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Here's Proof Businesses Can Profit Without Ruining Thanksgiving for America's Workers

Listen up, scrooge-y CEOs: Workers deserve time with their families, pie, and a day to give thanks.

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Your Reach



Shoppers push a trolley outside a Costco store in Los Angeles. (Photo: Mario Anzuoni/Reuters)

November 28, 2014 By [Hayley Fox](#)



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While many retail employees will have to skip pumpkin pie this Thanksgiving to clock in at work, a handful of stores are opting to uphold tradition and stay closed for the holiday—and make a profit all the same. Chains such as Nordstrom, Costco, and Patagonia may miss out on a quick fix of income from eager Thursday shoppers (who are expected to populate the hashtag #WalmartFights) this holiday season, but experts say respecting the time-honored day off could actually improve long-term profits by creating goodwill among employees.



[Sexist Much? Even With Minimum Wage Jobs, Women Are Paid Less](#)

“Costco and Nordstrom are known to treat their employees and their customers really well,” said Ira Kalb, assistant professor of clinical marketing at the University of Southern California. “That impacts sales not only during the holiday shopping period but throughout the year.”

Stores that treat their employees well through fair pay, a stable schedule, decent benefits, or quality perks see exponential growth in profits, said Kalb. This is because employees feel their company cares about them, so in return they care about the company. An employee who feels valued is likely to show up on time, work hard, and, most important, treat customers well, said Kalb.

“Customers get treated better and they feel more connected to the company,” he said. That translates to customer loyalty and continued spending, which is key for the company’s profits.

There’s [research](#) that connects an employee’s positive emotions to heightened engagement and productivity. In 2013, only 13 percent of employees worldwide were found to be “engaged” at work, meaning most workers were not invested in their job and weren’t contributing positively to their organization, according to a Gallup [study](#).

In the United States, this could be because the median pay for retail sales workers is \$10.29 per hour and the median wage for retail cashiers is \$9.12, according to 2012 [data](#) from the Bureau of Labor Statistics. Over the course of a year, a retail sales worker making these wages earns about \$21,000 if the employee works full-time (most don’t), and this places the employee [below](#) the poverty line for a family of four.

But what happens when a company decides not to do the bare minimum?

For Nordstrom, doing so means rave [reviews](#) from employees and repeated rankings on *Fortune*’s “100 Best Companies to Work For” list. This year, the department store was ranked number 89. This may be in part because the average sales associate at Nordstrom makes \$13.32 per hour, according to [Glassdoor](#), compared to the \$9.22 an average sales associate makes at Walmart.

But perhaps what speaks louder than dollar signs is the fact that Nordstrom is one of the few retailers that will remain closed on Thanksgiving, waiting until Friday to welcome eager shoppers. In the past, the retailer has even posted signs at its locations that read: “We won’t be decking our halls until Friday. Why? We just like the idea of celebrating one holiday at a time.”

“All the data shows that money is not the big motivator to an employee,” said Kalb. “It’s more about how the employee feels they’re being treated by the company.”

All this goodwill pays off for Nordstrom in the end. In 2013, Nordstrom's net [sales](#) increased by more than 3 percent from fiscal year 2012, to \$12.2 billion. The company's slightly more affordable little sister, Nordstrom Rack, increased its net sales by 12 percent to \$294 million. The retail chain has also announced plans to open about 30 new stores this year.

One of the clearest examples of the perks of being a principled employer is outdoor clothing retailer Patagonia. (In the interest of full disclosure, my sister works for this company, which aims its high-end fleece, boots, and shorts at the adventurous set.) Patagonia is a private company, so its net sales are not shared publicly, but the company [reported](#) earlier this year that it had tripled its profits since 2008, earning \$600 million in 2013. Patagonia has also doubled in size over that same period.



[*These 7 Photos Show What Happens When Fast-Food Workers Demand a Living Wage*](#)

Patagonia's retail employees make an average of \$11.33 an hour, according to Glassdoor—well above the minimum wage. But the real reward in working for Patagonia seems to come with its corporate “free spirit” attitude and its slew of quality frills. Perks include on-site child care, basketball courts, and even yoga and aerobics classes for employees, according to [Outside](#) magazine.

Patagonia is also heralded for putting the environment before revenue, donating a percentage of sales to environmental causes and becoming the first [retailer](#) to make fleece jackets out of recycled bottles. It even gives employees an opportunity to show their eco love with an environmental internship program, in which full-time employees can take up to two months off to work with an environmental organization on an issue they care about, wrote Patagonia media representative Adam Fetcher in an email.

When asked if Patagonia would be open this Thursday, Fetcher simply replied: “Thanksgiving is a holiday, so we’re closed!”

Not only is the company not participating in “Gray Thursday,” but it’s flipping Black Friday on its head. Patagonia is encouraging customers not to purchase anything on Friday. Instead, the company is telling shoppers to bring in a piece of Patagonia clothing they no longer wear or want and swap it out for a different item as part of its [Worn Wear](#) effort.

While these positive work environments may be easier to find in high-end companies, they are possible to emulate at nearly every level. A case in point is Costco. This warehouse retailer, known for selling items in bulk, has built a reputation as a great place to work and has seen the financial benefits because of it. Costco is identified as one example of a company that employs the “good jobs strategy,” meaning it compensates employees fairly and helps them find dignity in their work. This concept is the basis for MIT adjunct professor and author Zeynep Ton’s [book](#) *The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits*.

Costco [pays](#) its warehouse workers well above the minimum wage, with cashier assistants making around \$12.50 per hour and stockers and cashiers making up to a few dollars more than that. The average supervisor makes almost

\$23. And it's not just Costco's employees that receive the financial benefit. In the 2013 fiscal year, Costco raked in net [sales](#) of more than \$110 billion, a 7 percent increase from the year before.

This comes in stark contrast to competitor [Walmart](#), which increased sales by a little more than 1.5 percent from the 2012 fiscal year to 2013. Although growth is small, Walmart still raked in more than \$473 billion last year, due in large part to the sheer size of the company. Walmart employs more than one million people in the U.S. (more than 2 million internationally) and was ranked first on the 2014 Fortune 500 list of the largest companies by revenue.

But Walmart has also been the focus of bad press for its poor employee practices and unfair wages. In its quest to provide basement-level prices to customers, Walmart has alienated not only its employees but its vendors, said Kalb.

"The lowest price is not necessarily what the customers are looking for. The customer is looking for the lowest cost," said Kalb.

Customers are also looking for an overall pleasant shopping experience, he added, meaning they want to be treated well, get the information they're looking for, and deal with helpful employees—even if the product costs a little more as a result.