

Store Operations: Conducting a Comprehensive Operational Assessment



If one were to survey retail store managers regarding the most common challenges they face on a daily basis, a consistent theme would be that labor budgets are too tight to accomplish the recurring operational workload and simultaneously provide excellent customer service. Corporate attempts to improve operating margins have slashed variable labor budgets while simultaneously placing added pressure on stores to execute more frequent promotional activities. Meanwhile, appealing store environments and superb service are no longer differentiating factors but rather essential requirements for survival in today's highly competitive retail environment. As a result, store managers are often faced with difficult choices when deciding how to best allocate their available budget.

This dilemma can be addressed through a comprehensive operational assessment.

Leading practice operational assessments evaluate the workload regularly performed in stores by asking retailers the following questions regarding each task:

- **Do we need to be doing this task?**
- **Who should be doing this task?**
- **When should this task be done?**
- **How should this task be done?**

By undertaking this effort, retailers will find they can improve efficiency in their stores, thereby enabling more consistent execution of their workload while simultaneously re-purposing a portion of their labor budget to improve customer service.

Do we need to be doing this task?

The first step of any operational assessment is to identify all of the tasks that are being consistently performed in the stores. This list should be exhaustive and include daily items such as replenishing shopping bags at the cash wrap stations as well as less frequent activities such as documenting, packing and shipping merchandise to be returned to vendors. Variations based on sales volume, store format, geographic location and other factors should be taken into account. Additionally, the activities of all store personnel (e.g., sales associates, asset protection, back of house, etc.) should be considered.

Documenting all recurring operational tasks will often be an eye opening experience and bring to light many activities that corporate or store management were not aware were being consistently performed. Prior one time special requests may have unknowingly become standard practice, or activities that were supposed to have ceased may still be continuing. Shedding light on these situations will provide the opportunity to eliminate unnecessary effort and result in a quick win of labor hours that can immediately be re-deployed to other activities.

Real World RETAILING: Case Study

After performing a comprehensive operational assessment and addressing the opportunities uncovered, a U.S. luxury department store chain was able to improve merchandise speed to floor by 75%, improve back of house team productivity by 30–50%, and increase management's presence on the floor by 10-20%. Based upon survey results, the company also improved customer service and employee morale.

Who should be doing this task?

Once a retailer has identified the non-value add activities that can be eliminated from their stores, the next step of an operational assessment is to look at who is responsible for executing the remaining workload. Whether by virtue of the personal preferences of specific associates or the more ubiquitous “that’s how we’ve always done it”, it is likely that the employees most suited for the job are not the ones who actually perform many operational tasks. Highly paid sales associates may be unpacking new receipts while dock workers sit idly nearby.

To avoid any misallocation of resources that places an unnecessary strain on store labor budgets, roles and responsibilities must be clearly defined for all operational tasks. RACI (Responsible, Accountable, Consulted, Informed) charts should be developed and communicated to all personnel, ensuring that everyone in the store is educated about the owners of all tasks, not just their own.

Figure 1: RACI CHART

Activity	BOH Mgr	BOH Assoc	FOH Mgr	FOH Assoc	Visual Mgr	AP Mgr
New Receipts Processing	A	R				
New Receipts Merchandising	A	R	C	C	C	
Price Changes	A	R	C	C	C	
Return to Vendor (RTV's)	A	R				I
Hanger / Sensor Tag Pickup	A	R				
Supply Replenishment	A	R				
Alteration Delivery / Pickup	A	R	I	I		
Mark Out Of Stock	A	R				I
Re-Ticketing	A	R				
Merchandise Fill In			A	R		
Floor Recovery			A	R		
Fitting Room Maintenance			A	R		
Gift Wrap			A	R		
Cash / Wrap Clean Up			A	R		

R – Responsible
Primarily performs activity

A – Accountable
Ensures activity is completed

C – Consulted
Offers direction as needed

I – Informed
Notified activity has been performed

After clearly defining and communicating the responsibilities for store operational tasks, retailers must continually monitor their execution to ensure that associates do not revert to their old ways. Position shifts may even need to be considered for any employees uncomfortable with the new operational reality.

When should this task be done?

In addition to identifying the most appropriate personnel to perform the operational workload in their stores, retailers should also take a closer look at when each task is being performed. Operational tasks done at inopportune times can have an adverse effect on merchandise availability as well as employees' ability to assist customers, two of the most crucial variables to a compelling store environment. For example, an operational assessment may uncover employees performing operational tasks during peak selling hours while standing idly during slow traffic periods.

To maximize merchandise availability and employee interactions with customers, retailers should evaluate historical traffic patterns and establish a detailed schedule of when each task should be performed. Equally as important, this schedule should also include the specific times for when a given task should not be performed.

Figure 2: OPERATIONAL TASK SCHEDULE

Activity	Sunday		Monday		Tuesday		Wednesday		Thursday		Friday		Saturday	
	AM	PM	AM	PM	AM	PM	AM	PM	AM	PM	AM	PM	AM	PM
New Receipts Processing	●	●	●	●	●	●	●	●	●	●	●	●	●	●
New Receipts Merchandising	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Price Changes	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Return to Vendor (RTV's)	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Hanger / Sensor Tag Pickup	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Supply Replenishment	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Alteration Delivery / Pickup	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Mark Out Of Stock	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Re-Ticketing	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Merchandise Fill In	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Floor Recovery	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Fitting Room Maintenance	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Gift Wrap	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Cash / Wrap Clean Up	●	●	●	●	●	●	●	●	●	●	●	●	●	●

● Always occurs at this time
 ● Sometimes occurs at this time
 ● Never occurs at this time

Retailers may want to consider reserving certain peak traffic hours for time on the floor and make these hours off limits for any other tasks. If floor hours are adopted, corporate resources must be informed that special requests cannot be honored during this time period. Other tactics to investigate as part of determining the optimal timing for executing operational workload include shifting some activities to off hours and staggering employee schedules. The combination of all of these timing decisions will ensure that a focus on customer service is maintained.

How should this task be done?

The final stage of any operational assessment is to review the methods currently being utilized to execute specific tasks. If standards have not been put in place, retailers will likely find that processes and productivity vary significantly across locations. Even if specific best practices have been developed and implemented, employee turnover, transfers, and promotions may have diluted their efficacy over time.

At a minimum, retailers should invest in developing a set of standard practices for their most common operational tasks. These can range from something as simple as shortcuts recommended by long tenured associates to as complex as highly engineered labor standards. Either way, these practices should be fully documented complete with written instructions, diagrams, and photos.

After training the field on the new standard practices, advanced retailers implement a certification program and require store associates to be regularly re-certified. They also re-evaluate their standards on a consistent basis according to a pre-determined schedule with varying intervals based on each process's relative impact on the store labor budget.

Final Word

With retailers seeking any chance to cut costs, store labor budgets are being squeezed and managers are frequently being asked to do more with less. However, customer service does not have to be sacrificed. Retailers who sharpen their pencils and closely evaluate their store operations processes can identify opportunities to achieve the required cost savings while simultaneously improving the customer experience. The store operations professionals at The Parker Avery Group have assisted the world's leading retailers in achieving these results with our proven operational assessment methodology and are prepared to help your company realize similar benefits.

The Parker Avery Group

The Parker Avery Group is a boutique strategy and management consulting firm that is a trusted advisor to leading retail brands. We combine practical industry experience with proven consulting methodology to deliver measurable results. We specialize in merchandising, supply chain and the omnichannel business model, integrating customer insights and the digital retail experience with strategy and operational improvements. Parker Avery helps clients develop enhanced business strategies, design improved processes and execute global business models.

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