

The True Cost of Freebees

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Case 1: It seems to be all too common: An employee gets fired for giving out a free product. A female employee at a Dartmouth, Nova Scotia, Subway® restaurant (<http://www.subway.ca>) gave each of two victims of a recent, local apartment fire a 6-inch sandwich at no charge because they did not have any money and were hungry. The two victims just came into the store to thank the employee for letting them stay at her apartment after the fire so they would have a place to stay; they were not at the outlet for a handout. A review of a video tape of that time period by the management of the outlet revealed the act of assistance. Based on this evidence, the employee in question was terminated by the general manager, not her direct supervisor, for violating store policy. The manager, the employee's direct supervisor was unsuccessful at attempts to intervene to prevent the termination. While employees are allowed a free 12-inch sandwich for lunch, the selection must be recorded. In this situation, the employee forgot to record this act of assistance because of all that was going on in the store at the time. The local corporate office was not aware of the act of assistance or the termination at the time of occurrence. While the local corporate office considered the termination to be unfortunate, it did consider such matters to be between the employee and the franchisee. It was further stated by the local corporate representative that Subway provides food donations to victims of floods and fire food through the Red Cross. The Canadian corporate office of the company (i.e., Subway Restaurants Canada) has indicated that, although the matter is a local issue, it will be investigating the matter with the local franchise owner. Nonetheless, the terminated employee at the heart of this matter has indicated that she does not want her job back or to work for the fast-food chain in question.

Case 2: In 2008, almost two years earlier, an employee (a single mother of four with 3-years employment with the outlet) at a Tim Hortons® restaurant (<http://www.timhortons.ca>) was also fired by a franchisee (management) in London, Ontario, for giving a 16-cent Timbit® to a child around 11-months old in order to quiet the child. The mother of the child was a regular customer who was having a bad day. This act of kindness was also caught on tape. Even though such behaviour is extended to dogs and children, a district manager for the corporate office indicated that the items given out gratis are usually items from the day before. A spokesperson from corporate office indicated that the company does not have a policy of giving away doughnuts, but she did indicate that giving away day-old Timbits was common and that any decision of this nature is up to the franchisee. The corporate office spokesperson indicated that they are working with the franchisee on setting up a policy on such matters and that, from the perspective of the corporate office, the whole incident is viewed as a disappointing overreaction by management of the outlet. A press release from the corporate office indicated that the situation involved an overzealous manager, that the action by the manager was not appropriate, and that the action of the employee was not cause for dismissal. Corporate office also recognized that the whole situation could become a public

relations nightmare as the media picked up on the story. A day after the incident, the employee was given a job at another outlet owned by the same franchisee in the same city; she was also to receive any lost pay.

Focus: Publicity (positive, negative), store policy, crisis management, channel conflict, exercise of power (reward, coercion, legitimate, referent, expert), fixed cost, variable cost, attitude.

Questions:

1. Define and explain the relevance of each of the concepts listed in the Focus section to the situations described. [Note: not all concepts may be relevant.]
2. Do you agree or disagree with the termination decision made by local management in each case? Explain. What would you have done each situation? Explain.
3. Do you agree or disagree with the action and/or views of the corporate office, whether local and/or country-level, in each case? Explain. In the case of the Subway incident, do you think the U.S. corporate office (<http://www.subway.com>) would/should get involved? Explain.
4. What role should the franchisor have in situations like those described? What role should corporate office have in such situations, if the outlet in question was corporate owned (i.e., not a franchise)? Explain.
5. How does the concept of crisis management apply to situations like those described? Explain. Should a company put into place a crisis management manual outlining the policies and procedures to be followed in situations involving the company that fall within a public forum? Explain. What is the distinction between policies and procedures?
6. What should Subway have learned from the Tim Hortons situation, assuming that it was aware of the events that took place two years prior? Had Subway been aware of the prior event, what do you think they would have done in the situation that they faced? Explain.
7. Do you think the initial action of management in each case would have been different had the employee been a male? had been a senior citizen, whether male or female? Explain. In both cases, the two employees involved were beyond their teenage years but had yet entered their latter middle-age or senior-years. [Note: there is not age requirement for retirement in Canada.] Do you think the corporate, media and public outcry to the situations would have been different had the characteristics of the employees been of the nature described? Explain.

8. Do you know of any similar situations like those described? Explain.
9. In situations of the nature described, what is the “true cost of freebies”? Explain.
10. Why do you think this story about Tim Hortons gained so much media (print, broadcast, online) attention in Canada? Do you think the story about the Subway incident would receive the same level of attention? Why or why not?

Note. The facts related to these situations are drawn primarily from the following sources: [1] Fired for giving away Subway subs to fire victims. (2010, June 10). *CTV.ca*. Retrieved from http://news.sympatico.ctv.ca/home/contentposting?feedname=CTV-TOPSTORIES_V3&showbyline=True&date=true&newsitemid=CTVNews%2f20100610%2fns-subway-firing-100610 [2] Tim Hortons fires single mom over free Timbit. (2008, May 8). *The Toronto Star*. Retrieved from <http://www.thestar.com/article/422864> [3] Rush, C. (2008, May 8). Tim Hortons rehires mother fired over Timbit. Retrieved from <http://www.thestar.com/article/422936> [4] Tim Hortons rehires fired woman. (2008, May 8; 2009, March 30). *The Globe and Mail*. Retrieved from <http://www.theglobeandmail.com/news/national/article684498.ece> [5] Hawthorne, K. (2008, May 8). Tim Hortons debacle: Single mom fired for giving baby free Timbit. *National Post*. <http://network.nationalpost.com/np/blogs/posted/archive/2008/05/08/tim-hortons-debacle-single-mom-fired-for-giving-baby-free-doughnut.aspx> [6] Tempest over a Timbit: Fired Tim Hortons cashier gets her job back. (2008, May 8). *CBC News*. Retrieved from <http://cbc.ca/consumer/story/2008/05/08/timbit-lilliman.html> [7] Fired Subway worker doesn't want to work there anymore (2010, June 11). Retrieved from http://news.sympatico.ctv.ca/home/contentposting?feedname=CTV-TOPSTORIES_V3&showbyline=True&date=true&newsitemid=CTVNews%2f20100611%2fsubway-firing-folo-100611