Committed People Strategies Deliver Results

Ask any Pepsi Beverages Company (PBC) employee and they’ll tell you PBC is a Type A company. High-energy. Focused. Results-oriented. In a daily fight for market share against some of the world’s most intense competitors, PBC does so amidst the challenge of managing a network of 70,000 employees that handle approximately 75 percent of PepsiCo’s North America beverage volume. Key to survival is the ability to continually anticipate and capture ever-changing consumer preferences. Add to the mix a never-ending drive for growth, and it becomes apparent PBC cannot settle for anything less than an environment that inspires its people to innovate and perform.
To create a workplace where ideas and expectations thrive, PBC leadership has focused on cultivating what it considers its most powerful business driver: people. At the highest levels, PBC is committed to cultivating a culture of appreciation; a commitment they’ve consistently held to over the years, despite challenges and industry changes.

“We know that if we are able to drive positive improvements in recognition and appreciation, we get a halo,” says John Berisford, Senior Vice President, Human Resources. “We’re able to engage our employees and help them be more satisfied, more enthusiastic about coming to work every day and doing what we ask them to do, which is very tough stuff, we get higher levels of productivity. We get higher value creation... and a higher performing company.”

For CEO Eric Foss, it’s all about correctly defining the business you’re in and then developing that business. “As we’re out there serving a million customers, engaging over 200 million consumers day in and day out—we are in the people business. And if you’re in the people business,” states Foss, “it’s critical that recognition is ultimately going to be one of the keys to success.”

CELEBRATING PEOPLE

Recognizing individuals and celebrating victories along the way through thank yous, handwritten notes, appreciation programs—it’s all part of the systematic commitment by PBC to honor their employees in every aspect of their success. And it’s an effort employees notice.

“Our folks like to come to work,” explains Bill Morgan, Regional Sales Director, “They feel appreciated. They know that doing a good job gets a thank you, recognition among their peers. And it really reflects in their performance, in the trade, and in our customers.”

“Working for Pepsi, it’s exciting, exhilarating, challenging,” says lab technician Ray Gilman, “But more than that, Pepsi is people oriented. Their employees, the way we’re treated, it’s just like a family. It’s like a family gathering.”

It’s a combination of the big things and the little things that move the needle of engagement for PBC. Ten years ago, when what was then known as Pepsi Bottling Group went public, a mandatory employee insight survey revealed low levels of engagement and higher than desired employee dissatisfaction.

“We set out very specifically, very methodically to drive higher levels of engagement. And the conclusion we arrived at many years ago was that optimal engagement was impossible without a really strong, really robust recognition and appreciation program,” says Berisford.

PBC worked with O.C. Tanner to provide a comprehensive appreciation solution, consisting of tools for managers and employees. The company unified individual programs, making them strategic initiatives that were integrated into every aspect of employees’ lives. Today, PBC appreciation solutions recognize and support employee achievement in everything from length of service to safety and results.

To complement and fuel its investment in a suite of appreciation solutions, PBC also trains managers on how best to coach people as well as reward good performance.
Appreciation and recognition are key to the PBC training initiative. These trainings, conducted by the O.C. Tanner Training group, help to reinforce different vehicles managers have ready and available to use in their appreciation efforts.

Chester Elton, author of *The Orange Revolution* explains, “Through our research and working with many different clients, we have found time and again that employees are more engaged when they believe their organization is aligned to what it stands for. PBC leadership had a vision and backed that vision with great tools, programs, resources, training—constant reinforcement to create this great culture of appreciation.”

**SUSTAINED COMMITMENT**

With a committed vision aligned to the company’s business objectives, a multi-touch approach reinforced by training and support, PBC has the ingredients for effective employee engagement. But the company doesn’t stop there. Through its annual employee insight survey and other tools, PBC conducts and monitors its progress, analyzes results and sets new goals—continually evaluating and refining its appreciation strategies so they achieve the greatest impact.

“We never set out to transform anything in the moment,” says Berisford, “we simply set out to get a little better than we were, a little better next year than we were the prior year, and build on what we’ve learned is successful. We look at what’s working, what is not working. We ask ourselves, 'How do we make this a little better than it was the year before?' And over the course of time we’ve managed to transform a lot of really good stuff.”

It’s from these measurement tools that PBC can see how its solutions and training efforts are delivering results. The annual employee insight survey shows a systematic improvement in several areas, improvements that were accelerated in 2005 with the introduction of a milestone program and again in 2009 with new on-the-spot programs.
PBC has also found a link between improved employee engagement and improved job performance.

“As I reward them,” explains Bob Ladue, Production Supervisor, “I see how people here enjoy the rewards and with that I see record runs. I see productivity going up. I see morale going up. It’s all connected.”

Experts say this result is not unique to PBC. In a Towers Watson 2007-2008 Global Workforce Study survey of 90,000 employees in 18 countries, it was found that companies with high employee engagement had a 19 percent increase in operating income and a 28 percent increase in earnings per share over a 12-month period. But perhaps even more important than these numbers is how appreciation has become part of PBC’s company DNA.

Says Berisford, “Our culture at PBC starts and ends with the fact that we have this large work force of delivery drivers, pre-sell reps, warehouse loaders and manufacturing employees that wear, with great pride, the uniform that says Pepsi. So the focal point of all of our efforts is on those employees at the front line that actually sell, deliver, make, and merchandise all the product that we sell. And we try to keep them very front and center and in the center of our recognition efforts and our cultural progress.”

The culmination of these efforts, an ultimate recognition solution named “True Blue,” will be launched this January. Through True Blue, PBC will align its appreciation efforts into one strategy and one brand for recognition. Comprised of three platforms, True Blue is about recognizing years of service, on the spot appreciation for individual contributions, and outstanding performance results.
COMPETITIVE DIFFERENTIATOR

Despite being at the helm of some of the world’s most powerful brands, PBC leadership is the first to tell you that although product is important, when it comes to winning in the marketplace, there is no substitute for attracting and retaining the best talent. And the best talent is attracted to employers who pay attention to appreciation.

“Our company has created a clear-cut objective of becoming a great place to work and becoming a destination for exceptional talent,” says Paul Van Slooten, Vice President, General Manager, Salt Lake City, “There is a direct link between attracting great talent, retaining great talent, developing this talent, and getting the most out of this talent and how these people feel when they come to work every day. They feel appreciated. They feel supported. They feel respected. It all goes hand in hand.”

Ashley Halverson, Human Resource Manager, agrees, “Talk to any manager out there, and our people are our best asset. Our pride and our joy is having the best people out in the trade, the best people on the truck that we can to make sure our customer service is top notch in every store that we go to every day.”

At a time where many companies are struggling with low morale, decreased employee engagement, and high turnover, PBC is experiencing the opposite.

Michael Matney, Vice President, General Manager, Albany states, “When you see our competition just sort of shaking their heads and saying ‘Wow, this is where I want to come to work’, that’s a direct reflection on what we’ve accomplished here. We hear that every day from all of our competitors. We have very little turnover because of that, because people want to stay working here.”

As for CEO Eric Foss, the benefit of committing to employees goes beyond being a good employer.

“At the end of the day, you certainly benefit through your recognition efforts by having employees that are motivated to come and work every day as you’ve created a great place for them to work. But beyond our employees, it allows us to help our customers build their business, it helps us deliver shareholder value, and it extends beyond the work life into our everyday lives by helping us and our employees really focus on improving the communities where we live and play.”

For more information on the impact of effective employee engagement and how people strategies can deliver results in your organizations, visit www.octanner.com.
O.C. Tanner is the world leader at helping companies grow by appreciating people who do great work. Because celebrating great work inspires people to invent, to create, to discover. And when people are inspired, companies grow. Our performance awards, service awards, web-based recognition tools, and other incentive programs turn corporate goals into reality for more than 8,000 well-known customers worldwide.

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Pepsi Beverages Company (PBC) is PepsiCo’s beverage manufacturing, sales and distribution operating unit in the United States, Canada and Mexico. PBC handles approximately 75 percent of PepsiCo’s North America beverage volume. Its diverse portfolio includes some of the world’s most widely recognized beverage brands, including Pepsi, Mountain Dew, Sierra Mist, Aquafina®, Gatorade®, SoBe®, Lipton®, and Amp Energy®. In many markets, PBC also manufactures and distributes non-Pepsi brands, including Dr Pepper®, Crush®, ROCKSTAR Energy Drink®, and Muscle Milk®. The operating unit is headquartered in Westchester County, New York and employs approximately 70,000 people.

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