

CVS Caremark

EIGHTY THOUSAND ENTRY-LEVEL WORKERS HIRED WITH 60 PERCENT RETENTION RATE. THROUGH PARTNERING WITH PUBLIC WORKFORCE SYSTEMS TO SOURCE AND TRAIN, AND BY CLAIMING WORK OPPORTUNITY TAX CREDITS, CVS CAREMARK GENERATES 179 PERCENT RETURN RELATIVE TO COSTS.

As one of the country's largest pharmacy benefits managers, CVS Caremark provides access to a network of more than 64,000 pharmacies, including over 7,000 CVS/Pharmacy retail stores. Ranked 19th on the Fortune 500 for 2009 and reporting annual revenues of over \$87 billion, CVS Caremark employs more than 200,000 people in 43 states. To support the exponential growth accomplished by CVS Caremark in the past 10 years, the company needed a large source of entry-level talent and a way of developing that talent into high growth/high need positions. By partnering with public workforce development entities, the company tapped unconventional talent sources while creating a profit center for CVS Caremark.

Business Outcomes

- » 48,000 hired, trained, and retained
- » 30% higher retention rate
- » 179% return on WOTC relative to costs

Employee Impact

- » 48,000 off public assistance
- » Defined career pathways

Government Partnership Programs

- » Taps unconventional talent source
- » Partners with state and federal workforce development entities



Regional Learning Center Partnerships Produce Valuable Employees

What began over 20 years ago as the Government Programs department within CVS human resources is now the corporation's Workforce Initiatives program, overseeing six Regional Learning Centers (RLC), the highly successful Pathway to Pharmacy program, and relationships with a multitude of state and regional public workforce entities.

The goal of the original pilot program was to move welfare recipients off of public assistance, through a training process, to entry-level jobs within retail pharmacies. The program gained acceptance among CVS executives and operations managers by demonstrating that, with proper support and training, individuals hired from disadvantaged populations could be valuable employees. CVS has since teamed

with state and federal workforce agencies in high unemployment communities to provide employment services and training to underserved populations in order to recruit and retain talent. Now, through six RLCs co-located in public labor department One-Stop Career Centers, training is delivered to over 1,500 entry-level and incumbent workers per year at each site for CVS Caremark. Traditionally, the public entities assume operation cost of the learning centers and CVS Caremark assumes the costs of training, staff, and equipment. Additionally, the partners tap training dollars available through federal and state Workforce Investment Act (WIA) legislation to support programming.

Since 1996, over 80,000 entry-level workers have been hired out of the public assistance population, and recent research shows that CVS retail stores retain 60 percent of employees referred from RLCs compared to 30 percent retention among regular employees.



“Our investments in training and workforce development have helped us meet the need for good jobs in the communities we serve while also meeting our own need for colleagues who can deliver the best customer service in our industry.”

– Lisa Bisaccia, Senior Vice President and Chief Human Resources Officer, CVS Caremark

Stability in the workforce leads to higher customer satisfaction and higher profit margins. Store managers see further impact to their bottom line through the application of Work Opportunity Tax Credits to their P&L statement when they hire from populations targeted by the tax credit. Participants in RLCs score three times as high as their peers on service evaluations, and CVS Caremark engenders customer loyalty by hiring from the communities they serve.

Career Pathways Support Talent Development

In order to support the growth and expansion of the company, the Workforce Initiatives team created the CVS Career Path to articulate opportunities that enable low-skilled workers to advance from entry-level to a number of in-demand, skilled positions within the organization. Awareness of the CVS Career Path is promoted through the Pathway to Pharmacy program, which has multiple elements encouraging young people to consider careers in pharmacy.

Progression along the path is accomplished by taking advantage of on-the-job training, customized training through the RLCs, mentoring, and continuing education at local community colleges and/or universities. Many participants enter the program through summer youth internships offered during their junior or senior years, followed by part-time employment opportunities combined with continuing education. For example, employees can pursue

continuing education, which leads to national certification as a pharmacy technician, or higher education leading to a degree in pharmacy, supported by tuition assistance – both are high-priority needs for CVS Caremark. By targeting underserved youth age 16 to 17, the summer youth internship program costs are offset by earning Work Opportunity Tax Credits.

Return on Investment

The CVS Caremark Workforce Initiatives team of 25 colleagues comprises a significant investment in talent development, in addition to the cost of training and equipment. However, the corporation offsets the expense by partnering with state and federal workforce development entities and community colleges to apply for grant opportunities targeted at recruiting underserved individuals, offering them training and education, and advancing them along career pathways.

The company shows a respectable return on that investment through the leading business practice of claiming Work Opportunity Tax Credits (WOTC). By hiring from 12 groups targeted for WOTC, CVS Caremark receives the following credits:

- \$2,400 for each new adult hire;
- \$1,200 for each new summer youth hire (age 16-17);
- \$4,800 for each new disabled vet hire; and
- \$9,000 for each new long-term family assistance recipient hired over a two-year period.

The Government Program/Workforce Initiatives program earned a place on the corporation's P&L statement, where it generated a return relative to costs on WOTC of 179 percent. As large as this ROI is, it is likely understated because it does not include the benefits of lower turnover rates and higher customer satisfaction generated by the training.

Background Information

For more information about CVS Caremark, please visit www.CVS.com

SECTOR: Pharmacy/Retail
EMPLOYEES: Over 200,000 in 43 states
ANNUAL REVENUE: Over \$87 billion in 2009

For more information about WorkSource Partners, Inc., please visit <http://worksourcepartners.com>

ABOUT CORPORATE VOICES

Corporate Voices is the leading national business membership organization shaping conversations and collaborations on public and corporate policy issues involving working families. A nonprofit, nonpartisan organization, we create and advance innovative policy solutions that reflect a commonality of interests among the private sector both global and domestic, government and other stakeholders. We are a unique voice, and we provide leading and best-practice employers a forum to improve the lives of working families, while strengthening our nation's economy and enhancing the vitality of our communities.

For more information, please visit www.corporatevoices.org

FIND OUT MORE

This case study was funded, in part, by the New Options Project, an initiative of the W.K. Kellogg Foundation that seeks to establish new pathways to meaningful career opportunities for young adults who are out of school and seeking work, while at the same time meeting the demands of employers who require a qualified entry-level workforce.

For more information, please visit www.newoptionsproject.org

Personal Story

Veronica Vergara began her CVS career as an intern via Pathways to Pharmacy. She progressed to pharmacy sales associate, and then to certified pharmacy technician, her current position. Veronica, whose parents did not graduate from high school, is now a junior at the University of Illinois at Chicago with plans to go on to a four-year pharmacy school when she graduates.