



CVS/pharmacy: It's a Matter of Faith¹

On a gray day in March 2005, Steve Wing, Director of CVS/pharmacy's Government Hiring Program, was taking a taxi to Reagan National airport in Washington, DC. He had just completed a presentation at a conference sponsored by the U.S. Department of Labor's (DOL's) Center for Faith-Based and Community Initiatives (CFBCI). More than 400 representatives of faith-based and community organizations (FBCOs) and local Workforce Investment Boards (WIB) had listened to him talk about his company's innovative approach to job fair design and recruiting.

As the cab crawled forward in the afternoon traffic, Wing chatted with his colleague and friend, Pastor Lionel Edmonds. Wing and Pastor Edmonds have coordinated church-based job fairs in more than ten cities across the country since 2003. As they talked about their current efforts in Chicago, Wing reflected on the whirlwind of activity that began almost four years ago, when he and Pastor Edmonds first collaborated on a church-based job fair in Washington, DC, an initiative that produced unexpected benefits for CVS/pharmacy. Since then, in places where they have applied this model, the local CVS/pharmacy has become more than just another store in the neighborhood. It is a community asset and vehicle for community development.

Wing and Pastor Edmonds also talked about the opportunities to extend this initiative into other parts of the faith community. To date, the church-based job fairs have primarily engaged the Black Church. The model they have developed is tied to the careful relationship-building and bridge-building exemplified in Wing's relationship with Pastor Edmonds. Pastor Edmonds has become a key asset to CVS/pharmacy's efforts, serving as an ambassador to the faith community, particularly the Black Church, to help pastors understand the opportunities presented by this approach.

Following the success of the initial efforts, the church-based job fair model began receiving attention from DOL. CFBCI engaged Wing and Pastor Edmonds as presenters for a number of events promoting greater collaboration with faith-based church organizations. This exposure increased the knowledge of the model and brought Wing into contact with leaders from other national faith groups, such as the Korean Churches for Community Development, a national network of Korean-American churches. Wing was eager to grow this initiative, and he was committed to maintaining the relationships that were the underpinnings of this model. He believed it important to keep the core relationships with FBOs in place as they expanded to work with other partners.

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Workforce Investment

The path that led Steve Wing to CVS/pharmacy began in 1990 when he was hired as the training manager at SuperX Pharmacy. Wing knew that corporate training budgets were often the first to be slashed when a company needed to reduce expenses. During periods of growth, however, the pressure to recruit and train new employees was intense. Turnover rates were traditionally high in the retail sector, including pharmacies, and it was not uncommon for some stores to have turnover rates exceeding 200 percent annually. During these times of economic growth, the work could be interesting and satisfying.

Corporate training was a one-man operation at SuperX. To locate and recruit entry-level employees, Wing focused on building relationships with local public and private agencies that could assist him with meeting the hiring needs of the stores. He soon learned that Federal and State governments had long been involved in employment creation and training. Wing describes the experience in these terms:

We were approached by a consultant who told us there were public funds available through a program called targeted jobs tax credits, if you hired targeted groups of people. It was puzzling to me why that program would be part of a training manager's job. Nevertheless, my boss gave me charge of tax credits in addition to being a training manager.

Wing soon realized that the opportunity at SuperX would influence him for years to come. The challenge became how to convince store managers to focus on hiring people from the targeted groups. Steve had to sell the idea, and the subsidies and tax credits, in a way that store managers would understand. As he explains:

We talked to the operations folks and asked them one question: 'What single, simple thing (can you do) that will be the same as increasing sales by \$105,000?' ... The response to the question is that it would take \$105,000 extra sales to equal the contribution to profits earned through one single hire from the subsidized employment program.² The managers understood the dollars and cents logic for why it would be good business.

Wing and the Director of Field Operations at SuperX soon discovered that this was not only a source of revenues to offset the company's training costs, but also a great way to recruit people. This program was part of the Federal Jobs Training Partnership Act.³ These tax credit opportunities were instrumental in drawing SuperX Pharmacy's attention to potential hiring populations that they might not have otherwise noticed. As Wing explains:

What happened very quickly is that we found that not only were we getting dollars, but we were getting good people, too. A number of people that were in some of those first classes—including some hired through a high school program—are pharmacists for us today.

² Assumes a 3% net profit and a \$3,150 subsidy per person hired.

³ The Job Training Partnership Act linked public funding with private-sector job creation.

Beyond Human Resources

As Wing and SuperX Pharmacy channeled more of their recruitment efforts toward targeted populations—including disadvantaged youth, Vietnam veterans, low-income individuals, dislocated workers, mature workers, and people with disabilities—they discovered additional, unanticipated benefits. As Wing described:

While we were proactively hiring within these targeted groups, we were not only serving in a human resources capacity, but were also helping out in terms of community relations. When people started to see that we were hiring displaced people and giving them a career path, that was a great story. So, we got lots of calls from newspapers and media ... from a human-interest standpoint.

By 1993, SuperX Pharmacy's training department was operating on a break-even basis. Although the revenues were not significant to the corporate bottom line in absolute terms, they helped to change internal perceptions of the corporate training function. They also built support from local store managers who got training offset dollars credited to their operations. This transformation of the training department from a cost center to a profit center prompted the company to develop a more formal Government Hiring Program within the Human Resources Department, and Wing was named to head the effort. The reorganization enabled SuperX to better track government funding opportunities and provided a better linkage with the public-relations/community-relations efforts in local communities where these programs operated.

Wing's role evolved as he constantly redirected the company's efforts to keep pace with the ever-changing populations targeted by State and Federal government programs. The earlier programs emphasized veterans, and new programs provided incentives for recruiting youth and Welfare-to-Work (W-t-W) populations.

In 1994, Revco Drug Stores purchased SuperX. Revco's top management appointed Wing to lead corporate training and authorized an additional staff member. Growth and reorganization were creating pressure for more hiring. Meanwhile, in Washington, DC, political pressures were producing important welfare reform proposals. In 1996, Wing launched a pilot program in Akron, Ohio, in conjunction with Family Solutions, a family service agency that targeted the W-t-W population for recruitment and hiring.

The Akron pilot project was an opportunity to promote the work of the Government Hiring Program at the local level. Wing worked closely with the Akron district manager (DM), knowing that peer support among the DMs would be essential to build credibility for his department. Wing described how this pilot program served as his platform for growing interest within the company:

...(W)e tested it in Akron, Ohio, and had great success with it. It's just like word of mouth. Then other District Managers that we were working with, they would tell their peers (because it's competitive).⁴ They'd say 'we just got this great deal. We got six out of eight people placed, and they helped offset some of our training costs.' Then the other DMs were calling us and saying 'how come you're not working with us?'

⁴ Staff and resource limitations required Wing's office to be selective in supporting this effort in stores.

As the word of Akron's success spread, Revco's Area Vice-President set up a special meeting with Wing and all of the DMs. Wing had established his credibility with the operational divisions of the company. As Wing explains:

... I'm in front of the group, and they don't know me from Adam. But when their peers got up and gave their unsolicited support and told the other DMs this was a great deal ... we really got buy-in.

The company was enjoying success. Recruiting and training were going well, and retention rates were improving. Wing was pleased with his department's progress, but, once again, the situation changed.

CVS/pharmacy

In 1997, CVS/pharmacy purchased Revco Drug Stores. In 1963, CVS opened its first store to sell health and beauty products in Lowell, Massachusetts. Four years later, the company expanded its product line to include a pharmacy department and became "CVS/pharmacy." With a mission to help people live longer, CVS/pharmacy has demonstrated a strong orientation toward the communities in which it operates.

CVS/pharmacy did not have a department or a function similar to the Government Hiring Program Division at Revco. Although Wing had established his credibility at SuperRx and Revco, he now needed to market his model to CVS. Wing recognized that he needed to convince Michael Ferdinandi, Vice President of Human Resources, of his model's worthiness. He describes life after their purchase by CVS/pharmacy:

We were able to add one new person to our staff of two, simply because we were adding a couple of thousand stores to the company. But about a year later, ... CVS infused us with a bigger chunk of people.

Wing recalls how he made the business case to Michael Ferdinandi and other CVS executives:

... here's the retention rate for the people that were hired. Here's the publicity. And here's the dollars we can bring in.' So we said, 'You give us one more person and we can bring in (this) amount of people that will stay with us a long time, and here's the dollars we can bring in.' So they said: '(Okay) ... here, you can add these many staff to your division.'

By the end of 1997, CVS/pharmacy had added six additional staff members to the Government Hiring Program. Wing continued to pursue his strategy of creating buy-in at the local level. He describes this internal buy-in strategy in these terms:

I always relate it to going fishing. When you first get these people on board, you have to catch them with the dollars. Then, after they get the dollars and start to see the people, then it starts to change. They start to look not so much at the dollars, but they look more at the quality of the people.

Michael Ferdinandi saw the results and helped Wing get the cooperation he needed from other departments and vice presidents. One important step was to obtain permission for the

Government Hiring Program to publicize and advertise their programs without getting tied up in clearance issues from corporate headquarters, which was quite protective of the company name and image.

Government Hiring Department

The new staff gave Wing a chance to reorganize the department for success. Wing first insisted that new staff hires needed to have strong interpersonal skills. Each member had to be effective with CVS/pharmacy operations managers, and external audiences, such as government agencies.

Internally, the Government Hiring Department needed to maintain connections with the real estate, finance, marketing, government affairs, and community affairs departments. Externally, the company was fighting the perception that retail stores, including CVS, offered dead-end jobs. The Government Hiring staff also needed to bridge the communication gap between CVS operations managers and a host of local, State, and Federal government officials. Wing recognized the potential challenge for CVS staff members, accustomed to the brisk pace of private-sector decisionmaking, to adjust to the slower, more deliberate approach of government agencies.

Wing operated a “virtual” department, with staff located all over the country. He valued flexibility and believed it was necessary to work across organizational boundaries. Work responsibilities were open-ended, with general parameters provided by the department’s mission and vision statements, established in 1999 (see Exhibit 1). He did not tie the staff’s regional responsibilities to national regions, in part to prevent the possibility of having his department absorbed into the regional corporate office structure.

Operationally, the CVS/pharmacy Government Hiring Department was “matrixed,” with each staff member having geographic responsibility for a number of States, while also developing particular population-based niche areas (e.g., veterans, disabled). For example, one department member consulted nationally on issues and strategies for hiring disabled employees, while also having responsibility for overall government hiring programs in a number of designated States.

Wing knew that an important key to continuing this work was demonstrating the department’s ongoing contribution to CVS’s bottom line. His department kept careful track of their revenues from various sources, including Try Out Hours, tax credits (Work Opportunity Tax Credits [WOTC]), and expenses (see Exhibit 2).

CVS also tracked longer-term outcomes. Since the first W-t-W training program was started in 1996, CVS/pharmacy has hired more than 30,000 people formerly on public assistance, with more than 18,000 still actively employed in career-path positions, resulting in a retention rate of 60 percent. This is in contrast to other entry-level service jobs in retail, where turnover can exceed 200 percent a year. More than half of the former welfare recipients hired by CVS have been promoted at least twice.

Washington, DC: A New Challenge

In late 2000, CVS/pharmacy spent more than \$40,000 on local classified ads as part of its effort to attract new hires in Washington, DC. The ads failed to attract any applicants. This failure surprised and disappointed the human resources staff. The question was, “What to do?” Some argued for another round of advertising, but Wing sensed that a new strategy was needed. By coincidence, some new and interesting public policy shifts were taking place in the Nation’s capital.

George W. Bush: The Faith-Based and Community Initiative

On January 29, 2001, George W. Bush signed an executive order establishing the White House Office of Faith-Based and Community Initiatives (OFBCI). It was one of his first official acts as the newly inaugurated President of the United States. He then signed a second executive order establishing parallel OFBCI offices within five major Federal agencies, the Departments of Health and Human Services (HHS), Justice (DOJ), DOL, Education (DOE), and Housing and Urban Development (HUD). These executive orders were a dramatic departure from past government practice, but were consistent with a national trend toward what was called the “devolution” of social welfare. Beginning in the late 1970s, responsibility for the funding and administration of human services had steadily shifted from the Federal government to State and local governments and to nonprofit organizations.

The President’s executive orders were another major step in that process. One goal of the President’s initiative was to reorient Federal policy and planning to support new and existing faith-based/community-based programs for providing social services. It built upon section 104 of the 1996 Welfare Reform Law (also known as Charitable Choice), which removed some of the barriers that had prevented faith-based organizations (FBOs) from competing on an equal basis with secular organizations for Federal grants to support social service programs.

To critics and supporters alike, the President’s action was seen as opening a new chapter in the history of public-private partnerships in the United States. It marked a shift in public policy to include FBOs and other community-based charities, and it signified a restructuring of relationships between government at the local, State, and Federal levels with faith-based and other community-based programs and providers.

Wing followed these developments closely throughout 2001, looking for opportunities to build partnerships with leaders in the faith community. This was certainly different from tracking particular populations with associated tax credits for training and hiring, but Wing nonetheless saw some possibilities for hiring talent from these new government programs.

In Washington, DC, for example, Wing thought he might get some recruitment help through some form of partnering with local FBOs. Nine months after the President announced the faith-based and community initiative, Wing found his opportunity when he met Pastor Lionel Edmonds at a U.S. Chamber of Commerce meeting in Washington, DC.

Pastor Edmonds

Pastor Edmonds was the Senior Pastor of Mount Lebanon Baptist Church and Mount Lebanon Community of Believers located in Washington, DC. He was also the cofounder and president of the Washington Interfaith Network (WIN), a coalition of more than 60 churches of various

denominations and faiths throughout the city, representing more than 75,000 congregants in total. WIN's primary objectives were 1) to secure low-cost housing for low-income families, 2) to provide after-school care for the city's school children; and 3) to establish a living wage. In recent years, WIN brokered more than \$100 million worth of community projects throughout the DC metropolitan area.

Pastor Edmonds was active in efforts to identify employment opportunities for people in his church and community. As Edmonds describes:

I was already active in the community trying to help socially and economically disadvantaged folks get jobs, and was having pretty good success, particularly with the construction industry. But I began to run into a number of individuals, in particular young women and single moms, who did not want to go into the construction industry. They asked me if I could help them get into other types of careers other than the construction trade.

... Well, I was having some success in the IT industry, but the problem with the IT industry is sometimes the training does not lead to employment. Also, sometimes the training would be at a distance where it would be hard for those who were seeking employment to go to. So, I met Steve with these kinds of challenges on my mind...

Church-based Job Fairs

Wing and Pastor Edmonds hatched an idea that would evolve into an innovative recruitment model. They agreed to hold a job fair at Pastor Edmond's church on Palm Sunday (March 2002) after services. The job fair drew primarily church congregants, and was attended mostly by people who had jobs but were looking for something that would provide them with a clear career path. This focus on career-path positions became a key element for CVS' credibility as an employer in the eyes of the community (see Exhibit 3 for CVS career path plan). As Pastor Edmonds explains:

People were hesitant and wary of CVS at first, concerned about going from one dead-end job to another. But when CVS showed them the growth opportunities and career tracks for different entry-level positions, (it) helped to create more trust and confidence in CVS's intentions.

Wing felt some trepidation at holding a job fair in a church:

At first, I felt nervous about this. I felt like I was going to get struck by lightning for violating the sanctity of the church.

Needless to say, nothing of that sort occurred. In fact, even though the arrangements were not fancy, the job fair was a huge success. Forty of the 90 people interviewed at the job fair were hired by CVS on the spot, a resounding success in comparison with other job fairs the company had held.

This success encouraged Pastor Edmonds and Wing to coordinate job fairs at other churches near CVS/pharmacy stores in the DC area. These job fairs attracted church congregants, but were also advertised through local community papers to draw others in the community. Part of each job fair event involved linking up local CVS store managers with pastors and other faith/community

leaders to establish an ongoing connection and support system for people that got hired. This helped to ensure job retention and served as a resource for additional future hires.

The job fairs laid the foundation for further networking with faith and community leaders in DC. As the job fairs continued, and relationships with the faith community deepened, Pastor Edmonds and other local pastors assisted CVS in other ways, such as identifying properties for additional CVS stores. In one instance, CVS was about to get evicted from one of their store sites by a landlord that wanted another business to locate there. Pastor Edmonds and other local pastors rallied behind CVS and put pressure on the landlord to save the jobs. Finally, the landlord relented, and provided CVS with a new site across the street, which proved to be a better location than the previous store.

CVS/pharmacy Regional Learning Center

The DC church-based job fairs also drew the attention of the District of Columbia's Department of Employment Services (DOES). In the summer of 2002, CVS/pharmacy was invited by DOES to partner with them as a cotenant for a regional One-Stop Employment Center,⁵ operated by DOES, with a fully functional corporate learning center run by CVS/pharmacy. The center would serve anyone who walked through the door, and CVS/pharmacy would guarantee the hire of all those that qualified for WIA/TANF⁶ and successfully completed any one of the seven different job-training tracks that CVS offered.

The DOES/CVS concept placed parallel employees at every position in a mock store (i.e., an exact duplicate of a CVS store). The staff included employment counselors and trainers, as well as job coaches who make followup site visits. This center was designed to serve any type of W-t-W candidate, veteran, ex-felon, vocational rehabilitation, food stamp recipient, dislocated workers, mature workers, or high-risk youth (see Exhibit 4 for a more detailed description of these and other learning centers established by CVS).

Taking Church-Based Job Fairs on the Road

Building on the success in DC, Wing enlisted Pastor Edmonds to help implement this new job fair strategy in other key cities where CVS had critical hiring needs. Wing and his staff developed a list of 20–25 cities with 40 or more CVS/pharmacy stores within its metropolitan area. As with the DC initiative, the job fair model was designed to work primarily, although not exclusively, through the Black Church.

Pastor Edmonds' role in this effort was to serve as an adviser and to help CVS/pharmacy and Wing identify an appropriate faith-community leader with whom to partner. This leader would, in turn, coordinate broader recruitment efforts through subsequent job fairs in that metropolitan region.

⁵ A One-Stop Employment Center refers to an employment center that is colocated with other services (e.g., training, child care) for added convenience, particularly for clients relying on public transportation.

⁶ WIA refers to the Workforce Investment Act, the Federal law governing workforce policy that superseded the previous Job Training Partnership Act. TANF refers to Transitional Aid to Needy Families, which represents the Federal government's Welfare Reform law passed in 1996.

By 2003, a general strategy had emerged, including the following four critical steps:

Step One: Find the right church partner

The criteria for the “right” church partner were two-fold. First, the church needed to be “hungry” to impact their community through economic development/community development strategies. Churches that specialize in serving as advocates for the congregation and community are typically not equipped and oriented for supporting this kind of job fair strategy. Second, medium-size churches, with operating budgets of around \$100,000, seem to be the ideal size. Wing and Pastor Edmonds learned that the larger, mega-churches were generally not as engaged in serving/supporting their immediate local communities, often because they draw their congregants from a wide geographic base. Smaller churches, on the other hand, were generally busy with simply running their church successfully.

Step 2: Start small, start local, and steer clear of local politics

Following the approach the pioneered in Washington, DC, Wing and Pastor Edmonds took a decidedly low profile approach to their initial engagement in a new city. Wing believed that the key to successful implementation of the church-based job fair model was to begin with a single job fair at a single church, which then became the “anchor” church. The pastor of that church would then replicate the role Pastor Edmonds served in DC, acting as the primary point-of-contact through which subsequent job fairs would be held in that city.

Step 3: Get the word out in the community

Once the initial job fair site/anchor church was determined, it was important to notify local community papers and media to promote the event. It was also clear that word-of-mouth promotion through the church community was a powerful marketing tool.

Step 4: Grow and sustain through relationship-building

Using the visibility/publicity generated from the first job fair, the concept could be expanded to additional sites. Ensuring the sustainability of these partnerships with the local CVS/pharmacy stores required the linkage between faith-community leaders and local store managers.

Implications for Human Resources Management

After two years of replicating this church-based job fair model in nearly a dozen cities across the country, Wing had identified some determinants of success for his workforce investment approach.

First, work within the company’s culture. The culture within CVS/pharmacy provided Wing the flexibility and creativity to pursue this strategy. The creation of real career paths for participants also deserves some of the credit for CVS/pharmacy’s success. The company’s emphasis on developing partnerships with agencies and organizations that supply workers, and steadfast top-down support from within the company, also matter greatly.

Second, link the outcomes to the mission of the business. CVS/pharmacy views the partnerships as a functional strategy for finding the associates it needs—people who can differentiate the organization from the competition by making sure customers have a comfortable, friendly experience in the store.

Third, never forget that human resources is workforce investment. CVS/pharmacy's Government Hiring Program has affected the overall practice of human resource management. Human resources is too often viewed as a cost center. CVS/pharmacy has learned how to mitigate costs and to turn the cost center into a profit center.

According to Wing, one of the department's student interns described the new possibilities he was exposed to through his work in CVS/pharmacy's Government Hiring Program:

This summer we had a young man that did an internship. He's going back to (college) and getting a degree in HR management. One of the things he's going to take back with him in that environment is the existence of a Workforce Investment System. He says, 'I know they won't know anything about it, but there are so many people in today's world that don't know about that, especially an HR person that's coming out of school.' That intern will have a competitive edge when he graduates and goes to a company and says 'here's all the things I learned in school, but I have something else that you might be interested in, that I know about government programs supporting people in targeted groups through job training tax credits, which can offset some of your costs. We can become a profit center.' HR is always seen in the company as overhead. ... (P)eople in HR struggle with that all the time. But ...we're seeing it in a different light, because we're bringing in dollars, so we're offsetting our costs, plus we're adding to the company's bottom line and the company's well-being.

Managing Success

CVS/pharmacy continues to expand, and it continues to need a capable, talented workforce. As of March 2005, CVS had 5,409 stores in 36 States and the District of Columbia. The company now employs more than 145,000 people, known as "associates." The company's 2004 revenues were \$30.5 billion, and net income exceeded \$918.8 million. In July 2004, the company acquired the Eckerd drugstore chain, which included more than 1,250 stores.

CVS/pharmacy gives a priority to partnerships and works with many city, State, and local government agencies, nonprofit agencies, community-based organizations, Job Corps, Goodwill Industries, the National Council on Aging, America's Promise, the Kennedy Institute, and FBOs. They also have partnerships with the Center for Workforce Preparation and the Center for Corporate Citizenship, both are nonprofit affiliates of the U.S. Chamber of Commerce.

As the success of these partnerships has become more widely known, Wing's reputation has increased. In 2003, DOL's CFBCI learned of CVS' innovative approaches to integrating both FBCOs and WIBs/One-Stops into their workforce development efforts. They have asked Wing to speak at a number of their workshops and conference events. Wing has also told the company's story to the OFBCI (see Exhibit 5).

However, success brings with it challenges. The number of partners has proliferated beyond what Wing can personally manage. He has begun a partnership with the Korean Churches for Community Development and started conversations with a representative of a national Latino faith-based coalition. Each of these efforts is enormously time-consuming and requires personal attention.

Future Funding

Another factor that Wing needs to consider is how to tap into additional revenue sources to offset training costs. Although tax credits are still available, Wing recognizes that the Bush Administration conducts its policy business differently from the preceding administration:

My overall experience has been that Democratic administrations tended to support workforce development goals through tax credits, while Republican administrations generally leaned towards grant funding to support its labor policies.

To that end, Wing had worked hard to cultivate relationships within DOL. The problem is that CVS/pharmacy has never applied for, nor received, a Federal grant from DOL or any other Federal agency. He will need some partners to help him complete these grant proposals.

Wing recently completed his goals and objectives for 2005 (see Exhibit 1). He is proud of his staff, their accomplishments, and the collaborative culture they have developed in performing their work. He also knows that it is very difficult to add staff, because of the company's tight controls on full-time employee levels. To grow, he will have to cultivate relationships with consultants to keep pace with growing demands and opportunities. Wing says that:

A study conducted a few years ago queried companies if they have ever heard of the Workforce Investment System, and only ... 20 percent said they had.

In fact, I was in a meeting with the U.S. Department of Labor and two other companies earlier this week. These businesses were applying for some grant money from DOL, and they've never heard of the Workforce Investment System until that day. It was quite interesting. They're going to do a lot of research, and they asked me to help them, and I certainly would be glad to because I think that's what we have to do if we're going to survive. We have to develop partnerships. (Managers) in the future are going to need to learn how to develop those, because one company cannot survive on its own in the future. It's a global economy, and we're going to need help, and the government's going to play a big part in this.

MARCH 2005

The first quarter of 2005 was a good one for CVS. The company's total sales for the first quarter increased by 34.7 percent to \$9.18 billion, compared with \$6.82 billion in 2004. Same-store sales were up by 8.2 percent over the first quarter in 2004. Pharmacy sales increased 8.2 percent, while front-end same-store sales increased 6.9 percent over the same period.

These data confirm the success of CVS' strategy of being the most 'user-friendly' pharmacy retailer for customers. CVS has also created innovative approaches to serve the health care needs of all its customers through its CVS/pharmacy stores, online pharmacy, and pharmacy benefit management and specialty pharmacy subsidiary, PharmaCare.

For Wing, these positive results mean that the company faces a continuing need to identify, recruit, and train capable people to work in these businesses. There are two questions Wing asks: Where will the company find such talent, and how will it pay for training costs that continue to increase?

Next Steps

Wing worries that such great demands have been placed on his time that calls are beginning to go unanswered and that certain potential partnerships are not being put in place. He struggles with how to shape a more systematic approach for bringing the church-based job fair model to scale, while preserving the personal, relationship-based aspect that is so critical in working with the faith community.

The hard question is, “How to do it?”

DISCUSSION QUESTIONS

1. What accounted for Steve Wing’s success at SuperRx, Revco, and CVS/pharmacy?
2. What elements of personal leadership has Steve Wing shown in his effort to promote workforce investment?
3. What “public good” is served when government provides credits or grants to promote job training and employment? Is this a legitimate role for government?
4. What factors have affected the success of faith-based partnerships between CVS/pharmacy and churches in various cities?
5. What advice would you give Steve Wing regarding the challenge of scaling up the workforce investment program?
6. In reviewing this case, do you think it more difficult to manage failure or to manage success? What challenges does success present?

EXHIBIT 1. CVS CORPORATION—GOVERNMENT PROGRAMS

MISSION STATEMENT

To establish partnerships with local, State, and Federal agencies, non-profits, and faith-based organizations to support the hiring, training, development, and retention of quality associates, while delivering added value to CVS Corporation.

VISION STATEMENT

A cutting-edge leader in the development and implementation of diverse employment programs, which establish CVS Corporation as the distinguished standard of workforce initiatives.

2005 OBJECTIVES

1. Continue relationships with national and State organizations, which enable CVS Corporation to secure **“Committed Funds”** of \$15 million.
2. Foster affiliations with national and State organizations that enable CVS Corporation to receive **“Actual Funds”** of \$1.0 million in cash, **“RLC In-Kind”** of \$3.5 million, and \$4.0 million in **“Try-Out Hours”** (see note 1).
3. Proceed with the WOTC program, which will provide an opportunity for CVS Corporation to hire 3,000 new associates at an average of \$1,000 = \$3.0 million in **“WOTC Tax Credit”** dollars (see note 2).
4. Maximize partnerships with Federal and State agencies to secure \$3 million in **“Tax Credits,”** such as State creation credits, local enterprise agencies, and Federal empowerment zone credit dollars, and \$1.5 million in **“Sales Tax Savings.”**
5. Enhance CVS Corporation as a national and local leader of government employment programs by providing 200 promotional opportunities.
6. Meet budgeted expense goals for the year.

Source: CVS Corporation, November 4, 2004

Note 1: RLC In-Kind = Regional Learning Center, in-kind contributions. “Try Out Hours” refers to time spent by trainee in on-the-job setting for which compensation is from Federal funds.

Note 2: WOTC = Work Opportunity Tax Credit (Federal).

EXHIBIT 2. Government Hiring Programs Comparison Report: 1999 to 2006

* All dollars in thousands

Category	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Budget 2006
Cash	\$439	\$394	\$575	\$600	\$700	\$500	\$1,000	\$2,000
Tryout (Hours)	\$331	\$245	\$379	\$1,500	\$2,500	\$3,700	\$4,500	\$5,000
WOTC	63,048	46,667	63,167	250,000	416,666	610,000	741,666	833,333
Federal Tax Credits (non-WOTC)	\$306	\$719	\$1,400	\$2,100	\$2,800	\$2,600	\$3,000	\$3,500
State Tax Credits	\$4,900	\$6,000	\$4,900	\$1,200	\$1,500	\$1,500	\$3,500	\$4,500
Tax Savings	\$800	\$800	\$800	\$1,400	\$1,500	\$1,500	\$1,800	\$1,500
RLC—Non-Cash	\$331	\$245	\$1,200	\$3,200	\$3,400	\$4,300	\$4,500	\$3,500
Total Income	\$7,107	\$8,403	\$9,254	\$10,000	\$12,400	\$14,100	\$18,300	\$20,000
% Increase from Previous Year		18.2%	10.1%	8.1%	24.0%	13.7%	29.8%	9.3%
Total Expenses	\$900	\$1,200	\$1,200	\$1,400	\$1,700	\$2,000	\$2,600	\$2,800
Expenses as a % of Income	12.7%	14.3%	13.0%	14.0%	13.7%	14.2%	14.2%	14.0%
Department Head Count	7	6	6	6	6	6	6	6
Dotted Line Head Count	0	0	0	0	0	2	4	6
RLC Managers	1	1	3	3	3	4	5	6

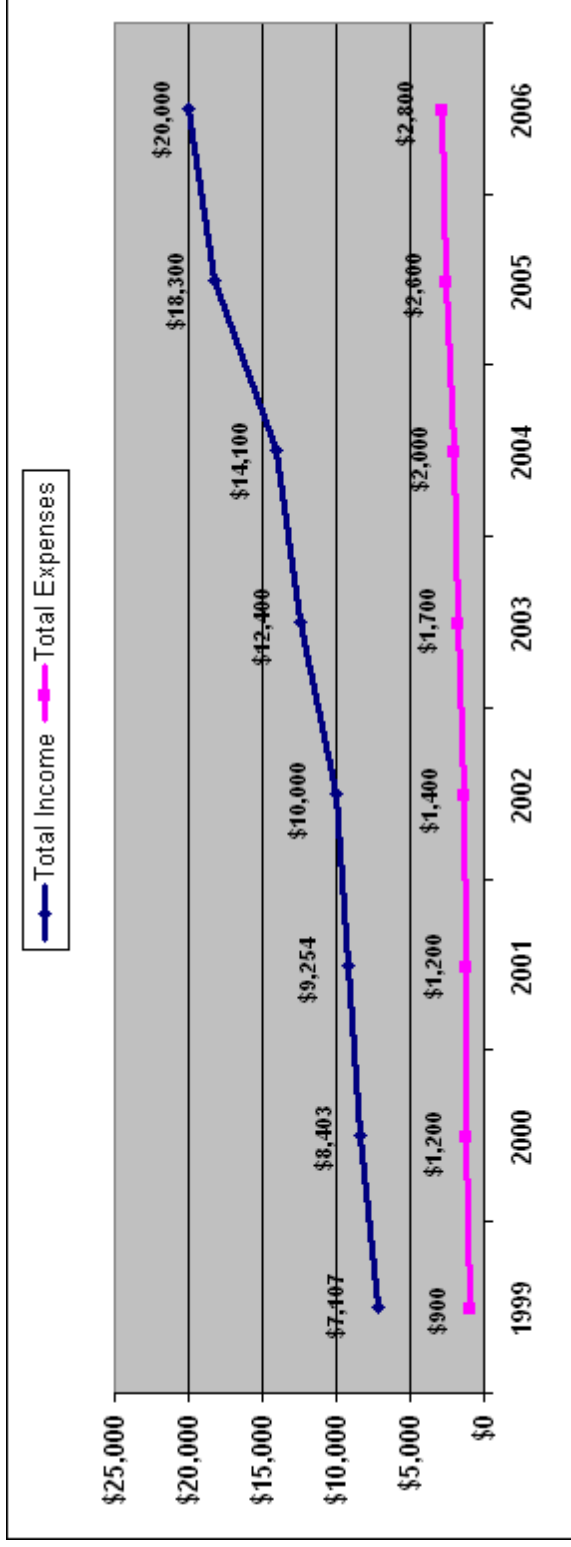
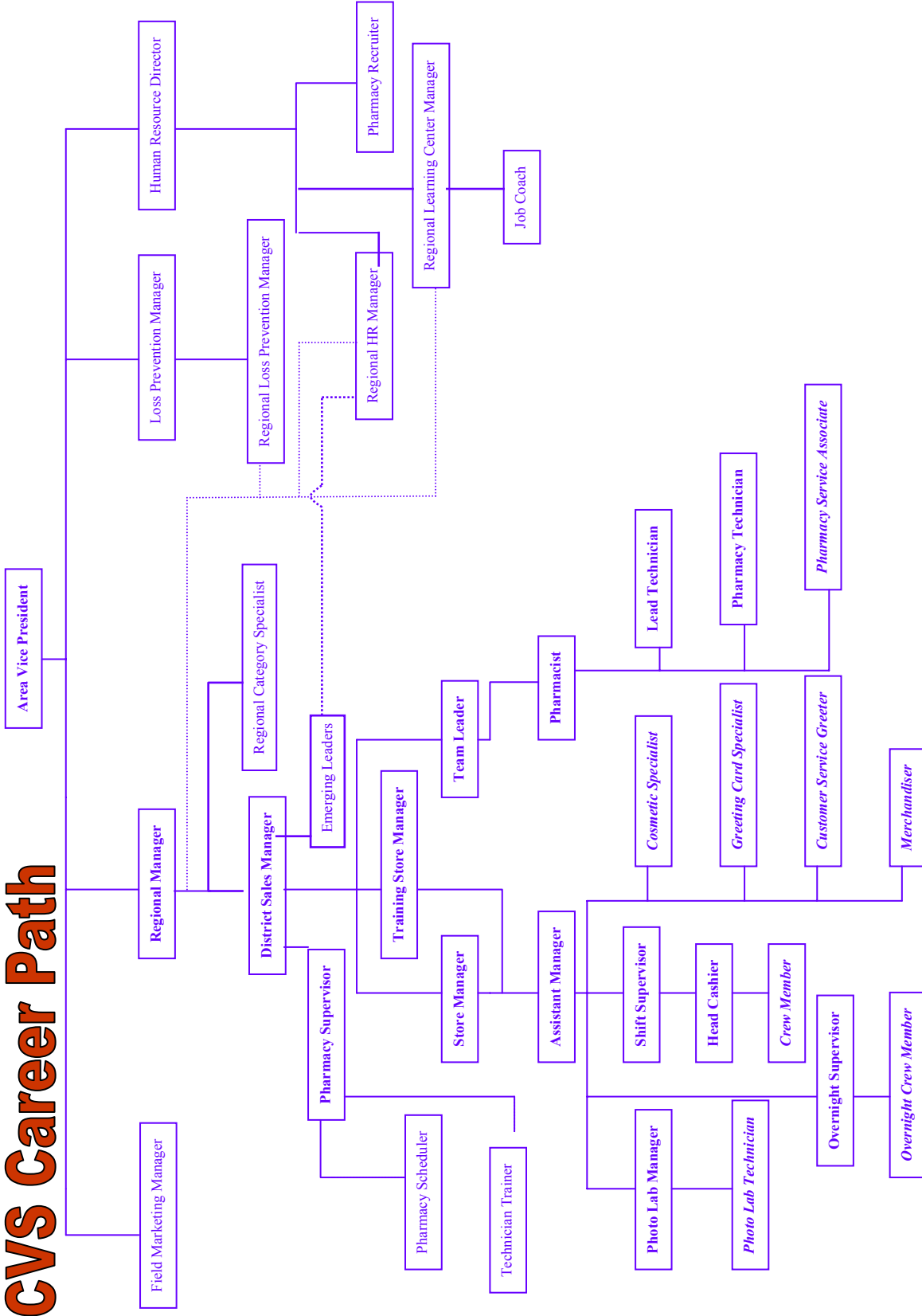


EXHIBIT 3 CVS Career Path



Italics indicate entry-level positions

Bold indicates operations career path

EXHIBIT 4.

CVS/pharmacy—Government Hiring Programs (2004)

Regional Learning Centers

CVS/pharmacy partnered with the District of Columbia Department of Employment Services (DOES) in the realization of a Regional One-Stop Employment Center under the same roof as a fully functional corporate learning center.

The center serves any one who walks through the door. DOES and CVS have parallel employees at every position, staffing the centers that pair up for the best results. This includes employment counselors and trainers as well as job coaches that make site visits. This project serves any type of Welfare-to-Work candidate, veteran, ex-felon, vocational rehabilitation, food stamps, dislocated worker, mature worker, and the high-risk youth of the city.

This project has been replicated in several other key markets, such as Atlanta, Baltimore, New York City, and Detroit. It is a freestanding prototype unit that houses a mock CVS store and pharmacy (e.g., electronic registers, one-hour photo lab processor, a picture maker copy machine, greeting card fixtures, cosmetic displays, merchandised gondolas, and pharmacy lab with terminals) that trains all associates through the director level. The unit also includes multipurpose community and training rooms for continuing education and training and health and safety issues important to the public.

An extremely import feature of this partnership is the post-employment retention services critical to keeping people on the job and working. This feature has enabled CVS to retain these associates at the high retention levels of 65 to 70 percent.

Welfare-to-Work

In November 1996, CVS started its first Welfare-to-Work program. Since then, CVS has hired more than 17,000 people on public assistance and 10,500 are still actively employed in career-path positions. This is a retention rate of 70 percent, and more than half of the former welfare recipients have been promoted at least twice.

Although career paths get some of the credit for CVS's inter-city success, the real secret of success is CVS's emphasis on developing partnerships with agencies that supply workers and the top-down support of those partnerships. CVS approaches these partnerships as a business strategy for finding the associate's the needed-people who can differentiate the organization from the competition by making sure customers have a comfortable and friendly experience in the store.

Mature Workers

CVS/pharmacy sees its role with mature workers in the same light as Welfare-to-Work. In 1992, less than 7 percent of CVS's workforce represented people 50 and older. Today that number has increased to 15 percent, with workers ranging from age 50 to their 90s. This major change was precipitated by recognition of coming labor shortages, so it also makes good business sense.

Mature workers' retention and absenteeism rates are substantially better than younger workers. They are much more dedicated and committed to their work. Older workers are important to the development of a diverse workforce, which helps in serving a diverse customer base that includes many older people. They serve as role models for younger people and excel in such areas as customer service.

America's Promise

As a Pharmacy of Promise, CVS/pharmacy is working with local high schools in New York, Washington, DC, and Atlanta to identify appropriate community partners to help implement the Pharmacists of the Future program. In 2003, 20 new markets will be added to the program in key cities around the country.

The CVS/pharmacy program helps prepare young people for careers in community pharmacology. Students are chosen through a rigorous selection process that requires two letters of recommendation, a cover letter, resume, and interviews with CVS/pharmacy executives. As part of the program, the students complete a 6-week summer internship where they spend 35 hours per week as crewmembers, and 5 hours each week dedicated to educational sessions with pharmacy professionals. During the school year, they work part time and this continues through graduation from pharmacy school.

Youth Opportunity Program

The Youth Opportunity Movement represents a partnership between foundations; businesses; national, State, and local governments; and community-based organizations that share a commitment to education, training, and the productive development of our Nation's youth. The Youth Opportunity Movement serves out-of-school youths age 14 to 24 who find themselves outside of the traditional means of pursuing education and training that will lead to gainful employment.

CVS is testing this concept in six markets: Tampa, Brockton, Cleveland, Detroit, Houston, and Atlanta.

Apprenticeship Programs (Pharmacy Technician and Photo Lab Technician)

The nature of the drugstore business and the inherent responsibility of CVS/pharmacy are to provide the maximum in highly skilled service. It is essential that apprentices be broadly trained in all aspects of their job. This end is obtained through providing each apprentice with systematic work experience in all of the areas of their responsibilities under the direction of a journeyman.

Recognizing that the journeyman is the key to the transfer of knowledge from the master to the apprentice, great care must be exercised in selecting the journeyman for the responsibility of training the apprentice. The apprentice must be capable of exercising independent judgment, understanding the theory underlying the work, know the laws and regulations applicable to the work, and be capable of advancing, in time, to positions requiring leadership and responsibility.

CVS/pharmacy has two (Pharmacy Technician and Photo Lab Technician) approved apprenticeship programs in Washington, DC.

WOTC

The Work Opportunity Tax Credit is a key component to all of our government hiring programs.

Veterans Program

As an organization, the military seeks to retain its dedicated members, and in doing so the military wants to increase the career opportunities for military spouses. Many soldiers' spouses are well-educated, talented, and skilled workers who must make significant personal sacrifices supporting the soldier/spouse's determination to protect and defend the Nation. Military spouses represent a valuable and widely untapped labor pool that can bridge the labor needs of CVS/pharmacy, while increasing the professional career opportunities available to military families.

CVS is among a select group of major American corporations that have established a dialogue with the military regarding mobile career opportunities for military spouses.

Disabilities Program

In 2002, more than 4percent of our new hires that qualified for WOTC were from the Vocational Rehabilitation category. CVS transformed these folks to work, training them in all aspects of store operations, including pharmacy technician and photo lab technician. Identified as a leader in this area, CVS/pharmacy is one of a number of prominent national companies that have worked together to provide jobs that have career paths and that benefit our communities. Our retention rate, achieved through training and public/private partnerships, helps to increase employment and productivity, while maintaining the economic health of both CVS and the cities we serve.

CVS has a regional partnership with the Massachusetts Rehabilitation Commission, which has enabled us to hire people with disabilities along with training funds available to offset additional training costs.

Faith-based Program

In key markets, CVS has developed relationships with faith-based organizations such as the partnership in Washington, DC, with the Washington Interfaith Network (WIN), which has assisted CVS with job fairs at local churches and partnership meetings with local nonprofits and government agencies. Local ministers have assisted in recruiting students for our America's Pharmacies of Promise program. In Chicago, St. Stephens Lutheran Church on the south side has been instrumental in developing a good community relationship.

Job Corps

CVS/pharmacy is teaming up with the Job Corps to create career opportunities for today's youth. CVS approached the Cassadaga Job Corps, which is located in Upstate New York, to develop a partnership that will facilitate customized recruiting, training, and placement of skilled young employees into CVS stores. Our goal is to provide CVS specific training to the area of pharmacy to ensure an outcome of highly trained and qualified pharmacy technicians. CVS along with Job Corps developed a 14-week training program that includes job shadowing, classroom instruction, a two-internship experience, and computer training. A 6-week internship is completed at the end of training in the student's home market. A commitment of people, time, and resources by many CVS associates assisted in this cutting-edge program. A prototype photo lab program is being tested at the Glenmont Job Corps Center in Albany, New York. Key centers are being evaluated for regional opportunities.

Center for Workforce Development and Center for Corporate Citizenship

Both of these programs are through the U.S. Chamber of Commerce.

Awards and Recognition

Welfare to Work Partnership invited to White House—'99 & '02
Job Corps Alpha Award—'01
2young2retire Employer of the Year—'01
Experience Works National Employer of the Year—'02
Dorothy Bauer Awards (NCOA) National Employer of the Year—'02
Drug Chain Review Magazine Award—Welfare to Work—'00

EXHIBIT 5.



March 30, 2003

Jim Towey, Director
Office of Faith-Based and Community Initiatives
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20502

Dear Mr. Towey:

It was a pleasure meeting you at the National Council on the Aging reception in Chicago earlier this month. I enjoyed your comments about your children punctuated by your humor. I can relate to your message.

You requested information about our program. We have a national program for faith-based initiatives. We have been working with the Washington Interfaith Network an affiliate of IAF. We are developing a partnership with the AME church with the recruitment of college graduates at their colleges and universities. We have worked with Jobs Partnership along the eastern coast for all career positions.

One of our early and premier efforts has been working with Mayor Anthony Williams and the One-Stop Employment system. We have a partnership with the city of Washington, D.C., where we are located in the One Stop Career Center at 4049 South Capital, SE. Last year, CVS trained over 2,000 people. Over 1,200 were incumbent worker positions, 717 were DC residents, and 300 were residents of Ward 8 (the highest unemployment ward in DC). Workforce Investment Members have come from all over the country to tour.

This successful prototype has led CVS to look at other opportunities and we are working with Reverend Lionel Edmonds, Pastor Mount Lebanon Baptist Church in Washington, DC. The proposed Mount Lebanon Church Community Center/One-Stop is designed to be a multi-use establishment with two anchor partners performing essential functions toward the accomplishment of a unified mission. This mission is to target the community around the church, one that is plagued with a high proportion of low-income residents, welfare recipients, single parent households, and the underemployed. Mount Lebanon will provide the building, oversight supervision, and faith-based wrap-around life skills development components as well as childcare. The District of Columbia Department of Employment Services (DOES) will provide comprehensive workforce development services to the residents of the District of Columbia through its One-Stop Center which will be located inside of Mount Lebanon Community Center. DOES Director Gregory P. Irish has committed up to \$500,000 to

this project for services, staffing, furniture, and other related items. DOES One-Stop Career Center services consist of an integrated education and training system based on concepts outlined in the Workforce Investment Act of 1998. "One-Stop" means that information about and access to a wide array of job training, education, and employment services will be available at the community center. The menu of services that will be offered through the One-Stop Career Center include core services such as job search and placement assistance, career counseling, intensive services such as development of individual employment plan, case management and follow-up services; and training services such as training programs operated by the private sector.

CVS/pharmacy has committed to be the anchor private sector partner with Mount Lebanon. CVS/pharmacy will place a learning center in the community center that will consist of a pharmacy and photo lab apprenticeship program. CVS/pharmacy will also have on-site recruitment that will result in up to four hundred (400) hundred people trained and placed per year. Mount Lebanon will provide the faith-based wrap around services in the center, which includes; childcare, mentoring, financial planning, job retention, life-skill classes, and coordination of other supportive service.

Reverend Edmonds and I would like to meet with you to discuss how we can work together with you on this unique faith-based endeavor. I will give you a call in the next week to set a date. If you would like, we can give you a tour of our existing site on South Capital.

Sincerely,

Stephen M. Wing
Director Government Programs

Cc: Reverend Lionel Edmonds
Edwin L. Walker, Deputy Assistant Secretary