

BUSINESS 2.0

WHAT WORKS

Finding Workers Who Fit

The Container Store built a booming business for neatniks -- who turned out to be their best employees.

By Vicki Powers, [November 2004 Issue](#)

Since founders Kip Tindell and Garrett Boone opened the first Container Store in Dallas in 1978, containing growth has turned out to be their most daunting challenge. The privately held company has quietly expanded into a 33-store nationwide chain with projected 2004 revenue of \$370 million and annual sales growth that has topped 20 percent in all of its 26 years. Behind much of that success, analysts say, aren't just the popular knickknacks the Container Store sells for Type A neat freaks. Just as important is the company's organizing principle for [human resources](#): turning its best customers into loyal, top-performing employees.

In an industry with an average employee turnover rate of more than 70 percent, worker churn at the Container Store is less than 10 percent for full-time employees and 30 to 35 percent for part-timers. And nearly a third of the company's 2,500 workers come from referrals. "To be a great place to shop, you need to be a great place to work," says Doug Fleener, president of Massachusetts-based [retail](#) consultancy Dynamic Experiences Group. "This company is in total harmony, from the [sales](#) floor to the distribution center." Forget the closet -- here's how the Container Store organizes its talent.

1 In-Store Head-Hunting

Tindell and Boone make recruiting part of everybody's job by offering all staff members handsome bonuses. Workers get \$500 for every full-time hire and \$200 for every part-timer. All employees, from stockers to managers, carry recruiting cards to pull out when chatting up customers in the aisles. The program is so successful, says Kevin Fuller, director of training and recruiting, that the company often goes six to eight months without placing a single classified ad.

2 All-Hands Interviews

Applicants who get a call back submit to a group interview with as many as 10 fellow job candidates. There, potential hires often make a pitch for a product that solves an organizational challenge -- a key indicator of enthusiasm and sales skills. The group setting offers managers a glimpse of how candidates function as part of a team. "We want to see how people encourage one another, because that's our environment," Fuller says.

3 Continuous Training

New hires begin a 241-hour training program that stretches out over a year. (The retail-industry average for training new workers is eight hours.) Newbies are paired up with training "buddies" who give them crash courses in everything from sales techniques to the ins and outs of Elfa, the company's best-selling modular storage system. The company won't disclose how much it spends on training, but "we know it's expensive," Fuller says. Still, the training helps ensure better service -- which results in fewer lost customers and a lot more sales: The Container Store rings up an average of \$400 per square foot, compared with \$125 for the rest of the housewares industry. ♦

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