

FROM FINDING AND KEEPING TALENT TO DRIVING HIGHER PROFITS THROUGH A SINGLE PIECE OF POPCORN



AMC Entertainment delivers distinctive and affordable movie-going experiences in more than 340 theaters with about 5,000 screens across the United States and Canada. In any given week, the company's theaters constitute almost half of the top 50 highest-grossing theaters in the U.S., including the top three. Website: www.amctheatres.com

Americans love going to the movies. So much so that it's the top leisure activity for adults in the U.S. But much of the revenue generated from ticket sales goes to the film studios, so for theaters to turn a profit it's all about food and beverage sales—the more popcorn a theater sells the more money it makes.

THE CHALLENGE: STUDYING FIT TO DRIVE SALES

AMC Entertainment's biggest challenge was to hire employees who would provide exceptional customer service to increase profits, especially at the concession stand. In this case, this means friendly, fast service, shorter lines and an acute attention to detail.

To address this challenge, AMC developed a branded customer service program in the late 1990s. Initially, they sought to improve service levels through training.

"We started down a road of developing a great new training program, with lots of bells and whistles, great curriculum and slick graphics...and somewhere along the way it struck me that it's very difficult to train someone to be intrinsically friendly," said Keith Wiedenkeller, Senior Vice President and Chief People Officer at AMC. "We decided to first pay more attention to who we were hiring in the first place."

Changing course, AMC teamed up with Kenexa, an IBM Company, to study job fit within the organization by using an online system that also had the ability to screen candidates for job fit. The goal was to find the characteristics of employees who provided great customer service. Once AMC pinpointed these characteristics, the company refocused its efforts on assessing and selecting the right people for open jobs.

THE SOLUTION: PINPOINTING SUCCESSFUL TRAITS

AMC hired Kenexa to implement an applicant tracking system (ATS) with an assessment tool to help find the candidates who were naturally people friendly, dependable and sales oriented. This shift was so successful that AMC started using assessments to study the traits of its theater general managers, who autonomously operate theaters within the company. In doing so, Kenexa confirmed what AMC senior leaders had instinctively felt for a long time: that the role of the general manager was the most crucial job family in the organization because it served as the main link between corporate headquarters, its crew and movie-goers.

AMC focused on assessing and selecting the right person for jobs based on skill, talent and cultural fit. Kenexa's ATS has the ability to integrate assessments with recruitment technology. With this system candidates can be evaluated directly within the recruiting solution workflow, eliminating the need to switch between applications.

Kenexa used insight interviews and an in-depth talent profile to study the top-performing GMs. The study found that these GMs were delegators who empowered their management team and spent more time on recruiting, coaching and training their teams.

AMC also utilized Kenexa's employee surveys to measure engagement both at its theaters and corporate headquarters.

"Working with Kenexa has exceeded our expectations or we wouldn't keep reaching out to them to do more," Wiedenkeller said. "What impresses us about working with Kenexa is the tools are good, the science and analysis back up the tools and they follow up in terms of what worked and what didn't work."

THE RESULTS: GREAT SERVICE ADDS TO THE BOTTOM LINE

By assessing and hiring for “fit,” AMC was able to reduce formal training and turnover and instead focus on hiring and keeping team members who would provide exceptional service. After some initial skepticism that a “system” could do this, AMC managers embraced the new strategy. “We started to hear a lot of good things from our managers in the field,” Wiedenkeller said. “Now, these tools are something they say they couldn’t do without.”

Another resource AMC can’t do without is top-performing general managers because the impact they have on the bottom line. Kenexa compared the top-performing GMs against the lowest performers and found the best were much more likely to drive high levels of guest service and increase concession sales. The top-performing GMs ran theaters that generated \$300,000 more annually in concession sales. So, in theory, placing five more top performers would increase the company’s revenue by more than \$1 million.

After implementing the “fit” strategy, theaters run by managers who most closely aligned with this approach increased profit per customer by 1.2 percent, which translated into millions of extra dollars of net income. In return, these theaters saw improving employee engagement scores, resulting in 11 percent lower turnover rates.

At the same time, overall employee engagement scores in the top group of theaters rose 6.3 percent over a five-year period. In other words, AMC discovered that engagement impacts business results, not the other way around.

These results, multiplied across more than 320 theaters, would have a major impact on AMC’s total shareholder return as well. Overall theater profits rose to the highest in the industry in just five years.

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Challenges

AMC Theatres needed to attract and retain the right people to provide excellent customer service to drive concession sales and cut down on high turnover rates. In addition, AMC didn’t have the right tools in place to effectively measure employee engagement and leadership effectiveness.

Solution

AMC turned to Kenexa to study fit in order to find the right candidates who would thrive in the culture of the organization, and to generate leads to find more qualified workers. Kenexa used its Employment Engagement Survey to study AMC’s culture, and then custom-built an assessment solution for general managers. Kenexa also introduced its applicant tracking system to help AMC find candidates who could thrive in its culture.

Results

- Theaters led by managers who most closely aligned with the “fit” strategy increased profits per customer by 1.2 percent, which translated into millions of extra dollars of net income.
- AMC discovered certain individuals were much more likely to provide a quality guest service experience for its customers.
- Concession sales were significantly higher at theaters that were run by a top-performing general manager.
- Overall turnover rates at AMC dropped 43 percent, from 127 to 84, during a five-year span.
- AMC, through Kenexa’s applicant tracking system, increased candidate leads from 250,000 in 2006 to 1.4 million in a two-year period.