

## CVS Caremark



### Business Outcomes

- 48,000 hired, trained and retained
- 30 % higher retention rate
- Turnover rate reduced by 50%
- 179% return on WOTC relative to costs
- Three times higher customer satisfaction ratings by RLC trained workers

### Employee Impact

- 80,000 off public assistance
- Defined career pathways
- 1,500 entry-level and incumbent workers trained annually at 6 sites

### Government Partnership Programs

- Taps unconventional talent source
- Partners with state and federal workforce development entities
- Use of Work Opportunity Tax Credits

# Recruiting and Training Through Public Workforce System Produces Strong ROI CVS Caremark

By 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 7000 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 in 43 states. To support the exponential growth accomplished by CVS Caremark over the past ten years, the company needed a wide 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 the unforeseen benefit of a profit center for CVS Caremark.

## Regional Learning Center Partnerships Produce Valuable Employees

What began over twenty years ago as the Government Programs department within human resources of CVS is now the corporation's Workforce Initiatives program that oversees six Regional Learning Centers (RLC) across the nation, 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 proved to 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 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 annually at each site for CVS Caremark. The public entities assume operation cost of the learning centers and CVS Caremark assumes costs of training, staff and equipment. Additionally, the partners tap training dollars available through federal and state WIA legislation to support programming.

## PERSONAL STORY

Veronica Vergara began her CVS career as an intern via Pathways to Pharmacy and progressed to pharmacy sales associate, 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.

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.

## About Corporate Voices

Corporate Voices is the leading national business membership organization representing the private sector on public and corporate policy issues involving working families. A nonprofit, nonpartisan organization, we improve the lives of working families by developing and advancing innovative policies that reflect collaboration among the private sector, government and other stakeholders.

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## Find Out More

Corporate Voices is committed to identifying and spotlighting businesses supporting postsecondary completion while making significant contributions to internal company goals. “Best practice” talent development models that increase access to career opportunities through education and training are being examined for characteristics that are transferable and replicable to other employers. This research is being conducted with the guidance of the Corporate Voices Learn and Earn Business Leadership Team consisting of business executives leading promising models and those interested in peer-to-peer learning. If you are interested in joining, contact Peggy Walton at [pwalton@corporatevoices.org](mailto:pwalton@corporatevoices.org). Team members include:

- Pacific Gas & Electric
- AOL
- Marriott International
- KPMG
- Bon Secours

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 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 by hiring from the communities they serve, CVS Caremark engenders customer loyalty.

## Career Pathways Support Talent Development

In order to support 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 that has multiple elements which encourage young people, including low-income young adults, to consider careers in pharmacy.

“Our investments in training and in 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

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 come into the program through summer youth internships offered during junior or senior years, follow by part-time employment

For more information about CVS Caremark, visit [www.cvs.com](http://www.cvs.com).

**SECTOR:** Pharmacy/Retail

**EMPLOYEES:** Over 200,000 in 43 states

**ANNUAL REVENUE:** Over \$87 billion in 2009

opportunities combined with continuing education. Employees can pursue continuing education, which leads to national certification as pharmacy technicians 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, 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 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 twelve groups targeted for WOTC, CVS Caremark receives the following credits:

- \$1,200 for each new summer youth hire (16-17);
- \$2,400 for each new adult hire;
- \$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. CVS Caremark further benefits through lower turnover rates and higher customer satisfaction generated by the training.