

CD2024 633EC RETAIL E CHANNEL MANAGEMENT

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Retail Management: A Strategic Approach

Thirteenth Edition, Global Edition



Retail Management

A Strategic Approach

THIRTEENTH EDITION

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Chapter 11 Retail Organization And Human Resource Management

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Steps in Operating Retail Business

- Setting up an **organization structure**
- Hiring and managing **personnel**
- Managing **operations**—financially and nonfinancially

Knowing the needs of both external (target market) and internal (employees and management) actors is crucial!

Factors in Planning and Assessing a Retail Organization

Target Market needs

Management needs

Employee needs

Is the retail organization adequately coping with the customers'/Employees'/management's needs?

Planning and Assessing a Retail Organization

- **Target Market Needs**

Planning and Assessing a Retail Organization

- **Target Market Needs**

- Are there sufficient personnel to provide appropriate **customer service**?
- Are personnel knowledgeable and courteous?
- Are **store facilities well maintained**?
- Are the specific needs of branch store customers met?
- Are changing needs promptly addressed?

It is not only a matter of skills or organizational efficiency, but employee's morale is also vital

Planning and Assessing a Retail Organization

- **Employee Needs**

Planning and Assessing a Retail Organization

- **Employee Needs**

- Are **positions challenging and satisfying** enough?
- Is there an orderly **promotion program** from within?
- Is the employee able to participate in the **decision-making process**?
- Are the **channels of communication** clear and open?
- Is the **authority-responsibility relationship** clear?
- Is each employee treated fairly?
- Is good performance rewarded?

Planning and Assessing a Retail Organization

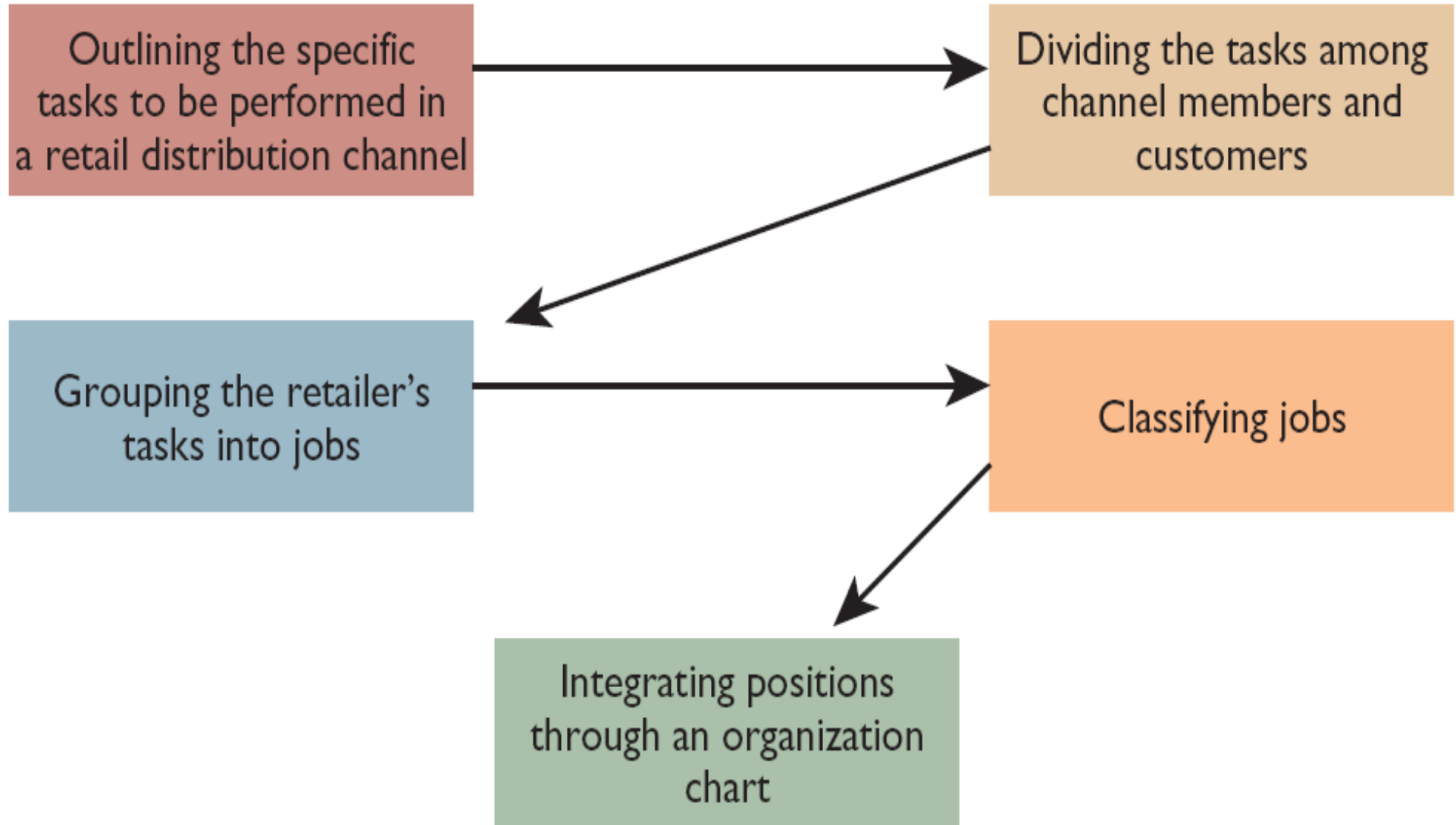
- **Management Needs**

Planning and Assessing a Retail Organization

- **Management Needs**

- Is it relatively easy to **obtain and retain competent personnel**?
- Are personnel procedures clearly defined?
- Does each worker report to only one supervisor?
- **Can each manager properly supervise** all the workers reporting to him or her?
- Do operating departments have **adequate staff support** (e.g., marketing research)?
- Are the levels of organization properly developed?
- Are the organization's plans well integrated?
- **Are employees motivated?**
- **Is absenteeism low?**
- Is there a system to replace personnel in an orderly manner?
- Is there enough flexibility to adapt to changes in customers or the environment?

The Process of Organizing a Retail Firm



Division of Tasks in a Distribution Channel

| Performer | Tasks |
|-----------------------------------|--|
| Retailer | Can perform all or some of the tasks in the distribution channel, from buying merchandise to coordination. |
| Manufacturer or Wholesaler | Can take care of few or many functions, such as shipping, marking merchandise, inventory storage, displays, research, etc. |
| Specialist(s) | Can undertake a particular task: delivery firm, warehouse, marketing research firm, ad agency, accountant, credit bureau, computer service firm. |
| Consumer | Can be responsible for delivery, credit (cash purchases), sales effort (self-service), product alterations (do-it-yourselfers), etc. |

Grouping Tasks into Jobs

| Tasks | Jobs |
|--|----------------------------|
| Displaying merchandise, customer contact, gift wrapping, customer follow-up | Sales personnel |
| Entering transaction data, handling cash and credit purchases, gift wrapping | Cashier(s) |
| Receiving merchandise, checking incoming shipments, marking merchandise, inventory storage and control, returning merchandise to vendors | Inventory personnel |
| Window dressing, interior display setups, use of mobile displays | Display personnel |
| Billing customers, credit operations, customer research | Credit personnel |
| Merchandise repairs and alterations, resolution of complaints, customer research | Customer service personnel |
| Cleaning store, replacing old fixtures | Janitorial personnel |
| Employee management, sales forecasting, budgeting, pricing, coordinating tasks | Management personnel |

A Job Description for a Store Manager

JOB TITLE: Store Manager for 34th Street Branch of Pombo's Department Stores

POSITION REPORTS TO: Senior Vice-President

POSITIONS REPORTING TO STORE MANAGER: All personnel in the 34th Street store

OBJECTIVES: To properly staff and operate the 34th Street store

DUTIES AND RESPONSIBILITIES:

- Sales forecasting and budgeting
- Personnel recruitment, selection, training, motivation, and evaluation
- Merchandise display, inventory management, and merchandise reorders
- Transferring merchandise among stores
- Handling store receipts, preparing bank transactions, opening and closing store
- Reviewing customer complaints
- Reviewing computer data forms
- Semiannual review of overall operations and reports for top management

COMMITTEES AND MEETINGS:

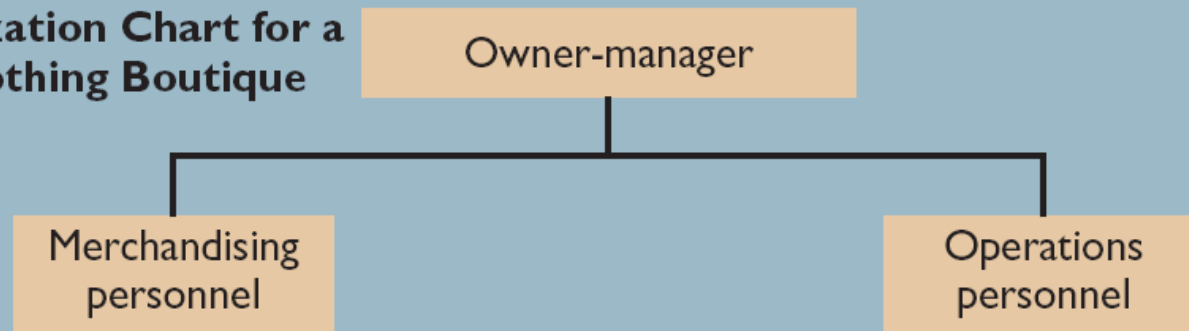
- Attendance at monthly meetings with Senior Vice-President
- Supervision of weekly meetings with department managers

Principles for Organizing a Retail Firm

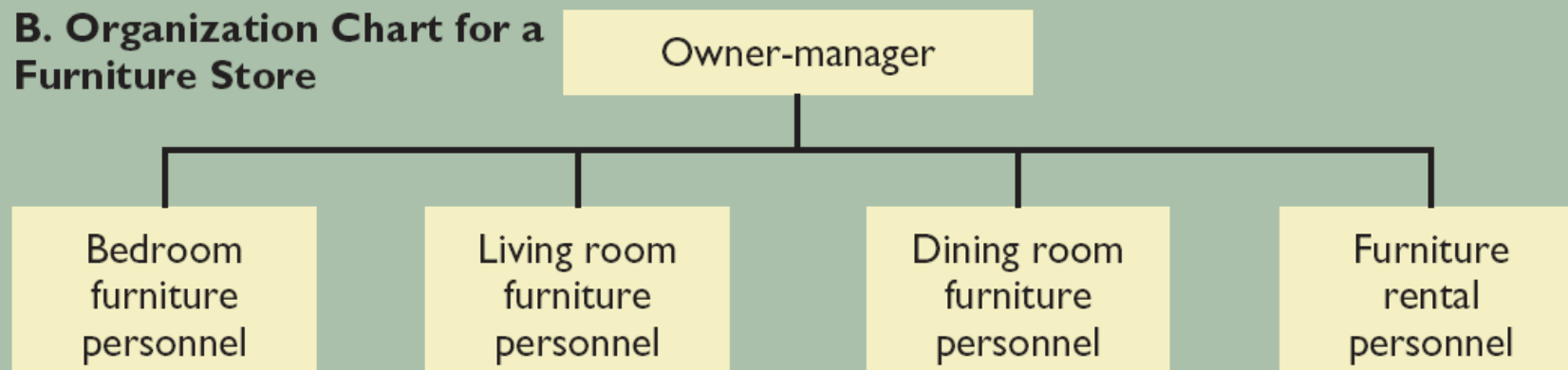
- Show **interest in employees**
- Monitor **employee turnover, lateness, and absenteeism**
- Trace **line of authority** from top to bottom
- **Limit span of control** (i.e., ensure that managers do not have too many subordinates)
- **Empower employees**
- Delegate authority while maintaining responsibility
- Acknowledge **need for coordination and communication**
- Recognize the **power of informal relationships**

Organization Structures Used by Small Independents

A. Organization Chart for a Ladies' Clothing Boutique



B. Organization Chart for a Furniture Store

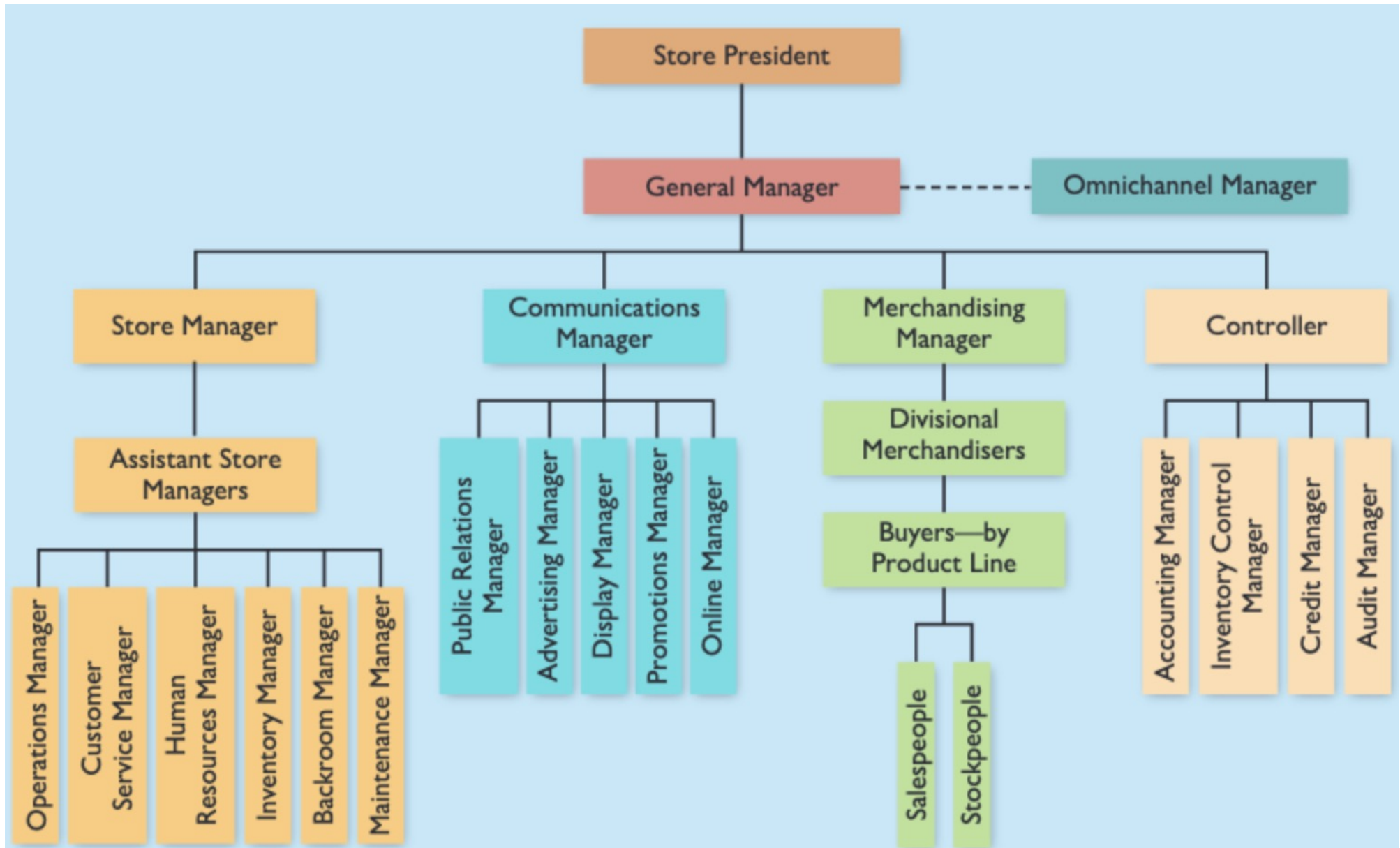


Mazur Plan

a retail store management technique under which the store activities are categorized into four major areas:

- **Merchandising**—buying/selling, stock planning,
- **Publicity**—displays, event planning, advertising research
- **Store management**—customer service, merchandise protection, receiving
- **Accounting and control**—credit, expense budgeting, inventory management

The Basic Mazur Organization Plan for Department Stores



Chain Retailer Organizations



Centralized functional divisions— real estate, distribution, human resources (top management)



Elaborate information system and management controls



Centralization of much of buying with room to adapt to local markets

Department Store Organization Formats

- **Main store control**— flagship executives oversee store units. Extreme centralization
- **Separate store organization**—each store buys for itself and maintains sales responsibility
- **Equal store organization**— buying is centralized; branch stores are sales units

Human Resource Management in Retailing

- Recruiting
- Selecting
- Training
- Compensating
- Supervising

Direct and Indirect Costs of Employee Turnover

- **Direct Costs:** include separation costs, exit interviews, replacement costs (advertising, screening, new employee orientation) and training costs
- **Indirect costs:** include customer dissatisfaction, reduced suggestion selling, pricing errors, reduced morale among co-workers

True Cost of Employee Turnover

- Costs of using fill-in employees
- Severance pay (*i.e.*, TFR) for exiting employees
- Costs of hiring new employees
- Training costs
- Costs of mistakes and lower productivity while new employees gain experience
- Customer dissatisfaction due to the loss of prior employees and the use of inexperienced workers.
- Lower continuity among co-workers.
- Poor employee morale when turnover is high.

Employee Behavior and Motivation

- Several attitudes may affect employee behavior
 - Sense of accomplishment
 - Enjoyment of work
 - Attitude toward physical work conditions
 - Attitude toward supervisors
 - Confidence in company
 - Knowledge of business strategy
 - Recognition of employee role in achieving corporate objectives

Motivating Millennial Employees

- Technologically advanced but often have different work values than older employees
- Provide flexible work hours
- Support volunteer activities to demonstrate firm's commitment to society
- Provide mentors
- Get Millennials actively involved in solving important problems

Style of Supervising Retail Employees

1. Management assumes **employees must be closely supervised and controlled**; only economic inducements motivate
2. Management assumes **employees can be assigned authority and be self-managers**; motivation is intrinsic
3. Management applies **self-management approach**