

## Interactive Education

**Pal's Sudden Service combines technology with hands-on training to drive results.**

**By Donna Hood Crecca**

Systemwide order accuracy at Pal's Sudden Service stands at one mistake for every 3,360 transactions. That's a vast improvement over the rate of one in every 450 transactions 10 years ago and one in every 2,400 in 2001. Service time—measured from the time a car stops at the hand-out window to the time it begins moving again—is 18 seconds at peak periods, down from 23 seconds six years ago and 49 seconds quicker than the next fastest competitor in a third-party analysis.

Those numbers, coupled with ongoing same-store-sales growth, attract a steady stream of executives from QSR chains. They visit Kingsport, Tenn., to study the training methods of the 19-unit burger chain, the only restaurant company to win the Malcolm Baldrige National Quality Award, which it garnered in 2001.

While he is proud of those figures, President and CEO Thom Crosby sees room for improvement and is counting on Pal's intense training and assessment program to do it. "If you want to outperform the competition, you have to out-train them," he says.

All training takes place in the unit, primarily through one-on-one interaction, with flashcards and digital materials reinforcing the content. Hourly employees undergo 120 hours of training and learn up to three positions; managers have up to 800 training hours. A Web-based system tracks employee progress, while timed and pop quizzes, observations and constant measurement keep tabs on performance.

Sound a bit militant? Perhaps, if Pal's didn't equally embrace the human element. "The core part of performance excellence is to be a data-driven organization that doesn't miss the people side," Crosby explains. "Pal's is first and foremost a manufacturer. Our second job is to educate."

### Learning Lab

Education begins at orientation, a two-hour session with the unit manager. A manager or assistant manager conducts task training, working side-by-side with the employee, demonstrating the task and personally coaching the individual.

"The focus is on perfect practice with repetition," says Eric Lane, operator of the Gate City, Va., unit and leader of the Pal's training team, which assesses and upgrades the company's training content and materials. "We then measure for mastery and



President and CEO Thom Crosby (l.) and training team leader Eric Lane spearhead Pal's intense training program.

### SNAPSHOT

#### Concept

Pal's Sudden Service

#### Headquarters

Kingsport, Tenn.

#### Units

19

#### 2004 Systemwide Sales

\$32 million\*

#### Average Unit Volume

\$1.6 million\*

#### Expansion Plans

2 in 2005

\*Chain Leader estimate

observe for verification of correct execution.”

A tracking system monitors progress and automatically issues tests at appropriate intervals. Every hourly employee—recent hires and veterans alike—take two to three pop quizzes a month.

“The quizzes certainly aren’t pressure-cooker situations,” Lane says. “The quiz is handed to the employee when their shift begins, and they need to turn it in at the end of the shift.

“They’re actually encouraged to cheat,” he adds. “If you don’t know the answer, go find it. This is the real world; if the person beside you knows how hot the chili should be, learn from them. Our experience is that people learn and retain knowledge shared by co-workers, whether it’s another line worker or a manager.”

However, once the worker demonstrates a level of mastery, the tests are timed. Employees who score less than 100 are retrained on that task.

“When a customer is at the window and asks a question about how much of something is on a particular sandwich, you’ve only got a few seconds to answer. I hear from workers that the quizzes actually relieve the pressure when they’re dealing with the guest,” Lane explains.

Trainers use a four-step assessment process called Online Quality to observe and evaluate line workers. They use the results of the regular assessments to tailor the worker’s training.

### **Balancing Act**

That one-on-one, hands-on training system takes the edge off the constant performance assessment for Pal’s 661 employees. “Everything has the element of the human interaction, which prevents a pressure-cooker situation,” says Lane. “I’m the person working with them every day, and I can make judgments about whether they need further coaching or communication. It’s me bringing this information and even the quizzes to them, not some anonymous executive or computer system. I’m on the floor, and training is one of the biggest elements of my job.”



During training, managers work side-by-side with employees, demonstrating the task and personally coaching each worker.

Crosby personally trains all managers, emphasizing the importance of teaching through demonstration. “The core part of every manager’s job is to be an educator,” he says.

Pal’s takes great pains to ensure it hires people not only eager to learn but also able to withstand the ongoing assessment and a stringent, systems-oriented environment where, for example, workers who clock in late three times are terminated. Through intense pre-employment testing, Pal’s screens candidates for characteristics such as punctuality.

“Companies can purchase the systems Pal’s uses to manage its human capital, but if they don’t ensure the right type of person is hired, they will not succeed,” observes TJ Schier of Incentivize Solutions in Flower Mound, Texas. “From the hire through the training, technology is the enabler that allows Pal’s managers to focus on their people. The HR system, for example, prompts the manager when each training activity is due. So instead of maintaining a manual system themselves, the manager can spend more time actually working with and developing their people.”

## Staying Power

Only four unit managers have voluntarily left Pal's since 1981. Hourly turn declined from a high of 212 percent in the mid-1990s to a current level of 56 percent. Systemwide sales topped \$30 million in 2004 and same-store sales rise consistently, says Crosby, who won't provide specifics. While no locations opened in 2004, the company plans to open two restaurants in 2005, indicating a return to Pal's tradition of slow, steady growth.

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**Thanks to its training and assessment program, Pal's service time is 18 seconds at peak periods, down from 23 seconds six years ago.**

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"Bottom line: The better trained our people, the better they are at execution and the stronger the correlation to improved sales," says Crosby. "We're driving down raw numbers like turnover and service times in an environment of growth."

As much as Crosby loves the numbers, he also gets in on the people aspect of Pal's. When he gets an e-mail from a guest complimenting an employee, it's not unusual for Crosby to show up at that location, give the employee the day off with pay and work the rest of his or her shift.

Looking forward, Pal's training team is focusing on improving assistant-manager training, infusing it with more leadership and strategic thinking. About 40 percent of unit managers come from the assistant-manager ranks; Crosby's goal is 80 percent.

"By bringing more operators out of the assistant ranks, our culture of education becomes that much stronger," he says. "We're just shy of a year into a radical adjustment to the entire assistant-manager training and expect the first outputs of this transition in late 2006."

The key, says Crosby, is to focus not on the efficiency of training but the effectiveness. "We're constantly analyzing whether our training is doing the job. Are meaningful results—performance improvement—coming out the system?"