



Customized business learning in retail stores

Red Wing Shoe Store managers learn to connect everyday retail decisions to financial outcomes.

Many of the Red Wing Shoe Store managers, who had been promoted from sales jobs where they excelled at developing relationships and moving product, failed to fully understand how their everyday decisions impact the profitability and financials of their stores.

The solution for Red Wing Shoe University (Shoe U) was to partner with Celemi to develop a customized version of the business finance simulation Celemi Apples & Oranges™, tailored specifically to the needs of their store managers. By giving everyone a strong foundation of financial management concepts, Red Wing Shoes strengthened company themes and helped employees discover linkages for building on financials and other key aspects of the business.

Program concepts

- *Inventory as money* – how products sitting on back shelves equates to cash in pocket.
- *Days sales outstanding* – why it matters how long it takes to collect cash.
- *Employee turnover* – how hiring and retaining the right people (and replacing the wrong ones) affects gross profits.
- *Profit and loss statements* – working in groups, the store managers all had to come up with the exact same bottom line through every exercise, and explain the process to peers who were struggling.

Profitability by developing store managers



“Celemi Apples & Oranges had a method to it, but there was fun along the way. It wasn’t just standing up there and regurgitating information. Participants had to engage, learn and play the game, and when you do that, you learn as you play. I like that. I like that approach to things.”

— Wes Thies
Vice President, North America Sales & Operations

“Learning from each other was very powerful,” says John Rademacher, Director of Retail Operations. “The participants began to understand how their choices affect the bottom line. They quickly became engaged. They’d explain, ‘Now I see how my decision got me this result.’ The light bulb would go on.”

All about the experience

Customers return to Red Wing Shoe Stores because they know they’ll always receive the same attentive, solution-oriented service that goes along with the “Red Wing experience.”

“For years, we’ve done the traditional financial training program – stand in front of a group, put a bunch of equations up there, calculate them... and expected people to learn something,” says Shoe U Learning and Development Specialist Kim Wiemer. “Well, we found out people really weren’t learning.”

We needed a new way. Celemi's simulation was perfect because they could experience it and make the connections in an environment or situation that was similar to their jobs."

"Experiential learning is the way most adults tell us they want to learn," says Linnea Johnson-Scott, Director of Organization Effectiveness. "Having their eyes, ears, brain, and fingers all engaged in activities helps to stimulate their thinking, especially when working in teams. It helps them become more engaged with the content, and with that there's a better chance their changes in behavior will stick."

"You have this incredible mix of people in the room. As soon as you say, 'Go!' everybody is standing on their feet, leaning over the table, heads down, looking... They're focused, their hands are moving things around, they're discussing, they might be arguing. That's what I love – seeing everyone work together. You'd see it all day long."

— Linnea Johnson-Scott, Director of Organization Effectiveness

The business simulation program

The structure – Working in small groups, participants formed the incoming management team of an established company facing challenges that demand a new, disciplined financial strategy to meet increasing customer and supplier needs and regain market share. In three business simulation years, teams learned how to monitor cash flow, make resource utilization improvements, and measure results in their balance sheets and income statements, seeing the direct outcome of their decisions and how each action affected another.

Simulation years one and two – Celemi's standard format, with several Red Wing nuances, helped people connect the dots. "A lot of people had never done a balance sheet," says Ms. Johnson-Scott. "We talk about numbers all the time, but they had never actually learned what the components of financial statements were. A lot of store managers said, 'Wow, this is the first time I ever understood that, even though you have said the words a hundred times.'"

Simulation year three – Competition! "Our store managers are very competitive," says Ms. Johnson-Scott. "That's why they're in sales." So for the final

round, Red Wing customized the simulation with everyday store scenarios. Teams scored points based on how their decisions impacted their actual work goals, performance measures and bonuses. They played to win, with top scorers tallied at each of 20 workshops, and one overall winner.

Continuous learning

Shoe U's philosophy, "When you teach, you learn the most" inspired Region Operation Managers (ROMs) who led the workshops, to continue coaching their teams. Some ROMs scheduled weekly meetings with store managers to brainstorm changes made when they got back to their stores. Some extended the training to store associates, whose decisions also affect the store's financial health. Many stores still use the simulation scenario cards, referring back to them when faced with similar situations. In weekly phone calls, ROMs encourage managers to discuss scenarios, utilizing new common concepts and language to describe decisions and make connections.

Delivering results

"We feel strongly that numerous things we've done in the last three to four years have multiplied and added to the continuous improvement of our business," says Wes Thies, Vice President, North America Sales & Operations. "Our metrics, across the board, are strong at all stores. Business is up, inventory is down, our profits are strong, our gross margin is good – everything we look for throughout our business is improving. The results are definitely there. Can you say Celemi Apples & Oranges drove that? I'd have to say it contributed for sure."

About Red Wing Shoes

Since 1905, Minnesota-based Red Wing Shoe Company, Inc. is known for its premium quality work and safety footwear. With over 2,000 employees, Red Wing Shoes are distributed to consumers and industrial customers in over 100 countries, including more than 6,000 USA retail locations.

