

Building Retail Excellence

White Paper

April 2008

Store Performance Management: The Indian Paradigm

Contact

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Synopsis

This paper analyses various aspects of store performance management. It offers a framework for retailers to formulate the store performance management strategy. This paper argues that retailers need to have a systemic view of their retail network and work simultaneously people aspects, process related improvements and make use of technology to generate efficiencies and facilitate control wherever possible.

Introduction

Organized Retail is set to be a big business in India. Retailers who have moved on from the start up phase are bringing a never before focus on retail performance. Coming days will see more and more budget commitments from retailers towards improvement of store productivity and performance. This is a phenomenon that will be seen across categories viz.

A bullish environment created by high growth potential of retail business, and the desire to connect with the customers are contributing to the willingness to invest in these initiatives. An in depth analysis of various store performance initiatives across automotive retailers in India brings following **challenges** to the front:

- There are very few store performance improvement initiatives that are driven by the overall business strategy.
- Store training, most of the times is seen as a stand alone activity and is generating poor ROI in terms of producing direct results.
- Most of the initiatives are either in experimentation mode or are driven by individual managers.

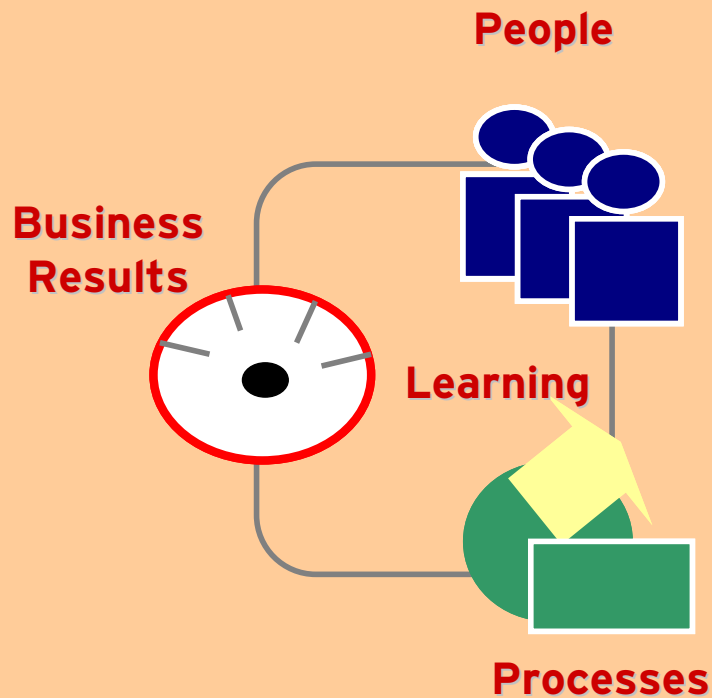
Impact of Challenges

Above issues not only result in the low return on investments made in the store training by retailers. It also creates some sort of cynicism in the system towards the value of future investments.

The Solution

Having the opportunity to observe and analyze the initiatives of many retailers, we at idea7 have put together a framework for retail performance management. This model is based on an integrated approach covering people, process & technology. The same is described below:

Integrated Performance Management System for Retail



Key Principles/Guidelines

- Have clear vision and strategy for your retail channel and let it be emanating out of your overall business strategy.
- Have a long term approach. Decide where you want to reach in next five years and implement a focused and concerted plan to achieve the same. Do not get swayed by intermittent failures.
- Research and understand expectations of your customers especially the difference between “must haves” and “desirables”. Focus on *must haves* first.
- Do not run after perfecting only the quality of people. Be in touch with ground realities in terms of what is viable and available. Instead, use technology and process as facilitators to deliver optimum performance.
- Make a plan for delivery using people, process and technology and not just people alone. Develop system with all three as equally important components.
- Have place for Processes (SOPs) and Technology as the complimentary tools to people in your development strategy.
- Retail performance management is a continuous process and requires sustained efforts. Have a focus on managing your programs for dealership improvements rather than micro-managing a single

- Have measurable goals based on the milestones that you want to achieve as part of retail strategy.
- *Manage the store and not the score:* Do not run too much after managing the CSI/SSI scores. See them as a natural outcome of an efficient customer driven interface. Focus on building this interface, scores will automatically happen.
- Use technology to have real-time information flow from and control on retail channels. Use technology to also plan developmental initiatives.
- See your retail system quality as you see manufacturing quality. Have a similar process (SOPs) driven approach.

Running the Retail Performance Management Programs

Outsourcing has emerged as a viable alternative for managing most of the store training activities. However there is little that retailers are able to implement through **“training companies”** in terms of overall retail strategy. Training companies focus on people and specific skill sets such as soft skills. They use their readymade modules to bring about changes in these areas. As a result, more often than not training initiatives do not deliver expected results. This also results in isolated training efforts and low return on investments.

Retail performance management is a larger area and needs simultaneous and integrated efforts in all directions and not just soft skills and communication. It is highly recommended that retailers work with a partner that has the capabilities to build overall performance improvement framework. Doing so involves other support systems such as SOPs and technology over

and above training. A partner who can work simultaneously on all the initiatives and integrate them with each other in a seamless manner should be chosen to implement these initiatives.

Conclusion

Retailers can have a good return on investment on the investments made in store training provided they work on a balanced approach involving people, process and technology and not just people alone. If these initiatives are implemented with the help of a partner agency, the choice should be made on the basis of capabilities to implement and integrate all the aspects.

About idea7

Idea7 is a leading provider of retail performance solutions in India. It works with many leading retail companies and assists them with training, consulting, technology & outsourcing services for retail business.

To know more about us visit www.idea7.net or write to us on assist@idea7.net.