

Store Management

CHAPTER 16

Questions

- What are the responsibilities of store managers?
- How do store managers recruit, select, motivate, train, and evaluate their employees?
- How do store managers compensate their salespeople?
- What legal and ethical issues must store managers consider in managing their employees?
- What can store managers do to increase productivity and reduce costs?
- How can store managers reduce inventory losses due to employee theft and shoplifting?
- What are retailers doing to reduce energy costs?

Strategic Importance of Store Management

- Opportunity to Build Strategic Advantage
 - Difficult to Have Unique, Compelling Merchandise
 - Customer Loyalty Often Based on Customer Service
- Difficulty of Store Managers Job
 - Managing Diverse Set of Unskilled People
 - Increasing Empowerment and Responsibility to Tailor Merchandise and Presentation to Local Community

Store Managers' Responsibilities



- Varies Dramatically By Type of Retailers
 - Specialty Store vs. Department Store
- Entrepreneur
 - P & L Responsibility
 - Manage People
- Responsible for Two Critical Assets
 - People Sales/Employees
 - Real Estate Sales/Square Foot

Responsibilities of Store Managers



MANAGING STORE EMPLOYEES (Chapter 16)

- Recruiting and selecting
- Socializing and training
- Motivating
- Evaluating and providing constructive feedback
- Rewarding and compensating



CONTROLLING COSTS (Chapter 16)

- Increasing labor productivity
- Reducing maintenance and energy costs
- Reducing inventory losses



MANAGING MERCHANDISE

- Displaying merchandise and maintaining visual standards (Chapter 17)
- Working with buyers
 - Suggesting new merchandise
 - Buying merchandise
- Planning and managing special events
- Marking down merchandise

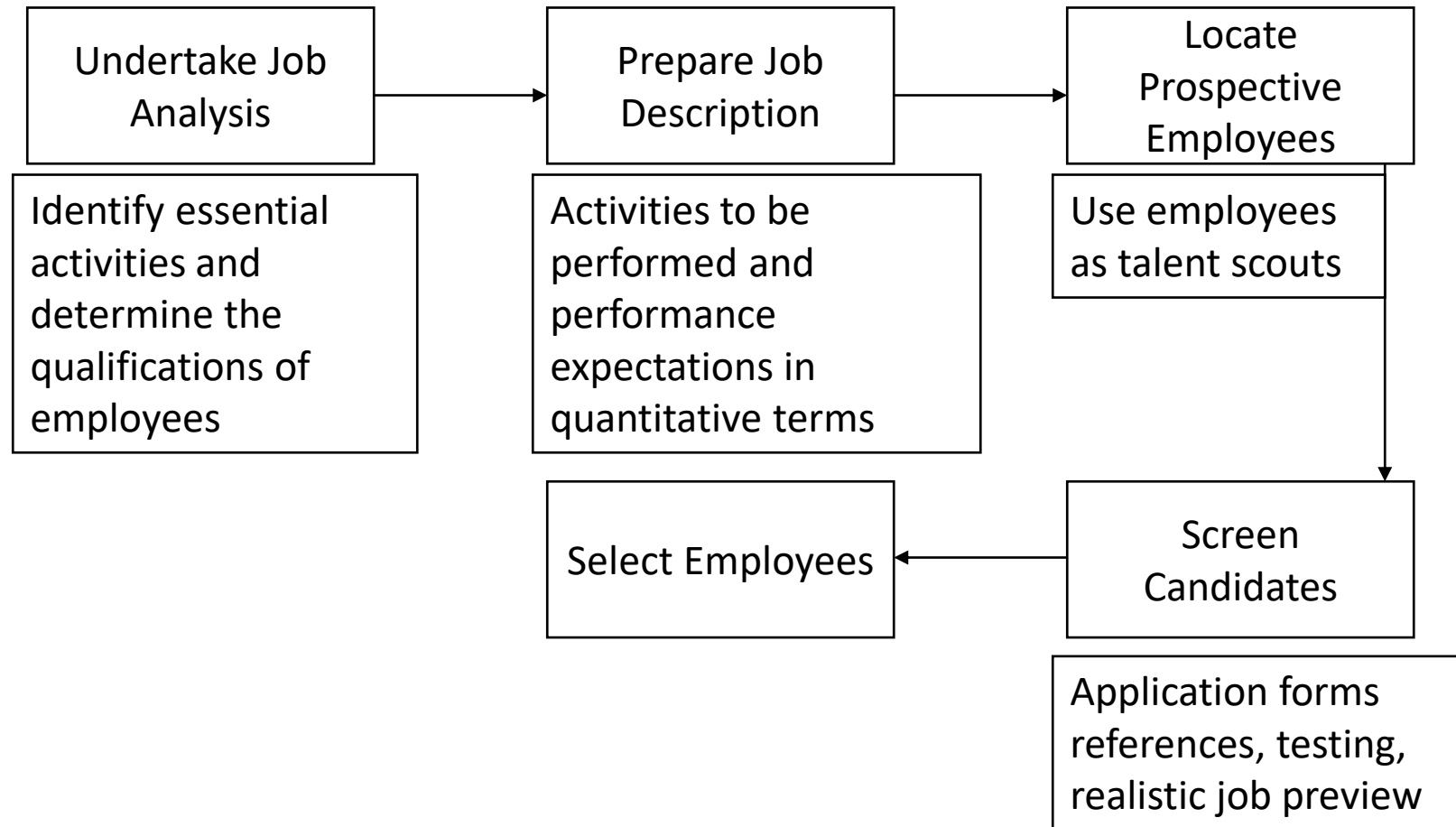


PROVIDING CUSTOMER SERVICE (Chapter 18)

Steps in Employment Management Process



Recruiting and Selecting Employees



Questions for Undertaking Job Analysis

- How many salespeople will be working in the department at the same time?
- Do the salespeople have to work together in dealing with customers?
- How many customers will the salesperson have to work with at one time?
- Will the salesperson be selling on an open floor or working behind the counter?
- How much and what type of product knowledge does the salesperson need?
- Does the salesperson need to sell the merchandise or just ring up the orders and provide information?
- Is the salesperson required to make appointments with customers and develop a loyal customer base?
- Does the salesperson have the authority to negotiate price or terms of the sale?
- Does the salesperson need to demonstrate the merchandise?
- Will the salesperson be expected to make add-on sales?
- Is the salesperson's appearance important? How should an effective salesperson look?
- Will the salesperson be required to perform merchandising activities such as stocking shelves and setting up displays?
- Whom will the salesperson report to?
- What compensation plan will the salesperson be working under?

Interviewing Questions

Education

- What were your most and least favorite subjects in college? Why?
- What types of extracurricular activities did you participate in? Why did you select those activities?
- If you had the opportunity to attend school all over again, what, if anything, would you do differently? Why?
- How did you spend the summers during college?
- Did you have any part-time jobs? Which of your part-time jobs did you find most interesting? What did you find most difficult about working and attending college at the same time? What advice would you give to someone who wanted to work and attend college at the same time?
- What accomplishments are you most proud of?

Interviewing Questions

Previous Experience

- What's your description of the ideal manager? Subordinate? Coworker?
- What did you like most/least about your last job?
- What kind of people do you find it difficult/easy to work with? Why?
- What has been your greatest accomplishment during your career to date?
- Describe a situation at your last job involving pressure. How did you handle it?
- What were some duties on your last job that you found difficult?
- Of all the jobs you've had, which did you find the most/least rewarding?
- What is the most frustrating situation you've encountered in your career?
- Why do you want to leave your present job?
- What would you do if . . . ?
- How would you handle . . . ?
- What would you like to avoid in future jobs?

Interviewing Questions

Questions that should not be asked per equal employment opportunity guidelines

- Do you have plans for having children/a family?
- What are your marriage plans?
- What does your husband/wife do?
- What happens if your husband/wife gets transferred or needs to relocate?
- Who will take care of your children while you're at work?
- (Asked of men) How would you feel about working for a woman?
- How old are you?
- What is your date of birth?
- How would you feel working for a person younger than you?
- Where were you born?
- Where were your parents born?
- Do you have any handicaps?

Legal Considerations in Hiring and Selecting Employees

- [Equal Employment Opportunity Commission \(EEOC\)](#)
- [Age Discrimination and Employment Act](#)
 - [Disparate Treatment](#)
 - [Disparate Impact](#)
- [Americans with Disabilities Act \(ADA\)](#)

Orientation and Training Employees

- Orientation Program
- Training Store Employees
 - Structured program
 - On-the-job learning experiences
 - E-training
 - Blended Approach
 - Analyzing Successes and Failures



Motivating and Managing Employees

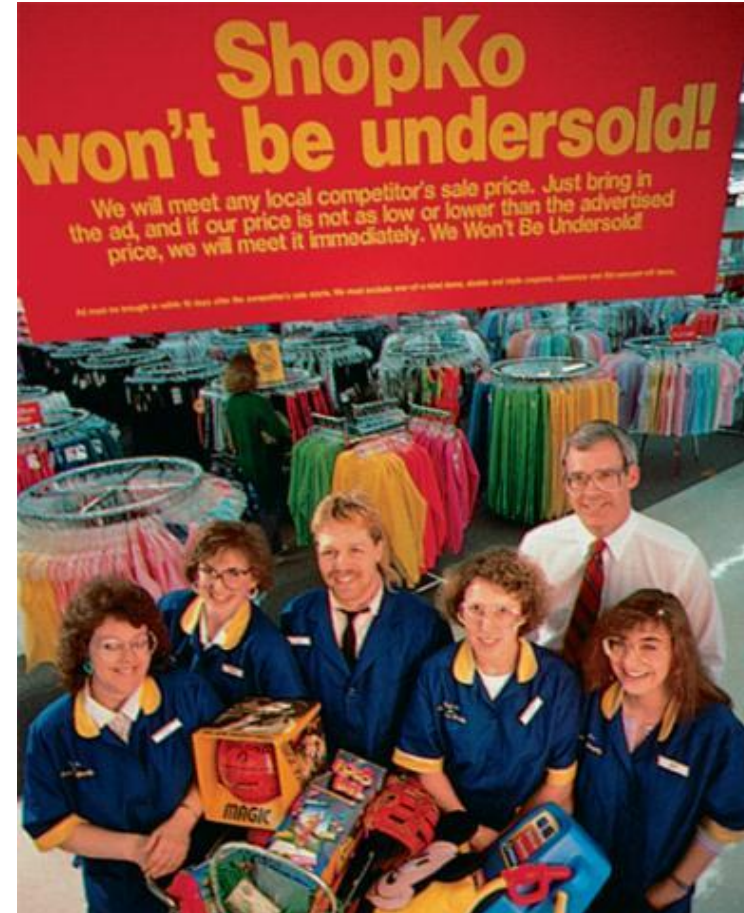
- Leadership
 - Process by which one person attempts to influence another to accomplish some goal or goals
- Leader Behaviors
 - Task performance behaviors – planning, organizing, motivating, evaluating, coordinating store employees' activities
 - Group Maintenance – activities undertaken to make sure that employees are satisfied and work well together

Motivating and Managing Employees

- Leader decision making
 - [Autocratic leader](#)
 - [Democratic leader](#)
- Leadership Styles
 - Transformational leaders – get people to transcend their personal needs for the sake of the group and generate excitement

Democratic Leader

- The manager of this Sandy Hill, Utah, Shopko store is a democratic leader who holds meetings to keep employees informed about company and store activities.
- He encourages them to make suggestions about improving store performance.



Motivating Employees

Motivating employees to perform up to their potential may be store managers' most important but also frustrating task



Setting Goals or Quotas



How High?
How Easy to
Achieve?

Get Participation
of Employees
in Setting Goals



This Sears manager builds morale and motivates her sales associates by holding “ready meetings” before the store opens. At this meeting, the manager is discussing Approaches for improving customer service.

Why Set Goals?

- Employee performance improves when employees feel:
- That their efforts will enable them to achieve the goals set for them by their managers
- That they'll receive rewards they value if they achieve their goals



Individualized Motivation Programs

- Impact of Goals Differs Across People
- Different People Seek Different Rewards
 - [A La Carte Reward Programs](#)
 - Selection of Compensation Plans



Maintaining Morale

- Meetings before store opening to talk about new merchandise and hear employee opinions
- Educate employees about the firm's finances, set achievable goals and have a pizza party when goals are met
- Divide charity budget and ask employees how their share should be used
- Print stickers – sandwich was “wrapped by Roger”
- Give every employee a business card with the company mission statement printed on the back



Sexual Harassment

- Sexual harassment is unwelcomed sexual advances, requests for sexual favors, and other verbal and physical contact



Evaluating and Providing Feedback to Employees

- Evaluation
 - Who, when, how often?
- Feedback
 - Performance outcome vs. process

Evaluation

- Who Should Do the Evaluation?
 - In large retail firms –
 - System is Designed by Human Resource Department
 - Evaluation is done by immediate supervisors
- How Often Should Evaluations Be Made?
 - Annually or semiannually
 - Feedback from evaluations is the most effective method for improving employee skills

Evaluation

- Format for Evaluations
 - Objective measures (sales, margin, shrinkage, etc)
 - Subjective measures (supervisors' evaluations)
- Evaluation Errors

Common Evaluation Errors

Strictness	Ratings unduly negative
Leniency	Rating unduly positive
Haloing	Using the same rating on all aspects of the evaluation
Recency	Placing too much weight on recent events rather than evaluating performance over the entire period
Contrast	Having the evaluation of a salesperson unduly influenced by the evaluation of other salespeople
Attributions	Making errors in identifying causes of the salesperson's performance

Compensating and Rewarding Store Employees

- Extrinsic Rewards are rewards provided by either the employee's manager or the firm such as compensation, promotion and recognition
 - A la carte plans: give effective employees a choice of rewards for their good performance
- Intrinsic Rewards are rewards employees get personally from doing their job well like doing their job well because they think it is challenging and fun
 - Job enrichment: the redesign of a job to include a greater range of tasks and responsibilities

Compensation Programs

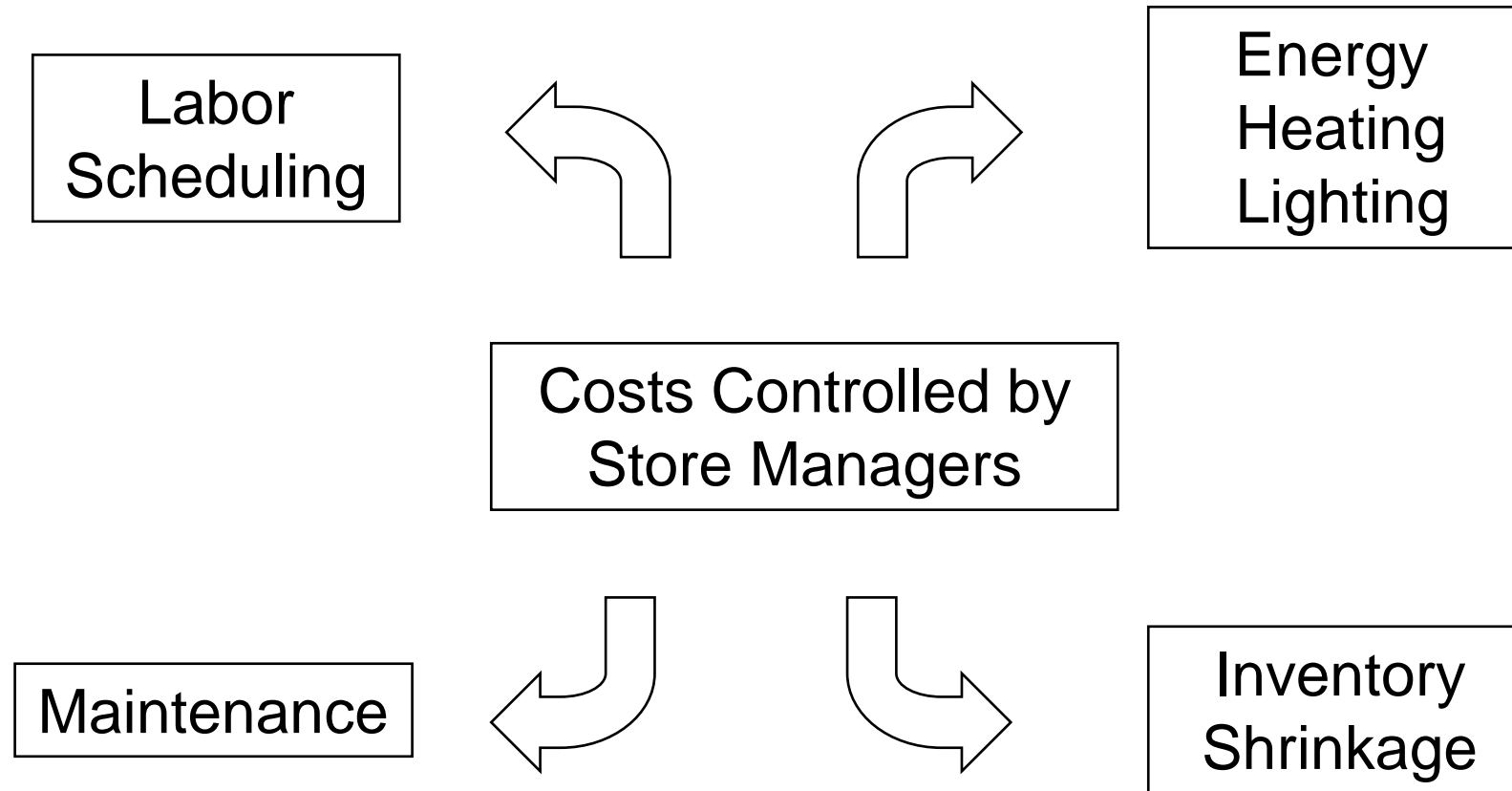
- A compensation plan is effective for motivating and retaining employees when the employees feel the plan is fair and that compensation is related to their efforts
- Types
 - Straight salary compensation
 - [Incentive compensation plans](#)
 - Straight commission
 - Quota bonus plan
 - Group incentives



Designing the Compensation Program

- Two elements:
 - the amount of compensation
 - The percentage of compensation based on incentives
- Incentive compensation is most effective when performance can be measured easily and precisely
 - Difficult to measure teamwork, non-selling activities, customer service, merchandising performance

Controlling Costs



Sources of Inventory Shrinkage



Organized and High Tech Retail Theft

- Concentrate in over-the-counter medications, infant formula, health and beauty aids, electronics and specialty clothing
- Items that are easy to sell through Internet like eBay auctions
- Technology based scams
 - Counterfeit bar codes at lower prices
 - Gift cards
 - Receipt frauds



Detecting and Preventing Shoplifting

- Store design
- Merchandise Policies
- Security measures
 - Dye capsules, CTV cameras
 - Electronic Article Surveillance (EAS)
- Personnel Policies
- Employee training
- Prosecution



EAS tag



Spotting Shoplifters

- Don't assume that all shoplifters are poorly dressed
- Spot loiterers
- Look for groups
- Look for people with loose clothing
- Watch the eyes, hands, and body

Reducing Employee Theft

- Trusting, supportive work atmosphere
- Employee screening
 - Honesty test, extensive reference checks, drug testing
- Security policies and control systems
- Employee theft is an HR problem

Total inventory shrinkage attributed to employee theft is approximately \$19 billion annually in the U.S.

Keywords

- **Equal Employment Opportunity Commission (EEOC)** A federal commission that was established for the purpose of taking legal action against employers that violate Title VII of the Civil Rights Act. Title VII prohibits discrimination in company personnel practices.
- **Age Discrimination and Employment Act** A federal act that makes it illegal to discriminate in hiring and termination decisions concerning people between the ages of 40 and 70 years.
- **disparate impact** The case of discrimination when an apparently neutral rule has an unjustified discriminatory effect, such as if a retailer requires high school graduation for all its employees, thereby excluding a larger proportion of disadvantaged minorities, when at least some of the jobs (e.g., custodian) could be performed just as well by people who did not graduate from high school.
- **disparate treatment** The case of discrimination when members of a protected class are treated differently from nonmembers of that class—if a qualified woman (protected class), for example, does not receive a promotion given to a lesser qualified man.
- **Americans with Disabilities Act (ADA)** A federal civil rights law that protects people with disabilities from discrimination in employment, transportation, public accommodations, telecommunications, and the activities of state and local government.

Keywords

- **autocratic leader** A manager who makes all decisions on his or her own and then announces them to employees.
- **democratic leader** A store manager who seeks information and opinions from employees and bases decisions on this information.
- **à la carte plans** An employee reward program giving employees a choice of rewards and thus tailoring the rewards to the desires of individual employees.
- **incentive compensation plan** A compensation plan that rewards employees on the basis of their productivity.

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