



Purposeful business learning

Red Wing Shoe Store managers connect everyday decisions to financial outcomes

While the decisions Red Wing Shoe Store managers make every day affect the profitability of their business, many of them who had been promoted from sales jobs where they excelled at developing relationships and moving product didn't fully understand how their decisions impacted the financial performance of their store.

Solution: Red Wing Shoe University (Shoe U) partnered with Celemi to develop a customized version of Celemi Apples & Oranges®, a powerful business finance simulation, tailored specifically to the needs of their store managers. By giving everyone a strong foundation of financial management concepts in year one and two, and customizing year three, Red Wing Shoes strengthened company themes and helped employees discover linkages for building on financials and several other key aspects of the business.

They just got it! Now, everyone understands the concepts of:

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

“Learning from each other was very powerful,” says John Rademacher, Director of Retail Operations. “The participants began to understand how the choices they make affect their 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.”



“Celemi Apples & Oranges had a method to it, but there was some fun along the way. It wasn't just standing up there and regurgitating information. Participants had to engage and 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 American Sales & Operations

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. 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,” says Wes Thies, Vice President, North America Sales & Operations. “The results are definitely there. Can you say Celemi Apples & Oranges drove that? I'd have to say it contributed for sure.”

Red Wing Shoe Stores are 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.” *(Continued back page)*



“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 — making the connections — in an environment or situation that was similar to how they’d use it in their jobs.

“You have this incredible mix of people in the room. And 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

Here’s how it worked:

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

Years one and two – Celemi’s standard format, with several Red Wing nuances, laid the groundwork, and helped people connect the dots. “A lot of people had never done a balance sheet,” says Linnea Johnson-Scott, Director of Organization Effectiveness. “We talk about numbers all the time, but they had never actually learned what the components of balance sheets and other 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.’”

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 scenarios that happen every day in their stores. 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.

“Experiential learning is the way most adults tell us they want to learn,” says Ms. Johnson-Scott. “Having their eyes, their ears, their brain, and their fingers all engaged in activities helps to stimulate their thinking, especially when they’re 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.”

And the learning continues

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 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 financial health of their stores. Many stores still use the scenario cards, referring back to them when faced with similar situations. During their weekly phone calls, ROMs encourage managers to discuss scenarios, utilizing new common concepts and language to describe decisions and make clear and tangible connections.

About Red Wing Shoes

Founded in 1905, Red Wing Shoe Company, Inc., is a privately-held corporation based in Red Wing, Minnesota. With over 2,000 employees, Red Wing is famous for its premium quality work and safety footwear. The Red Wing Shoes brand is distributed in more than 100 countries around the globe, including over 6,000 U.S. retail locations serving both consumer and industrial customers. Signature Red Wing Shoe Stores are the cornerstone of the Red Wing Shoes brand. They provide a key point of differentiation from competitors and set the standard for service in the work boot industry.

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