

# REI – Working Together for a Better World

## Best Company for 25 Years



REI is a cooperative – and a spirit of cooperation is infused in everything that they do. Leaders and employees cooperate with each other to insure that work is done well, people have a good time, and the labor conditions for employees at REI and at suppliers meet high standards. Employees cooperate with customers to listen to what they want and provide them with great products and great service. Everyone at REI cooperates with the environment, making numerous contributions outside of work time – in the form of community service work, educational programs and financial support – to help insure that the planet continues to exist in a healthy way into the next century.

And all of this cooperation has brought REI significant positive recognition as one of only 5 companies to have been selected as one of the 100 Best Companies to Work for in America in both editions of the book of that name, and in every edition of the list published annually in Fortune magazine. REI is a model of the power and positive contribution that the spirit and practice of cooperation can bring to an enterprise.

### Living the Mission

REI is a group of people striving to live up to the fullest meaning of the words used to describe the company. REI's core purpose is to "... inspire, educate and outfit for a lifetime of outdoor adventure and stewardship." As a cooperative, everyone in the company and customers, producers and suppliers, are invited in to the mission of REI and asked to play a part in creating the unique REI experience.

REI hiring managers use REI's values as a guide for the type of person they are looking for to join the team. Potential employees are considered based on their skills, and their understanding of and willingness to try and live up to REI's values. Because the values are such a strong guiding force behind the cooperative's activities, great importance is placed on helping people to understand the values and how to put them into action.

During a hiring fair to recruit people to work at the new distribution center in Bedford, Pennsylvania, more than 1,500 people applied for 85 distribution center jobs. The hiring team made sure they took the time to both share the REI story and learn about each applicant. Every applicant attended a presentation about REI's values and work environment, and each person had a one-on-one interview where they were asked a series of questions.

While REI is a nationally recognized business, there was concern among the recruiting and hiring team that people in the Bedford location (two hours away from the nearest REI store) might not be completely aware of what's behind REI's business success. So they spent additional time insuring that applicants were exposed to information about REI's commitment to stewardship, inspirational mission, and expectations of honesty and integrity to heighten the likelihood of creating the best match between REI and new employees.

“ The family feeling at REI is excellent and makes working here fun and supportive. Its fun to work here. I appreciate the pro-deals. Getting healthcare is really great and unusual for part-time employees. The healthcare is one main reason I chose to work here. ”

### Becoming a Member of the Team

After employees are initially welcomed in to REI, they participate in Base Camp – a daylong orientation program that includes an introduction into the workplace environment. During this session experienced employees and managers lead sessions in which the group experiments with practical solutions to real workplace situations that they are likely to encounter. This prepares employees for quick thinking in the store, and helps all participants to see how REI's values serve as a useful resource and guide for making decisions at work.

Base Camp also includes an outdoor component to get people outside and experiencing nature with fellow employees. Whether cleaning up a local waterway or biking on community paths, outdoor sessions are another way for

### Recreational Equipment Incorporated

Web address..... www.rei.com  
Corporate Headquarters..... Kent, WA  
Year founded..... 1938  
Chairman and CEO ..... Sally Jewel  
Industry ..... Retail - Specialty  
Total Worldwide revenues..... \$1,342,000,000  
US Employees (FT, PT, Temp).... 9,782  
Job Applications in past year .... 28,392

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employees to build relationships with co-workers and experience the commitment to outdoor adventure that is part of the core purpose of the company.

During their first two weeks on the job, new store employees work “buddy shifts” with experienced employees to learn various customer service techniques that have been successful in the past. This training is a significant investment of time that helps insure that new employees have resources in terms of knowledge, and connections with other employees so they can ask questions as they arise. Throughout the year at each store, community service projects are initiated that all employees participate in, thus continuing the community building and development of camaraderie.

At headquarters and distribution centers, service projects are also used to build community among new employees. These projects reinforce REI’s commitment to environmental stewardship and help new employees to meet people at the workplace. These service projects are attended by at least one member of the senior leadership team, with CEO Sally Jewell lending a hand at most every headquarters-based project.

“ I was at my previous job for nearly a decade, and not once did I meet the CEO. Within two months at REI, I met Sally Jewell and shared lunch with her. It’s amazing that she’s so down-to-earth and is willing to get her hands dirty. ”

“ The extensive training you get when you start goes to show how much they care about their employees. Health insurance for part-time employees is an excellent benefit. The green card program is a way they reward their employees for biking to work using public transportation being green. Giving us opportunities to get involved with the communities by volunteering. Everyone is so positive and nice. It is a great environment to work in. ”

“ I have the opportunity to teach children how to respect themselves, the environment and others through the REI partnership with ‘leave no trace’ via P.E.A.K. training. I know of no other program with any other company that truly puts their ethical ideals into practices. ”

### Long-term Commitment

The stewardship that REI promotes for the environment outside of work is also present in how leaders think about what makes for a long-term sustainable relationship with employees inside the company. Retail environments are not generally known as places for people to go who are looking for career development opportunities, great benefits, and long-term financial stability. Yet at REI you can get all of this.

A variety of programs are in place to help support the growth and development of all employees. Employees receive Personal Action Career Kits that contain information about job growth, maximizing management potential and steps to take to pursue future career opportunities. Employees use personalized career planning tools to create development plans with their managers to self-evaluate, collect manager feedback, set goals and create action plans.

Sales & Product Training helps employees provide the best customer service possible, with sales product experts from each store starting off this training program with a five-day immersion at headquarters. An ‘Inside Track’ program is offered to headquarters and distribution center employees who are invited to attend courses with topics ranging from time management to working collaboratively.

Programs are also offered to help employees prepare for and move in to management positions. Retail Management Training is a nine-month, three-phase course for retail managers interested in expanding their careers into REI leadership. The Stepping Up to Management Program offers management tools to up-and-coming leaders at headquarters and the distribution centers. And, the Leadership Excellence and Development (LEADS) program started in 2007 for distribution center front-line leads who may want to make the transition to management.

To support employees’ personal growth and continued learning outside of the immediate company environment, REI’s REACH program reimburses people for college or graduate classes. Employees who pursue higher-education opportunities enrich their own lives, and can also use these accomplishments to grow their careers at REI.

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“ Management keep us informed - better than any company I have worked for. They trust us. Benefits are fantastic! The emphasis on “work hard and play hard” is true - management lives by it and therefore is great example of how to live a balanced life. Training has been terrific beyond any other place I have worked. ”

And, if that's not enough, employees are offered many benefits that are unheard of in other retail companies. All employees are offered subsidized health care coverage - even those who work less than 20 hours per week. Part-time employees with fewer than 20 hours per week (who aren't eligible for the Flex benefit plan) can enroll in PaTH, which provides basic health care coverage. Through this program, REI pays 100 percent of life insurance coverage and 67 percent of the premium cost for employee-only medical coverage. Optional dental coverage is also available.

Full-time and eligible part-time employees who work more than 20 hours per week get a variety of medical options through REI's Flex Plan. Each option covers core services, like preventive care services, at no cost to employees. In addition to standard medical coverage, the Flex Plan covers alternative therapies such as naturopathy and acupuncture. There's also an annual \$300 allowance for wellness massages with no deductible and no referral necessary.

Financially, the immediate salaries at REI are not off the charts, yet relative to other retail environments pay is fine. It is the long-term financial benefits that are truly unique. An automatic 5 percent yearly contribution is made to eligible employees' retirement plan account (even if they contribute nothing), with an opportunity to earn an additional 10 percent depending on company performance - employees have received the full 15 percent contribution for 22 out of the last 23 years.

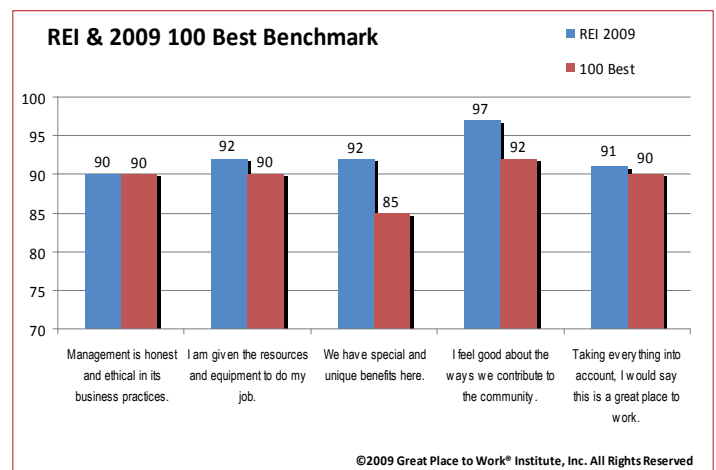
Other financial or product benefits include REI's Xcels incentive plan which pays an annual bonus to every employee based on company performance; ProDeals and Mega ProDeals, which allow REI employees to select from thousands of products at a discount of 50 to 75 percent off retail prices; and a 30 percent discount on all the products REI sells (including REI Adventures trips). This last discount is extended to spouses and life partners as well.

Finally, to help employees fight the high cost of gas prices, in addition to lowering their carbon footprint, REI pays 50 percent of public transit passes for all employees. The transit subsidy applies to bus, train, vanpool and ferry passes.

“ REI does its best to make sure employees are taken care of. They encourage work/life balance and give added benefits in line with that principle. We receive discounts on travel, rental equipment, and products we sell in the store. There is also the added bonus of discounts from vendors we may or may not carry in the store (such as Apple or Dell). And I don't know on any other company to offer health benefits to part-time employees. ”

### It All Comes Back

Many people reading this might think that REI is on the verge of going under given all they provide to their employees. Yet leaders at REI, like those at other Best Companies, know that when you take care of employees the value of all of the shared benefits comes back to the organization magnified at least tenfold.



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Customer service is dependent on the quality of the employees at an organization and REI's 3.6 million active co-op members support the business practices and priorities in place at REI. REI's annual brand tracking survey is one way they measure customer satisfaction and data from the most recent survey revealed that customers are three times more likely to go to REI for knowledgeable advice and service than any other outdoor retailer.

REI has one of the lowest levels of voluntary turnover in the industry with a 62% employee retention rate compared with the retail industry average retention rate of 29%. Average annual comp sales growth for stores open over one year is above 9% while the industry average is about 3%. 2007 net income was \$41million, a million dollar increase from 2006.

The financial results will of course change this year given the current economic meltdown affecting everyone. Yet an organization like REI is well positioned to weather this storm because of its loyal employees, loyal customers and strong core values that have provided guidance through the ups and downs of the past and will continue to do so in the future.

“ *REI is the most unique company I have ever known to work for. I've never known a company to treat their employees the way they do. It's great. They're wonderful. It's such a pleasant place to work in. The people are so friendly and supportive. They treat you with respect and offer assistance whenever you need it. Management works with employees to make the workplace as stress-free as possible. I was fortunate to meet the CEO of REI Sally Jewell. It was the first time I ever had a CEO shake my hand and treat me like an equal. She's great!* ”

### Unique Practices

There are many programs offered at REI to support employees' growth and development, and to insure that REI's unique culture is maintained and strengthened.

Below, a variety of REI's Best People Practices are highlighted.






### Pay for Performance

Pay at REI is market-competitive and performance-based. Base pay ranges are set according to market data, with pay targeted at the median (or 50th percentile) of the market for most jobs, and 75th percentile for store managers.

Base pay rates are evaluated and compared against the market and in each geographic area where REI does business. Each year, the compensation team reviews all jobs in the company using over 20 published regional, national and industry-specific salary surveys. Through this annual pay study process, REI seeks to insure that employees are paid competitively.

REI's Step! program, provides newly hired retail, direct sales and distribution center non-management employees eligibility for pay increases after their first six months of service. This program aims to raise hourly base pay more quickly, rewarding performance and helping REI keep talented people.

### Great Place to Work® Model®

Dimension	How it plays out in the workplace	
	<b>Credibility</b> <ul style="list-style-type: none"> <li>• Communications are open and accessible</li> <li>• Competence in coordinating human and material resources</li> <li>• Integrity in carrying out vision with consistency</li> </ul>	T
	<b>Respect</b> <ul style="list-style-type: none"> <li>• Supporting professional development and showing appreciation</li> <li>• Collaboration with employees on relevant decisions</li> <li>• Caring for employees as individuals with personal lives</li> </ul>	R U S
	<b>Fairness</b> <ul style="list-style-type: none"> <li>• Equity-balanced treatment for all in terms of rewards</li> <li>• Impartiality-absence of favoritism in hiring and promotions</li> <li>• Justice-lack of discrimination and process for appeals</li> </ul>	T
	<b>Pride</b> <ul style="list-style-type: none"> <li>• In personal job, individual contributions</li> <li>• In work produced by one's team or work group</li> <li>• In the organization's products and standing in the community</li> </ul>	
	<b>Camaraderie</b> <ul style="list-style-type: none"> <li>• Ability to be oneself</li> <li>• Socially friendly and welcoming atmosphere</li> <li>• Sense of "family" or "team"</li> </ul>	

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### Employee Service Projects

New employees often do service projects during orientation, and during its annual Leadership Conference REI often hosts a stewardship project. REI also sponsors many national service projects such as National Trails Day. For this event, REI gave employees an opportunity to help maintain trails with nearly every REI store sponsoring service projects to improve the quality of local trails for everyone.

Most local service projects come from employee suggestions. One example is “Tireless Fridays” at the Pittsburgh, PA store. This event happens every Friday from 4-6pm, and it is billed as a “stewardship happy hour.” Named for an initial event where employees helped remove tires from a nearby river, it gives employees a quick and easy way to get together and improve the environment.

Another program that many employees find especially fulfilling to be involved with is PEAK (Promoting Environmental Awareness in Kids). Developed by partnering with the Leave No Trace Center for Outdoor Ethics, the PEAK program helps REI employees share their love of the outdoors with kids in their local communities. REI helped fund the program and trains employees how to use it.

### Supporting Communities – Reaching Out

Community outreach efforts in Atlanta led REI to sponsor a team of riders in the Bicycle Ride Across Georgia (BRAG) program. BRAG, a non-profit group based in Atlanta, GA organizes a cross-state bicycle ride every June. The REI sponsored “Dream Team” was made up of 12 middle school-aged kids from diverse communities who had little experience with outdoor recreation.

Atlanta-area REI employees outfitted the team with the gear they needed, trained the team and helped them during the ride, doing any repairs needed along the way. The team members who finished the week-long ride across the state got to keep all their gear.

### Keeping in Touch with Employees

REI leaders use a number of methods for sharing information with employees including town-hall meetings, team huddles, Snaplink – the company intranet, and REI GPS, the corporate newsletter.

An online forum on Snaplink called Let’s Talk is a way employees can ask any question they’d like and be assured that they’ll get a response. Working with a moderator, managers reply directly to employees or post answers on the site. In 2007, employees submitted 525 questions about a variety of topics.

REI GPS covers a range of topics from all over the co-op, openly sharing company news and goals with all employees. REI GPS is important for giving employees a sense of business activities and strategic direction.

A column called “On the Journey” is always written by a member of the leadership team. The column has news and information from senior leaders who write about a range of topics, including REI’s values or other topics important to people at REI.

Columns about service and stewardship, the company’s financial performance and various business initiatives have also appeared in REI GPS. The newsletter also includes an “REI by the Numbers” regular feature to keep employees up to date on the co-op’s performance.

### Recognition for Living the Values

The Anderson Award is REI’s highest honor. It’s awarded to non-management employees who, in the eyes of their fellow employees, live REI’s core values and embody the co-op spirit.

Employees are intimately involved with the award selection process. Each store forms an employee task force - often led by a previous Anderson Award winner - to go through all the nominations and recommend a winner.

In 2008, 138 people received the Anderson Award. Each recipient receives a certificate and an engraved brick to be placed at headquarters. Every award winner is also flown to REI’s headquarters to participate in a three-day event that includes tours of the Seattle store and Sumner distribution center and a variety of outdoor events led by fellow REI employees (a popular option is a sailing trip with president and CEO Sally Jewell).

# Any Company Can Create a Great Workplace

## Our Mission is to Help Them Do It



**Great Place to Work® Institute, Inc.** has conducted pioneering research on the characteristics of great workplaces for over 25 years. We believe all companies can become great places to work, and our mission is to help them succeed. Our Great Place to Work® Model® is recognized as the standard for assessing great workplaces. In 40 countries around the world, we are proud to:

- **Recognize the Best Companies** for their achievements through our international Best Companies lists. In the U.S., these lists include Fortune's 100 Best Companies to Work For®, as well as the "Best Small & Medium Companies to Work for in America" published in collaboration with SHRM.
- **Help companies create and sustain great workplace cultures** through our consulting services. Our data collection tools (employee survey, focus groups, 360° professional development tool) educational workshops and training programs, action planning system, and strategic advising services all support the transformation process within any organization. The Institute's unique access to Best Companies' data allows us to offer unparalleled benchmarking opportunities, best practice information, and transformation insight to our consulting clients.
- **Share resources, best practices, and Institute research** through our education services. These include peer networking groups, workshops, conferences, and publications which enable organization leaders to learn directly from each other, as well as benefit from our wealth of knowledge and lessons learned from the Best Companies and our clients.

### For more information, please contact us:

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#### Additional Resources

- Join us for the 2009 Great Place to Work® Conference, May 6-9 in Miami Florida, to learn more about how to create great workplaces directly from Best Companies leaders. For more information, visit [www.greatplacetowork-conference.com](http://www.greatplacetowork-conference.com)
- Nominate your company to be on Best Companies lists in North America, Europe, Latin America and Asia by visiting [www.greatplacetowork.com/best/index.php](http://www.greatplacetowork.com/best/index.php)
- Consulting Services: We believe passionately that any organization of any size or industry can become a great workplace. Great Place to Work® Institute, Inc. consulting services are based on 25 years of researching Best Companies, and our in-depth knowledge of how companies transform can help you achieve higher levels of productivity and profit. Through our assessment, action planning, and advisory services, we can help you to measure, benchmark, and positively impact employees' experiences of your organization.