for employers to first have a clear internal understanding of what pathways exist within their own business, throughout the industry, and across the entire workforce. They must also be able to clearly and explicitly communicate how individuals can move from entry-level positions into higher-paying, more skilled occupations, especially when provided with structured professional development and training. Recognizing that many of the employers represented in focus groups did not already have these sorts of explicit pathways outlined, there is additional opportunity for a sector partnership to conduct employer engagement around developing formal internal career pathways and ladders.

A sector partnership, particularly one led by a nationally-connected workforce intermediary like Central Iowa Works, is especially well-qualified to provide this kind of assistance. Unlike employers or other local



organizations with a narrower focus, CIW is able to leverage national resources and best practices from workforce development organizations and foundations such as the NFWS, NRF, and Walmart Foundation. These groups can provide instructive models for businesses to use in building out their own skills-based career pathways, saving the effort and cost of developing individual approaches from scratch. This work would then feed back into an awareness campaign, providing a clearer idea and concrete local examples of how retail has the potential for meaningful skill development and career advancement.

3. Development of soft skill programs and other external training opportunities based on employer input

After working to outline better internal pathways for career advancement, the partnership could also work with employers to develop more formal processes around internal training and development. Again, a partnership would be able to draw on national models and best practices from other retailers and communities to develop approaches best suited to unique business needs. The partnership would also then be able to share and scale best practice examples among local retailers.

Of course, employer-provided training is not always feasible, particularly for smaller businesses. A partnership would also be able to provide some economy of scale in the development of an independent or collaboratively-provided training program to address soft skills development, managerial training, or any other need identified by a group of employers. This training would also benefit from being employer-informed, drawing on the knowledge and collective experience of partnership members to provide content and skill development that is applicable across the entire industry.

For example, a partnership context would allow an intermediary such as CIW to determine what, exactly, employers are looking for in the way of professionalism, customer service attitude, etc., and help develop specific training to address these unique local needs. Partnership with other stakeholders (such as the United Way of Central Iowa) could also allow this training to be specifically tailored to address the unique populations of job-seekers already being served through other community populations. For example, this training could offer the opportunity for businesses and stakeholders to re-engage disengaged worker populations—those that are unemployed or underemployed—by providing the basic skills training necessary to obtain an entry-level job. The development of formal industry career pathways would then ideally allow these individuals to remain engaged in the workforce through further skill development and advancement.

Or, this type of activity may involve partnering with local education institutions such as the community college to inform existing program offerings (such as the Retail Management Certificate) to ensure that content is industry-aligned. For example, a partnership could coalesce and use employer input from local restaurants to shape the curriculum of the college's culinary arts program. While employers in focus groups felt that current graduates of the program lacked certain practical kitchen expertise such as strong knife skills or kitchen management, greater collaboration between the college and these employers could produce work-based learning programs that would allow students to learn on the job, as well as apply classroom learning in a practical environment.

4. Identification and implementation of innovative and collective solutions to common problems (e.g. ridesharing agreements)

Finally, a partnership could identify and amplify existing innovative business solutions to problems such as scheduling and transportation. Again, instead of each individual business attempting to advocate for greater public transportation access or negotiating with ridesharing companies for discounted fares on their own,



the partnership could leverage its collective approach to create economy of scale in implementing these solutions. For example, the coordination of an industry partnership with ride-sharing companies could lead to a better deal, collectively, as far as discounted fares for the employs of participating businesses.

In addition to transportation, a sector partnership also creates the potential for greater collective advocacy around issues facing the industry that require a legislative solution. For example, legislation providing for greater access to childcare would benefit employers whose employees are unable to show up to work on-time or take certain shifts because of childcare concerns. While regional industry groups already exist that conduct this sort of advocacy, particularly around industry-specific issues such as taxes and regulations, employers felt that engagement and action rarely occurs across all three sub-sectors. Such a broad convening of retail and service businesses, as well as stakeholders such as education institutions and community organization, could allow for further coordination of advocacy at the state and local levels.

Conclusion—Next Steps

The real power and potential of sector partnerships, however, lies in their ability to foster and drive ongoing collective problem solving. These are just a few ideas, suggested by analysis of local labor market information and employer input, of the type of work that might be possible for a retail sector partnership in Central Iowa. There are likely many, many more innovative and impactful solutions that will arise out of the collaboration between local businesses and community stakeholders.

For these solutions to be discovered, it will be necessary for Central Iowa Works and its partners to continue building relationships with local employers, education and training institutions, and other community organizations, with the goal of eventually developing a partnership structure that allows for the regular and formal convening of relevant stakeholders. Once this structure has been formalized through a charter or other agreement, these partners can continue to use the findings of this report as a starting point for identifying the solutions to the region's most pressing retail industry workforce problems.

As this partnership begins convening, one approach that CAEL has seen to be effective for other efforts is to develop working groups of invested employers and relevant community stakeholders to discuss and identify potential solutions to a specific set of issues that have been identified by the larger group. This allows individual businesses and stakeholders to focus their energy on the issues they see as most relevant while continuing to support the overall partnership efforts.

In this, it is also useful to keep in mind what kinds of businesses are represented throughout the partnership, and at what level of leadership. Just as small businesses will likely have unique perspective and input when compared to larger corporate retailers, employer representatives at the executive level will provide valuable long-term and strategic insight into workforce issues, while human resource staff will provide a more detailed perspective around day-to-day talent and hiring challenges. Building representation from across the spectrum of business type, size, and representative role is important for the success of any sector partnership.

What is most important, however, is to allow any sector partnership to be guided, first and foremost, but the needs of businesses and employers. As we have tried to highlight throughout this report, employer feedback and direction are critical for building a workforce that is well-prepared and well-aligned with labor market demand. As a result, while this report provides a starting point for examining the retail industry workforce issues in the region, part of the partnership's work must involve continually updating the



intelligence it is using to guide its initiatives and programs. It is our hope that this not only provides valuable insight, but a useful template for continuing to understand the region's retail workforce, now and into the future.



APPENDIX A: Labor Market Information—Detail

Top Retail Sectors by Total Employment (Des Moines-West Des Moines, IA MSA)

NAICS	Industry	Employment (2016)	Establishments (2016)	LQ	Average Annual Pay (2016)
522110	Commercial banking	13,866	227	4.3	\$69,696
452910	Warehouse clubs and supercenters	3,339	12	0.9	\$26,702
441110	New car dealers	3,198	35	1.1	\$60,260
447110	Gasoline stations with convenience stores	3,126	239	1.5	\$22,324
721110	Hotels and motels, except casino hotels	2,959	119	0.8	\$21,858
452112	Discount department stores	1,737	23	0.8	\$17,534
444110	Home centers	1,731	19	1.0	\$26,074
446110	Pharmacies and drug stores	1,399	122	0.8	\$36,819
443142	Electronics stores	1,203	112	1.0	\$45,253
722515	Snack and nonalcoholic beverage bars	1,197	98	0.8	\$13,382
451110	Sporting goods stores	1,139	54	1.5	\$20,024
722410	Drinking places, alcoholic beverages	1,040	151	1.1	\$13,616
722310	Food service contractors	956	68	0.8	\$25,014
441310	Automotive parts and accessories stores	908	77	1.0	\$36,898
448120	Women's clothing stores	613	64	0.9	\$14,305

Top Retail Occupations by Total Employment (Des Moines-West Des Moines, IA MSA)

SOC	Occupation Title	Employed (2016)	% Change (2011-2016)	LQ (2016)	Mean Salary (2016)	Job Postings (2017)	Time to Fill
41-2031	Retail Salespersons	11,180	19.83%	0.9	\$28,370	1,750	Similar
43-4051	Customer Service Representatives	10,300	21.61%	1.5	\$37,490	283	Similar
35-3021	Combined Food Preparation and Serving Workers, Including Fast Food	8,720	13.99%	1.1	\$19,590	477	Similar
41-2011	Cashiers	7,780	-3.35%	1.0	\$21,120	289	Similar
43-9061	Office Clerks, General	7,080	-6.10%	1.1	\$36,650	17	Similar
11-1021	General and Operations Managers	6,930	94.12%	0.8	\$111,200	194	Easier
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	6,930	50.00%	0.9	\$28,750	157	Similar
53-3032	Heavy and Tractor-Trailer Truck Drivers	6,740	46.52%	1.2	\$46,500	320	Similar
35-3031	Waiters and Waitresses	5,930	10.43%	1.0	\$22,710	236	Similar
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	5,420	5.24%	1.0	\$25,140	56	Similar

Top Retail Occupations by Projected Growth (IWD Region 11)

SOC	Occupation Title	Projected Growth (2014-2024)	% Change (2014-2024)	Typical Entry-Level Education	Typical On-the-Job Training	Risk of Automation
43-4051	Customer Service Representatives	1765	17.12%	High school	Short-term	Medium Risk
35-3021	Combined Food Preparation and Serving Workers, Including Fast Food	1315	14.00%	None	Short-term	High Risk
41-2031	Retail Salespersons	1260	9.47%	None	Short-term	High Risk
15-1121	Computer Systems Analysts	1065	29.46%	Bachelor's degree	None	Low Risk
53-3032	Heavy and Tractor-Trailer Truck Drivers	1025	13.43%	Postsecondary non-degree award	Short-term	Medium Risk
43-9061	Office Clerks, General	885	9.28%	High school	Short-term	High Risk
15-1132	Software Developers, Applications	870	29.95%	Bachelor's degree	None	Low Risk
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	770	11.23%	None	Short-term	Medium Risk
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	750	10.56%	None	Short-term	Medium Risk
47-2061	Construction Laborers	715	22.59%	None	Short-term	High Risk



Top 10 Specialized Skills - All Retail

Skill	% of Postings	Concentration
Customer Service	29.1%	High
Sales	21.6%	Average
Retail Setting	18.0%	Average
Customer Contact	15.9%	Very High
Microsoft Office	12.3%	Very High
Store Operations	11.5%	Very High
Cleaning	11.3%	High
Scheduling	10.8%	High
Merchandising	10.5%	Average
Supervisory Skills	10.2%	High

Top 10 Baseline (Soft) Skills - All Retail

Skill	% of Postings	Concentration
Communication Skills	43.6%	Very High
Writing	21.1%	Very High
Problem Solving	17.9%	Very High
Detail-Oriented	16.7%	Very High
Physical Demand	16.3%	Average
Organizational Skills	13.6%	Average
Team Work/ Collaboration	12.7%	Very High
Multi-Tasking	11.7%	Very High
Building Effective Relationships	10.9%	Average
Planning	10.6%	Very High

APPENDIX B: Focus Group Notes

Traditional Retail Focus Group

April 4, 2018

2:30pm - 4:30pm

Attendees

Company	Attendee Name	Attendee Title	Primary Challenge(s)
Participant A	District manager at national retail chain		Recruiting; gaps in internal promotion and advancement
Participant B	Regional human resources manager at national retail chain		
Participant C	Training and recruitment manager at hotel and entertainment company		Regular need for front-line customer service roles
Participant D	Hiring manager for single store of large national retail chain		
Participant E	Human resources representative at specialized retail services organization		
Des Moines Area Community College (DMACC)	Elizabeth Crandon	Program Chair/Professor, Marketing & Management	Connecting DMACC offerings to employer training
Greater Des Moines Partnership	Mary Bontrager	EVP of Talent Development	Employer members see talent as #1 issue
Central Iowa Works	Pat Steele	Director	Host/Intermediary
	Soneeta Mangra-Dutcher	Operations Director	Host/Intermediary
CAEL	Tucker Plumlee	Research Associate	Facilitator
	Angela Gallagher	Research Associate	Facilitator

Takeaways

- **Soft skills need:** Perhaps unsurprisingly, employers expressed consistent concerns around a need for improved soft skills among front-line employees. Specific ones mentioned were: *professionalism* (in demeanor and appearance), work ethic and attendance, and general customer service skill.
 - However, employers saw employees as generally having **significant digital skills**.
- **Flexible schedules:** Employers also found scheduling to be a primary challenge, reporting difficulty finding part-time employees who can work a flexible schedule.
 - This difficulty arose both in coordinating employee schedules with other jobs, and a perceived **unwillingness to work on weekends and holidays** on the part of employees.



- However, even employers hiring full-time employees reported scheduling as a barrier to finding suitable candidates, many of whom were looking for additional part-time jobs to supplement existing schedules or income.
- **Recruitment methods:** Employers use many typical recruiting and hiring methods, including posting to job boards (Indeed, Snagajob, Craigslist, and company-owned) and using social media, to solicit qualified applicants.
 - However, employers consistently found that **referrals from existing employees** often produced the most qualified and long-lasting candidates.
 - Employers also found **passive recruitment methods** successful (i.e. encouraging applications from qualified service staff already employed at other retail locations/restaurants).
- **Long applications, ATS trouble:** All employers reported using Application Tracking Software (i.e. Taleo, BrassRing, Kronos, etc.), but also cited it as a common hindrance to the hiring process, with applicants often failing to complete.
 - Many found that applicants feel that the **process takes too long** to complete, with personality assessments seen as a primary barrier—not only are these assessments often long, they can frequently screen out otherwise qualified candidates (if used in this way).
 - Employers have had more success with **low-barrier application processes** including simple resume submission with follow-up/outreach, or the ‘quick apply’ feature on Indeed.
- **Unclear internal pipelines:** There was a wide variety in the extent to which employers promote from within (anywhere from 50%-100%) versus hiring externally for supervisory and management roles.
 - Gaps in internal pipelines existed at various stages: some have breakdowns from entry level to supervisor, while others have a breakdown moving supervisors into manager roles.
- **Little formal training:** many employers find it difficult to provide standard and regular training that also allows workers to perform their regular work duties.
 - Instead of deliberately training an employee to fill a supervisor/management role, employers are more likely to identify promising candidates after these roles are available.
- **High turnover:** Attendance is a primary factor in turnover, with employees failing to show up on time (or at all) for shifts leading to termination.
 - However, it is seen as less of an issue in rural areas due to the lower overall availability of jobs (and the perceived work ethic of rural workers).
- **Employee needs:** Transportation and dependent care are major challenges for employees, both potentially affecting critical issues such as schedule flexibility and attendance.
 - In addition to long travel times and the availability of public transit, employers felt transportation was more of an issue in urban areas where workers were less willing to travel long distances for work.
- **Workforce partnership:** Employers were highly aware of the public workforce system, but felt that the workers utilizing the system had lower soft skill qualifications
- **Awareness-building:** There is a general appetite for collaborative work to better educate partners about the retail workforce—its unique environment and needs, as well as potential career pathways.

All Notes

Frequently Hiring

- Participant D - retail and sales associates
 - Less than 30% of WF is in the supply side; opening shift involves warehouse labor, but the later shifts are more customer service, floor cashiers.
 - Laborers are longer-term, less turnover, not as much need
- Participant C - general customer service, food service
 - Always hiring; base of 1,200 employees, but goes up to 1,400 around peak season
- Participant B - sales associate, food associate- it's a combination of many SOC codes
 - Front-line supervisor
 - Use a third party for TDL, but sales associates do stocking, loading/unloading
- Participant A - cashiers, customer service; employs 5-6 people per store
 - 2016 job numbers from BLS seem high

- Have employees doing warehousing but not really part of the retail/store sides; whoever is working in the store stocks, unload trucks (from front line to management)
- Participant E - sales, customer service (phone), service center technicians, light industrial needs
 - Sales workers are commission-based

Challenges in Filling Positions

- Participant E - customer service is entry level—issue is only 10-15% of people who apply have the qualifications they’re looking for.
 - A lot of people don’t have a resume that allows them to easily see qualifications.
 - Get resumes from people not actually looking for jobs.
 - Looks for longevity at previous jobs, evidence that candidate is gaining new skills—however, this information is often not on resume
 - Will teach skills, as long as there is a willingness to learn
- Front-line candidates can’t communicate their skills
- Participant A - getting the applicants is hard--had bad hiring practices before that they’re working through now.
 - Sales associate force—had a big scare about full-time employment because of benefits under Affordable Care Act; small box retail so they eliminated full-time positions.
 - Typically looking for someone that is currently underemployed and needs a second part time job or is a retiree
 - Quality of candidates is a real issue (professionalism, work attire, etc.), as is flexible scheduling and willingness to work different work hours.
 - Competing with banking, hotels and other high-paying employers for quality candidates—can’t compete on compensation for entry level jobs
 - Convinced corporate to raise wage floor for region, but still not high enough
 - Has some challenges with applicant volume
 - West Des Moines in particular
 - Volume isn’t biggest issue, but not looking at *plenty* of applications
- Participant D - looking for unskilled or low-skilled who doesn’t have another job that will commit to a full-time job with them.
 - Opposite of Participant A’s problem re: ACA--have always offered benefits so change in benefits legislation wasn’t an issue.
 - Recently started hiring high school students—finding that people outside of their area and are low income work harder than those in wealthier areas where store is located.
 - Mostly getting customer service employees from other employers who want to work part time with them and that’s not what they’re looking for
 - Background check not an issue: will hire felonies as long as it isn’t related to business and they didn’t lie about it on application; won’t look at older than 7 years
- Participant B - need a higher volume of candidates. Issues with overall professionalism/work ethic.
 - Also, hard to find people who want/have flexible schedules.
 - Issues with background check- great candidate but won’t pass the background check
 - Rural areas have issues with volume of applicants but not in Des Moines
- Participant C - very similar issues to Participant B (professionalism/work ethic, flexible schedules, background checks)
 - Unique in that there’s only a certain number of people who can meet requirements to get a “racing badge,” which is essentially a background check.
 - More rigorous standards because of work with significant amounts money
 - Union environment so there’s collective bargaining that limits hiring ability--millennials want freedom & flexibility, which you don’t have in the union environment.
 - Have issues with people not wanting to work weekends and holidays.
 - Having a lot of people fail drug tests and physical lift tests.
 - Pool is whittled down significantly after all those requirements. Ultimately looking for professionalism, work ethic, tenacity.



Skills

- Writing not generally seen as a front-line skill—surprised that it shows up as high as it does
 - Maybe writing emails?
- Participant E - looking for the soft skills, can train the technical skills.
 - Likes to see longevity, commitment.
 - Working with DMACC on computer classes—can teach digital skills
- Participant B - professional and approachable appearance. Customer service needs to make people feel comfortable coming up to you.
 - Worry about K-12 system giving individuals too many chances, not engendering a better work ethic; there's only one shot in real world so you need accountability.
- Participant C - have a lot of rules because of business type; includes strict attendance. Hear back from younger generation about firing because they aren't showing up
- DMACC - have gotten this feedback, trying to adjust program to add in these soft skills.
 - Especially accountability and making a good first impression.
- Participant D - Professionalism is an issue
 - Also inability to leave technology (phones/devices) alone.
- Doesn't seem like technology skills, now or in the future, is an area where there is much concern
 - Participant B - technology skills aren't an issue. Employees typically have more than they need. Employees are actually asking employers to get more technically sophisticated systems
 - Participant A - employees complain about outdated technology
- General agreement that older employees are preferable
 - Participant C - employee base skews older but it's a range. Finds that older, experienced workers are better. Show up on time and are more consistent
 - Participant A - agrees, older employees are better
 - Participant E - generally hiring 50 and below, but older workers typically have more issues with technology
 - Older people more likely to show up

Candidate Sourcing, Hiring Process

- Participant A - doesn't do outreach with their recruiting
 - Taleo (application system) can be hindrance during application process.
 - Technology skills can be an issue; bigger issue is misunderstanding about HOW to get a job (e.g. needing filling out application all the way).
 - Will still have to reach out to an applicant even when the online application isn't complete because they need the volume
 - Requires automated personality assessment during the application process. Found that applicants typically don't want to do that.
 - Applicants can be screened out based on assessment (if results return with a “red” indicator)
- Participant B - applicants want to get through the process quickly, but their application takes too long so people don't want to finish (long assessment, 100 questions).
 - Increasing number of folks want to fill out applications on their phone
 - Requires personality assessment, which is based on what management says employees need for the position/what makes employees successful.
 - Candidates aren't screened out based solely on the assessment, but factored into overall evaluation of candidate
 - Indeed is where they get the most hits; also use Snagajob; use social media but this results in less applications than expected.
 - Get the best applicants from referrals, so they are building programs to incentivize.
 - Trying to actively recruit (if you have good service at a restaurant, mention the job, hand out your card, etc.)



- Participant D - doesn't use an assessment for candidates anymore, now just a few screening questions about eligibility to work.
 - Application process is "very weird"
- Participant C - trying to get strategic around proactive recruitment—working with marketing team on a more active recruitment process.
 - Put openings up on job boards and other traditional sources (Craigslist, Indeed, etc.)
 - Have found people don't want to fill out apps so they're readjusting to just allow people to send resumes; hiring manager then reaches out to the candidate and asks them to apply
 - They're finding better results with this strategy.
- Participant E - uses the "quick apply" feature on Indeed—follow-up with the candidate after.
 - Finds that this strategy has worked well.
 - Applicant tracking software shoots their app out to other places, job boards (Craigslist, Indeed, Snagajob). Will also sponsor advertisements to get more applicants
- Applicant tracking/talent management systems used: Taleo (Oracle), BrassRing (Kenexa/IBM), Talent Science (Infor), Kronos
 - ATS used by nearly all present

Training and Advancement

- Participant D - 100% promotes from within, only hires entry level—part of the company culture.
 - Less active training for promotion, identify rock stars and then pull them up
- Participant C - about 3/4 of management/supervisory staff is promoted from within
 - Provides tuition reimbursement for employees
- Participant E - tries to do internal advancement first, but sometimes it's hard to find people that can go from supervisor to manager; less difficult for entry to supervisor.
 - About half of supervisory staff advanced internally; upper-level management is way less
 - Hard to get staff to the place they need to be in for advancement while they are also doing their current jobs.
 - Will sometimes will provide employees with more responsibility at the same level in order to grow their skill set without moving up.
 - Moving people up is where there's issues with training
 - Sometimes you can tell right away, but it's usually only once employees have been on the job for a while that you can tell if they're a good fit for advancement.
 - Provide training for advancement
- Participant B - about half of internal advancement is internal. Find that sales manager to general manager is a hard skill gap to bridge, but manager to general manager is easier
 - Provides tuition reimbursement program but it's up to employees if they use it and where
 - Have succession planning for promotion. But sometimes they aren't trying to look up but just expand skills at the same level
- Participant A - hard to get an individual employee from entry level to store manager—assistant manager position is lower paid hourly, but there's a skills gap getting them to store manager
 - Also have issues moving someone from customer service to full-time management because they don't have a car (reliable transportation is required)

Retention

- Participant B - turnover has been very high historically—have had some success in working to get it down
 - Did an employee survey to identify needs and now working to put programs in place to address these needs
 - Found that dependent care is a significant issue (variability in schedules contributes to this)
 - Schedule variability can be an issue here: need to drop off/pick up kids from school. Will schedule people for 4 hours which leads to issues with schedule variability



- Finding someone to cover shifts doesn't count toward attendance, but requires teamwork that is sometimes lacking
- Rural turnover is lower
- Participant A - rural area people have different values, more ownership or loyalty to company so turnover is lower
 - See issue above (difficulty promoting entry-level to management positions because of lack of car/reliable transportation)
- Retail centers in rural areas are main employers in the region, so turnover is necessarily lower (better jobs than they are in urban areas)
- Participant E - attendance is the biggest factor contributing to turnover (people not showing up for work multiple times, then getting let go).
 - Sick dependent care can be an issue—most places don't offer those benefits.
- General agreement that transportation is an issue for employees
 - Participant E: especially for entry-level employees.
 - Many take the bus--new stop right outside the building helped, but it's still a very long commute (had actively advocated for the new stop with DoT).
 - Partnering with Lyft and Uber to provide transportation options
 - Participant B: transportation is a bigger issue in urban areas—more a matter of employee willingness to travel longer distances than actual availability
 - Participant D: can't hire people who ride the bus because their shifts don't line up with the bus schedule (even though they have a stop)
- Participant C - hire all over Des Moines but mostly east side, closer to the actual casino
- Participant D - has less of an issue with dependent care because they're pretty consistent with schedules.
 - Bigger issue is dependent care when kids are sick (getting shifts covered?)
- Participant E - issues with people where they don't want to the shifts, want to work right away

Sector Partnerships

- Participant E - unemployment is low, so qualified people are already working
 - Feels that the 2.9% who are unemployed aren't qualified, need to work on getting those people ready to work (e.g. Dress for Success)
- Participant C - works with workforce system to find candidates; has had some success
- Participant B - has worked with workforce system around getting candidates,
 - Has done job fairs but doesn't find that they are very successful
- Surprisingly a majority (if not all) are aware of the workforce system
- Some employers are doing third party recruitment
- Generally recognize a need to see better education about retail and its unique environment/needs.
 - Better understanding of what the industry is, demonstrating how it's a great job and has a career path

Hospitality and Food Service Focus Group

April 5, 2018

10:00am - 12:00pm

Attendees

<i>Company</i>	<i>Attendee</i>	<i>Primary Challenge(s)</i>	
Participant A	Owner/operator at single restaurant	Low volume of applicants (gotten worse in the last six months)	
Participant B	Owner/operator at regional restaurant chain	Need applicants over 18	
Participant C	Assistant store manager at specialized retail store, former owner of retail establishment	Finding people with specialized retail experience	
Participant D	Owner of bar and restaurant management company	Difficulty getting people to show up for work after the interview	
Central Iowa Works	Pat Steele	Director	<i>Host/Intermediary</i>
	Soneeta Mangra-Dutcher	Operations Director	<i>Host/Intermediary</i>
CAEL	Tucker Plumlee	Research Associate	<i>Facilitator</i>
	Angela Gallagher	Research Associate	<i>Facilitator</i>

Takeaways

- **Cooks in short supply:** While cashiers and wait staff are relatively easy to find, restaurants—especially for those with multiple locations—have difficulty finding skilled cooks.
 - **DMACC’s Culinary Arts program** is one source of local talent, however employers felt that graduates of the Associates program still lacked some of the critical skills (e.g knife handling) and practical experience they require of cooks and chefs.
 - The Iowa Retail Association’s **ProStart CTE program** also provides training.
 - In both cases, employers felt that **graduates overestimate their skills** and are unwilling to start at the “bottom” of the career ladder and work their way up, given their education.
- **Lower skilled positions** such as dishwashers may also be difficult to retain, even with higher wages
- **Soft skills need:** Like “traditional”/commercial goods retailers, restauranteurs feel that job candidates lack quality in terms of soft skills (or attitudes) such as professionalism and work ethic.
 - It is also difficult to find candidates who are willing to work shifts, particularly on nights and weekends—**schedule flexibility** was a similar conversation theme.
 - Employers indicated that they are willing to teach new hires the skills they need, if the employee is willing to learn. In fact, felt it was easier to train candidates themselves, since every restaurant runs a little bit differently
- **Employee needs:** However, participants did not seem to have as certain an understanding of the needs facing their employees—transportation and child care were mentioned, but responses were more muted than in other focus group sessions.



- **Recruitment methods:** Employers see some success posting to job boards, but the cost is often prohibitive for small businesses, particularly given the lower quality of candidate.
 - Instead, most (successful) hiring is done through referrals or passive recruitment.
 - Poaching (from other retailers, restaurants) is seen as a necessary evil due to the current labor market (tight)--ensures that they are getting a pre-vetted, qualified candidate.
 - Less success with other methods (i.e. Labor Ready or the workforce system) and staffing agencies/recruiters either aren't interested in the industry or their fees are too high.
- **Quick hiring:** Hiring people on the spot is common—there is the perception that if they don't hire immediately, the candidate will either fail to show up again, or will find a job elsewhere.
 - As a result, interviews are more informal—employers are mostly looking for individuals who display **professionalism** and are interested in the job/work.
 - Employers also typically have a "**probationary period**" right after hiring (90 days) where they vet the employee and see if they are going to be a good fit/worker.
- **Internal hiring/advancement:** While the general preference is to promote internally for supervisory and management positions, the reality seems to be that this is a rarer practice.
 - If employers do advance candidates internally, how this is done wasn't clear (whether candidates are explicitly trained/groomed for management or selected when available).
 - **Tipping** is also a barrier to internal advancement: even if selected for advancement, serving staff are likely able to make more money in their current role, with less responsibility.
- **Informal training:** None of the employers seemed to have a formal training program or schedule for entry-level employees—training is mostly much done through on-the-job experience.
- **ServSafe:** A primary area of formal training is around ServSafe, which is typically provided for managers--some employers may even pay for their employees to take the certification.
 - While the credential is required of at least some staff, any hiring value it has lies in its ability to signal the **significant industry experience** that is usually necessary to obtain it.
- **Awareness-building:** There was general agreement around issue of cultural perception of restaurants (and retail in general)—that they are no longer seen as an industry with opportunity.
 - As a result, a proposed focus of future partnership work was to work with schools to provide more awareness of what the work entails, as well as potential career pathways.
 - Participants were also interested in an **education/training program** that would focused on practical experience in the industry—that teaches soft skills, and prepares people for middle-level jobs, rather than a culinary program that prepares them for senior positions.

All Notes

Frequent Hiring and Challenges

- Participant D - Cooks are hardest to fill. Cooking in restaurants isn't seen as a cool job anymore. You hire and train them (at least 2 weeks) then they leave, no show, or come to work high.
 - Have no problem hiring servers and un-tipped positions.
 - Hire for both front line supervisor but also general management
 - Finding quality general managers is also hardest.
 - Entry level positions are still there but no one to take them. Not a lot of people coming into the industry so just poaching and stealing
 - There is a large percentage of people who are not trying to get work. Maddening to see the potential workforce that they could be utilizing. Feel like they pay well, even at entry level, so minimum wage isn't an issue.
 - People are getting handed money from somewhere- parents, student loans- but now they don't seem like they need the money, so don't work
 - People not entering the WF at the ages they used to—more than 1 in 2 people have worked in a restaurant, but not going to be true 10 years from now.
 - Lack of talent outside of the immediate Des Moines area.
 - Doesn't have an immigrant workforce in his primary region (Cedar Falls).



- Participant B - minimal table service, mostly counter service—hire less wait staff than general customer service/cashiers. Also have a bar, so hire bartenders
 - Experienced cook pool is shallow—near impossible to find someone.
 - Having trouble hiring a manager—not just from outside hiring but can’t find anyone internally to promote. Majority of their managers have been internal promotions.
 - Trying to work with restaurant association to boost the education of the future workforce (CTE and ServSafe).
 - Wonders if having the CTE program is discouraging people from starting at the bottom and working their way up—they want to start as a cook
 - We’re not in HS talking about how great it is to work in a restaurant. Kids don’t see not going to school as an option, but college isn’t for everybody (uses his own experience as an example).
 - Even if you decide to go to college later you’ll be better prepared because now you *know* want to do it and have life skills.
- Participant A - finding a cook isn’t as hard [smaller restaurant—long-time head chef], but they’re working hard to retain that staff.
 - Can’t compete with some of the larger, high end restaurants—can’t get people who went through a DMACC community college program. Benefits is a huge competitive advantage as well.
 - Surprised dishwasher isn’t harder to fill on the LMI—difficult to fill and keep. Tried increasing pay but still not much success
 - With the number of recent restaurant closings they thought they’d have more people applying than have been--doesn’t know if they’re on unemployment or...
 - Tips piece is a huge issue. Servers make more money and need less skills than cooks.
 - Need to make the wages across the restaurant more equitable.
 - Consumer gets mad that they can’t do tips and are instead just paying more. Not in control of where those dollars go
 - Transportation is an issue—not on a bus line. Even so, bus doesn’t run after 10 pm but their work goes later than that. Depending on age sometimes workers can’t be there past certain times.
 - There’s an issue with perception of the retail industry—a cultural perception that retail is not a good job, etc. (general agreement with this point).
 - Doing a disservice to the future population of our country not to make young people work, get life skills.
- General agreement that people don’t want to move into management because they don’t want to stop getting tips, cash payment
- Participant C - Are going to be doing a lot of hiring now that a competitor is closing—a lot of their applicants have worked in retail.
 - Having issues with hiring though- mostly sales associates but they’re also hiring for lead shift positions. Cashier has to be your best person because it’s the first and last person a customer sees.
 - Having a bigger issue with quality of the applicants. As a result, they’ve recruited at least 50% of their staff from other places.
 - Hard to find people who want to work the shift work, nights and weekends. People say in the interview that they can work anything but that isn’t the case once they’re hired.
 - Issue with the millennials- don’t have work ethic, issues with scheduling. Not self-starters.
 - They’re starting to pay people a little more money.

Skills

- Participant A - Have issue with some people being able to keep up with the physical demands- even if they have all the other skills and qualifications they need.
 - Don’t get a lot of applicants from DMACC, but kids who are coming out with an AA degree don’t have the right skills. Knife skills are not strong.
 - Have found that on the job training is better than the credentials
 - Professionalism/good attitude is number one trait they look for in good candidates/employees.

- Passion shows that they have a level of commitment or have worked at an employer that does
- Participant D - People that do come from DMACC don't have any real-world application of skills. They've never worked in a restaurant.
- Participant B - I don't hire people based on their knowledge, I hire based on their potential. I'll train on the skills they need.
 - Need to have the right attitude, show up to work.
 - Technology skills aren't an issue, either have POS system experience or are younger with tech experience and can pick it up
- Participant C - Experience in a store/retail setting is the most important part. Look for people skills—individuals who will look you in the eye, have a personality.
 - Sales skills are very important--need that for customers to come back. Includes product knowledge, being able to sell different products.
 - Need to be able to trust the staff. You can train someone 100% and they still screw up.

Candidate Sourcing

- Participant C - use Indeed but they have had issues with those candidates
 - Normally recruit from other retail. Will see good people in other stores and tell them to come over
- Participant B - also recruits from other retail establishments—specific employers that they know train their staff well or look for/cultivate the same qualities in employees, then poach from there.
 - Seems like they've started seeing more problems with recruiting/sourcing starting about 5 years ago. Everyone he knew in the industry worked at multiple restaurants, but it doesn't seem like people do that anymore.
 - Can hire more high school students because they're doing counter work and so they don't have all that added responsibility of traditional servers, don't need the same skills.
 - Biggest gap is the 18-30-year-old that doesn't want to work.
 - Feels like young people don't want to work—college kids aren't working while in school—they're doing internships, etc.
 - Job board is too expensive (lots of hidden/unclear fees) and whenever they hire from it, those people haven't worked out
- Participant A - doesn't feel like the talent pool in Des Moines is expanding.
 - Has had a policy not to poach but are now at the point where they must. Need the people just as bad. Sees it as unfortunate for Des Moines that they need to do that now.
 - Will post on Craigslist but hiring is mostly through referrals. Have tried job boards but they had to pay a high cost and it's not worth it.
 - Referrals are great, but especially for dishwasher it's always temporary
 - Have used Labor Ready but you never know what you're going to get. People from there often don't show up.
 - Have also tried the workforce system and Goodwill, but haven't been able to find candidates there who can handle the pace and stress of the industry
 - Staffing companies aren't interested in the industry.
 - Knows that the National Restaurant Association is working on apprenticeship, and DMACC has one but it is for chefs—not going to help with lower skilled positions like dishwasher.
- Participant D - have had better luck with job boards than the others.
 - Mostly recruit on their own Facebook page (candidates can apply through that) and have very good luck. Didn't know if they use the actual Facebook hiring pages/tool.
 - Would be helpful if the industry could get the message out to the schools/kids that the retail/restaurant industry is a great place to go from entry level, to management, to ownership (based on personal experience)
 - Labor margins are so razor thin that internships are a bigger issue—students want to get paid, but they can't afford that. Would be an excellent training ground but the business isn't structured to take on “unproductive” people
 - Industry can't afford to pay headhunting fees



Hiring Process

- Consensus is that there's no standard hiring process—can happen in 5 minutes if you seem like a good candidate (or, jokingly, “if you have a pulse”)
- Participant B - takes applications, even does interviews at the same time a candidate applies.
 - Tries to go from application to hiring in the same day because if they fill it out and leave, you'll never see them again.
 - There are certain times during the year when they have plenty of applicants and they'll do the opposite—ask them to come back for an interview (see if they even come back)
 - Will have a more thorough hiring process, but they'll need to be in a good place with current employee base to do so.
 - Uses a grading system during the interview—looks for professional presentation during the interview (eye contact, act interested). Important that they tell you why they want to work there.
 - All managers can hire for the restaurant—will know what staffing is needed and what to look for.
 - Training is done through “probationary” shifts—chance to test the employee out and see if they are a good fit/worker
 - Does not do a drug test
- Participant A - if you don't move fast, candidates have also put their application in at 10 places and you'll lose them to another restaurant/retailer
- Participant D - need to get trained by a trainer before you can work, won't wait tables for at least a week
 - Has a layer built in to hiring process most people don't: general manager at a restaurant might have hired someone on the spot, but then they're sent to corporate headquarters for orientation and an hour-long meeting with HR where to learn about company, expectations.
 - HR can reject them--most people get through process, but some don't come back.
 - Conducts background checks, but not drug testing (jokingly: “we wouldn't have any employees”).
 - Candidates need to disclose felonies/convictions during hiring—as long as they're honest, they hire
 - Doesn't understand how people can stay on unemployment and not work
- Participant C - will do hiring fairs, have an HR director, but normally their best associates are customers who they've then hired.
 - Main question: do you have a passion for the work?
 - Used to work at pottery barn—a lot of those people are passionate about interior design, so they didn't have an issue with workers or finding people. Hard to find people who are passionate about their products
 - Will do same day application, interview. Pretty much if they have an ok interview, they hire.
 - However, needs to set the expectation at the interview about attendance and schedule. Doesn't feel that parents and schools aren't teaching kids this
 - Sometimes what they're wearing isn't appropriate because they were just dropping off an application, so they also need to make the dress code clear in interview.
 - It's difficult to figure out if someone is going to be awesome until the first shift. You can usually tell on that first shift if they're going to be good.
 - Has a 90-day probation period as a result.
 - Conducts background check—will hire but need to disclose any convictions during hiring.
 - Availability is always an issue because employees they hire typically have kids requiring care

Advancement

- Participant D - try to not hire from outside for management, but sometimes must if there are no good internal candidates to advance
 - Pickings are so slim that if you show any talent, they try to move quickly and move them up before they become addicted to the tips



- With the level of responsibility needed to be a manager, they're having issues competing with people in management in other industries because they can't pay as high.
 - They can take that same skillset and work in another industry where they make more, have traditional schedule. Anticipates that at some point they'll have to start paying A LOT more for qualified managers.
- Participant B - always better to hire from within because they know the culture, and you know them—you understand their skills and weaknesses and can plan for those
- Participant C - company culture is to hire within. However, recently their store didn't have anyone capable, so they had to hire outside for assistant manager and train them up for management.
- Participant A - usually advance from within, but it's a flat organization so not as many opportunities. Have had to be creative as far as hiring for more advanced positions.
- No one seemed able to answer about how they advance people (whether they intentionally train individuals for management, or simply identify "rock stars" when a position is open)

Training, Professional Development

- Participant A - training depends on the position and the need.
 - For new employee: Have an employee manual, fill out paperwork, shadow during first shift. Even when you go through employee manual, they don't read it.
 - But get so busy sometimes can't do the training. Don't have time, space to account for training/shadow. Training is hard because any mistakes are made with real customers.
 - Hope that they can start taking tables within a week of hire but use the 30-day probationary period.
 - For existing employees—have a weekly leadership meeting with required reading and conversation on necessary skills/procedures.
 - A lot of one-on-one training because it is a small business. Teaching basic skills but, more importantly, teaching how THEY do it (unique procedures, approaches)
 - Wine training, etc.—understanding product. All on-the-job learning.
- Participant B - Teach managers how to train at the beginning, then just update knowledge through weekly/quarterly meetings
- Participant C - Harder to train on soft skills, which are most important. For example, knows associates that upsell, but it is a hard thing to train—requires significant people skills.
- Participant D - have enough people on management team that they do quarterly GM meetings where there's leadership development, problem solving etc.-training the trainer
 - More than 90% of servers have previous POS experience. Rare that they have to do that training, but they'll do it. Assistant managers know the system.
 - Food safety gets more complicated every year—those in supervisory positions need to become compliance officers. ServSafe is important training to have.
- Discussion around ServSafe training
 - Participant A - easier because you bring someone in for a couple of hours and can train your whole staff. Less difficult than ServSafe
 - Doesn't know that, say, a HS student would pass without having worked or spent like a whole year on food training classes. Difficult to get without practical experience.
 - Participant B - will pay for managers to take ServSafe exam once (if they fail, they have to pay for it). Managers need to get it within 3 months of hire or "consequences".
 - Partly because they are required to have someone in the restaurant all the time who is ServSafe qualified
 - Participant D - don't see as many job applicants with ServSafe cert as you'd think, but they'd probably more likely to hire those with existing ServSafe
 - More than requiring the credential, it would show that they've been in the industry long enough to get it, indicating experience.
 - Alcohol training is another cert they might see, seeing more of it now
- General agreement that employees need to have a passion for their product (beer, wine, specialized products)



Sector Partnerships

- Participant B- Schools should be teaching people how to treat each other and expose them to all types of industries and careers. People don't feel like they want to work in this industry.
 - For example, in the real world you must do a lot of different things in a cook's job (cleaning, support, etc.)—you need to wear a bunch of hats. People who want to be cooks might not know that then be surprised when they get into it.
 - Need to have more of an experiential component to learning about certain careers.
- Participant D - schools aren't teaching students practical career skills or exposing them to these types of industries. Instead they are so focused on academics.
 - People feel like you're either a fry cook at McDonalds or a chef with a degree. Would be awesome if you could show the range of options and career paths.
 - Maybe there could be an "in-between" program where you get some skills, basic cooking to be that middle type job
- Participant A - feels that schools (colleges) are more focused on getting students (enrollment) than caring about whether it's the right path for that individual
 - Feels that the real problem is that some people don't want to work hard and college isn't going to fix that. Need to emphasize career training programs.
- General conversation about some sort of professional training program in the restaurant industry that is outside the colleges and is more focused on practical experience
 - Suggested that they consider the career training side of the college, which is more focused on that and has less restrictions than the for-credit side.



Retail Banking Focus Group

April 5, 2018

1:00pm - 3:00pm

Attendees

<i>Company</i>	<i>Attendee Name</i>	<i>Attendee Title</i>	<i>Primary Challenge(s)</i>
Participant A	National Bank		
Participant B	Regional Bank		
United Way of Central Iowa	Stephanie Chin	Community Impact Officer	<i>N/A (observer)</i>
Central Iowa Works	Pat Steele	Director	<i>Host/Intermediary</i>
	Soneeta Mangra-Dutcher	Operations Director	<i>Host/Intermediary</i>
CAEL	Tucker Plumlee	Research Associate	<i>Facilitator</i>
	Angela Gallagher	Research Associate	<i>Facilitator</i>

Takeaways

- **Tellers and Personal Bankers** are the most prominent positions, but Tellers most difficult to fill
 - A candidate does not necessarily need a banking background or degree to fill a Teller position (preferred, not required). However, they do need **strong customer service experience**, which can include experience gained in another retail setting.
 - **Turnover** among Tellers is usually high due to pay—employers find that they are unable to offer compensation that is competitive with other industries.
- **Schedule flexibility:** The biggest issue employers face with job candidates and employees is availability and schedule flexibility. Because banks are open primarily on weekdays, and during set/consistent times, it is difficult to find individuals willing/able to work that schedule--child care can also be a barrier for employees.
 - Needs and challenges can vary branch-by-branch depending on the local community (foreign language proficiency may be important for an area with many refugees).
- **Cash handling** is the most important skill for Tellers--however, it can be a surprisingly difficult skill to find as cashiers and other related jobs increasingly deal with cards rather than cash. As a result, employers have been working on internal training to address this skill with new hires.
 - At the same time, those **soft skills** that are demanded by others in the retail and hospitality/food service industry are also needed: customer service, active listening, communication, and professionalism. Some moderate sales skills may also be important.
- **Recruitment methods:** Employers utilize more traditional form of recruitment (job boards, career fairs, etc.) but similarly find that these are not always as successful in producing quality candidates (especially career fairs).
 - Again, the most successful candidates often come via **referrals and passive recruiting efforts**. Retention is typically higher for employees hired through referrals.
 - Employers also reported that they have had many successful employees who have come from other **retail backgrounds**.



- **Standard hiring:** The hiring process seems to be relatively uniform, even between national and regional banks. This typically involves a candidate filling out formal online application with an assessment, followed by a phone screening, then an in-person interview (with all but the last carried out mainly by recruiters).
 - The employers present also conduct **background checks** but are surprisingly flexible and willing to work with candidates who have convictions. However, they are prohibited from hiring individuals with some charges (e.g. drugs, theft) due to federal regulations.
- **Experience over degree:** According to employers, retail banking jobs don't typically require a postsecondary credential--even for more advanced positions, on-the-job experience can often be more important.
- **Formal training:** Employers are also willing to train entry-level employees and seem to have a more structured/formal approach to development and advancement, offering more formal trainings (on compliance, etc.) as well as encouraging employees to build professional development plans.
- **Clear career pathways:** There seems to be a fair amount of freedom in internal movement for entry-level and management employees, even between retail and non-retail banking sides of the business. Internal advancement pathways are also clearly defined. Internships, even for entry-level positions, are also common.
- **Awareness-building:** As in other groups, emphasis was placed on improving the perception and understanding of the industry among the general public--that there are more opportunities and career paths than just working as a Teller.
 - There was also the general opinion that, although these do not currently exist, partnerships with other retail businesses could be beneficial.

All Notes

Frequent Hiring and Challenges

- Neither hire employees under age 18
- Both do a lot of floating between branches to help address workforce issues and scheduling
- Teller and Personal Banker are most common positions at both
 - Common for Teller to advance to Personal Banker

Participant A

- All their positions are very similar to those identified in the LMI analysis, although the titles might vary slightly.
 - Common titles: Teller, Lead Teller, Service Manager, Personal Banker, Private/Business/Specialty Banker
 - Internally a Loan Officer is called "Personal Banker".
 - Customer Service Representative encapsulates both Teller and Banker.
 - Also hire for Banking Manager
- Teller is the #1 opening primarily because they have most volume compared to other jobs, but also because it's both full-time and part time.
 - Around 50% turnover for part-time Tellers, but that is much lower for full-time Tellers.
 - Sees turnover usually being driven by pay--feels they offer a good starting wage, but employees are finding positions that pay more or provide them with a preferable schedule
- Basic requirements: must be 18 or have a high school diploma
- Rarely hires Bankers externally
- Runs a regional call center in Jordan Creek that employs Customer Service Representatives
 - Still need technical knowledge to be able to serve people over the phone
- Have a lot of applicants but quality and schedule availability are issues.
 - Branch employees could work between 8am and 6pm M-F; only open until noon on the weekend but finding someone who is available 6 days a week is hard.
 - Need flexibility in scheduling to cover drive-through and weekends, which is why they employ part-time tellers.



- Students are open to part-time but their schedule available is tight (classes, etc.).
- Training is only offered full-time, so even if employees are part time they must be able to do 2 weeks of full time training.
- Tries to do scheduling 2-3 weeks in advance to provide availability, but often needs employers to be willing to flex and shift schedules
- Staff makeup and issues faced vary across locations because customers and needs are different across region.
 - Some candidates might need to speak multiple languages (very high refugee population in Des Moines).
 - Sometimes a candidate would be a good fit for a specific location but is unwilling to travel.
- A bit more challenging to hire in rural areas, generally—difficult to find best quality or someone who's interested in the job.
- Don't often come across transportation issues with employees
- A non-retail division is headquartered in Des Moines, so employees will float around different lines of business outside of retail banking and go back and forth
- Labor supply/workforce availability is more of an issue for whether to keep a branch open than whether to open a branch in the first place.
 - Mostly a question with rural locations—are they profitable enough to keep open
- Would like to hire more veterans in retail banking, but compensation usually isn't high enough—instead they usually end up working in other parts of the business

Participant B

- Common titles: Teller, Assistant Teller Supervisor, Teller Supervisor
 - Similar levels for Personal Bankers as well
- Number one job they hire for is Teller (all full-time staff). Also, the most difficult job to fill.
 - Get plenty of applicants but they're not always the quality that they're looking for. For example, their previous experience may not be a match for the job.
 - Looking for someone who has had experience in some type of customer service, but also cash handling experience.
 - Very rarely hiring someone who has been a teller before, usually just if they're moving to Des Moines from somewhere else.
 - Doesn't require college education but welcomes it (puts candidate at an advantage).
 - Turnover is high because it's an entry-level job—pay is a big driver, but M-F scheduling is also a big issue
 - Tellers aren't responsible for selling as much as they are for educating the consumer.
- Agrees with availability issues.
 - Will staff tellers from 7:15am - 6:15pm M-F, and until 12pm on Saturday. Especially difficult for those needing dependent care, especially single parents.
 - If employees work Saturday, they'll have time off during the week. Depends on the branch and how they do shifts (implies some level of freedom in scheduling across branches).
- Has a small call center (in the area?)
 - Call center is a phone-based banker, essentially--more skill than just an operator
 - Have had call center staff move into personal banking. Sometimes Teller will move to a call center position.
- Will hire externally quite a bit but 60%-70% of positions are filled through internal promotion
- Sees dependent care as much more of an issue for their employees than transportation
 - Elder care is a significant issue—seems like more of an issue now than it has been in the past
- Labor supply/workforce availability does not usually present a challenge for the company when considering whether to open a branch
 - Transaction volumes help determine staffing—if volume wanes, sometimes they won't re-fill a position after attrition, but they haven't had to look at closing a branch due to staffing issues

Skills

- Cash handling doesn't show up in the initial LMI analysis, but is a critical skill specific to Tellers

Participant A

- Tellers used to have to upsell, but they've eliminated sales as an incentive or goal after national scandal around new accounts, etc.
- Personal Banker: heavy customer service, listening skills. Primary responsibility is in offering the customer a product or service that's specific to their situation and meets their needs.
- Technology skills are an issue occasionally, but not as much of one in Des Moines.

Participant B

- Looking for similar skills in external candidates, but looking for maybe more sales, or manager of a retail location. But that's a diverse population.
 - None of the jobs (Teller, Personal Banker, etc.) require banking experience, but it's preferred
- Biggest struggle is the need for more refined soft skills: communication, eye contact, customer service orientation
- Technology is an important skill (for ability to use bank system) but it is rare to find someone without the basic experience and familiarity with technology (email, word) necessary.

Candidate Sourcing, Hiring Process

- Criminal background isn't prohibitive for either. Can't take candidates with certain charges because of federal regulations, but they try and work with people

Participant A

- Recruiters will post and look for people on job boards, as well as look for passive candidates who are already employed and are of higher quality.
 - HR spend so much time interviewing that it's hard to do the active recruiting
 - Will rely heavily on the team who lives and works in that market
 - Will also put up hiring signs and search within customer base as well as other retail establishments. Rarely recruit through "feet on the street".
 - Have done career fairs but the ROI is low
- Referrals are big and often result in good hires—provide employees with referral bonuses
 - Retention is also better with referrals, partly because they are working with friends and family
- All candidates apply online, which administers an assessment at the initial stage of application—measures experience and customer service application.
 - Results in candidate being placed in a category--"High" category gets the phone screening first. Possible to fail the assessment but it's difficult. Candidate can apply again in the future
 - Participant A uses Kiran—performance analytics platform designed specifically for retail banking
- After conducting a phone screening, a recruiter will conduct an in-person interview, usually with the branch manager
 - HR Recruiter facilitates the initial hiring process because the manager's main job is to run the branch—don't want to take up their time at the beginning of the hiring process
 - Phone screening primarily gets at questions about experience and knowledge, while the in-person interview is more behavioral
- Hires locally when they can
- Will hire candidates from Drake, mainly to work while they're a student. Have had more success hiring individuals already in the workforce, however
- Often have successful candidates with prior retail experience
- Interestingly, majority of applicants are female millennials
- Performs criminal background check; also excludes applicants with drug or theft charges.

- Doesn't perform drug test

Participant B

- Largely uses similar recruitment strategies as Participant A—also receive a number of candidates from their own online job board,
 - Referrals frequently produce high-quality applicants.
 - Some active recruitment: if managers get good customer service they have a card they can hand out with application information.
 - Have done career fairs, haven't found a need to do it a lot—not very successful
- Typical process: review applications, determine who they have an interest in, conduct a phone screen, administer an assessment tool, conduct an in-person interview.
 - Tellers just do one interview with the branch manager, while Personal Bankers might do more.
- While the assessment is just a piece of the puzzle, it provides a predictive index for the candidate that is factored into hiring decisions.
- For interviews, have outlines of separate sets questions for each position (Teller, Banker, etc.)—includes behavioral questions, questions on professionalism and accuracy.
 - Can use assessment to tailor additional questions
 - Tries to get a feel for professionalism during phone screening as well
- Background checks: policy is to look at each situation individually. Drug-related charges are hard to get past, as are theft charges.
 - Will perform drug test

Training, Advancement

- Generally retail banking jobs don't require postsecondary credential

Participant A

- Encourages employees to put together a Development Action Plan, which a manager will use to help guide an employee's professional development.
 - Will use that to identify people who want to advance or move into a Personal Banker positions.
 - Also choose who to advance by simply observing who's doing their job well.
- Offers various training/development opportunities: compliance training, on-the-job training, mentorship, weekly 1-1 with manager.
- Most credential requirements would for higher-level positions outside of the branch/retail banking
 - Even if an employee wants to move to the corporate side of the company, there wouldn't necessarily be an education ceiling they would hit—on-the-job experience often holds more weight
- Encourages workers to have at least a year in each role before moving into another because there are often seasonal differences in the work that are important to experience
- Participant A has an apprenticeship for members of the military but more typically uses internships
 - Includes paid internships for the Teller position, but also for a variety of other roles
- Provides tuition reimbursement for employees
- Participant A—because most people are now paying with credit/debit cards there are many people who have worked as cashiers in retail settings that still haven't handled cash, at least to the extent that is required in banking. As a result, just having cashiering experience will not fully qualify someone for a Teller position.
 - The company is trying to work on this—how to better train up cash-handling experience



Participant B

- Provides compliance training as well as additional professional development opportunities
 - Training comes from a variety of sources
- Typically, only require some level of formal credential for higher-level positions (e.g. credit analyst)
- Will usually hire a lot of Tellers without prior experience
 - Have classroom training for 2-3 days then on-the-job training; will typically be on a drawer within a couple of weeks. Usually takes 3-6 months from hire for a Teller to be comfortable.
 - Training mostly consists of learning about the company, its products, and the basics of banking. Trainees are also able to have “hands-on” learning with the bank’s systems.
- Iowa Bankers Association has a college internship program for partner banks, which they take advantage of
 - Also has internship opportunities for Tellers
- Rank of advancement opportunities for employees: Tellers can advance through multiple levels (supervisor, etc.); Tellers and Personal Bankers can advance into Bank Manager positions, as well as operations roles (e.g. balance, wires, fixing).
 - Whether they move into these roles is really about whether the employee prefers face-to-face contact or is more interested in technical operations.
 - Sometimes people go back and forth between “sides” of the bank
- All of their banks have their own charters so there are more opportunities to go into holding level positions if they wanted

Sector Partnership

- Hasn’t really seen online banking’s effect on workforce (hiring, etc.). Thinks that, in the grand scheme of things it might be an issue (for example, Participant A is testing automated tellers in California) but feels that most people still want in-person contact for banking locally.
 - Doesn’t think that Tellers will go away entirely, but may not need as many as they used to
- Seems like there’s always regulatory changes that makes the front-line job more difficult, but these are often a moving target and hard to predict.
 - Will provide training for staff when relevant regulations change
- Participant A--haven’t done a lot with the existing Financial Services sector partnership (while Participant B is part of the partnership) but could see it as a good thing
- Participant B - posts jobs through workforce board (is required to) but finds that they don’t usually get good candidates.
- Perception - thinks that seeing what the bank does from the customer perspective is important—educating people who didn’t know that there were so many jobs and opportunities other than Teller