



360° Kompetenz für rundum beste Aussichten

White Paper

Growing operational Store Performance

We help retailer organizations define standard operating procedures for their stores to grow turnover, re-duce costs and drive profitability. Only clear guidelines, roles, responsibilities, information flows, tools and respective know-how allow for smooth operations on the shop floor and within the entire value chain

A. Improving in-store Performance and Manageability

We help retailers define and optimize standard operating procedures for their stores in order to strengthen their store performance and to achieve greater manageability of their expansion plans.

Measuring a retailer's performance is rather simple. Quantitative data on a group or store level provide the necessary insights. The challenge however lies in identifying the origins of performance deficits:

- *Retail is Detail*
A wide range of in-store aspects come into play to explain the performance of shops and need to be analyzed
- *Stores are support-dependent*
Store underperformance may result from insufficient support by facilitating departments (e.g. training)
- *Stores are front-end Operations*
Store underperformance may be the consequence of poor decisions taken on previous stages of the value chain (e.g. product category management)
- *Diverse Store Conditions*
Each store operates under unique circumstances. Intensity and profile of competition varies between different locations. Stores differ in size, design and accessibility
- *Opinionated Workforce*
Opinions of employees about the reasons for store underperformance vary strongly

Retailer organizations are well-advised to professionalize their operational business model for stores. They need to develop

strategies, concepts and concrete tools that are capable...

- to achieve outstanding store results,
- to ease store manageability and
- to adequately reflect store diversity.

Based on our experience, we identified the following key success drivers for in-store operations:

- *Comprehensive Organization*
Truly all processes and standards need to be defined – from store opening to closure
- *Appealing Impression*
Shop appeal needs to be maintained and continuously renewed by store personnel and external facilitators
- *Operational Effectiveness*
Qualitative targets have to be set for all processes. Processes have to be designed to meet these targets
- *Operational Efficiency*
Procedures need to ensure smooth store transactions able to cope even with high traffic periods
- *Integrative Alignment*
Store operations need to be well integrated in the retailer's entire value chain. They must provide important information to the headquarter and need to be able to rely on support from facilitating functions
- *Consistent Application*
Success depends on rigorous application, training, monitoring and enforcement of the standards.

B. Increasing Retailer Performance and Expansion-Capability

Optimized standard operating procedures create strong value. They increase store performance and foster manageability of expansions:

- Higher profitability
- Growing turnover
- High customer satisfaction and loyalty
- Improved information flow
- Better integrated value chain
- Lower costs, including supervision time
- Higher accountability

C. Our Approach to achieve measurable and sustainable Results

Successful improvement of store operations crucially relies on a sound project design. Based on our experience, we have learned the following principles to yield the best results:

Heterogeneous Project Team

We team up with our clients. A great diversity of team members allows for a broader view, gather a wider range of deficits and suggestions for improvement. This approach also turned out to gain greater buy-in from the organization during the assessment phase as well as later when implementing changes.

Scoping the Project

When aiming to improve store operations, we typically approach the full range of in-store processes:

Estate: Cleaning services, security services, safety, theft-prevention, maintenance services, refurbishment and renovation services, shop layout Display: Shop-window dressing, merchandise, product placement & decoration, folding | hanging, shelf racking Customers: Customer service, product consultation, sales, customer loyalty support, complaint management, purchase transaction Commercial: Pricing, promotion management, cost and cash management Supply chain: Delivery acceptance, storage management, stock count, order management Personnel: Shift and duty scheduling, product training, sales training, process and standards training, personal appearance, Information Flow: Returns, sales reporting, product acceptance reporting – and many more.

Quantitative and qualitative Assessment

First, we carry out interviews with selected members of the retail management and functional experts in the headquarter. Subsequently, we determine criteria most adequately representing the performance of store operations and assess a wide range of quantitative data already existing in the organization. Furthermore, we carry out store checks and customer surveys in the form of questionnaires and open interviews. Additionally, we conduct interviews with a vast number of store personnel. We typically carry out our analysis for different store formats and quality clusters separately. Furthermore, we assess the SOP manual currently in use as well as related training materials.

Benchmarking

We benchmark operations between stores, format and clusters as well as against competitor organizations in order to derive an improvement-oriented performance profile.

Excellence Workshops

Intending to excel performance even further, we carry out additional “excellence workshops” where we collectively develop with selected client managers concrete measures to exceed existing performance levels of competitors and internal benchmark stores.

Designing Workflows

We then conceptualize and detail the measures for improvement. Additionally, we estimate their respective impact on operational

effectiveness and efficiency of the store and of the value chain as a whole.

Documenting

It is essential to document processes and standards precisely and comprehensively. Only in this case a successful implementation, consistent application and maximum impact can be expected.

Implementation

We accompany our clients also in the implementation phase. We strongly suggest carrying out an implementation pilot before full roll-out. Additionally, we recommend facilitating the implementation with a training program. Furthermore, we suggest evaluating the resulting effects in a control sample after about 6 months.

Author

Stephan Lückenkötter
Partner

s.lueckenkoetter@tme-consulting.com

TME Consulting
Giselastraße 12 | 80802 Munich
www.tme-consulting.com