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BEST BUY: INVESTING IN LANGUAGE LEARNING

Marjorie Santus, HR manager for 40 Best Buy stores in the Dallas/Fort Worth area, had returned to her office after a store visit, having observed two very distinct interactions between sales representatives and customers.

In the computer electronics section, a man speaking in halting, heavily accented English had asked Trevor, a sales associate, about one of the new tablet computers. Trevor, who only spoke English, had struggled to understand, and when he began looking for a Spanish-speaking coworker, the customer had left the store in embarrassment before Trevor could return.

Shortly after, in the flat-screen TV section, another associate, John, had asked a woman if she needed help. Hesitant at first, the woman attempted to ask a question in labored English. John, who had just returned from an immersive language study program in Costa Rica, detected her accent and quickly asked her if she would prefer to speak in Spanish. The customer relaxed noticeably and smiled as she proceeded to converse with John. The conversation was far from fluent, but John was able to answer her questions, and the woman ended up purchasing a 42-inch flat-screen LED television.

In her office, Santus thought about the successful sale by one employee and the lost sale by another. Trevor had two years more experience than John, but both had gone through the same sales training. She was reluctant to draw any conclusion from only two data points, but it certainly appeared that John's ability to speak Spanish was the primary reason for the successful sale. Santus estimated that Latino customers accounted for 13% of Best Buy's sales on average and up to 30% in some stores, such as those in the Dallas region. Thus, if she were to offer a language training program to her employees, Spanish would be the obvious choice.

Intuitively, Santus believed bilingual employees were better equipped, but she would need hard evidence of financial benefits before committing resources to a training program. This was especially true in 2011, as the economy was still struggling to recover from the financial crisis, and industry trends included continued cost-cutting and limiting of new investments.

This case was prepared by Keith Dickey (MBA '12) and Jordhy Ledesma (MBA '12) under the supervision of Kenneth M. Eades, Paul Tudor Jones Research Professor of Business Administration, with the assistance of Jennifer Frazier and Duane Sider (Rosetta Stone) and Melissa Johnson (Best Buy). It was written as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. The characters of Marjorie Santus and her employees are fictional.

When it came to language learning, the first thing to come to Santus's mind was Rosetta Stone. Any business traveler would have been acquainted with the bright yellow Rosetta Stone kiosks in airports. More important, Santus had many friends who had learned Spanish using the Rosetta Stone program. She thought to herself:

> At least I can't go wrong starting with a recognized product like Rosetta Stone. The question is whether I can justify the price for such a premium product within our corporate culture, which is quantitatively driven. In fact, if I can't quote some sort of return on investment for language learning, the idea simply won't compete with proposals that have clear financial gains associated with them. I know that bilingual employees are better, I just need to translate "better" into dollars, and I'm not quite sure how to do that.

Best Buy

Best Buy was a leading electronics retailer in the United States, with over 1,000 stores and revenues totaling $35 billion in 2010 (see **Exhibits 1**, **2**, and **3** for Best Buy financial statements and summary financials of comparables). In recent years, Best Buy had implemented a new business model called *customer-centricity* that focused on the customer experience from end to end. This new model encouraged store managers to increase employee training to ensure improved customer satisfaction (measured by decrease in number of complaints and increase in repeat sales). Customer satisfaction was believed to lead to higher revenue spend per customer.

The company had long shown an ability to grow, change, and evolve with the times. In 1966, as stereophonic recordings on vinyl records and FM radio broadcasting grew in popularity, Richard Schulze and a business partner opened an audio component store, Sound of Music, in St. Paul, Minnesota. In its first year, the store had gross sales of $173,000. Encouraged, the partners bought two more companies in 1967, opened two more Sound of Music stores, and then went public in 1969. By 1970, revenues had reached $1 million. In 1974, the stores expanded their offerings to include videotape and videodisc products and equipment. After a tornado hit the Roseville, Minnesota, store in 1981, Schulze held a Tornado Sale, with low prices in a no-frills retail environment; it was the introduction of what would one day become the foundation of the company's business model.

In the early 1980s, the company expanded its product lines to include more technology products, opened its first superstore, and changed its name to Best Buy. In 1985, Best Buy raised $8 million in a stock offering to fund the opening of three more superstores. A 12-store expansion was financed by a second stock offering of $33.6 million. Four year later, Best Buy changed its format once again, introducing the yellow-tag logo and offering customers pressure-free shopping in a warehouse-style store staffed by noncommissioned sales personnel.

During the decades of the 1990s and 2000s, Best Buy experienced unprecedented growth. The company began by expanding from Minnesota into Texas and Illinois, followed by a series of concept acquisitions. In 2002, Best Buy bought Future Shop, Ltd., and the Geek Squad, which was its first foray into the home and commercial service business. In 2006 and 2007, the company acquired a 75% interest in Jiangsu Five Star Appliance Co., a Chinese retailer, and Pacific Sales Kitchen and Bath Centers, which operated 14 showrooms catering to customers interested in home remodeling. Along with the acquisitions, Best Buy revamped its business strategy by adopting the customer-centricity business model, which put a renewed emphasis on the customer experience and customer satisfaction.

Rosetta Stone

In the 1980s, Allen Stoltzfus, an economics professor, real estate agent, and history buff, was frustrated with his slow progress in mastering the Russian language. He was enrolled in a conventional classroom Russian course but found it much less effective than his experience learning German while living in Germany and being part of that culture. This led to Stoltzfus's development of a different approach to learning a language through the use of a computer. The premise was to use a more natural language learning method that simulated the way people learn their native language—with pictures and sounds in context. Rather than learn the language by translating one language to another, Stoltzfus's approach was to use computer technology to encourage the learner to think in the target language from the beginning.

Stoltzfus enlisted his brother-in-law, John Fairfield, a computer scientist, to help him explore how a computer could facilitate language learning. These efforts eventually led to the founding of Fairfield Language Technologies in Harrisonburg, Virginia. The emergence of CD-ROM technology in the 1990s made the technology accessible to anyone with a personal computer; the company released its first language training software product to the retail market in 1993 under the name Rosetta Stone.

By offering images, text, and spoken word together, the software presented vocabulary and grammatical functions intuitively, much in the way children learn their first language. The firm called its method *dynamic immersion*—"dynamic" because of the engaging interactive learning process afforded by digital technology and "immersion" because of the exclusive use of the target language. The company pointed to a research study wherein students who completed 55 hours of language study with the Rosetta Stone Spanish program performed comparably to those who had completed a semester of a college-level Spanish language course. Based on consumer surveys, Rosetta Stone learners were broadly satisfied with their experience and would recommend the software to others.

After focusing initially on school and government sales, the company began aggressively pursuing the retail market in 2001. Following the death of Stoltzfus in 2002, the company hired an outsider, 31-year-old Tom Adams, as CEO. Adams brought an international dimension to the rural company. A native of Sweden who had grown up in England and France, Adams was fluent in Swedish, English, Spanish, and French. He had studied history at Bristol University in the

United Kingdom and had earned an MBA from INSEAD in France. Prior to arriving in Harrisonburg, Adams had been a commodity merchant in Europe and China.

Adams got right to work entering new markets and scaling up the business; from 2004 to 2005, the revenues of the company nearly doubled, from $25 million to $48 million. Acknowledging the need for capital and professional support as the company expanded, Adams solicited a capital infusion from the private equity market. In 2006, two firms, ABS Capital Partners and Norwest Equity Partners, made major equity investments in the company. As part of the recapitalization, the name of the company was changed from Fairfield Language Technologies to Rosetta Stone, Inc., to match the signature product.

Over the ensuing years, revenue continued to expand at a quick pace, rising to $81 million in 2006, $137 million in 2007, and $210 million in 2008. Since Adams's arrival, the compound annual growth rates of Rosetta Stone's revenue and operating profit were 70% and 98%, respectively, and the number of employees had risen to more than 1,200 people. For 2008, 80% of Rosetta Stone revenue was accounted for by retail consumers and 20% by institutions. Institutional customers included educational, government and military, commercial, and not-for-profit institutions. By early 2009, Rosetta Stone was the most recognized language learning software brand in the world. Millions of language learners in more than 150 countries were using the Rosetta Stone software. The company offered self-study language learning solutions in 31 languages.

In a few short years, Rosetta Stone had successfully developed a strong brand; its kiosks with bright yellow boxes had become an institution in U.S. airports, and its print advertising in travel publications included a popular ad of a young farm boy holding a Rosetta Stone box, the copy reading: "He was a hardworking farm boy. She was an Italian supermodel. He knew he would have just one chance to impress her." The awareness of the Rosetta Stone brand was over seven times that of any other language learning company in the United States. Leveraging its strong brand, steady customer base, and diverse retail network, Rosetta Stone had been able to maintain positive profitability in 2008 despite the severe economic downturn.

The company expanded its product line by increasing the number of languages and levels offered and broadened the language learning experience by introducing new features. Rosetta Studio sessions allowed each Rosetta Stone learner to schedule time to chat with other learners and with a native-speaking coach to facilitate language practice, motivation, and confidence. The Rosetta World platform connected a virtual community of language learners who practiced their skills through a collection of games and other dynamic conversation opportunities. Adams envisioned a substantial growth trajectory for the company with a multitude of ways to leverage its novel learning technology and expand its geographic reach. With fixed development cost, Adams expected the strategy to continue to increase company operating margins and expand revenue, but he recognized that, as the company continued to show strong profit and growth, the incentive for competition to attempt to gain market share would intensify.

The Value of Language Learning

How could Santus quantify the return on investment (ROI) of Best Buy employee language learning? Santus was aware of research that pointed to a number of benefits of language learning for an organization (**Exhibit 4**), but she needed to focus on tangible benefits that could be quantified for the retail industry and her stores in particular. Her view was that the most obvious tangible benefits included increases in employee productivity, higher sales, reduction in employee turnover, and increases in customer satisfaction. While these benefits seemed logical, there was no accepted method of quantifying a specific impact for each, which would be necessary if Santus wanted to justify the investment and the cost of employees' training time. On the other hand, with 30% of the customer base in Dallas speaking Spanish as a primary language, it seemed clear that the impact of Spanish-speaking customer service representatives would be relatively high for her stores.

The value proposition for language training included improvements in employee satisfaction and shorter duration of customer interactions. The notion that an employee would be more likely to close a sale, close the sale faster, and serve more clients was appealing for any corporation. The advantages were particularly attractive for any U.S. corporation with few employees fluent in a second language but many non-native-English-speaking customers. In addition to the savings related to customer service, language learning also contributed to reductions in customer attrition rates. **Table 1** summarizes Santus's thinking about the benefits associated with language learning.

Table 1. Benefits of language learning.

Human Resources	**Productivity**	**Customer**
Increased employee satisfaction	Increased sales per trained employee	Increased customer retention (reduced attrition)
Increased personnel retention (reduced turnover)	Reduction in average minutes spent per customer	Reduced customer retention expenses
Future selection of more qualified personnel	Increased contribution margin for the average sale	Reduced customer education expenses
		Increased customer service

Of these benefits, Santus believed she should focus her attention on quantifying those that affected sales and costs directly, which in her mind included the savings due to employee turnover, revenue increases attributable to customer attachment and upselling, customer satisfaction improvement, and customer service improvement. **Exhibit 5** summarizes the specific assumptions Santus was willing to make related to language learning benefits for her Dallas stores.

The reduction in employee turnover was a source of considerable savings. Turnover cost for the retail industry was significant. Experts estimated that the retail industry experienced a 30% employee turnover each year, which created personnel-related costs equal to 37% of the average employee's salary. Santus thought that enhanced employee satisfaction, linked in part to having more successful experiences with customers, would result in a reduction in the annual turnover rate by 3.0% (i.e., a rate of 27%). A turnover rate of 25% (a 5% reduction from the average) would be extremely good for a large retailer such as Best Buy, so that Santus thought it was highly unlikely. But she thought a range of 2% to 4% reduction in turnover was highly likely considering the high number of Latino customers in the Dallas area.

Santus knew that improvement in customer satisfaction had been shown to lead to an increase in revenue, but it was unclear how to quantify the direct relationship between improved communication and improved customer satisfaction. Based on Rosetta Stone research, she estimated that language training could improve customer satisfaction enough to see revenues increase in the range of 0.25% to 1.0%. There was some evidence that revenues could increase as high as 3.0%, but when she considered the difficulty of measuring the impact precisely, she preferred to use a more conservative range for her estimate.

The level of customer service also influenced revenues. Santus believed that there was a 1:1 correlation between customer service and revenues (i.e., for every 1% improvement in customer service, there would be an increase of 1% in revenue per employee). Once again, it was difficult to estimate precisely the impact of language learning on customer service, but Santus felt comfortable that she would see 0.25% increase in service, which would translate into an increase of 0.25% in revenues per employee.

Santus was unsure when the full impact on revenues would be realized. After employees were trained, there would be some impact within the first year, but it could take two or three years to realize the full revenue benefits of reduced employee turnover and increased customer satisfaction. **Table 2** summarizes Santus's thinking about the costs associated with language learning.

Table 2. Costs associated with language learning.

Variable Costs	**Fixed Costs**	**Intangible Costs**
Work hours lost to training	Investment in training facilities	Perception by American customers of special catering to Latino customers.
Hourly cost of training center usage	Long-term contract with training provider	
Online renewal (per employee)	Walk-away fees associated with terminating a contract early	
Opportunity costs and hurdle rates	Changes in HR policies and infrastructure expenses associated with the monitoring of the training's effectiveness	
Increased demand by employees for other training	Advertising cost (media, PR, etc.) associated with telling customers about the availability of bilingual representatives	

Santus realized that quantifying the costs was just as difficult as quantifying the benefits of language learning. The direct costs, however, were straightforward and included those costs related to paying Rosetta Stone's one-time licensing fee plus the annual fee per employee. In addition, Best Buy would incur an hourly cost for the use of the training center, and the training would pull employees away from their jobs, making lost work hours a cost of the training. And last, a better trained employee would command higher pay. **Exhibit 6** summarizes the specific assumptions Santus was willing to make about Best Buy's language learning costs for her 40 stores.

Framing the Decision

As Santus continued to organize her thinking about how to quantify the ROI of the tangible benefits of language learning, she decided to use her estimates of the incremental benefits and costs to construct a cash flow analysis over a 10-year horizon. To do that, she would need to use operational data for Best Buy stores in Dallas (**Exhibit 7**). Based on the resulting cash flows, she would then compute an internal rate of return (IRR). This analysis would put the language learning project on equal footing with other capital funding requests, which also used a discounted cash flow approach. Santus knew that the analysis should include a complete explanation of all of the assumptions used to create the cash flows. In particular, she would need to convey a full understanding of which assumptions were the key drivers of the IRR.

In addition to understanding the quantitative analysis, however, Santus imagined a long list of issues she would need to address for this project to have a chance of being approved:

- Was IRR the appropriate measure of ROI for this project? Did it adequately quantify the risks and rewards of this opportunity?
- Did this investment make sense under the current economic conditions?
- Would the money be better spent on other stores or projects?
- Should she also compute a net present value (NPV) of language learning? If so, should she use the company's cost of capital or some other hurdle rate to compute the NPV of this specific project?
- How should she account for the less tangible benefits and costs?

Exhibit 1

BEST BUY: INVESTING IN LANGUAGE LEARNING

Best Buy Balance Sheet, 2009–11

Period Ending	26-Feb-11	27-Feb-10	28-Feb-09
Assets			
Current Assets			
Cash And Cash Equivalents	1,103,000	1,826,000	498,000
Short Term Investments	22,000	90,000	11,000
Net Receivables	2,348,000	2,020,000	1,868,000
Inventory	5,897,000	5,486,000	4,753,000
Other Current Assets	1,103,000	1,144,000	1,062,000
Total Current Assets	**10,473,000**	**10,566,000**	**8,192,000**
Long Term Investments	328,000	324,000	395,000
Property Plant and Equipment	3,823,000	4,070,000	4,174,000
Goodwill	2,454,000	2,452,000	2,203,000
Intangible Assets	336,000	438,000	495,000
Other Assets	435,000	452,000	367,000
Total Assets	**17,849,000**	**18,302,000**	**15,826,000**
Liabilities			
Current Liabilities			
Accounts Payable	7,191,000	7,817,000	7,119,000
Short/Current Long Term Debt	998,000	698,000	837,000
Other Current Liabilities	474,000	463,000	479,000
Total Current Liabilities	**8,663,000**	**8,978,000**	**8,435,000**
Long Term Debt	711,000	1,104,000	1,126,000
Other Liabilities	1,183,000	1,256,000	1,109,000
Minority Interest	690,000	644,000	513,000
Total Liabilities	**11,247,000**	**11,982,000**	**11,183,000**
Stockholders' Equity			
Common Stock	39,000	42,000	41,000
Retained Earnings	6,372,000	5,797,000	4,714,000
Capital Surplus	18,000	441,000	205,000
Other Stockholder Equity	173,000	40,000	-317,000
Total Stockholder Equity	**6,602,000**	**6,320,000**	**4,643,000**
Total Liabilities and Shareholder Equity	**17,849,000**	**18,302,000**	**15,826,000**
Net Tangible Assets	**3,812,000**	**3,430,000**	**1,945,000**

Data source: Yahoo! Finance.

Exhibit 2

BEST BUY: INVESTING IN LANGUAGE LEARNING

Best Buy Income Statement, 2009–11

Period Ending	**26-Feb-11**	**27-Feb-10**	**28-Feb-09**
Total revenue	**50,272,000**	**49,694,000**	**45,015,000**
Cost of revenue	37,635,000	37,534,000	34,017,000
Gross profit	**12,637,000**	**12,160,000**	**10,998,000**
Selling general and administrative	10,325,000	9,873,000	8,984,000
Other operating expenses	198,000	52,000	144,000
Operating income or loss	**2,114,000**	**2,235,000**	**1,870,000**
Total other income/expenses net	51,000	54,000	(76,000)
Earnings before interest and taxes	2,165,000	2,289,000	1,794,000
Interest expense	87,000	94,000	94,000
Income before tax	2,078,000	2,195,000	1,700,000
Equity in income (loss) of affiliates	2,000	1,000	7,000
Income tax expense	714,000	802,000	674,000
Minority interest	89,000	77,000	30,000
Net income	**1,277,000**	**1,317,000**	**1,003,000**

Data sources: Yahoo! Finance and U.S. Securities and Exchange Commission, Best Buy Form 10-K, 2011.

Exhibit 3

BEST BUY: INVESTING IN LANGUAGE LEARNING

Financial Data for Best Buy and Comparables

	Best Buy	**RadioShack**	**Conn's**	**GameStop**	**Amazon**	**Target**
Fiscal Year End	26-Feb-11	31-Dec-10	31-Jan-11	29-Jan-11	31-Dec-10	29-Jan-11
Revenue ($ millions)	50,572	4,378	791	9,474	34,204	67,390
EBITDA margin	6.1%	5.8%	22.8%	8.9%	6.2%	10.9%
EBIT margin	4.2%	3.5%	20.9%	6.9%	4.5%	7.8%
Times interest coverage	24.3	3.3	N.Ap.	17.8	39.4	6.9
Return on equity	19.3%	8.6%	-0.3%	14.1%	16.8%	18.9%
ROIC	16.4%	6.8%	14.7%	13.6%	14.5%	10.9%
Debt/capital	21.1%	43.2%	51.1%	7.9%	0.0%	50.4%
Stock price ($/share)	30.41	12.55	6.50	26.12	185.98	46.46
Market cap ($ millions)	10,567	1,246	208	3,500	84,639	31,059
Market/book	1.60	1.48	0.58	1.21	12.33	2.01
Beta	1.05	1.10	1.71	0.90	1.05	0.95
Weighted average cost of capital	8.5%	7.6%	7.1%	8.1%	9.3%	7.0%

Data sources: Yahoo! Finance provided finance statement information and stock price (as of June 15, 2011)
Beta from ValueLine Investment Service
WACC computed using Federal Reserve interest rates for June 15, 2011, include yield to maturity for Baa bonds (for cost of debt) and 10-year Treasury bonds. A market risk premium of 6.0% is assumed to compute a capital asset pricing model estimate for cost of equity.

Exhibit 4

BEST BUY: INVESTING IN LANGUAGE LEARNING

Typical Improvements Provided by Language Learning

Category	**Improve Area or Activity**	**Sample Language-Related Tasks**
Administration	• Management • Strategic planning • Financial planning, budget • Growth and development: new or expanded goods and services; number of facilities; geographic expansion, or relocation • Operations • Certification of standards (e.g., ISO 9000 series) • Pursuit of excellence (e.g., Malcolm Baldrige National Quality Award)	Write documentation of work processes for ISO certification
Performance	• Marketing sales • Negotiations • Productivity • Quality • Delivery • Maintenance and repair of equipment • Record keeping • Customer relations (internal and external, including coworker relations) • Cross-cultural skills • Teamwork • Internal power structures and dynamics (taken into account when communicating) • Meetings (i.e., leading and participating in presentations • Conference attendance (e.g., international; speaking, asking and answering questions, networking, socializing)	• Write correspondence, proposals, reports, studies, articles, brochures • Repair equipment by referring to a maintenance manual • Answer customers' questions
Social responsibility	• Health, safety, and security • Environmental protection • Regulatory practices and agency requirements • Human rights practices, compliance, and enforcement	All factors: Recognize a potentially dangerous situation and give an appropriate warning (verbal or written description/documentation)
Human resources	• Personnel policies and benefits • Employee satisfaction • Hiring • Training, cross-training (including training abroad) • Performance evaluations • Leadership • Greater responsibility, advancement, promotion (e.g., pay rates and raises, salaries and increases) • Reassignments and retention • Terminations • Turnover • Right-sizing, career and outplacement support	• Read and understand benefits and restrictions of medical insurance policy • Listen to and follow oral instructions in on-the-job training; comprehend and interact about content in formal training presentations (e.g., in external courses abroad)

Data source: William M. Martin and Anne E. Lomperis, "Determining the Cost Benefit, the Return on Investment, and the Intangible Impacts of Language Programs for Development," *Tesol Quarterly* 36, no. 3 (Autumn 2002): 399–429.

Exhibit 5

BEST BUY: INVESTING IN LANGUAGE LEARNING

Benefits of Language Learning for Best Buy's Dallas Stores

Issue	**Result of Rosetta Stone Spanish Training**
Turnover reduction	3.0%
Increase in average revenue per customer due to attachments and upselling	0.50%
Increase in average revenue per customer due to customer satisfaction improvement	0.50%
Increase in average revenue per customer due to customer service improvement (measured as reduction in number of complaints)	0.25%

Data source: Case writer estimates.

Exhibit 6

BEST BUY: INVESTING IN LANGUAGE LEARNING

Costs of a Language Learning Solution for Best Buy's Dallas Stores

Product or Service	**Associated Cost**
Rosetta Stone license fees (for all 40 Dallas stores)	$250,000
Annual fee	$110 per employee
Hourly cost of training center usage	$600 per store
Foregone work hours for training	3 hours per employee
Average salary increase for trained employees	$150 per week

Data source: Case writer estimates.

Exhibit 7

BEST BUY: INVESTING IN LANGUAGE LEARNING

Selected Best Buy Operational Data for Stores in Dallas

Average annual salary	$35,000
Average number of customer service employees per store	16
Employee turnover	30%
Percentage of salary cost due to turnover	37%
Average number of annual paying customers per store	30,000
Number of stores	40
Average revenue per customer	$85
Average revenue per day per employee	$600
Average number of Latino paying customers per day	83

Data source: Case writer estimates.

Appendix

BEST BUY: INVESTING IN LANGUAGE LEARNING

Glossary of Terms

Attachment per customer: How many referrals a customer brings in. For example, a customer attachment of 1 means the customer comes to the store alone, whereas a customer attachment of 2 means the customer arrives to the store with a second paying customer or that he refers someone who will become a paying customer during the current period.

Attachment revenue per customer: Percentage of the additional revenue brought in by satisfied customers (e.g., an increase of 5% in attachment means the firm is selling 5% more per customer than in the previous month).

Attachment revenue: Added revenue that comes in, per customer, in the form of referrals. A referred customer could bring half of the revenue of an original customer. Best Buy assigns each customer an *average attachment revenue figure*.

Best Buy's customer-centricity: Managing the enterprise from the point of view of the customer.

Customer attachment: The "add-on" revenue that occurs when a satisfied customer buys more than what they came into the store to purchase because of outstanding customer service and successful selling by the sales person.

Customer attrition rates: How many customers per month stop shopping with Best Buy, how many stop referring customers, etc. For the sake of simplicity, Best Buy consolidates all of these metrics into a single ratio.

Customer attrition: Loss of clients or customers. Also known as *customer churn*, *customer turnover*, or *customer defection*.

Customer service improvement: Reduction in the number of minutes required to service a customer. Could also imply a reduction in the number of customer complaints or increase in the level of service.

Employee satisfaction: Increases in employee satisfaction are measured in terms of how many employees stay employed with Best Buy after major changes.

Turnover reduction: Ratio of the reduction of employees that resign from the business.