

RETAIL FOOD CHAIN STORE SUPERVISION

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This is to certify that the

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THES'S

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TABLE OF CONTENTS

CHAPTER	PAGE
I. INTRODUCTION	1
Purpose of the Study	2
Need for the Study	3
Limitations of the Study	4
Method of Research	5
II. QUALIFICATIONS OF A GOOD SUPERVISOR.	7
Basic Characteristics Needed for Leadership. .	7
Qualities Needed or to be Developed to be	
Effective Instructor	12
III. RESPONSIBILITIES AND DUTIES OF THE SUPERVISOR. .	16
Why a Supervisor Needs to Know His Re-	
sponsibilities	16
Responsibility to Customer, Employees and His	
Company.	17
Promoting Sales to Secure Maximum Gross Dollar	
Profit from the Stores of His District . . .	18
Controlling Store and Other Expenses Consistent	
with Maximum Sales	24
Developing and Maintaining a Competent Organi-	
zation	25
Supervisor Aids.	27
IV. RECORD FOR AND BY THE SUPERVISOR	28
Need for Records	28

CHAPTER	PAGE
Weekly Store Records	29
Explanation of Table II.	31
Frequency of Information from Central Office .	32
Explanation of Table III	35
Variable Expenses.	37
Types of Desirable Records	38
Explanation of Table IV.	40
Commodity Records.	40
Summary Records of Store Operations.	41
Inventory Reports.	42
Store Expense Items.	43
Personnel Records.	44
Check Lists and Other Aids	44
Budgets.	45
Explanation of Table V	46
V. BUILDING A COMPETENT ORGANIZATION.	49
Position of the Supervisor in the Organiza-	
tion	49
Principles Underlying a Good Organization. . .	50
Emotional and Psychological Tools.	54
Stabilizing Tools.	56
Time Saving Tools.	57
Conforming Tools	58
Restraining Tools (for the Individual)	59
Handling Personnel Problems.	61

CHAPTER	PAGE
Brief Summary	63
VI. MERCHANDISING AND CONTROL	65
Promoting Sales to Secure Maximum Gross Profit	
Dollars	67
The District Sales Meeting.	67
Store Sales Meeting	70
Merchandising Each Store.	71
Public Relations and Goodwill	72
The Right Merchandise	73
Displaying Merchandise.	76
Other Factors Affecting Sales	77
Controlling Shrinkage and Spoilage.	78
Specific Things to Look for in Grocery	
Department.	80
Things to Look For When Meat Gross is Too Low .	81
Expense Control	83
Wage Control.	83
Safety.	85
Heat, Light, Water, Power and Ice	85
Wrapping Supplies	86
Laundry and Towel Service	86
VII. SUMMARY AND CONCLUSIONS	88
Qualifications of a Good Supervisor	89

CHAPTER	PAGE
Building a Competent Organization	90
Operating Records	92
Merchandising and Control	94
BIBLIOGRAPHY.	99

LIST OF TABLES

TABLE	PAGE
I. What Makes A Leader?	14
II. Weekly Store Report.	30
III. Individual Store Operating Statement	33
IV. Produce Results.	39
V. Store Managers' Period Budget.	47

LIST OF FIGURES

FIGURE	PAGE
1. Job Relations Chart ¹	9

CHAPTER I

INTRODUCTION

Personnel turnover and a paucity of desirable personnel for retail stores are two of the most pressing problems in the food retailing industry today.¹ One does not have to look far to see the effects of labor shortages in light of advancing production schedules, construction programs, and our terrific national defense expenditures.

While such factors as wage payment plans, vacation and sick leave plans, and fringe benefits affect the rate of personnel turnover, there is no one factor as significant as personnel relations when we consider the elements of job satisfaction.

Sound personnel programs must keep pace with our technological advances in manufacturing and distribution. The personnel department can do much to institute programs to bolster employee morale, but it is the supervisor, or district manager who is the company's front line representative in regard to employee relations. The production and morale of the work force in the retail units depend upon his actions and attitudes.

The supervisor is typically in charge of and directly responsible for the operations of from eight to twenty retail

¹Unanimous opinion of all persons contacted who are at this writing engaged in retail food chain store operations.

units. How many units a man can effectively supervise will depend upon the caliber of the individual, the size of the stores, the number of employees in the stores, the distance he must travel between the stores in his district, and the details assigned to him.

Purpose of the Study

Fundamental changes in the nature of food chain operations have increased the problems connected with effective supervision. The volume of business, diversification of lines of merchandise handled, and the increased number of employees in the larger markets of today have all had their effects on the need for better supervision. The supervisor of today is no longer a lead man who performs many of the tasks as his subordinates. The success of operations depends upon the supervisor's skill in handling people, his job knowledge, and his ability to multiply himself.

The purpose of this study is to set forth the duties and responsibilities of the supervisor in three broad categories: (1) promoting sales to secure maximum gross dollar profit from the stores in his district, (2) controlling store expenses and other expenses consistent with maximum sales, and (3) developing and maintaining a competent organization.

It is hoped that an understanding of these three basic fundamentals will help to establish a clear picture of the supervisor's duties and responsibilities, thereby improving

the relations between people in the stores, in other operations, and among all levels of supervision. Improved supervision, with added emphasis on personnel relations, will improve employee morale with resulting increases in sales and profits.

This study can also be of assistance to those aspiring to a career in food retailing as the position of supervisor is often the first step up the ladder after successful store management and is, in itself, a necessary background position for attainment of higher level jobs in merchandising and other capacities.

Need for the Study

Undoubtedly, the studies of human relations and effective supervision have not kept pace with other advances in manufacturing, transportation and economic studies.

The greatest weakness in supervision is not inadequate job experience or insufficient knowledge of the business, but the lack of leadership ability.²

Inasmuch as the store manager is in a position very similar to that of the supervisor, except in a lesser degree, many of the fundamentals presented herein can well be applied by store managers and those men in other supervisory capacities.

²John A. Jones, Webster Services, Division of Safeway Stores, Incorporated, San Francisco, Cal. Written Communication, June 18, 1953.

The supervisor needs to know exactly what is expected of him in order that he can coordinate and plan his activities more accurately to do the most efficient job. By recognizing and developing the traits needed for good supervision, the supervisor will be able to minimize employee friction and release more of his time to be consumed in planning merchandising activities.

Limitations of the Study

It is not within the scope of this study to exploit fully the aspects of selecting and developing supervisors, but rather to investigate the complexities of the responsibilities involved in effective retail food store supervision and what the individual can do to execute these responsibilities.

The types of supervision used will vary with different companies operating in different areas under various conditions. Some companies still use dual supervision; that is, they employ one man who supervises the meat operations within a given territory and another supervisor to oversee the grocery and produce departments. Of the 47 companies represented at the National Association of Food Chains Store Supervision Clinic,

A majority of the companies reported single supervision or plans to change to single supervision from dual. Supervisors with grocery background should be trained in meat operations and vice versa for meat men. A substantial majority of the companies use

grocery and meat managers in the store - few have one over-all store manager.³

It is not the purpose of this study to compare the attributes of single versus dual supervision inasmuch as the basic fundamentals set forth as used in single supervision can be easily applied to operate within the framework of company policies and procedures as outlined by food chains employing dual supervision.

The words "supervisor" and "district manager", as used in this thesis, are synonymous.

Method of Research

A number of large retail operators in the food industry were contacted for the possibility of obtaining operating manuals which would define what they expected of their supervisors. With one exception, all the companies contacted either had no such manual for their supervisors or such information was to be kept within the confines of their organization.

The writer then resorted to secondary information including the results of National Association of Food Chains clinics and supervisor manuals developed by companies outside of the food industry. Text books, periodicals and company pamphlets served as a fertile field for ideas pertaining to

³National Association of Food Chains. Store Supervision Clinic. Washington, District of Columbia. 1949. p. 1.

human relations and the qualities to be developed by those men in supervisory capacities. Through information originating in several of the larger companies and from text books, the writer was able to recognize the inherent responsibilities of good food chain store merchandising and control.

An adequate number of personal contacts were made to get the feel of the problem from those men actually engaged in supervisory and higher management capacities in the food retailing business.

Ideas disseminated in courses taken in the Food Distribution Curriculum at Michigan State College were helpful in recognizing and developing many of the topics necessary for this study.

CHAPTER II

QUALIFICATIONS OF A GOOD SUPERVISOR

Basic Characteristics Needed for Leadership

The importance of the supervisor in maintaining good relations with employees is widely recognized. We have all seen a supervisor appointed because he was the best worker or because some member of top management thought he was a good man. Often such men turn out to be good supervisors, but very often they do not. The importance of selecting a man with the right qualities cannot be over-emphasized.

The supervisor's attitude toward his company and his employees shows up in so many ways that any faults he has as a supervisor are soon multiplied to the point where they become 'front office' problems.¹

The use of tests to determine whether or not men will be successful supervisors must be done with caution. General experience is that tests may indicate people not fit to be supervisors, but will not necessarily show those who are competent. Use tests to 'cull out.' It was noted that the man with too high an I. Q. sometimes cannot get along as well with other men - he may be too bright. The man below a given level is 'too dumb.' We must hit a medium. Selection of supervisors is almost always from the ranks of store managers. Select a man who has a good record covering inventory, housekeeping, personnel, and sales. In small and medium sized organizations, approval of selection of supervisors is given 'by top executive.'²

¹General Electric Company. G. E. Selection Program for Supervisors. Lockland, Ohio. 1952. p. 3.

²National Association of Food Chains. Store Supervision Clinic. Washington, District of Columbia. 1949. p. 4.

The greatest weakness in supervision is not inadequate job experience or insufficient knowledge of the food business, but the lack of leadership ability - the ability to select, train, and direct the efforts of others in the accomplishment of pre-determined objectives.

The supervisor in retail food operations must be a medium for the flow of orders from the central office to the store level. He is a sounding board from which management gets the feel of operations at the retail level.

Since the supervisor is primarily a dealer in human quantities, let us examine the qualities necessary to effect good human relations. Perhaps it would be useless to attempt to list all the traits desirable in a man to be considered for supervisory work as the omission of any one characteristic would certainly be damaging.

Among the traits which anyone in a supervisory capacity needs in abundance are: "(1) Innate interest in and affection for people, (2) strength or power of personality, and (3) a scientific trend of mind."³

An innate interest in and affection for people is important because in the final analysis the supervisor is a moulder of human beings. The importance of his personal contacts can best be recognized by Figure 1 on page 9, which is a

³Erwin Haskell Schell. The Technique of Executive Control. First Edition. New York: McGraw-Hill Book Company, Inc., 1924. p. 9.

FIGURE 1
JOB RELATIONS CHART

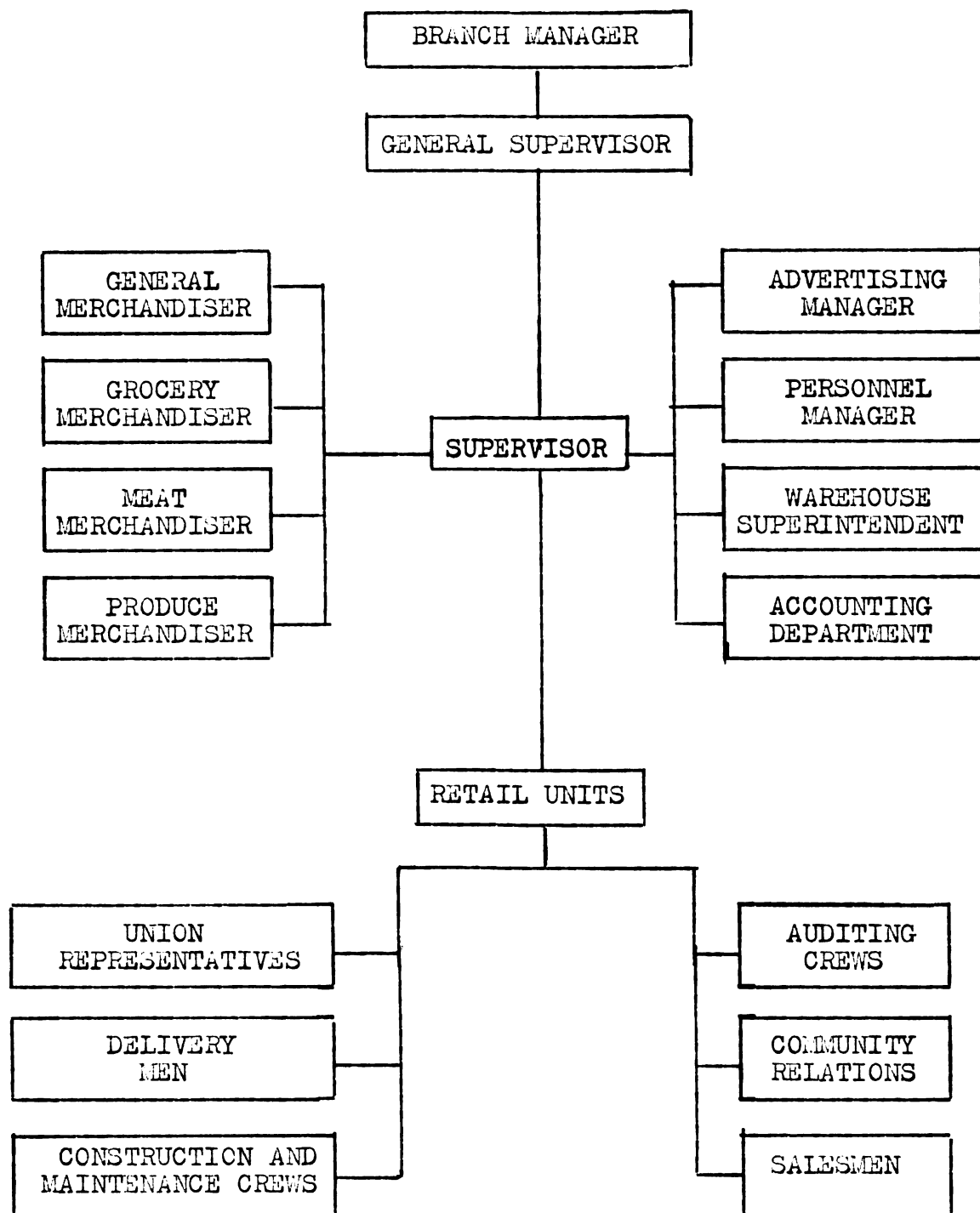


chart indicating the job relations of a supervisor in a chain store organization.

Success in handling men requires constant interest and continuous thought. Many of the supervisor's most effective tools can be forged out of his sincere affection for his men and the hastening of their self-improvement and progress. The supervisor's problem of human relations is complex, ever changing and always defying standardization.

Strength or power of personality is a quality which is difficult to define. It is a quality which is not confined to any particular type of physical or mental make-up, but seems to be a vigor springing from the nervous system. Many times this quality does not openly manifest itself, but gives the impression of reserve force which may be drawn upon if needed. It may be evident in a man's forcefulness of speech or gesture or it may find outlet in a sturdy determination which never lessens until the goal is reached.

Inasmuch as people are extremely sensitive to this quality in other people, it is one of the basic elements justifying a natural right to authority.

The third quality, a scientific trend of mind, is strongly essential for those in supervisory capacities. The supervisor is constantly faced with problems that yield most readily to the analytical approach of the scientifically minded thinker. The technical problems involved in coordinating the work of men, materials, and equipment so as to get

a maximum of output with a minimum of waste are often complex and require solution well in advance of their actual doing.

The efficient supervisor must be a man who can win recognition through preventive rather than curative action. Thus, to plan for the future and schedule the work of others requires a process of thought which is definitely scientific in nature.

These three traits, interest in and affection for people, power of personality, and a scientific trend of mind, may be said to be outstanding requirements for anyone who must depend on getting results through other people.

It is also true that the supervisor should be a man of moral uprightness, physical vigor and a given level of intelligence.⁴ However, these latter three qualifications will not distinguish a supervisor from men filling other job capacities. In other words, if a company were considering a man to fill a fairly responsible position such as store manager, it would look for men of moral uprightness, physical vigor, and a given level of intelligence; then, to select a man for supervisory work, it would necessarily include these three attributes plus the requirements of interest in and affection for people, power of personality, and a scientific trend of mind.

⁴Ibid., p. 13.

Experience and educational training are, of course, requisites for supervisory jobs in food retailing. Such training and education, however, can only be developmental - they can only make effective the innate resources of man. With this thought in mind, many companies select supervisors only after they have had the opportunity to observe the performance of the individual in lesser jobs; this fact alone has led many companies to develop long range personnel programs in order that supervisors may be developed from within the organization.

"The individual himself and his qualifications for supervision are more important than variety of experience in grocery, meat, and produce."⁵ Job knowledge is also important as it enables the supervisor to manifest better leadership qualities in dealing with specific problems arising within the retail unit.

Qualities Needed or to be Developed to be Effective Instructor

Aside from being a leader, the supervisor must be a man of superior ability, judgment, and he must be a capable instructor. He must either possess or develop the following qualifications:

- (1) A keen interest in the food business,

⁵National Association of Food Chains. Supervision. Special Bulletin Number 30. Washington, District of Columbia. 1951.

- (2) A complete knowledge of store jobs,
- (3) A personality that can inspire confidence and stimulate interest,
- (4) A complete knowledge of his responsibilities,
- (5) A knowledge of federal and state laws governing the sale of food,
- (6) A knowledge of the laws governing the employment of people in the State in which his company operates,
- (7) A working knowledge of union contracts negotiated with his company,
- (8) A complete knowledge of all company benefit plans,
- (9) His manner should be firm but friendly,
- (10) He should be patient and sympathetic towards employees' problems and be able to put himself mentally into their position,
- (11) He must be a skillful trainer,
- (12) Have or acquire skill in planning,
- (13) Skill in leading and,
- (14) Have a complete knowledge of the food business and his company's policies as outlined in its manuals and guides.

Table I, on page 14, is a simplified chart showing the qualities needed by a leader and how to develop these qualities. This coverage is by no means all inclusive of the intricacies involved in setting down the qualifications of a good supervisor, but the writer feels it is adequate inasmuch as it approaches the problem from the standpoint of what the individual can do to improve himself; thereby attaining more

TABLE I
WHAT MAKES A LEADER?*

Qualities Needed by Leaders	How to Develop or Improve Them
Physical and nervous energy	Keep fit Conserve your energy Direct it properly
Sense of purpose and direction	Self examination: Just where am I headed? What are we trying to do?
Enthusiasm	Maintain vigorous interest Be human - Let yourself go!
Friendliness and under- standing (open-mindedness, patience)	Know subordinates personally Be considerate and cordial Develop personality
Integrity	Be loyal to yourself and your subordinates
Technical skill (knowledge of his field of work)	Constant study, training and improvement
Decisiveness (self-confidence)	Get all the facts Make a decision - and act! Be willing to experiment
Intelligence	Do not overestimate your intelligence. Obtain the advice of others
Teaching skill	Study teaching methods Practice teaching
Faith (Belief in work or cause)	Do work you can believe in Overcome pessimism

*Source: R. O. Beckman. How to Train Supervisors.
Seventh Edition, New York: Harper and Brothers, 1944. p. 302.

satisfaction from everyday life while making easier the attainment of business goals.

CHAPTER III

RESPONSIBILITIES AND DUTIES OF THE SUPERVISOR

Why a Supervisor Needs to Know His Responsibilities

It is not the duty of the supervisor to run the business nor can the business run properly without the supervisor. Management must let supervisors know exactly what is expected of them and allow sufficient time for the objectives to be carried out. In other words, the supervisor should not be held responsible for details that could otherwise be carried out through bulletins or such other media as would prove feasible to accomplish the job.

It is essential that the supervisor know and study his responsibilities in order that he gain a thorough understanding of his duties. Once he knows the extent of his responsibilities, then and only then, can he effectively coordinate and plan the various activities.

By reviewing one's duties, it becomes easier to discover neglected duties, duties which have been overemphasized, and to determine which of them can be delegated and which ones cannot be delegated.

The supervisor must be able to determine if he is handling his job properly, and if the most efficient use is being made of men and equipment. It is the opinion of the writer that the supervisor can do justice to the trust

invested in him only if he has a basic job sheet which he can review periodically to check and plan on his own performance.

Responsibility to Customer, Employees and His Company

The first responsibility of the supervisor is to the customer. If the customer is not satisfied, the supervisor has failed. Therefore, in his visits to stores, the district manager must look at the store through the eyes of the customer.

The supervisor is responsible to the people who work in the store. He must assist the manager in carrying out company policies and instructions. The manager can accomplish his job only through the combined efforts of all personnel in the store; the supervisor must be able to explain to the store people why things have to be done in a certain way.

A supervisor's responsibility to his company will be carried out if he properly takes care of his obligations to the customer and the employees.

The actual responsibilities of the district manager can be summed up in three broad categories. He is responsible for:

- A. Promoting sales to secure maximum gross dollar profit from the stores of his district.
- B. Controlling store expense consistent with maximum sales.

- C. Developing and maintaining a competent organization.

Promoting Sales to Secure Maximum Gross Dollar Profit
from the Stores of His District

- I. Support company and branch sales policies and programs.

1. See that stores are selling company products in the correct quantities, with proper regard for freshness and variety, in accordance with company policies.
2. See that all merchandise is sold at not more than the company's established price for the item -- 16 ounces to the pound.

- II. Effectively execute branch Grocery, Produce and Meat Sales Plan.

1. See that all display material is properly used.
2. See that permanent and temporary displays are set up and price tagged in accordance with branch display plans.
3. Counsel with manager to see that he has ordered sufficient merchandise to back up sales plan.
4. See that displays are located in the stores to realize greatest sales potential.
5. Have store managers acquaint store personnel with sales plan as it affects their particular

department. This refers particularly to department heads.

III. Develop supplemental sales plans in conjunction with company sales plan for individual stores. Project these plans to store personnel and see that they are properly executed.

1. Recognize stores which need in-store promotions other than those in the branch sales plan.
2. Analyze results by departments and determine where and what assistance is required to attain desired results.
3. Plan with the key men concerned in regard to the sales plan, the length of promotions, delivery of merchandise, physical store changes and any related details.
4. Present promotional plans to managers and store personnel. Check on results of promotion to determine soundness of the plan and the way it was executed.
5. Secure from merchandisers or buyers a list of high markup items with good sales volume possibilities, and use one or two of these items each week to off-set low markup items.
6. Promote produce sales.
7. Promote meat sales.

IV. Establish necessary controls to insure satisfactory retail shrink.

1. Have store manager explain to you what he thinks is the cause of unsatisfactory retail shrink.
2. Request that store inventories be taken on regular schedule in accordance with branch policy.
3. See that store personnel arrive at correct total for all merchandise sold and money placed in the register.
4. Keep entire stock in an orderly manner with reserve stocks being kept at a minimum.
5. See that all store personnel are impressed with the importance of accuracy as it affects retail shrink.
6. Recognize and work on a solution to correct store layout and location of merchandise that will adversely affect retail balance.
7. Stress the importance of good clean store conditions to managers as a means of reducing pilferage.

V. See that satisfactory loss ratio is maintained for all stores.

1. Compare loss ratio with similar stores, district and branch results.

2. Break down loss by departments.
3. Determine whether loss is being caused by over-ordering, improper handling, poor rotation, padding, condition on arrival or late deliveries (particularly bread, produce and meat).

VI. See that manager understands how to order properly to avoid overstocks.

1. Controls necessary for proper ordering.
2. Check shelf stock and back-room stock.
3. Seasonal demands.
4. Be careful not to get manager too conservative!

VII. Review the dollar inventory of each store.

1. Explain the importance of stock turnover.
2. Observe turnover of individual items.

VIII. Be sure manager knows what to do and how to do it.

1. See that manager understands cause of unsatisfactory condition and knows how to avoid duplication of the same trouble in the future.

IX. On subsequent visit check to see whether instructions have been carried out.

1. Check location of displays.
2. Check quantity of merchandise used in displays.

X. Execution and follow-up of branch and company policies as they affect stores.

1. Be familiar with branch and company policies. This also includes the most current changes or innovations.
2. See that the manager understands and is sold on company and branch policies which affect store operations.
3. Suggest new policies and revisions as the need arises.

XI. Supervision of store reports and maintaining necessary district records and reports.

1. Maintain only those reports which are authorized by the general district manager or the branch manager.
2. Review reports he keeps periodically whether any can be combined or eliminated.

XII. Scheduling and organizing his work.

1. Plan in advance the stores to be visited and the date which they will be visited.
2. Arrange schedule so time will be spent where it is needed most.
3. Make provision in plan to handle matters of major importance first.
4. Check on specific instructions which have been issued to stores in bulletins.

5. Include in his folder a written reminder to check on whether previous instructions have been carried out. Also check on whether requests from and commitments to store personnel have been fulfilled.
6. Make provisions in schedule to handle current conditions and problems.
7. Once each accounting period, review store operating statements with manager and plan corrective measures based on the information received.

XIII. Supervise store for conformance with Fair Trade, federal, state and local laws and regulations governing the sale of merchandise.

1. See that instructions issued from time to time by merchandising and other departments are carried out in the store.

XIV. Submit recommendations on relocations, remodels, rearrangements and establishment of new stores.

1. Notify real estate department of desirable rooms in good locations in or near his district.
2. Analyze sales potential in his stores and recommend remodeling or relocation.

3. Advise merchandising department of re-modeling, relocation, new store openings and closed stores of his competitors.
4. Submit recommendation for improvement in equipment or store layout.

Controlling Store and Other Expenses
Consistent with Maximum Sales

- I. Control clerk hours per hundred dollar sales in accordance with established schedules.
 1. See that stores observe opening and closing hours.
 2. Avoid overtime.
 3. Check schedules of full-time and part-time help.
 4. Check manager's schedules of work and work methods used.
 5. Break clerk hours down by department in large stores if needed. (Particularly produce and dairy as included in grocery hours.)
 6. Encourage manager to give help proper supervision for improved efficiency.
 7. Check hours used against standard weekly.
 8. Is store manager a "working manager"?
- II. Observe rate schedules established for your branch.
- III. Control wrapping supplies, store supplies, laundry, cash register, over and short, sundry items, heat,

power and light, ice and store repairs in comparison with similar stores, district averages, and results from previous periods.

1. Know what items are included in these accounts.
2. Encourage proper ordering, care and use of right size bags, wrapping paper and supplies in stores.
3. Encourage the sale of shopping bags.
4. Encourage grouping of items into a single package.
5. Use store quota for linen and proper care of linen in store.
6. Check part-time help on use of store linens.
7. Check cash paid-outs of all expense items.
8. Get an analysis of sundry hired services and check cost periodically.

Developing and Maintaining a Competent Organization

I. Inventory all store personnel for promotion or elimination.

1. Check on performance: if not qualifying find out why.
2. Have best clerks assigned to jobs where they can be most productive.

3. Train clerks before reassigning them.
- II. Cooperate with other districts or departments to place good personnel.
- III. Select personnel for company training programs and broadening opportunities in the district.
 1. Include managers in produce training to step up sales.
 2. Find out clerk's preferences.
 3. Include new clerks as soon as possible.
 4. Include present clerks to step-up performance.
 5. Follow-up on trained personnel in the store to determine
 - (a) what the clerk learned in training, and
 - (b) is he doing the job the way he was trained. If not, why?
 6. Give trained personnel all the responsibility they can stand.
- IV. Maintain and use to advantage trained reserves.
 1. Have personnel ready before he needs them.
 2. Until permanently assigned, use trained reserves who have possibilities, to assist store manager to help improve the operation.
- V. Be constantly on the alert for personnel who will strengthen the organization.

1. Instruct managers and store personnel to conduct selves so as to reflect only good will for the organization.
2. Stress the need for being on the alert for new employees who will help to improve the organization.

The majority of the aforementioned duties and responsibilities are as outlined in the Kroger Company's guide for its district managers.

Supervisor Aids

Most companies provide the supervisor with a procedure guide or operating manual to aid in the observation and fulfillment of his many responsibilities. Management can also aid the supervisor by having top executives, including merchandisers, visit stores for the purpose of making suggestions which will be helpful to the supervisor. Management committees are sometimes used to rate stores, especially during clean-up campaigns.

The personnel department, through its efforts to recruit desirable personnel and to provide proper training facilities, definitely affords an aid to the supervisor. Then, too, the personnel department should provide rating sheets for the supervisor in order that he can periodically review his personnel and provide assistance in hastening their improvement.

CHAPTER IV

RECORDS FOR AND BY THE SUPERVISOR

Need for Records

Most large food chains must provide some system for handling standardized activities, i.e., they must have a formalized procedure. A system without the use of records would not be very successful as the records themselves are even more tangible than the system. Records are definite, therefore, the maintenance and improvement of them are important.

Records should not be considered ridiculous or unnecessary detail work for the supervisor, as they should, if properly kept, give facts concerning the operation of his stores and make possible the elimination of guess work.

Most records, with which the supervisor will be concerned, are the results of the operations of the stores of his district. Most results are tabulated and recorded into usable form by the accounting department.

The types of records required of supervisors operating in different companies will vary. Many companies require detailed information while others give and require information from supervisors only on matters over which he has control.

Too few records are costly and too many records are even more costly. The important consideration is to avoid duplication and unnecessary refinement of information, and if

possible to consolidate forms. Records which do not give the chain store supervisor comparative information are practically useless. Hence, this thesis will deal primarily with those records used by the supervisor as an aid to improving operations.

Weekly Store Records

On a week-to-week basis, the supervisor is most interested in knowing how each store performed in regard to sales, clerk hours, and the balance of cash. Inasmuch as each store will send a weekly report to the central office, one might wonder why the supervisor would need the same information as recorded on Table II, page 30. This same information is accumulated on a period basis by the accounting department. If the supervisor had to wait until this information was processed in the central office and returned to him, there would be a delay of several days if not a full week. By getting this information from each individual store which will mail it to his headquarters, the supervisor will have this information on Monday morning in plenty of time to notice any serious difficulties which may be prevalent in any one of his stores. The importance of planning his schedule will, in some respect, be influenced by the weekly reports he gets from his stores.

Upon receipt of this type of information, it immediately becomes apparent to the supervisor the sales volume for each

TABLE II
WEEKLY STORE REPORT*

Store Number xyzWeek Ending 4-7-53

<u>Same Week 1952</u>		<u>Compared to Previous Week</u>
4,500	Grocery Sales <u>\$5,000</u>	<u>\$+100.</u>
2,500	Produce Sales <u>3,000</u>	<u>-200.</u>
<u>900</u>	Meat Sales <u>1,000</u>	<u>+ 50.</u>
\$7,900	TOTAL STORE SALES <u>\$9,000.</u>	<u>\$- 50.</u>

CASH Over _____ Short .20¢

CLERK HOURS PER HUNDRED DOLLAR SALES

	<u>Hours</u>	<u>Per \$100. Sales</u>
**Grocery Dept.	250	4.2
<u>Meat Dept.</u>	<u>125</u>	<u>4.2</u>
Total Store Hrs.	375	4.2

COMMENTS _____

Store Stamp

Manager's Signature

**Includes hours used in produce department and manager's hours.

*Source: The Kroger Company. Mimeographed Material.

store and if any store is not with the trend, if the proper amount of clerk hours were used, and how any particular store balanced out on the cash report. In other words, it will inform him immediately where his attention is needed.

Explanation of Table II

The amounts as listed on the form are not to be interpreted as realistic standards for performance in actual retail operations.

It is a common practice in food chain operations to compare the current week's sales with the previous week, thereby affording a goal to achieve, regardless of whether the previous sales figures were over or short.

The total store's sales represent the actual sales as registered on all the cash registers in the store. Cash over or short represents the difference between the total amount of cash the store has accounted for as compared to sales as indicated on the cash registers. Of course, paper transactions involving coupons, welfare orders and the like are counted as cash, as are checks cashed for customers.

Clerk hours per hundred dollar sales is one way of measuring the cost of doing business. Some companies will compare wage dollars per hundred dollar sales, but the writer feels that the clerk-hour method is better inasmuch as the manager of the store has no control over the dollar wages paid to his employees. Oftentimes the basis for determining

how many clerk-hours are needed to run a store is the result of the performance of the more efficient operators. Typically, self-service stores can operate on less clerk hours than the service type store and this fact must be taken into consideration, as will be shown later in another type of record used by the more progressive companies.

The percent of clerk hours used is computed by first dividing the sales volume by 100; this amount is then divided by the number of clerk hours used during that particular sales period. Example: The grocery department with \$10,000 weekly sales and employing 10 full time clerks each working 45 hours a week, would have a total of 450 clerk hours and $100 (\$100 \text{ sales}) - 450 \text{ hours divided by } 100 = 4.5 \text{ clerk hours per hundred dollars.}$

Frequency of Information from Central Office

Once every accounting period, be it four weeks, two weeks or every month, the supervisor should have available to him from the accounting department, a complete record of the store's performance for that period. A report such as Table III, on page 33, is an example of the type frequently used. While records like Table III do not show the actual net profit of each unit, it is sufficient to show the results of all factors over which the store manager and his department heads will have control.

TABLE III

INDIVIDUAL STORE OPERATING STATEMENT*

Store Number _____

Period Ending _____

Line		Amount	% of Sales	Line
1	Grocery Sales	\$ 60,000	60	1
2	Produce Sales	10,000	10	2
3	Meat Sales	30,000	30	3
4	TOTAL SALES	\$100,000	100	4
5	Grocery Markup Profit	9,000	15	5
6	Grocery Shrinkage and Spoilage	600	1	6
7	Grocery Gross Profit Dollars	8,400	14	7
8	Produce Markup Profit	2,500	25	8
9	Produce Shrinkage and Spoilage	750	3	9
10	Produce Gross Profit Dollars	1,750	22	10
11	Meat Gross Profit Dollars	4,500	15	11
12	TOTAL GROSS PROFIT	14,650	14.65	12
	Variable Expenses			
13	Store Manager's Wages	\$ 400	0.4	13
14	Grocery Wages	4,000	4	14
15	Head Meat Cutter Wages	350	0.35	15
16	Meat Clerk's Wages	2,000	2	16
17	TOTAL WAGES	6,750	6.75	17
	Other Variable Expenses			
18	Wrapping Supplies	\$ 500	0.5	18
19	Heat, power, light, water and ice	200	0.2	19
20	Laundry	400	0.4	20
21	Cash over and short	---	---	21
22	Sundry hired services	100	0.1	22
23	Store maintenance and repair	300	0.3	23
24	TOTAL VARIABLE EXPENSE	\$8,250	8.25	24
25	TOTAL FIXED EXPENSE	1,000	1	25
26	TOTAL EXPENSE	\$9,250	9.25	26
27	STORE OPERATING GAIN	\$5,400	5.4	27

*Source: The Kroger Company. Mimeographed Material.

It is not enough that the store manager or department heads get this information, but the good supervisor uses these reports as a basis for commending a good job or showing where improvement is needed. The supervisor keeps these reports in chronological order for each individual store so as to provide a ready reference. The store manager, who also receives a copy of the record of his "store operating gain", will also keep the records so as to be able to compare results of any previous period as he may desire. It must be understood that these results can and should be interpreted by the store manager to guide his operations and to inform him what department or details need attention.

The operating results for each individual store would mean nothing in themselves, so every accounting period the district manager receives a composite record to show the average performance for all the stores in his district, plus the average results of each point listed on Table III for the entire branch. In other words, a store operating gain of 5.4 percent as indicated in Table III could well be above the branch average, equivalent to branch average or it may fall below the average for the entire branch. It is only when the figures for a given store can be compared to others that the operating results begin to be significant.

Explanation of Table III

The first four items are self explanatory. Item (5), grocery markup, is the total dollar profit of all grocery merchandise ordered by the retail unit. Realizing that all merchandise is charged to the store at retail price, and inventories are taken at retail price, it would be necessary to record each individual item in the store when taking inventory in order to arrive at a 100 percent accurate markup figure, inasmuch as all items do not carry the same markup. Therefore, this figure is arrived at by taking the inventory according to commodity groups. For instance, experience would tell the accounting department that canned fruits, on the average, carry a certain markup. Consequently, the whole canned fruit section of a store would appear as one section on the inventory sheet. Other commodities would be similarly grouped on the inventory sheet.

Obviously, the grocery markup percentage is significant to the supervisor as it can be influenced by in-store promotions of the higher markup items. However, it is well to mention that gross dollar profit is the important thing and oftentimes a decision must be made as to the type of commodities to display. For example, a display of a high markup item may move sufficient merchandise to gross only \$100, while convenience goods of a lower markup could well move enough merchandise to gross more dollars despite the lower markup.

Item (6), grocery shrinkage and spoilage, is the item commonly referred to as "stock shortage". The merchandise in the store at the beginning of the period plus purchases minus sales accounted for through the registers indicates the amount of stock that should be in the store when inventory is taken at the end of the accounting period. However, pilferage, breakage and markdowns on perishable items such as; cakes, bread, and milk, will often result in short inventories. A shortage of .5 of 1 percent on grocery items is not considered abnormal by many companies. In the event the supervisor notices this percentage to be above what is expected, it will be his signal to confer with the manager to see what is causing the excess shrinkage and what steps can be taken to remedy the situation.

Produce gross, item (10), is comparable to grocery gross as is the meat gross. However, it is difficult to measure shrinkage, as such, in the meat department since there are so many different items with varying margins of profit. Therefore, the meat gross can be significant only as compared to the over-all branch results. It must be realized, however, that there are certain groups of items which traditionally carry a higher markup than the average of all meat items and should be recognized as such for promotional activities.

Variable Expenses

All wages, as such, are not under the control of the supervisor or store manager. However, the number of clerk hours used will determine what the total wage dollar expense will be. The supervisor will balance his organization inasmuch as he will provide for the dispersion of experienced personnel throughout the stores in his district.

Store managers should not be penalized for having clerks who draw top wages due to seniority. Rather, the store manager who can keep his help long enough for them to reach the top pay bracket should be commended. The fact that the longer employees remain on the job the higher their base pay is reason enough to calculate clerk hire used on the basis of clerk hours in preference to wage dollars per \$100. sales. The total wage percentage, however, can often indicate that the clerk hour schedule is not in line.

All other variable expenses are controllable and must constantly be scrutinized. A good axiom to use in regard to wrapping supplies and laundry is, "Do you have all you need? Do you need all you have?" In other words, supplies should not be "skimped on" to the extent that customer service or the general appearance of the store will suffer.

Frequently management holds operations meetings to call attention to variable expense factors which are running a little high. The supervisor, in turn, counsels with his

managers and makes them more aware of the need for closer control of expenses.

Item (27), store operating gain, is not a net profit figure by any means as the overhead expenses of the office, warehouse and transportation costs, and advertising have not been prorated to the store. It is advisable to give the supervisor such information as is necessary for him to determine what percent of operating gain is necessary for any one unit to operate at a net profit.

Types of Desirable Records

Aside from getting the information illustrated in Tables II and III, it is helpful to the supervisor, as well as his managers and department heads, to get a composite result for the various departments, including a district average as compared to the branch average.

Monthly records, filed by departments, can and do facilitate the supervisor's task when he wants to confer with the department heads.

Information, such as Table IV, page 39, is anxiously anticipated by employees and is a means of building a competitive spirit as it immediately becomes apparent to the manager and department head the exact position of their performance as compared to the branch and district average.

TABLE IV

PRODUCE RESULTS*

Period Ending 1-30-53

District 1

Store No.	Sales Previous Period	Sales This Period	Increase or Decrease		Gross Profit Percentage		Gross Profit Dollars	Percent of Total Store Sales	
			Dollars	Percent	Previous Period	This Period		Previous Period	This Period
1	2,000.	2,200.	+200.	+10	25	24	+28	10	10.5
2	2,000.	2,200.	+200.	+10	25	21	-38	10	10.5
3	2,000.	2,200.	+200.	+10	25	23	+6	10	10.5
4	2,000.	2,200.	+200.	+10	25	24	+28	10	10.5
5	2,000.	1,800.	-200.	-10	25	19	-158	10	8.1
6	2,000.	2,200.	+200.	+10	25	26	+72	10	10.5
7	2,000.	2,200.	+200.	+10	25	26	+72	10	10.5
8	2,000.	2,200.	+200.	+10	25	25	+40	10	10.5
9	2,000.	2,200.	+200.	+10	25	25	+40	10	10.5
10	2,000.	2,200.	+200.	+10	25	27	+94	10	10.5
District Aver.	2,000.	2,160.	+216.	+8	25	24	+18	10	10.2
Branch Aver.	2,000.	2,200.	+220.	+10	25	25	+40	10	10.5

*Source: The Kroger Company. Mimeographed Material.

Explanation of Table IV

It is apparent to the supervisor that his district in general has made progress in produce sales. However, the increase is not as great as the branch average. The branch maintained the same gross profit percentage as the previous period, but district number one had 1 percent less gross profit percentage than the previous period.

It is obvious to the supervisor that all of his stores are keeping pace with the branch trend except store number five. Store number five shows only 19 percent gross profit percentage compared to the branch average of 25 percent. Also, produce sales in store number five have fallen to 8.1 percent of total store sales while the branch average has climbed to 10.5 percent. This store has definitely lowered the average results for the district and requires the immediate attention of the supervisor.

The percent of total store sales is important as a basis for determining how efficient a produce operation is within each store.

Commodity Records

The information listed in Table IV is indicative of the type of records that the supervisor frequently receives on any commodities that management wants emphasized. For example, many chain organizations try to push their private brands of coffee; not because coffee is a high markup item or

not necessarily because of its volume, but rather because the customer can only buy the private brand in stores of that company. Once a coffee customer is made, the customer must at least shop one of the company stores.

Information on dairy department sales, frozen foods, and cookies are frequently presented to the supervisor, expressed as a percent of total store sales.

Summary Records of Store Operations

There are significant variations in the operations of stores with different sales volume. The larger stores are apt to be more efficient as a result of newer fixtures, more complete lines of goods and higher unit sales per customer. Therefore, such information as recorded in Table IV on page 39 might indicate that the larger stores in the district are in a very healthy condition when compared to the district average or even the branch average, without due regard for the differences in the size and type of operation.

To get an even better picture of the operating results of each store, management can make available to the supervisor, a summary of store operations every six months or so, and classify all stores in the branch according to sales volume - giving the same results as presented in Table IV.

Each store in the supervisor's district could be compared to other stores within the branch which are similar in sales volume. It is not unusual to find a spread of 25

percent in clerk hours or store operating gain between the largest and smallest store. Of course, sale volume alone is not a true indication of how efficient a store is operating when compared to a similar retail unit. Such a factor as fixed expense might well make the difference in some cases and this should be recognized in analyzing cumulative reports for the purpose of showing where improvements are needed in any one unit.

The writer does not wish to imply that the records mentioned are all inclusive, but operating results are the foundation for most records kept by the supervisor and for him by the accounting department.

Inventory Reports

In a large organization, it would be an impractical, if not impossible, task to take the retail inventory of each unit on the same day. As a matter of fact, companies employing separate crews to audit stores have their inventory crews working five or six days a week which means that inventory results are forthcoming 20 or 25 times each month. If the supervisor were to wait for these results until all his stores had been audited, he would obviously get information on some stores a few days after the inventory was taken, while, in other instances, the information would be three or four weeks old. The objective is to get this information to the supervisor as soon as possible; therefore, it is essential

that a separate record of each inventory be sent to the supervisor as soon as inventory results have been computed by the accounting department.

Meat and produce inventories are usually taken by store personnel at the end of each period and consequently this information is included in the store operating statement. It would be helpful, however, to send a copy of inventory results to the head of the meat and produce department. Inventory results are always anticipated by store personnel, and affords them the opportunity to think about the means for improving control before they are actually approached by the supervisor.

Store Expense Items

Store expense items include any sundry items purchased within the retail store and are recorded on a special form by the store manager to be included with his weekly report when sent to the office. The results of such expenses are called to the attention of the supervisor on the regular accounting period operating statement. As an added measure for insuring further control of store supplies that are normally ordered through the company warehouse, some companies require the supervisor to approve the requisition of such items as step ladders, scotch tape, fluorescent lights, meat knives, and stamping equipment which are listed on a special form carried by the supervisor. This method of control may or may not be

important, depending upon how expense-minded managers and department heads are and how much latitude is given to them.

Periodically the supervisor attends operational meetings where expense items are discussed and goals set for better control in the subsequent operating periods.

Personnel Records

It is essential for management to know the location of all personnel for payroll records. The supervisor, in balancing his organization, will necessarily transfer personnel at which time he should make out a transfer report. A copy of this record is sent to the personnel department and gives the position, pay rate and location to which the employee was transferred.

It is good policy for the supervisor to fill out separation forms on all store employees leaving the company. By so doing, the influence of personalities can be minimized, as oftentimes a good employee may not work well with one manager, but might well prove to be valuable in some other retail unit. Then, too, an employee can be transferred to other locations by the supervisor where the authority to make such transfers does not lie with the store manager.

Check Lists and Other Aids

It is highly probable that management can aid supervisors by providing them with a check list of various things to

look for in all the departments of the stores. Such a check list is used to aid the supervisor in noticing if faults have been corrected since his last visit to the store. A copy to store managers and department heads gives them concrete information on what departments or items need their immediate attention.

Then, as a matter of good policy, the supervisor should check weights in the stores, a copy of which is sent to headquarters.

Budgets

It is the budget that stimulates thinking in terms of present and future retail operations. The budget is usually the first order of business, but is mentioned last in this presentation as an understanding of preceding records is necessary in order to arrive at logical goals in budget-making.

At the beginning of every fiscal year, top management will try to estimate sales for the coming year, what percent of profit will be needed from these sales in order to cover the estimated expenses and amortization of fixed assets, and how the necessary sales volume can be achieved. In other words, the company budget must be borne by the districts and each district must rely on the stores within that district to bear its share of business.

The supervisor submits a budget, which is a projected estimate of what the sales volume in his district will be for

the coming year, along with expenses and a projected profit. In turn, the supervisor indicates to each store manager the necessity of the budget and the significant part the store plays in the group effort.

To stimulate thinking in terms of adequate promotion of sales and control over items which will make for a good operation, the store budget, Table V, page 47, is presented to each store manager.

Explanation of Table V

It is apparent that all items appearing on the store operating statement, Table III, are the same as those appearing on the budget.

The store manager, who has a complete record of all previous periods to use as a basis, will fill out his budget after the supervisor has counseled with him on the items which need improvement. It may be that the particular retail unit has been lagging in sales compared to other stores and the branch as a whole, or it may be that expense items have been running a little high and the manager must be made conscious of the need for controlling such expenses.

The store manager is encouraged to be optimistic and realistic in making out the budget. If the budget is not realized, the supervisor is to encourage the manager to further analyze his operations to see why he missed the goal. The budget is a stimulating tool and is not to be used as a basis for a reprimand.

TABLE V
STORE MANAGERS' PERIOD BUDGET*

<u>SALES</u>		
1.....	Grocery.....
2.....	Produce.....
3.....	Total Grocery and Produce.....
4.....	Meat.....
5.....	TOTAL SALES.....
6.....	Grocery Markup Profit.....	%.....
7.....	Grocery Shrinkage and Spoilage.....	%.....
8.....	Grocery Gross Profit.....	%.....
9.....	Produce Markup Profit.....	%.....
10.....	Produce Spoilage.....	%.....
11.....	Produce Gross Profit.....	%.....
12.....	TOTAL GROC. & PROD. GROSS PROFIT.....	%.....
13.....	Meat Gross Profit.....	%.....
14.....	TOTAL GROSS PROFIT.....	%.....
15.....	Store Manager's Hours.....
16.....	Groc. & Prod. Clerks' Hours.....
17.....	Total Groc. & Prod. Hours.....	Per \$100 Sales =
18.....	Head Meat Cutter's Hours.....
19.....	Meat Clerks' Hours.....
20.....	Total Meat Hours.....	Per \$100 Sales =
21.....	Wrapping Supplies \$.....	%.....
22.....	Store Supplies \$.....	%.....
23.....	Cash Over & Short \$.....	%.....
24.....	Laundry Cost \$.....	%.....
25.....	Hired Service \$.....	%.....

*Source: The Kroger Company. Mimeographed Material.

Management must exercise much care in the selection of records, in order that the supervisor have such information as needed to guide his operations, but not to burden him with too many details. Records for the supervisor must be fully understood lest they be misleading and he must understand and appreciate his responsibility of keeping records to aid his own planning and that of management.

CHAPTER V

BUILDING A COMPETENT ORGANIZATION

Position of the Supervisor in the Organization

In many respects, the job of a chain store supervisor can be compared to that of a company commander in the army. The company commander is in charge of the basic fighting or operating unit of the division, and although he has the benefit of advice and assistance from his battalion commander and division staff officers, he is solely responsible for the success of his unit in battle. The chain store supervisor has the benefit of assistance from his immediate superiors and men in staff positions, but he is solely responsible for the success of all the stores within his district, the store managers being his platoon commanders, so to speak.

Like all other executives, the supervisor is responsible for getting results through the efforts of other people. He is responsible for and to other people in achieving objectives through cooperative group effort. In addition to knowing the job itself and knowing company policies and procedures, he must first be able to build and mould his subordinates so as to form an organization capable and willing to carry out the objectives of the company he represents. It is obvious that the supervisor cannot be expected to personally operate all the stores within his district. The task of

running the stores belongs to the store managers whom the supervisor must counsel and aid in the selection, training, and delegation of tasks to store employees.

In building a competent organization within each store, people, not things, are the most important factor. The significance of developing a sincere and continuous interest in the handling of human relations cannot be over-emphasized.

Principles Underlying a Good Organization

In order to demonstrate the principles and practices necessary to good organization, the capable supervisor will:

1) Plan for the needed manpower. He must seek out the kind of talent he needs. He knows specifically what personnel he needs now and will anticipate his future needs. He will spare no effort to attract potential personnel to his organization.

2) Train his people. He will realize that people learn by doing; they grow on the job with proper interest and supervision. It must be realized that men have to be assigned responsibility and allowed to make mistakes in order to learn to stand on their own two feet. Each clerk in each store must be given assignments which will strengthen his weaknesses and utilize his abilities most effectively. The entire success of store operations depends on how he develops and makes use of the capabilities of others. He gives them the opportunity to show what they can do.

3) Counsel employees. He will take a personal interest in each man's welfare and progress. By advising and counseling with each man, he will let him know where he stands, how to do a better job, and will offer him encouragement. He visualizes the job the individual will be most capable of doing with proper guidance.

4) Provide opportunities for participation. He will provide for maximum individual participation in the group effort, each man knowing what his job is and how it contributes to the end result. When each man feels that he is consulted and plays an important role in the operation, wholehearted interest and cooperation will be forthcoming.

5) Create an attitude of confidence. By how the supervisor acts and what he says, he can very easily create an environment of confidence. He will recognize that the relationships between him and his men will determine whether or not they will grow and develop on the job. It must be the relationship of a leader, not a boss, and must be founded on the basis of respect for each individual. The supervisor must recognize that it is not an easy process to develop the kind of relationship which makes employees want to give their best.

6) Give fair treatment to each individual. The good supervisor will be absolutely fair and his men can count on a fair deal. Every man must know that he will be judged fairly according to his own point of view.

7) Provide for proper induction of new employees. The first few days for anyone on a new job are the most trying, especially if the person is new to the type of business activity. "More can be done to make or mar the new employee's future in the first few days than in weeks at any other time."¹ The good supervisor will realize the importance of eliminating the feeling of awkwardness and ignorance that is prevalent in new employees. He will counsel with store managers to emphasize the need for making new employees to feel "at home," have a complete knowledge of their employment conditions, a feeling of pride in "his store" along with an understanding of the importance of company rules and regulations.

8) Attempt to match men and jobs. By knowing the requirements for each job, the supervisor will talk personally to employees to determine their background training, education, and attempt to match these factors with the requirements of a specific job. Once a man is assigned, he must be kept under close supervision until he is satisfied and properly instructed so he can intelligently proceed to carry out his duties.

9) Develop depth in his organization. By providing for participation for employees with the potential, the supervisor can and will develop reserves before he needs them.

¹George D. Halsey. Handbook of Personnel Management. New York: Harper and Brothers Co., 1947. p. 109.

10) Periodically rate employees for improvement. Some means of determining the relative value of an employee is an indispensable phase of management.² Regardless of the type of rating system used, it should assist the employee to secure recognition for good performance and show him where improvement is needed. The capable supervisor will recognize the rating system as an aid to help him organize his ideas and to know his men better. It will provide opportunities to discuss with each employee how well his job duties and responsibilities are being met and to make suggestions for improvement in carrying on the work.

The rating of employees, if properly administered by the supervisor, will serve as an aid to the functions of higher management. "The rating of the individual can serve as a basis for personnel actions involving promotions, transfers, dismissals, layoffs, and demotions."³

11) Set standards of performance. The supervisor will demonstrate high standards of performance in his conduct at all times. It will give him the strength to be frank and firm. The example set by the supervisor must be a standard for his men to emulate.

²Frank Cushman and Robert W. Cushman. Improving Supervision. New York: John Wiley and Sons, Inc., 1947. p. 220.

³Ibid.

Emotional and Psychological Tools

Since it is the supervisor who will set the standards of conduct for inspiration to his employees, and since it is he who will provide the inspirational leadership, let us examine some of the executive "tools" which might well be applied in the over-all development of his organization.

The executive tools of which the writer speaks are of an emotional or psychological nature and will not appear in the form of words, but rather they form an atmosphere of disposition. It is up to each individual to develop his own disposition in keeping with his personality. The important thing is that one in a supervisory capacity be conscious of developing personality traits in himself that will minimize emotional frictions and at the same time produce definite, positive results in employees.

The writer, in attempting to show how certain emotional displays can help the supervisor to get the desired results through other people, will use the approach as presented in a book entitled, "Technique of Executive Control", written by Erwin Haskell Schell and published by the McGraw-Hill Book Company in the year 1924.

If the supervisor will think of certain tools as producing certain results, he must take time to analyze each one of the traits to be presented in light of his own personality. What enthusiasm, for example, means to the writer may be entirely different from the way in which it will be interpreted

by the reader. Therefore, it is extremely important that the reader ask himself "How do I look at this situation and would I use the 'tool' in the manner mentioned? Does my personality allow me to use it as suggested in this presentation?"

If we first approach the task of stimulating employees, we would undoubtedly place enthusiasm high on the list. Enthusiasm is contagious - it breathes faith into the project and concentrates attention on the task at hand. Remember, enthusiasm is emotional in nature and hence, it cannot be continuous - it waxes and wanes. It is easiest to arouse when a new project is started, but save some for the final stretch. Too much enthusiasm can be dangerous as it can disturb mental tensions to the point where inaccuracies will arise. Visualize the satisfaction that will accompany accomplishment and enthusiasm will be forthcoming.

Cheerfulness is another stimulating tool; it is a never failing source of stimulation. The supervisor should consciously develop its use. It produces a pleasant mental environment for thought and helps to carry any organization through difficult times. One need not be afraid to be cheerful - it will not injure one's dignity, but it will yield far greater returns in cooperation. You can be cheerful and still be grave when need be.

To develop sincere cheerfulness, it is necessary to take a cheerful viewpoint of things!

Unselfishness - employees distrust a selfish boss - especially when he takes unjust credit for suggestions made by others. It is a "must" for anyone in a supervisory capacity to recognize suggestions made by employees and to make known the results of such suggestions.

When subordinates are certain that the leader has their interest at heart, loyalty is established!

Stabilizing Tools

Calmness clearly belongs in this category. Everyone enjoys dealing with a calm man - it indicates habitual self control. Like many of the other qualities, calmness is contagious as during times of emergency everyone watches the leader. Calmness is particularly important where women are employed as emotionalism spreads very rapidly amongst women.

Calmness is a product of true thoughtfulness as it is only natural to imitate the emotional displays of other people. Only conscious self-control enables one to restrain his feelings and allow his mind to function unhampered. Calmness comes with thought; to think requires self discipline.

Consistency is a tool which breeds a feeling of satisfaction and stability. The executive who is the same, day in and day out, is always welcomed by employees. The good supervisor is the man who does not deviate from his plan, but is consistent enough to recognize its weaknesses.

Do not be changed by every whim of circumstance - set a standard of conduct and stick to it.

Time Saving Tools

Executives who are receptive make it easy for employees to come to them without hesitancy and quickly present the task at hand.

Any member of an organization can have close, cordial and even friendly relations with his superior and still not break down any attitude of respect and courtesy.

The employee is entering strange land when he enters the office of his superior. The method of greeting will help to put the employee at ease and tend to lower the barrier. Some executives have gone so far that they will not talk to a subordinate over the desk; the feeling being that the desk is a natural barrier symbolizing authority which creates an atmosphere of homage which is restraining.

Simplicity is also time saving. Do not attempt to impress other people with your learning or vocabulary. Simplicity brings about a mutual understanding and a more intimate contact of the minds - after all that is why we attempt to communicate with other people.

A novelist once said, "We should spend more time on our books so that the reader may spend less." This rule can well be applied to our dealings with people; work over any facts

to be presented to employees until they can be offered simply and in the language of the listener.

Frankness brings economies in time also, for frankness in the leader encourages frankness in employees. There is no need for mental reservations, no need for beating around the bush; lay the facts on the table so the problem can be attacked without delay.

Many well-meaning people are not candid because they dislike saying a thing which might bring offense. Never become angered by a fact!

Conforming Tools

From the employee's viewpoint, firmness is a welcome executive quality. Firmness brings confidence and conformance to the will of the leader.

The executive can be mild, but firm; it simply means that he faces his problem squarely and with assurance.

Firmness is the quality which protects the supervisor's judgment from the influence of other personalities, but it need never close the door to reason.

We have all heard a great deal about tact. Tact does not mean the avoidance of unpleasant tasks; it simply means appealing to the positive moods of the individual - such positive moods as loyalty, duty, and justice. Tact is also a means of removing from the individual the influences of negative moods such as hatred, resentment, suspicion or anger.

When influenced by negative moods, an individual is rarely cooperative; hence, tact is a good conforming tool.

Remember it is demoralizing to hurt the pride of an employee or to injure his feelings in any way. It is demoralizing to arouse an employee's anger or resentment towards another; the tactless person often does these things unintentionally. Tact is born of a regard for the personalities of others.

The greatest ignorance of our educated people of today is ignorance of ignorance -- in other words, we oftentimes demand undue haste without due consideration for the limitations of the individual. Tolerance and patience are a "must" for the supervisor.

Employees cannot be expected to grasp new ideas and things as quickly as their leader - if they could, they would not be employees. It is more difficult to determine what is best to overlook than to discover what to criticize.

Restraining Tools (for the Individual)

Dignity is a requisite for every position of authority. It should merely be a symbol of assurance that the responsibilities which accompany authority are not being treated lightly.

Dignity does not infer solemnity, but rather it should represent the individual's desire to give the best that is in him in meeting his responsibilities. It cannot be simulated -

it must stem from a sincere appreciation of one's responsibilities.

Courtesy to employees is another way for the supervisor to manifest his recognition for the need of good human relations. Courtesy to subordinates or employees lessens the possibilities of negative moods and enables the organization to function more smoothly.

Courtesy does not require ceremony; it is an outward regard for human sensibilities and the man who develops its use will be respected.

Last, but not least, the supervisor must think in terms of developing qualities, in himself, that will help to fashion loyalty. Kindness and friendliness are undoubtedly super weapons.

It is not enough to merely feel kindly disposed or friendly towards employees, the good leader shows his kindness and friendliness. Oftentimes people remember such acts above all others and build their loyalty on that basis.

It is not necessary to go out and search for the opportunity to evidence these qualities, but it is the wise man who is watchful for the opportunity to capitalize on his self-imposed assets.

Not one of these qualities can be purchased outright, nor can they be fashioned for us by another - each man must develop them for himself through a process of strict

self-disciplining. Benjamin Franklin in his autobiography explained how he took one virtue at a time and practiced its use until it became a habit.

Regardless of how much planning a supervisor puts into developing himself and his organization, there are bound to be problems arising which will require his personal attention. Most serious grievances are an accumulation of petty grievances, which if they had been properly handled at the time would never have developed to any serious proportions. How problems with individuals and groups are handled will, to a large extent, determine how often the personal attention of the supervisor is needed.

There is no magic formula for handling personnel problems as each person is different and any solution to all problems defies standardization. However, a logical, common sense approach is within the reason of those who will recognize and study it.

Handling Personnel Problems

The boss orders the action he desires, but the leader secures the same action by guiding the thinking of the individual. In other words, the supervisor can handle best problems dealing with people by using a directed discussion.

First, the problem must be clearly and completely stated so there can be no misunderstanding and the employee will agree on the objectives to be accomplished. Once both parties

are fully aware of, and agree on the problem concerned, the employee should be encouraged to express his ideas and opinions. An employee's opinion is a fact to him and must be regarded as such. In the process of the employee presenting his viewpoints, the tactful supervisor will ask questions to direct his thinking along the proper channels. The leader must be careful to keep the discussion on the immediate subject and not allow himself to be led away by the introduction of irrelevant facts. Each fact must be discussed until a conclusion is reached. Then the next problem can be attacked.

The leader must recognize any ideas presented by his subordinates and use them to crystallize an agreement. An agreement, when reached, should be permanently recorded as a basis for a future follow-up.

During a directed discussion, it is important for the leader to be patient, and, above all, to avoid sarcasm if the individual fails to produce the ideas expected of him.

In the final analysis, a satisfactory solution can result only if the agreements reached are summarized, and the individual or group gives a commitment as to what action will be taken to improve the problem discussed. The supervisor will then express his intent to follow-up to see if the proper action has been taken.

Brief Summary

It would be folly for the supervisor to expect maximum sales and profits from his stores if he had not first considered the importance of good organization within each store.

The supervisor accomplishes his objectives through the personal contacts and observations he makes when visiting the stores of his territory. How well he can plan to cover his territory will in no small degree be dependent upon the organization of the will of his employees.

A supervisor may have to visit each store twice a week, and he may have to spend two or three hours in each store examining it through the eyes of the customer. The size of the store, the number of employees, and the distance between stores are factors governing the supervisor's time to be spent in stores. These factors he cannot control. However, the caliber of personnel will, to a degree, determine how much personal attention the supervisor must give each store in his district. It is to the supervisor's advantage to develop personnel who require a minimum of counseling and personal supervision.

In order that the combined efforts of all employees will make for an efficient operation in each store, the supervisor must know and realize what the employees expect of him as their leader. He must know each individual personally and try to determine each person's interests and aptitudes and how

they can best be used. He must understand fully the reasons for treating each person as an individual and be able to cope with group as well as individual problems.

Again comparing the supervisor to the company commander in the army, there is one significant difference. The company commander maintains his organization through absolute headship and authority, while the supervisor in the retail food industry must be a leader spontaneously accorded by all.

CHAPTER VI

MERCHANDISING AND CONTROL

The food chain organization finds one of its greatest advantages in its ability to multiply the knowledge of each one of its specialists. Specialists in the central office can multiply their knowledge as many times as the number of retail units in the organization. In other words, to take full advantage of having specialists in charge of such activities as; buying various products, accounting, advertising, warehousing, and personnel, means that these functions must be standardized in the retail units to a degree.

With all the specialization that can be developed in a central office, management needs to be certain that each specialist is able to integrate his activities with the overall operation. Most specialists are men who have had previous experience in retail operations; others must be provided with adequate training in order for them to be able to recognize the need for gearing activities to mesh with retail operations.

Management, as such, plans for the purchase of goods, the warehousing, and the selling plans necessary to make a profit if expense items are controlled consistent to maximum sales. Obviously, management cannot devise plans which will be ideal for each retail unit. The supervisor projects management's plans to his store managers and must necessarily

know the peculiarities of each store and how the individual store can best adapt company plans to its operation. It must be remembered that the store manager himself is an executive whose natural prerogatives should not be restricted. Instead, the supervisor encourages and stimulates the store managers in the functions of directing and scheduling personnel, and in taking advantage of training, operating, and merchandising aids presented by headquarters.

In order that the supervisor will be able to fully understand company plans as applied to any one store, he must have a complete knowledge of the principles of merchandising in retail food stores, recognize the in-store factors that influence sales, and be able to analyze operating results to determine the factors that will detract from the gross dollar profit.

A business, in order that it be considered successful, must operate at a profit - lest it be a social or government sponsored enterprise. The retail food chain business is no exception. Since the retail food chain organization is primarily a selling organization, it would seem logical to consider first the factors that will affect the gross dollar profit and then to consider the elements that will determine the amount of gross dollar profit remaining for net profit. Net profit, as concerned with this chapter, is the profit resulting only from the factors over which retail operations has control.

Promoting Sales to Secure Maximum Gross Profit Dollars

The very nature of a food chain organization necessitates that selling plans be made well in advance of the actual selling event. It is customary to project sales plans four to six weeks in advance with enough flexibility to make changes to meet competition and to take advantage of any good buys that can be made in the meantime. Regardless of the frequency with which management makes plans, it is the supervisor who will see that company sales plans are followed through at the retail level.

Management calls in the supervisors and projects plans on items to be featured, advertising, and items to be emphasized; in turn, the supervisor holds sales meetings for his store managers in order to lay plans well in advance. How well the supervisor conducts his sales meetings and how he follows through by counseling with each individual store manager will, to a large extent, determine how effective management's plans will be.

The District Sales Meeting

It may seem to the casual observer that the supervisor need merely to relay management's plans to his store managers and they will absorb all of the ideas presented. The truth of the matter is, that the preparedness of the supervisor will be responsible for intelligent results. Since the supervisor will lead the discussion, he must apply his intelligence,

practice, and use the benefit of his experience. As mentioned in Chapter III, the discussion leader must first master himself before he can develop the art of successful group leadership. Each time the supervisor conducts a sales meeting for his managers, he must constantly try to improve himself.

Of first importance in conducting a sales meeting is the need for preliminary study. It cannot be assumed that the supervisor will get all the ammunition he needs when he attends his headquarters' meetings. He must logically plan what he intends to cover, how he will cover it, and the time he will need to thoroughly cover the subject. The supervisor must be able to answer any possible questions that might arise and, to avoid embarrassment, he must spend considerable time in studying the plan he will present, its objectives, the various phases of the plan, the sequence of thought, and all significant points worthy of special emphasis.

Once the supervisor has thoroughly thought out his presentation, he will go to work on props, charts, and any other supplemental information that he feels will be helpful in getting his story across. Only after he has completely thought out the plans for the meeting is the supervisor ready to outline the meeting and start practicing what he will say and how to say it.

As the supervisor presents the plans and begins the meeting, it is necessary that the confidence of the group be his

in order to secure the most beneficial results. Since confidence is ordinarily built up over a period of time, the supervisor realizes the importance of contacts made with store managers on the job. The supervisor should not appear to dominate the meeting, but should take the attitude of being one of the group. However, he must talk with conviction, be sincere and create enthusiasm in the group by being enthusiastic himself.

The context of the presentation must be so clear that there can be no misunderstanding. Oftentimes too much discussion or no discussion at all is a clue for the supervisor in determining how well he is holding the group's interest or whether or not his message is reaching home.

Oftentimes no discussion will mean that the group has no interest in the subject or that the supervisor has not adjusted the plan to fit the needs of the group. It is important to emphasize what the plan will do for the managers in improving the operation of their individual store, not what it will do for the company.

A lack of interest can become apparent if a certain topic or aspect of the discussion has been exhausted. The supervisor should never stand pat on a topic which lags or meets with opposition. He must be ready to go on to another topic when its possibilities have been exhausted for one reason or another. If the discussion lags, chances are the supervisor has failed to make his topic clear or he has failed to liven

it up with adequate illustrations. Inasmuch as managers attend meetings regularly, it is important that vivid descriptions be used. Appeal to the five senses and when possible use gimmicks and props as interest builders.

In order to get action and make sure that the goals are fully understood, the good discussion leader briefly summarizes the main points and requests questions regarding any points that may be a little hazy.

The meeting itself will be a success if a team spirit has been built up, if the managers are really sold on the plan, and if the supervisor secures actual commitments on what each manager will do to most effectively execute the sales plan in his store. The supervisor follows through to see if and how well the plans are being executed in each store in his district.

Store Sales Meeting

In adapting an over-all plan to fit each store, the necessity for holding adequate sales meetings within each store cannot be overlooked by the supervisor.

The store manager receives a sales plan telling him what items are to be featured in company advertising in order to guide his ordering and promotions. The store meeting is a means of getting each department head to think in terms of how he will execute the sales plan for his locale.

Company sales plans can be only as effective as they are at point of sale in each store. Therefore, the supervisor helps the store manager in planning his meetings so as to develop a group discussion leader within each store. He advises each manager to let the various department heads present their plans at each weekly meeting; the purpose being to stimulate the thinking of each department head and to give him a feeling of belonging.

After counseling with each manager on how to conduct store meetings, the supervisor will do well to sit in on store meetings occasionally to see how intelligently they are being conducted. However, he must be careful not to criticise or offer comments during the meeting, but rather to privately offer constructive suggestions to the individuals concerned.

Merchandising Each Store

It is not logical to assume that by simply following and backing up company sales plans, maximum sales and gross profit dollars will result. Nor is it logical to assume that the store manager will be solely responsible for all the phases of merchandising needed in his store. The supervisor is the store manager's immediate superior and it is he who needs to be better versed than his managers in order to recognize merchandising mistakes and those merchandising essentials which are being neglected. Maximum sales and profits in each store

can result only from the group effort exerted to satisfy each and every customer.

Company advertising and goodwill can and do attract new customers and will keep old customers coming back. However, once the customer enters the store, only courteous service, sufficient varieties and quantities of goods, and the best use of available facilities will insure a desirable sales volume.

The supervisor must consider the elements of merchandising in each store with due regard for the limitation of each store as governed by physical appointments. No two stores are exactly alike and neither are the clientele of any two stores. Therefore, the importance of counseling with each manager individually cannot be over-emphasized.

Since it is the ultimate aim of merchandising to satisfy customer wants, each unit manager and department heads must be indoctrinated in the techniques of proper ordering, proper display and the proper care of the entire store area.

Public Relations and Goodwill

While the company itself may enjoy a good reputation, it is the obligation of each retail unit to maintain and develop goodwill and public relations within its own community. To meet this end, it is extremely important that customers be given courteous treatment in the store and that employees reflect character in their undertakings both in the store and outside.

It may not become apparent immediately to the supervisor when public relations and goodwill have been jeopardized in some way, therefore, he must constantly stress the importance of the store's position in the community and help the manager in realizing and accomplishing his responsibilities as a good citizen of the community.

Public relations itself can be manifested in any type of customer service and it is the element, which when properly developed, keeps people coming back into the store. The attention paid to children shopping for parents, the courtesy and speed with which people are checked out, the courtesy of the carry-out boy, and the condition of the store parking lot and garbage shed, are all factors to be considered in building good customer relations.

The Right Merchandise

The right merchandise means enough merchandise to satisfy customer wants as geared to the locality; keeping in mind the intention of backing up company advertising, tie-ins with manufacturers' promotions, the availability of seasonal items, and with due regard for turnover of stock.

In considering the right merchandise for each location, the supervisor necessarily sees that the proper controls have been set up in each store for proper ordering and helps to institute supplemental sales plans for the store. He follows

through to make certain that the plans are being executed in each department.

In developing supplemental plans for each store, the supervisor should secure from headquarters a list of high markup items which have sales volume possibilities, and should encourage store people to push these items to offset the low markup items. "Balanced selling" is an important consideration when one considers the over-all markup in a retail food store. Oftentimes items are featured in advertising to give price impression to the reader and, consequently, are designed to pull traffic into the store and not because of the markup which is usually lower than average. In order to come up with a satisfactory gross profit, it is necessary that the higher markup items be located and displayed where the greatest impulse sales will result. In order to promote any one item to advantage, a careful study needs to be made to determine the flow of traffic and the feasibility of allocating various amounts of shelf and display space.

A selling organization can only be successful in a highly competitive field such as food retailing, if there is a sufficient quantity of stock carried to obtain maximum sales. Maximum sales are only desirable to the extent that a favorable relationship exists between the amount of stock carried and sales.

Inasmuch as gross margins are declining and the cost of doing business is continually rising, it behooves the supervisor

to impress upon store managers and department heads the need for turning over stock as often as possible. The retail inventory when taken in each store gives an indication of stock-turn. For example, if the inventory of a retail unit shows there is a quantity of goods on hand at retail price in the amount of \$50,000 and monthly sales are \$100,00, the stock-turn would be two; however, on a daily basis, it would be a fifteen-day turnover. This illustration is relatively simple, but it is also realistic inasmuch as food chains are striving to keep inventories on a twelve to eighteen-day turnover.

The quantity of stock, while being important, is of lesser importance than stock balance. By stock balance is meant the balance of the quantities of given items in relation to movement. Stock balance is not shown on inventory results and can only be accomplished through the diligent effort of the person making out the order.

Necessarily, there must be some control in ordering merchandise as it is not a game of guessing. The supervisor impresses upon his men the need for keeping records concerning the movement of goods to be used as a guide for making out orders. Extreme care must be exercised in the ordering of perishable items such as bread, milk and produce, but sometimes penny-wise is pound foolish. Store people should not become so control conscious in ordering that they frequently run out of perishables. Rather it is better to lose a few

loaves of bread, or a few quarts of milk now and then, than it is to run the risk of losing a customer.

Produce items, when over ordered, can sometimes be moved to another store by the supervisor, but otherwise the price should be cut to sell merchandise that will not carry over. The first price cut should be the last one; in other words, make the first price cut the one that will move the merchandise. A good check on produce orders is to review occasionally the number of items offered on the order sheet as compared to the number of items actually being ordered. By doing this a few times, the supervisor can impress upon department heads the need for having as much variety as possible.

A frequent check at closing time, particularly on Saturday evenings, will tell the supervisor what items are not in stock. If the supervisor finds that a store is not in business until closing time, it is reason enough for him to confer with the manager and department heads to stress the importance of satisfying the late shoppers also.

Displaying Merchandise

Self-service food retailing is becoming more predominant. The merchandise and how it is displayed is often the only selling point. People shop with their eyes.

The supervisor will check to see that all display material, window signs, and point of sale material is being used to best advantage. In order to determine the value of

displays, let us examine some of the characteristics of a good display and shelf arrangement.

A good display will keep the merchandise off the floor, will show plenty of the merchandise, be easy to reach, tell the price, and suggest a use for the product. The use of printed material furnished by manufacturers is often an aid to presenting merchandise on display. An important consideration for store displays is the fact that they must be changed frequently lest they lose their value as a display. Displays should offer something different to the consumer every week.

Shelf position and shelf frontage are devices of salesmanship in self-service that can greatly influence the sale of products or brands. Vertical arrangement of stock enables the customer to see more types and varieties of merchandise. Merchandise placed between the waist and eye level on a shelf is considered to be most prominent and, therefore, should be considered in allocating shelf space to brands or items desirous of being promoted. Still another way of increasing the sale of an item is to give it more shelf frontage and better still, place it between two fast moving items where it will be noticed.

Other Factors Affecting Sales

It would be folly to disregard proper pricing when referring to maximum sales. Inasmuch as all the retail units

within a given organization sell merchandise at the same price, it would promote distrust in the whole company for any one store to charge prices not in accordance with company prices. People frequently shop more than one store and, consequently, it is not difficult for them to make a comparison.

The proper rotation of merchandise, while being a factor to reduce waste, is also a great booster for sales, as people build their confidence on the quality of the merchandise they receive for their money.

Then, too, the supervisor should be fully aware of competition as it affects his stores. He will notify headquarters of remodeling, the opening of new stores, and any particular aggressive campaigning by his competitors.

As the supervisor sees the possibility of a good location for a store in his district, he will also notify headquarters. The supervisor needs also to recognize where improvements, new equipment, or remodeling can help him to do a better job in the stores already operating within his district.

Controlling Shrinkage and Spoilage

There are factors to be considered in over-all store operations which can affect the gross margin of one or all departments and then there are specific things the supervisor can look for in each department.

Excess shrinkage or spoilage is evidenced when the monthly statement shows that a particular store or department in the store has a lower gross markup than normally expected as compared to other stores and the branch as a whole..

The supervisor would first contact the store manager or department head to get his ideas on what he thinks is causing excessive losses. He would then see to it that all store personnel are impressed with the importance of accuracy as it affects inventories and the need for the manager and his personnel to be on the floor during busy hours to discourage and be on the lookout for pilferage.

It is not unusual for store people to blame all shrinkage on pilferage, but customer pilferage is sometimes only an insignificant part of stock shrink.

In looking at over-all store operations, the supervisor should first emphasize the need for accuracy at the check-out lanes. Cashiers must be observed and periodically checked to see if they are performing their jobs accurately and correctly. The possibility of merchandise being removed from back rooms which are left unlocked cannot be overlooked. Many stores suffer excessive losses because employees' purchases are not properly checked. It is good business to have one responsible person check all employee purchases and then staple the bag closed with the sales slip on the outside. The manager himself must set the example and have his purchases

checked in the same way he requires employees' purchases to be checked.

Specific Things to Look for
in Grocery Department

1) Careful checking of incoming merchandise. Oftentimes incoming merchandise is not checked at all or else a piece count is taken. A piece count must be recognized as insufficient as it will not show up errors occurring within commodities. A commodity count is not only the most accurate, but it acquaints store personnel with merchandise. The same applies to direct store deliveries - sales tickets should never be signed until the merchandise is accounted for.

2) Careful checking of returned merchandise. Frequently direct store delivery men will pick up stale bread, empty bottle cartons, and specialty items for which they will either issue credit or make payment. No matter how well these men are known by store employees, it is unwise to let them perform their duties without being checked by the manager or some reliable employee.

3) Making price changes promptly. Making price changes promptly not only keeps the store competitive as markets fluctuate, but is good business and is vital as far as profits are concerned.

4) Proper price marking and price tagging displays. The wrong prices on merchandise have caused many a bad inventory. One reliable person should be definitely responsible for

price stamping merchandise. Frequent spot checks by the manager will tell how accurately the job is being done.

5) A careful check of returned bottles. All checkers and store personnel should be impressed with the importance of checking all bottles and returned merchandise. It is not enough merely to accept the customer's word; a definite system for handling returns can save many dollars in a year's time.

6) A careful check on perishable items. Order control must prevail on perishable items such as bread, milk, eggs, and cookies. Along with proper order control, there must necessarily be proper rotation to minimize loss.

7) Check the location of high unit price items. The supervisor will look the selling area over to see if some item particularly susceptible to pilferage is located in a blind corner. He will realize the importance of placing such items near the check-out lane or in some location where pilferage will be discouraged.

Things to Look For When Meat Gross is Too Low

1) Check scales. It is worth while to check scales at least once a week. Scales are delicate machines and can easily get out of adjustment without being noticed. During a period of high price levels, a scale underweighing an ounce or even less can cause many dollars loss in a very short time.

2) Observe method of trim. The profit margin on meat items is rather narrow and consequently the slightest bit of excess trim can be costly.

3) Check how long meat is kept. Fast turnover is important in the meat department and slow moving items must be merchandised or called to the attention of the supervisor, who, in turn, can transfer them to another unit. Meat is already aged when it reaches the store and, therefore, becomes less valuable every day it is allowed to hang in the cooler.

4) Does meat cutter weigh meat in? It is just as important for the meat cutter to weigh incoming merchandise as it is for the grocery manager to make a commodity count on his incoming order.

5) Observe the handling of seafoods. Seafoods are extremely perishable and require constant refrigeration and care lest they ripen and create a loss.

6) Examine the possibility of special customers. Does the meat cutter have pet customers? Does he have dealings with restaurants or other institutions that demand a discount?

The things to look for in the produce department are basically the same as those for the meat department inasmuch as the merchandise is highly perishable. However, the need for prepackaging produce to increase turnover and prevent damage is a worthy consideration in eliminating losses.

It might be said that the supervisor would also recognize the need for clean, orderly, store conditions which will

discourage pilferage inasmuch as good store conditions indicate capable management. Then, too, the element of friendliness is a weapon for fighting pilferage, as people do not ordinarily steal from friends.

Expense Control

As operating costs increase, more and more attention needs to be given to efficiency of operation without jeopardizing customer service. Decreasing margins and increasing costs can only be balanced by increased efficiency through greater productivity and closer control of operating expenses under the management of the retail unit itself.

Management, through the analysis of operating results, can get a composite view of expenses which are increasing in proportion to sales and profits. At operational meetings and sales meetings, management has the opportunity to bring forth ideas to correct situations concerning expenses which are running too high. The supervisor, in turn, projects these ideas to his store managers. However, the control of expenses is an individual problem in each store and must be regarded as such.

Wage Control

The most significant cost of doing business in a retail food store is that of wage dollars paid to employees. While the supervisor has the benefit of operations results to tell him the quantity of help being used in relation to sales, he

must constantly be on the alert to promote efficiency which will not only reduce operating costs, but make the tasks of employees more pleasant.

In weekly reports received from stores, the supervisor should require the clerk hours used to be broken down into departments. However, the amount of clerk hours used, while important, is not as important as the conditions maintained in the store by a given number of employees. In other words, the need for scheduling and organizing work so as to be able to maintain satisfactory conditions within each store must be appreciated by the supervisor.

Store managers must be counseled on the reasons for scheduling help and giving definite assignments to personnel during working hours. A written schedule, showing exactly what hours and what days each employee will work, helps the store manager to gauge the total clerk hours he will use as compared to his expected sales volume. It is essential that clerks be scheduled to work when business is at its peak. Therefore, it is wise to schedule as many employees as possible to work in the latter part of the week when they are needed most. A certain amount of flexibility can be obtained by hiring part-time clerks who can be scheduled as they are needed and dropped when business does not warrant keeping them on the payroll.

Managers should also be encouraged to take advantage of work simplification procedures resulting from the observations

of the supervisor in his dealings with a large number of operations.

Safety

While safety itself cannot be considered an expense, the neglect of it can certainly be expensive. The importance of employee safe practices in using knives and other equipment must be emphasized. The need for safe practices in minimizing customer accidents is obvious. Most customer accidents are preventable as they usually result from boxes or merchandise piled on the selling floor or from green trimmings in the produce department. All employees should be made safety conscious and it is the supervisor who should provide the incentive for preventive rather than curative action.

Heat, Light, Water, Power and Ice

To the average manager or clerk, the suggestion of turning off lights, heaters, and water when not in use may seem no less than slightly ridiculous. However, when the sum total of all these items is calculated, it can amount to a sizeable amount. Managers should be encouraged to check equipment frequently to make sure it is operating properly and only when needed. Using equipment when it is not needed, or not giving it proper attention, certainly influences the expenses of repairs and maintenance of equipment.

Wrapping Supplies

A little thing like a paper bag may seem trivial, but employees must be taught to use everything in the store with discretion. The right size bag or just enough paper to properly wrap a meat package is all that is needed. Why throw profits out the door? Wrapping supplies should be ordered by the manager in quantities as they are needed and then properly stored and cared for. Wrapping supplies which are ordered in excess and allowed to be stored in the back room soon become soiled and represent an unnecessary expense.

Laundry and Towel Service

Laundry expense can only be controlled if there is adequate provision for the proper storing of uniforms and aprons. Clerks must be allotted a certain quota of uniforms or aprons consistent with their needs lest they use clean ones at their own discretion.

To the casual observer, the need for emphasizing control over these petty items may seem unnecessary, but when the total of all items is added together and multiplied by the number of stores in one district, the figure becomes rather startling. Perhaps management would be wise to give each district manager the dollars and cents figures on these expenses each accounting period to stimulate thinking along the lines of better control.

One word of caution is in order when speaking of controls: the supervisor should never become so control conscious that he forgets the primary function of selling more and more merchandise to more and more people.

CHAPTER VII

SUMMARY AND CONCLUSIONS

During periods of prosperity, the labor market becomes tight and the need for better personnel relations becomes more evident. Food chains, in general, have made great strides in the directions of employee benefits and training programs. However, as stores become larger and more complex, the need for better supervision becomes apparent.

The food chain store supervisor of today is not just a lead man, but is an administrator. He is solely responsible for the operating results of all the stores within his district. He needs to be a leader who can coordinate the efforts of store people in order to accomplish predetermined objectives. A coordinated group effort requires the attention and consideration of a leader who is willing to study human relations and able to recognize his obligations to subordinates as well as superiors.

The specific responsibilities of the supervisor are:

- (1) to secure maximum sales and profits, (2) to control expenses consistent with maximum sales, and (3) to develop and maintain a competent organization. Management must clearly define these responsibilities for the supervisor. In turn, the supervisor must gain a thorough understanding of his obligations and recognize the need for planning the direction of his efforts. It is the use of energy that counts - not

the sheer output of it. A complete understanding of what is expected of him will enable the supervisor to recognize those duties which have been neglected or over-emphasized. It will start him on the road to increased efficiency.

Qualifications of a Good Supervisor

Considering the complexity of responsibilities inherent in chain store supervision, it may appear that the supervisor needs to be a human dynamo. Man rarely uses his innate ability to its maximum capacity. Therefore, the first qualification for anyone engaged in a supervisory capacity is a willingness or ambition to do the job. The supervisor accomplishes his task through the efforts of other people and consequently he must be a student of human relations. He must be a man who makes an earnest effort to recognize and develop those characteristics which will identify him as a true leader.

A dealer in human quantities must have an abiding interest in people. The supervisor who has a sincere affection for his subordinates and fellow workers is an asset to his organization. The man who displays a genuine interest in employees is a leader who aids them in self-development and hastens their progress.

A quality desirable in anyone to be considered for supervisory work is an analytical mind. The retail food chain store supervisor is faced constantly with the task of

coordinating the activities of men, materials and equipment. To win recognition through preventive rather than curative action requires a process of thought which is definitely scientific in nature. The supervisor must be able to plan for the future. A logical plan can be conceived only by the mind of a well disciplined person.

Experience and educational training are, of course, requisites for a supervisory job in retail food chain distribution. Experience and education will not in themselves qualify a man for supervisory work. How the individual responds to such influences will, to a large extent, determine the probability of his being a capable supervisor.

Building a Competent Organization

The chain store supervisor has the benefit of assistance from other key men in the organization, but he is solely responsible for achieving satisfactory results through the cooperative group effort of all his store people. Take away some of the facilities and an organization will still survive, but take away the people and it will not survive. It is people, not things, that are important in carrying out the objectives of a company.

In building a competent organization within each store, the supervisor first plans for the manpower he will need. He spares no effort to attract new employees who will strengthen the organization and he makes an earnest effort to develop

employees who are presently employed. New employees are properly introduced to their jobs and old employees are counseled periodically to provide a basis for self-improvement as well as commendation for past performance. The supervisor makes positive suggestions on how improvements can be best accomplished.

The supervisor, in building his organization, provides for individual participation in the group effort. Employees are given the opportunity to display any special talents and they are allowed to make mistakes in order to grow. Proper supervision enables employees to benefit from mistakes and to improve on the job.

The whole process of building a good organization evolves around the study of human relations. The supervisor recognizes that it is he who must provide the inspirational leadership for his organization. He first masters himself before he attempts to master others. The process of mastering himself means that the supervisor recognizes those virtues that employees expect of their leader. The leader is enthusiastic, cheerful, calm, consistent, receptive, candid, firm, tactful, and uses finesse in all his dealings with employees. To recognize the need for these personality traits is relatively simple. To consciously develop the use of these traits until they become a habit requires a process of strict self-disciplining. The supervisor accomplishes self-development by himself for the benefit of all people with

whom he comes in contact. The leadership of the supervisor must be accorded spontaneously by all his employees and superiors.

Operating Records

An organization as large as most corporate food chains must provide some system for handling standardized activities. A system without records would not be very successful as the records themselves are often more tangible than the system. The supervisor must recognize the need for keeping accurate records as required by his company and the need for proper analyzation of those records provided for him. The records that the supervisor receives from management are provided to make possible the elimination of guess work when determining which stores in his district require particular attention. The records the supervisor will keep for his company should be such as to enable the company to recognize special competitive conditions in his territory, and the need for review of policies which may show some signs of weakness as a result of the supervisor's experience at the operating level.

The most significant records used by the supervisor are those reports pertaining to the operating results of his store. The records giving the results of sales, operating expenses, and the ultimate gross profit of each unit, are of prime importance in directing the efforts of the supervisor and his people.

It is not enough to evaluate each store or department individually as there must be some basis for comparison. Records comparing the operating results of a particular unit to the district and the entire branch provide a basis for comparing the unit to an average. However, the larger stores can, in many cases, be expected to be more efficient as a result of better equipment and more diversified lines of merchandise. The more complete markets have a greater opportunity for higher unit sales per customer. Therefore, in the final analysis of operating records, stores should and can be, if the company will so provide, compared to other stores in the same sales bracket and similar type of operation.

Breaking down commodity records into a percent of total sales is very indicative of the merchandising capacity of the department concerned, but must be evaluated in terms of outside influences over which the retail unit has no control. If retail sales people are expected to develop into competent operators in their stores and departments, management must furnish them with the results of operations over which they have control. The use of operating results is an invaluable aid in recognizing weaknesses and in developing plans for improvement.

The need for planning is evident in any successful business. The supervisor can plan with his store people by having them submit a budget which will indicate what they will attempt to reach in sales and profits in a future period.

Budget planning is a means to stimulate enthusiasm and encourage progress, but the budget should never be used as a basis for reprimand by the supervisor if results do not live up to expectations. Instead, it is a basis for further counseling to determine what prevented the budget from being reached and what steps can be taken to improve results in the future.

Merchandising and Control

The food chain organization finds one great advantage in its ability to multiply the knowledge of each specialist employed in the central office. Specialists are actually staff members performing one function such as buying, but they need be merchandisers to the extent that they must be able to integrate their activities with those of the over-all operation.

The central office, which has the benefit of the experience of all stores within its operation besides its many specialized merchandisers, will develop selling and operating plans for the retail stores. The supervisor's recommendations often aid in getting the real pulse of things at the operating level.

Management's plans are sold to supervisors who, in turn, must adapt them to the needs of their particular districts. The individual supervisor then plans for a meeting with store managers who, in turn, will carry the plans to their store

people. Management's plans can only be as effective as the plans become in each store. How well the supervisor plans for and executes his meetings with store managers will, to a large extent, determine how effective the knowledge of staff members can be multiplied. Not only must the supervisor conduct an understandable meeting for his managers, but he must follow through to make certain the retail unit manager conducts meetings with store people to sell and inspire them on the benefits of company plans as applied to their particular establishment.

It is not logical to assume that maximum sales and profits will result simply from following company plans. The supervisor must counsel with each store manager to offer advice and suggestions as to how the plan can be best adapted to the particular unit, and to offer help in developing supplemental plans within each store.

The aim of merchandising is to satisfy customer wants. Each unit manager and department heads must be indoctrinated in the techniques of proper ordering, proper display, and the need for proper care of the entire store area. These will definitely aid in developing and maintaining goodwill and satisfactory public relations for the company. It is not always easy to detect goodwill that has been damaged or undesirable public relations. The supervisor must constantly stress the importance of the store's position in the community and

help the manager and his employees to realize and accomplish those things which will make them good citizens of the community.

The right merchandise, in the right place, at the right time, in the right quantity, and at the right price is what every supervisor should strive for in each store within his district. The right merchandise is the merchandise as required by the people of the particular locale. The right place is where people will have easy access to it and turnover will be greatest. The right time is when due regard is given to seasonal items, special events, and in accordance with special company plans. The right quantity is the quantity that is sufficient to meet customer wants with little left over. The right price is that price as established by the company, the company price being competitive as governed by local conditions.

Controlling expenses is an important consideration in attaining maximum profits. The supervisor must be aware of even the seemingly insignificant items. Wage expense is the most significant cost in retail store operations. The supervisor can do much to help store managers control this expense. The proper training, supervision and channeling of employee efforts can do much to increase productivity. The quantity of help needed to efficiently run a retail unit will be influenced greatly by the quality of the personnel. The supervisor is responsible for developing a competent organization.

Excessive inventory losses and spoilage must be of prime concern to the supervisor. The importance of carefully checking in merchandise, proper marking, careful control of perishable items and absolute accuracy at the cash registers cannot be overlooked. The checking of scales and the turn-over of merchandise are important in protecting the gross profit in the meat and produce departments.

Items such as wrapping supplies, heat, water, power, light, store supplies, and ice may seem unworthy of mention, but are nevertheless important to the profit of the operation.

As operating costs continue to rise and gross margins continue to grow smaller, the supervisor must become expense control conscious. However, the supervisor must never become so control conscious that the primary function of selling more merchandise to more people is forgotten or neglected.

The supervisor must carefully plan his work. However, the supervisor is not to plan the work of his store managers and store people. The store manager is also an executive; his natural prerogatives must not be restricted. Instead, the supervisor must encourage and stimulate the store manager to perform the functions of directing and scheduling personnel, and to take advantage of training, operating, and merchandising aids presented by the central office.

Merchandising is the art and science of coordinating all the activities necessary to buy goods to be sold at a profit while maintaining and developing customer satisfaction at the

operating level within a retail food chain organization. The retail food chain store supervisor has the opportunity to display his talents along many lines of endeavor. He must constantly strive to coordinate all the activities which will help to realize maximum operating efficiency in each of the stores within his district.

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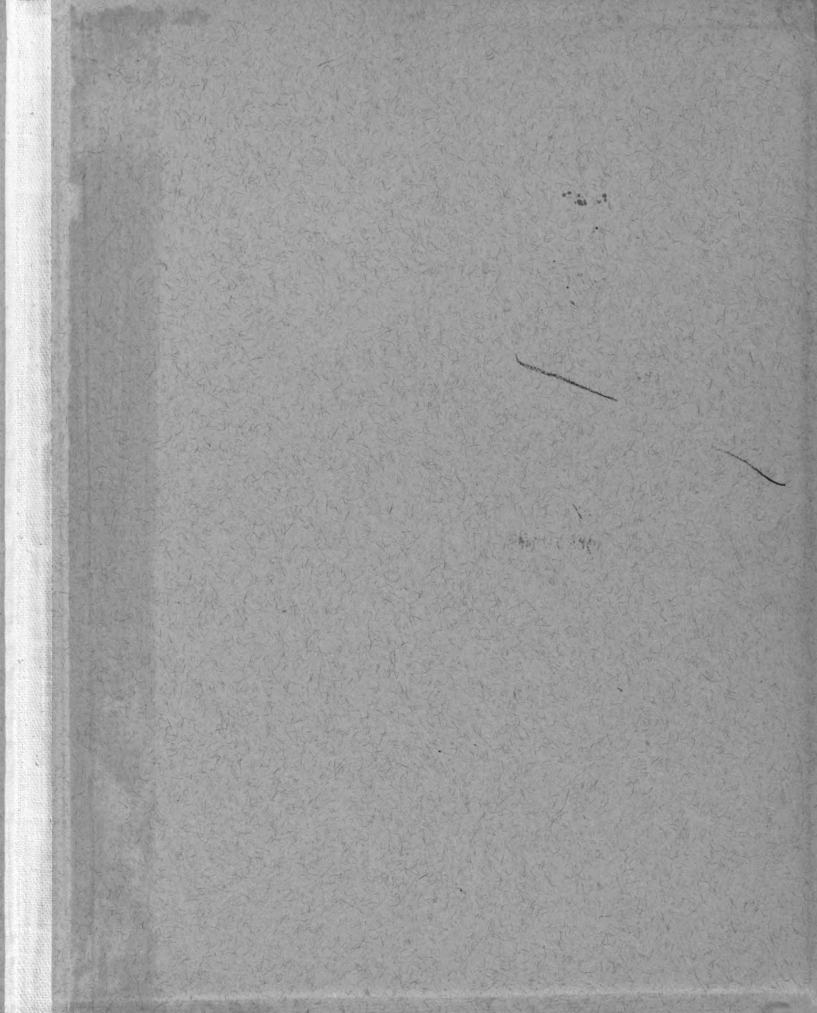
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121



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