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WHY PAY RETAIL?

DIGEST OF REMARKS OF JAMES YASINOW

BY

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ABSTRACT

An employee service program benefits not only the employee but also the employer. The organization can offer employees wellness programs, child care or special prices to events and trips. In turn, employees feel a part of the company and know that they and their families matter to the company. By providing these services employees work harder and possibly longer because they feel that they belong. Without the basic support of the company, workers tend to fall back on their jobs. At American Greetings, the employees and are made the families their number one priority.

INTRODUCTION

One of the primary questions about an employee services program is how to finance the program. Many times a company will pay the complete cost of the facilities and the programs. If not, the company-sponsored employee services program is usually organized under a 503B as nonprofit and they have to develop a financial strategy for funding their operations. The obvious approach is to assess each member a fee that will cover the cost of the basic programs and facilities.

Until recently, it has been appropriate to rely on the employees in order to support programs. It is being quickly realized though that it is to benefit the employees. Some means need to be found to finance the program other than general fees and/or the company. When the program is funded by employees, most employees join the program.

AMERICAN GREETINGS

The American Greetings (AG) Recreation Club is funded by a \$6.00 membership fee. The \$6.00 supports a variety of programs and activities including activities that are offered for children and families. American Greetings does not spend any corporate money on the support of this program. In addition to the \$6.00 fee, the AG Rec Club is also funded through promotions.

The club represents a large consumer group and can get discounted prices on tickets to ball games, plays, concerts, operas, and to Disney World, Sea World, hotels and attractions. The success of the recreation club of American Greetings is due, in large part, to the success the company has had in building trust among the employees. The benefit packages that each employee needs

is shown by the concern of the company for the individual. The basic philosophy of the program is one of support and encouragement by all the employees, enabling them to make their own decisions about how their work and families influence their lives. The key dimension or element of this philosophy is buying into the program through involvement.

It is not only providing programs and discounts but these programs and discounts are offered so that the employees learn how to utilize them to benefit themselves and their families. This interface between the buyer and seller benefits the vendor as well as the employee. For example, at Christmas, the Cleveland Ballet offers a discount of up to \$10.00 a ticket with no handling charges and preferred seating. In exchange, the Recreation Club will send in one order form to the ballet which will help reduce their cost for advertising as well as operational costs for processing the tickets. They will also be able to count on a certain demand year to year from the employees. The success of the program is a concept of service to employees that involves understanding the needs of themselves and their families. It does not take long for word of mouth to spread information about these types of programs. The club develops a reputation as a place of involvement and concern in a way that has a direct impact among employees and their families.

Employee services programs are noted for their diversity and service to the total spectrum of employee client. The traditional programs of softball, basketball, volleyball, golf, and bowling are the mainstay of most employee services programs. The primary purpose of these traditional programs has been to build team spirit and to provide a socialization process for employees from different divisions.

This is one of the ways the employees get to know management from a different perspective. One of the primary changes that has taken place in the traditional program is the increase of women's participation in the traditional sports activities offered by employee services programs. It recognizes the importance of women as a part of the corporate team in the organization. This has been a mechanism for the recognition of the importance of the women in their role in the American Greetings organization.

Other types of programs that are very important are those that involve families. Types of family programs that are offered are: picnics, outings to the Cleveland Indians, and a children's holiday festival. The primary purpose of these programs is to provide an environment which allows the socialization of employees among themselves and to show the importance of the family in relation to the company. These events are always successful and well-attended, and bring much good will to the company. The idea is that the family participates in company activities. It creates a family atmosphere.

Other types of programs or special events are bus trips. The purpose of these activities is socialization and interaction among the employees. These activities help employees and their families to enrich their lives through experiencing cultural events and environments.

An important part of the Recreation Club is the involvement with charities and philanthropic organizations. Some of the events in which the employees become intimately involved are: a phonathon for the American Cancer Society, a chili cook-off for general charity contributions, and the Harvest for Hunger. The company has a

special V.I.P. program (Volunteer Involvement Program). In this program if a volunteer is an active participant in any organization, the company will donate \$300 to the organization in the name of the employee who is the volunteer.

The company's Community Relations Department prefers to support charities through in-kind donations. The primary organizations that are supported are women's organizations, because women buy 90% of the products that American Greetings sells. A second emphasis is on organizations that benefit children. Some other priorities of philanthropic giving are education, volunteerism, and the arts. Since American Greetings hires many artists, there is a special attachment to fine and performing arts within the organization.

ORGANIZATIONAL STRUCTURE

Volunteers are the backbone of the Recreation Club. The club is administered by a board of 11 elected individuals from the club membership. The volunteers are actively involved in the administration as well as the execution of the program. The very basis of the types of programs that are offered are employee-generated. There are only three constraints to the development of new ideas by employees. These are the budget, number of people participating, and first-come, first-serve organizations. A unique feature of this particular system is that there is not a long waiting period between the initial proposal and the execution of the activity. It is a very spontaneous system and allows the employees much creativity in the development of their programs. The primary impact of this type of system is that it is responsive to the employees, and all of the activities are meaningful and worthwhile on an individ-

ualized basis. Individuals understand that the programs are for them and that they have a stake or an involvement. This helps the individual buy into the program and become an integral part of its execution and operation.

This type of open system of program development has allowed the employees to extend their programs into the community. Much of the program is community-based and there is a nexus that is developed between the company and the community. Employees learn different types of organization, leadership, enrichment, budget, management skills that apply directly to their jobs.

There is so much involvement with the program that at times there is actually competition for individuals to serve on the 11-person board that helps administer the program. American Greetings limits the presidency to two years. Committee chairs serve a very important element of training and leadership to individuals who will eventually serve on the board. The primary function of the volunteers in the administration of the program is the development of leadership skills. And many of those who have been leaders in the club have been promoted within the company because the company recognizes the value of the development of these types of skills.

HEALTH AND WELLNESS

There is a nurse on the Human Resource Staff who has the title of Wellness Administrator. She coordinates such classes as the aerobics and Tae Kwon Do. Another part of her job is out-sourcing health services. She arranges for children and family services through United Way agencies. Some of these services include

professional psychological counseling, drug and alcohol counseling, children's services, and the EASE program, the Employee Assistance Program. Prior to employment with American Greetings, candidates must pass a drug test. Classes are offered, especially during the lunch hour, on raising teenagers, better nutrition, and health and wellness. There is also an elder-care support group. This group is primarily for the sandwich generation who are trying to raise their children and yet have health problems with their parents. Also provided is an active referral system for day care for the elderly as part of this commitment to elder care. There is an employee relations specialist assigned the job of retirement planning. It is a difficult task to help people realize that they are responsible for their own retirement. The company has a profit sharing plan but this is not enough to support the individual during their retirement years. The specialist also serves as an employment counselor. Any company is like a big family and every family has are problems. The company's job is to allow flexibility, to allow individuals to move within the company, or bid on jobs to help alleviate some of the stress and problems that may exist within the system. The primary philosophy is that most of the problems can be solved if there is a cooperative spirit. For example, one employee had to take her children to school in the morning. She had to be at work by 8:00 a.m. but was often late. The company worked out a more flexible schedule where she would come in a little later and worked a later. The health issues also extend to the cafeteria. The dietitian prepares a menu for those individuals looking for a healthy life style. Low-fat items are marked on the menu with a rose.

American Greetings has found that one of the most expensive items in health care is

premature babies. American Greetings started a prenatal health care program. If an employee complete the program, including check ups and educational programs, you will receive a \$200 savings bond. The cost of health insurance is paid, partially by the company and partially by the individual, with the company paying 75%. An important aspect of the health program is the fitness and activity portion, and employees use the city of Brooklyn's recreational facilities. The Brooklyn Recreation Center has an Olympic size swimming pool, hockey rink, weight training rooms, walking aerobic classes, and other recreational facilities that complement the health program.

COMMUNICATION

Communication is a top priority, both inside and outside the company. An important element of communication is word of mouth. Word of mouth is effective communication because it provides an element of trust among the employees.

The American Greetings Company has more than 50,000 accounts all over the country. It supports and gets support from the businesses with which they do business. This type of external relationship with the accounts is the symbiotic relationship of doing good business with good business partners.

Due to the success of the program, some companies call American Greetings because they realize that they are good business partners and provide a ready-made market for their products and services. They also handle the distribution and marketing component of the selling of their product which is an additional savings. In fact, a dry-cleaning service contacted the company about a relationship between pick up and

delivery for their service. The gentleman wanted to position his truck outside the company and set up business in the morning and late afternoon for pick up and delivery. A photo finishing company wanted to gain access to the employees, but we declined the offer because we are a major customer of Kodak. Policy about allowing vendors into American Greetings is determined by the benefit to the individual as well as the company. The key is quality products and services that best represent American Greetings.

Another important part of the relationships with customers as well as employees is the company store. It sells discounted American Greetings merchandise to the employees at about 50%. It also has merchandise in the store from subsidiary companies that American Greetings owns. They sell reading glasses, picture frames, stationery, and hair care items. This develops good relations and goodwill with the employees because they have access to the products that they directly produce. American Greetings is vertically integrated. Companies that they invest in or buy from have the same distribution network as greeting cards. The stores also serve a sales promotion function. If K-Mart or Wal-Mart executives want to come in and see a store in operation, we use the company store to promote the newest American Greetings products and sales procedures.

The key to communication is by example. The chairman, Irving Stone, contacted the Recreation Club about his membership, and within a short time, sent the Recreation Club his check. This is also true of other senior officers of the company. In this particular example, support from the top is essential for communication.

The standard process of communication within the company is through the publication, What's New. It is a one-page newsletter that is two-sided and is published once a week. The Rec Club also publishes a monthly newsletter that informs club members and employees of upcoming programs. There is also another publication called AG Connections. The purpose of this is for communication among interplant operations in Arkansas, Tennessee, North Carolina, and other states. This quarterly newsletter helps spread and develop solidarity among the employees at a number of locations. Some other types of communication such as Baldwin Bulletin memos and posters are also used. It is the responsibility of Rec Club committee chairpersons to clear the information and write it so that one of our board members can set the newsletter in type. The publication is then sent to the corporate Business Graphics Department for handling printing, graphics, and art work and producing the final product. Approach and presentation is everything. It is important to have people want to read the publication. The Rec Club newsletter is the basic communication of the organization. It integrates and solidifies the group. Without good communication, an organization cannot learn effectively or efficiently.

CONCLUSION

The primary question that is usually raised is how much does an Employee Services Program benefit the employee? There is always the question of hard dollars and discounts used in what amounts. The Rec Club saved the average individual substantial dollars on events because of their buying power and relationships within the community. In one year, employees purchased

nearly 4,000 tickets to various events. The employee services program in American Greetings is not about discounts and numbers. It is about the employees and the development of a family concept within a

corporate atmosphere. The clients and customers are part of the American Greetings family and it is the purpose of the employee services program to support this network to fulfill their basic objective.