

STORE MANAGER EVALUATION IN THE  
RETAIL FOOD CHAIN


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This is to certify that the  
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IN THE RETAIL FOOD CHAIN

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## CHAPTER I

### INTRODUCTION

#### Purpose of the Study

The purpose of this study is: (1) to establish a framework of factors on which to base the operational efficiency of store managers; (2) to divorce operational evaluation from personality evaluation to the greatest degree possible by narrowing the scope of factors to those which directly affect the sales of a particular retail food chain store; (3) to indicate the important influence which a store manager exercises on the success or failure of a store; (4) and to review some of the general principles of operation which pertain to each of the areas of store operation which form the subject matter of the study.

An additional purpose of this study is to present the material in a manner which will be helpful to the student of food distribution and the food chain industry in the future.

In the study, the store manager is viewed as a (1) leader, (2) merchandiser, (3) and, representative of the company by which he is employed.

The responsibilities and duties which the store manager assumes under each of the above categories are further itemized in the following chapters under such topics as:



1. Gaining the interest and cooperation of employees;
2. Accepting responsibility;
3. Delegating responsibility;
4. Display;
5. Follow-through on sales plans;
6. Ordering;
7. Customer relations;
8. Employee relations;
9. Safety;
10. Controlling variable expenses.

The above delineation is far from exhaustive, but will indicate to the reader some of the specific areas which are to be reviewed.

Before entering into a discussion of the methods used to determine the scope of the study, brief consideration is to be given to the importance of the retail chain store in relation to the retail chain food store system.

### The Basic Unit in a Chain System

It is common to speak or write of the extent, integration and complexity of the modern chain system in especially selected superlatives. Also common is the tendency of speakers and writers, in their enthusiasm, to overlook the basic unit within the chain system--the store, the reason for which the extensive, closely integrated organization exists. It is in the stores that the combined efforts of all the individuals within a chain system culminate, even as it is in the stores that the impetus which sets



the entire organization into action originates. The very function of the chain system, which begins with procurement and ends with sales and which encompasses warehousing, distribution, advertising, research and sales promotion activities, would be meaningless if the stores did not exist.

This realization, that the store is the basic unit within the chain system and the reason for which the system exists, is one of the motivating factors of this study.

The consideration is extended one step further to include the individuals whose direct responsibility it is to operate the stores. These individuals are store managers.

Although it is common practice among retail food chains to maintain a departmental breakdown of management within each store, and thereby provide a diffusion of immediate responsibility, it is almost axiomatic that the responsibility for all of the activities and functions within the store rests finally with one person--the store manager. His activities and responsibilities as a leader, merchandiser and representative of his company form the subject matter of this study.

The title given the individual who is responsible for the success of an entire retail unit varies from chain system to chain system. This fact is relatively unimportant. One company may refer to him as the Location Manager; another as the General Store Manager; and yet another company may identify him simply as the Store Manager. The inference in each of these titles is that it is this person who is responsible for the successful

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operation of a particular and entire retail unit. Throughout this study said responsibility will be identified with the store manager.

#### Determining Scope of Study

As indicated earlier, the scope of this study was narrowed to include only those factors of an operational nature.

An operational factor is one which is identified with activity. In this study these activities are those in which the store manager participates when carrying out his duties in the store.

Thus, such native factors as emotional stability, sound judgment, ambition and enthusiasm are precluded from the scope. This does not mean that these factors are not important. They are--so much so that management strives whenever possible to select its managers from individuals who have manifested them as a part of their over-all make-up. Each one of them, however, could conceivably form the subject matter of a study such as this one. Thus, while recognition of the importance of these native factors is made, they are not to be included in the matter of this thesis.

Personal Interviews. The final selection of the factors which form the subject matter of this study was made only after: (1) Personal interviews with members of general management from a number of different food chains; and (2) correspondence, including a ranking form, had been sent to three different levels of general management in a number of chains for their ranking,

approval, and observations. Figure I is a copy of said ranking form.

The personal interview approach was utilized in order to obtain experienced guidance in selecting those factors immediately pertinent to the operational evaluation of chain food store managers. This guidance came, for the most part, from presidents and vice presidents of the food chains which sponsor the Curriculum in Food Distribution at Michigan State College. They were interviewed while they were guest lecturers at Michigan State College.

The factors which constitute the chapter development of this study were selected by these members of management and are as follows:

LEADERSHIP

PUBLIC RELATIONS

MERCHANDISING ABILITY

CONTROLS

STORE CONDITIONS

PLANNING AND ORGANIZING

It is to be noted that the above listing places no particular order on the factors. This was accomplished in the following manner:

Correspondence. The next step was to determine the order in which the factors would appear in the study. This was done by sending the ranking form, Figure I, to three different levels of management in a number of different chains throughout the country.

FIGURE I  
RANKING FORM SENT TO MEMBERS  
OF FOOD CHAIN MANAGEMENT

Please indicate the importance which you feel should be attached to the following factors of manager evaluation by numbering them: #1, Most important; #2, Next most important, et cetera.

PUBLIC RELATIONS	_____
STORE CONDITIONS	_____
LEADERSHIP	_____
CONTROLS	_____
MERCHANDISING ABILITY	_____
PLANNING AND ORGANIZING	_____

.....

Please use this space and reverse side for comments and observations.

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.....



The factors were placed in a random order on this form, and the members of management thus contacted were asked to rank them as they thought they should be, based on their experience in the field.

The three levels of management thus contacted were:

- 1) District Supervisor
- 2) Division or Branch Manager
- 3) Vice President in charge of Store Operations

The purpose in requesting this information at three different levels of management was threefold: (1) It provided a check against the possibility that the factors selected were the wrong factors; (2) The inclusion of three levels of management afforded a greater representation than was possible under the personal interview process; and (3) The manner in which these members of management ranked the factors was used to determine their order of appearance in the study.

The form was sent to twenty-two members of management. Fourteen responses were received. Thirteen of the respondents ranked the factors. The other respondent observed that in his opinion all of the factors were of equal importance and that he preferred not to rank them.

Ten points were awarded each factor when it was ranked first in importance, nine when it was ranked second, et cetera, until, finally, when a factor was ranked sixth it was awarded five points.

Findings. The factors were awarded points according to the system above described with the following totals resulting.

Figure II indicates the number of times each factor was ranked in a particular category, as well as the total number of points awarded to each.

Two factors will not appear in the order indicated by the listing in Figure II. Planning and Organizing and Public Relations have been allocated different positions in the study based on the following observations.

According to the tabulation, Planning and Organizing should be the second consideration in the study.

So many of the respondents expressed the belief that it actually is a part of Leadership, however, that it has been included under that development.

Similarly, Public Relations appears to be the third most important factor. This requires added explanation.

A very large portion of the replies received came from members of management representing Colonial Stores, Incorporated, of Atlanta, Georgia. With few exceptions they ranked Public Relations much higher than members of management from food chains which operate in other areas of the country.

Their reasons for so doing are:

- 1) Unlike other areas of the country, the Southeastern portion of the United States has as yet not accepted the chain food system wholeheartedly.

- 2) General management of this company, out of recognition of this circumstance, has placed Public Relations in a very

## FIGURE II

TABULATION OF RANKINGS SHOWING  
DISPERSION OF POINTS AND TOTAL  
POINTS RECEIVED BY EACH FACTOR

	<u>Rank:</u>	<u>1st.</u>	<u>2nd.</u>	<u>3rd.</u>	<u>4th.</u>	<u>5th.</u>	<u>6th.</u>
	<u>Points:</u>	<u>(10)</u>	<u>(9)</u>	<u>(8)</u>	<u>(7)</u>	<u>(6)</u>	<u>(5)</u>
LEADERSHIP . . . . .		9	0	2	2	0	0
PLANNING AND ORGANIZING . .		2	7	1	0	3	0
PUBLIC RELATIONS . . . . .		1	5	4	1	1	1
MERCHANDISING ABILITY . . .		0	1	5	3	2	2
CONTROLS . . . . .		1	0	2	4	2	4
STORE CONDITIONS . . . . .		1	1	2	2	3	4

<u>FACTOR</u>	<u>TOTAL POINTS</u>
LEADERSHIP	120
PLANNING AND ORGANIZING	109
PUBLIC RELATIONS	105
MERCHANDISING ABILITY	92
STORE CONDITIONS	87
CONTROLS	86



prominent light in its business philosophy. The replies received from members of management on all three levels in this company indicate this fact. None of them ranked this factor lower than third in importance, whereas other companies ranked it all the way from second to sixth.

Because of the large portion of responses from that company, and the special reasons which it has for ranking Public Relations very high, however, it would not be too valid to conclude that it is the third most important factor to consider when making an operational evaluation of store managers.

With the above observations in view, adjustments were made in the ranking. The resulting chapter sequence is listed below.

LEADERSHIP

MERCHANDISING ABILITY

STORE CONDITIONS

PUBLIC RELATIONS

CONTROLS

### Limitations

Certain limitations necessarily accompany a study of this nature.

Published Data. Foremost among these limitations is the lack of published formal source material which deals with the subject matter.

For this reason, the greatest portion of the information in this study has as its source conversation and correspondence

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with members of food chain management, trade periodicals, and personal experience.

Dynamic Aspect of the Industry. The history of the retail food chain system is brief, yet it is doubtful whether any comparable industry has undergone the changes which it has experienced. This phenomenon is typified by the changes which have taken place in the industry during the last decade and a half.

The addition of the meat and produce departments within a chain unit was among the first steps taken away from the "one-man," dry grocery store of yesteryear. Self-service merchandising began with letting the customer select dry groceries for herself and has been improved upon and extended to include the meat, produce, dairy and frozen-food departments.

A study made by Armour and Company shows that as recently as 1948 there were only 178 self-service meat departments in operation in this country. The same study shows that in 1952 there were 5,363 self-service meat departments in operation. These totals include chain and independent operations, it is true, but they do provide an indication of the very recent nature of the many developments which have taken place in the industry. Further, this conversion of the perishable departments to self-service merchandising would have been impossible without technological advances which have been made in the equipment which serves as the showcase for perishable goods.

The average size of a chain retail unit has, in some instances, more than doubled in the last fifteen years. This is



true not only of the physical size of each unit, but of the sales volume as well. All of these facts, and the list is far from exhaustive, are evidence of the surging, changing nature of the industry.

Similar changes and progress will probably be forthcoming in the near future. There is no way in which to foretell precisely what the nature of these changes will be.

It is in this last sense that the Dynamic Aspect of the Industry may be regarded as a limiting factor to this study. The observations and recommendations herein presented may well not be applicable in the foreseeable future. Technological progress, a changing economy, a new philosophy of doing business, or an increase or decrease in the size of a particular chain system may cause them to become outdated overnight.

Even today, it is rare when two companies can reach complete agreement as to the importance which should be attached to the factors of evaluation which form the subject matter of this study. They do agree, however, that these factors form a sound framework on which to measure the operational efficiency of a chain food store manager.

This is a study of today, subject to change.

Members of management in the industry are of the opinion, however, that, regardless of changes in the future, the factors herein considered will long remain integral to the profitable operation of the retail food chain store.

## CHAPTER II

### LEADERSHIP

In the comprehension of this study, leadership is understood to be the ability to build a team and friendly atmosphere within a store.

Its importance is illustrated by the fact that it was rated the most important factor to consider when making an operational evaluation of a chain food store manager by nine out of thirteen members of management who were asked to rank all of the factors in this study.

It is on the basis of said ranking that it is the first consideration of this study.

This chapter will view the store manager in his role as a leader and team captain. Reviewed will be: (1) the importance of gaining the cooperation and interest of employees; (2) some of the possible ways to accomplish this goal; (3) the responsibilities of a store manager as a leader and team captain; and (4) the importance of planning and organizing in the retail food chain store.

## Gaining Cooperation and Interest of Employees

Teamwork. By definition, teamwork is "Unity of action by the players on an athletic team to further the success of the team; hence, cooperation." <sup>1</sup>

In many industries and businesses teamwork has replaced cooperation as an instrument for expediting the work of the day. Its connotations of cooperation are understood by all Americans, and it is, to a great degree, commonly identified with voluntary effort. Management has been alert to this reaction and has adapted the team theme to the operations of business and industry. The retail food chain store industry has found it particularly applicable to the business of running a store. The importance which this industry attaches to it is typified in the following statement.

It takes a well organized store to do profitable business in any competitive area. The smooth-functioning staff in that store just didn't happen. It takes a captain to lead a winning team. Department heads and their aides fit into the line-up, ready to cooperate with their leader in the fight for sales and cost-cutting scores.

A store manager, like every successful team captain, is an organizer and leader, recognized by associates for his experience and ability in analyzing and meeting situations, problems and opportunities. As the team captain in his store, the manager must apply the fundamentals of executive leadership:

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1. Funk and Wagnalls. New Practical Standard Dictionary. Charles E. Funk, Editor. Funk and Wagnalls Company, N.Y. 1946. p. 1337.

He analyzes regular and special work, sales programs, operating problems and local opportunities.

He organizes work schedules and crucial sales, and coordinates departmental activities to take full advantage of company coaching and store practice in facing the week's selling and operating challenges.

He supervises teammates with tact, know-how and firmness to win performance points in selling and operations. This leadership always makes a winning team, whether in a big, little or medium-sized store.<sup>2</sup>

Cooperation and interest are vital to the successful operation of the modern retail chain food store with its many departments and specialized operations within each department. Coordination and integration are equally vital if the entire store, as a unit, is to be operated profitably. The team concept, under which all members of the staff or team are aware of the over-all goal for the store and of the role they, as members of the team, must contribute toward its attainment, provides the greatest guarantee possible that the cooperation and interest, necessary for coordination and integration of activities, will be stimulated.

The next consideration will be toward some of the ways in which a store manager may go about fostering the cooperation and interest which are so vital to successful, profitable operation.

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2. Fisher Brothers. "A Manager is a Team Captain", Chain Store Age. (August, 1952), pp. 50, 96.



Much stress has been placed on the fact that employees must show interest in the activities of the store. In order to gain the interest of employees, it is often wise to express interest in their activities and progress--to exchange interest, as it were. With this in mind, the following methods are presented as possible means of fostering the team spirit in the store.

Soliciting Suggestions. In the modern, departmentalized chain food store, it is almost impossible for the store manager to be equally expert in every facet of every operation. This circumstance is concretely expressed below:

In striking contrast to many of his employees and associates, the store manager cannot be a specialist in any one phase of the operation. Whether or not he is responsible for the operation of every department, he must view the operation as a whole if he is to get the desired results.<sup>3</sup>

Since, in the comprehension of this study, the store manager is responsible for the operation of the entire store, he is also responsible for the operation of all the departments within the store and the myriad activities carried out in each of them. Yet he is not an expert in many of these activities. How, then, is he to keep abreast of each detailed and important activity?

One very efficient and informative way for him to accomplish this is to spend a few minutes of each day chatting with

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3. Anon. "What is a Manager?" Chain Store Age. 28. (August, 1952), p. 40.

the different members of his staff. These members should include everyone from the carry-out boy who works part-time to the department heads in the store.

By so doing, he will: (1) show the members of his team that he is interested in their particular activity and their personal progress; (2) afford himself an opportunity to observe the activities within each department; and (3) provide an avenue for expression which may otherwise not be afforded to certain employees with any great degree of frequency.

These team members are constantly engaged in specialized activities and are well qualified to offer suggestions and opinions, which, if followed, will increase efficiency and reduce costs.

An example of this possibility is drawn from experience and illustrated below:

A dairy clerk in the process of preparing bulk cheese for sale was following nine distinct steps. A clerk from another department made the observation that too much duplication of effort was involved in the process. He suggested that three of these unnecessary steps could be eliminated and the job would still be completed as before.

His suggestion was tested. The resultant savings in time not only reduced the average time required for the process, thereby reducing cost, but freed the dairy clerk for other activities as well.

Every chat will not produce a suggestion such as that illustrated. Some will not be as well thought out as the example and not applicable. Even if the suggestions made do fall into this last category, the manager is provided an opportunity to explain why the suggestion is not applicable. In so doing, he channels the thinking of his staff along more productive lines. The next suggestion made by the same person may very well be fruitful.

Whether or not useful cost-cutting suggestions result from this method, its other benefits are retained. The manager has shown interest in the members of his team, observed the activities of a number of departments, and afforded the members of his team an opportunity to express themselves.

This exchange of ideas and interest fosters the idea of belonging to a team and encourages cooperation and interest.

Store Staff Meetings. A store manager who is a leader will consult with his department heads and discuss sales, display and operating plans. He must do this in order that the departments will coordinate their various activities and direct them toward the common goal for the store.

Such consultations are evidence that the store manager is a planner and organizer who is aware that a plan of action is as necessary in business as on the battlefield. Without a plan, troops become disorganized and lose their drive and direction. A team is no different than troops. It, too, must

have a plan to follow if it is to maintain its drive and gain its objectives.

Once the store manager and his department heads have decided upon a plan of action, one step still remains to be taken. Before the plan of action can be inaugurated, all members of the team must be familiarized with it. They must know the ultimate objective and over-all plan in order that they may be able to adapt their actions toward it.

By knowing the plan they will be better prepared, able, and more disposed to carry out the suggestions which the store manager and department heads make to them.

One of the surest ways to guarantee that all members of the team know and understand the objectives of the weekly plan of action is to hold a weekly meeting of all team members. At this meeting the store manager explains the over-all plan for the week as decided upon by himself and his department heads.

Each department head then explains, in detail, the methods which will be utilized in his particular department in order to attain its immediate objectives.

Another objective and benefit of the store staff meeting is that team members will frequently offer suggestions which refine the basic plan and further facilitate the job being accomplished.

The meetings need not be time consuming. A brief, peppy one will generate more enthusiasm and interest in the plan than one which is long and drawn out.

The result of these brief, informative meetings is that a well-informed team, each member of which sees and understands his part in the over-all action, is ready to take the field. Each member, knowing that he is important to the team effort, applies himself to the fullest extent of his ability.

This method of fostering teamwork, cooperation and interest is one that can be used to great advantage by the alert store manager.

### Accepting Responsibility

In Chapter I the store manager was described as the individual responsible for all the activities which take place in a particular store. This responsibility, along with that of building a team within his unit, may be regarded as inherent to the position of store manager.

Under the topic "Accepting Responsibility", responsibilities of a different nature and narrower scope are reviewed. The comparatively narrower scope of these responsibilities does not cause them to be less important than those already discussed.

They are, for the most part, responsibilities which will be recognized and assumed by the alert store manager and slighted by the less alert store manager.

Training Employees. A chain is only as strong as its weakest link. Similarly, a team is only as strong as its most vulnerable member. In either instance the inefficiency of one

member of the working unit causes the effectiveness of the entire unit to depreciate.

Many chain food companies have established centralized training schools through which most new employees are indoctrinated in the fundamental aspects of the job to which they will be assigned. These schools are efficient and sound. As indicated, however, they do afford only a fundamental insight into store activity. There are many refinements and finesses which must be added to the basic knowledge gained in these schools before the new employee can be expected to become a full-fledged, functioning member of the store team.

At this point the store manager can facilitate the progress and success of the individual employee, the company, and himself. This three-fold benefit can be accomplished through the process of training.

The more rapidly a new employee is taught refined techniques and time-saving methods, the more rapidly he will become an integral, contributing member of the team, capable of fulfilling his role in the team effort.

The word "training" may well be too formal to offer a description of this process of instruction.

The instruction may consist of showing the new employee the fast, efficient, safe manner in which to cut a carton. It may include teaching him the elemental procedure of placing the price on an item in the correct place, the proper way to lift a heavy case of merchandise to avoid strain, or the differences

in the various-sized cans and packages of merchandise which he will regularly handle in his job. In short, while the elemental procedures referred to above will form the matter of the instruction in the very beginning, this in-the-store training will at one time or another span each phase of store operation, from the most simple to the most complex.

This training is a building process and, therefore, proper instruction in the elemental procedures is vital. Thoroughness in the earliest stages of this training will make the succeeding instruction more meaningful to the employee and enable him to learn faster.

It does not follow that, because a store manager assumes the responsibility for training his employees, he is to instruct each one of them personally. He is not an expert in every phase of the operation and so cannot be expected to instruct in each phase. However, experienced members of the team will take great pride in being selected to instruct new members in the specialized activities of the job. The alert store manager recognizes this fact and delegates portions of his training responsibility to these experienced members of his team. The store manager's job then becomes one of supervising the training process and, from time to time, offering information and guidance.

This type of in-the-store, on-the-job training is basic to profitable store operation and simple to administer. As indicated, the subject matter will range from explaining the differences in can sizes to bookkeeping procedures and writing

warehouse orders. Regardless of the simple or complex nature of the subject matter of such training, it is not to be overlooked as a tool and responsibility of the store manager. A well-informed, trained employee who understands the scope, importance, and activities of his job is of immediate value to the store manager, the team and the company. The store manager who takes the time and effort to avail himself of trained personnel in this manner is a benefit not only to himself and to his store but to those employees whom he trains, and the company as well.

Developing Men for Promotion. Another responsibility which the alert store manager will assume, one which is very closely allied and dependent upon the training process, is that of developing members of his team for future promotion.

As indicated, the training process is a continuing and constructive activity. If it is planned and coordinated, the young man who, on his first day in the store, had to be taught the proper way to cut a carton or place merchandise on a shelf may, a year later, be qualified to write a balanced warehouse order or plan a store sales program.

Had the store manager not recognized and assumed his responsibility to train new employees, it is doubtful that such rapid progress could be made by an employee. Having made such progress, however, it is obvious that the young man is prepared to assume responsibilities of ever-increasing importance. He has been developed to the extent that his knowledge of store





activities qualifies him for such added responsibility because the store manager trained him in these activities. In so doing, the store manager has developed this individual for future promotion.

Properly-trained people are in demand in every industry, not excluding the food distribution industry. The manager who assumes the responsibility of training and developing his employees avails not only himself but other managers and the entire company as well, of trained people. Such a manager will become known and respected as a teacher and developer of men and cause himself to be placed in a particularly valuable light.

There is also a great amount of personal satisfaction for the manager who is thus recognized. An illustration of this last observation follows.

Many chains have training managers who may or may not carry that title. Managers who are unusually gifted in training of new employees deserve more credit for the success of the chain store than many people realize, and some of the happiest and most successful managers that can be found are those who are deeply interested in the career of "graduates" of their stores.<sup>4</sup>

Finally, the store manager who assumes the added responsibilities of training and developing members of his team manifests qualities of leadership over and above those required to do a satisfactory job. He shows that he is interested in doing a better than satisfactory job.

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4. Ibid, p. 100.

As the above caption indicates, his contributions will most certainly be recognized and appreciated by fellow workers and general management alike.

### Delegating Responsibility

The observation has been made that the store manager who assumes or accepts the responsibility of training employees will benefit from this activity immediately and within his own unit.

In the training process the store manager becomes familiar with the strengths and weaknesses of each member of his team. He knows just how much to expect of each member and how to utilize his talent in order to realize the greatest possible production and harmony. This is of primary importance if the store manager is to be able to delegate authority in certain areas and feel secure that the operations in that area will be carried out efficiently and profitably.

The need to delegate responsibility and authority to team members is obvious. The complexity of, and specialization in, the modern chain food store, as previously mentioned, makes it impossible for any one individual to supervise all phases of its operation; hence the need to delegate responsibility.

In order to diffuse authority and responsibility it is necessary to know the talents of the individuals to whom it will be delegated. It has already been established that the training activities of a manager enable him to select the members of his team to whom these responsibilities will be delegated.

It has been established then that the acceptance of the responsibility to train and develop employees makes the necessary act of delegating portions of the over-all managerial responsibility an easier one.

### Planning and Organizing

Figure II, on page 9, shows that this factor was awarded the second greatest number of points. On this basis it would logically appear to be the second chapter of the study.

An overwhelming number of respondents indicated the belief that it should be considered as a part of LEADERSHIP, however, and for that reason it is reviewed under that factor.

Each of the considerations in this chapter has either by reference or inference encompassed Planning and Organizing.

Actually, Planning and Organizing are an integral part of every activity in which the store manager participates. The activity may be setting up work schedules, designing a display, or ordering the merchandise for next week's sales. Regardless of the activity, planning is essential to it.

It may seem that plans would develop about an organization rather than as stated above. This is a perfectly sound observation and perhaps the usual sequence of these activities.

The operations in a modern chain food store are such, however, that new problems and situations are faced every day. This type of problem can be solved only through flexibility of organization. Thus, the new problem must be recognized and analyzed, plans made to cope with it, and the organization in

the store adjusted to agree with said plans. The basic organization remains the same, subject to the adjustments necessitated by specific day-to-day problems and plans.

A store manager must be able to recognize the need to adjust his plans and organization to meet these problems. In this light, he is constantly altering plans to agree with a particular problem and actually reorganizing his staff according to these new plans.

These activities are constantly exercised by the store manager, often on an hour-to-hour basis, or in a number of different departments at the same time. No matter what the activity or problem confronting him, he must plan a way to solve it and adjust his organization accordingly. The facility with which he is able to do so determines his success as a store manager.

The flexibility of organization necessary in the modern chain food store results from harmony which, in turn, results from the cooperation and interest manifested by the members of the store team.

It can be seen then, that in order to be able to plan and organize, or reorganize his staff, the store manager must build a team atmosphere and spirit in his store and establish himself as leader. If he does not, then he will be handicapped in solving the problems which face him from day to day due to a lack of cooperation and interest on the part of his employees.

Planning and Organizing are the tools which he uses to combat competition, cut operating costs and increase profits. Their utility, however, is directly proportional to and dependent upon his success or failure in building a team.

Planning and Organizing have been afforded separate consideration at this point for purposes of recognition only. In actual practice they cannot be considered by themselves but only as a step in a specific endeavor. They will appear throughout the remainder of this study as primary considerations.

## CHAPTER III

### MERCHANDISING ABILITY

To the producer, merchandising consists of adjusting products to meet consumer demand. To the retailer it consists of adjusting the selection of merchandise offered for sale to customer demand and presenting it in a manner which stimulates sales.

It is in this last sense that the retail chain food store manager's merchandising ability is evaluated.

The specific activities which enter into his role of merchandiser form the subject matter of this chapter. They are presented in the following order: (1) follow-through on sales plans; (2) basic principles of display; (3) use of imagination and ingenuity in applying principles of display in order to increase sales and profits; (4) proper ordering; (5) considerations to be observed when ordering.

Follow-Through on Sales Plans. Like the employees in his store--the members of his team--the store manager is also a member of a team. The team is the entire company for which he works and which has delegated him the authority and responsibility to operate a retail unit. As a member of this "big-team", the manager must manifest an understanding of the over-all objectives of the company and exercise cooperation and interest toward their attainment. To insure the harmony

necessary for the success of the company, he must use the tools and methods which the company advocates. They are designed toward specific objectives, and even though they may at times appear to be at odds with the job or problem confronting the store manager, they will, in the long run, produce the results for which they were designed, provided they are based on sound business judgment and planning.

By complying with company policies and methods and utilizing materials supplied by the specialized agencies within the company, the store manager not only takes the first steps toward establishing company-wide unity, but affords himself of the experience and training of others in order to make his own efforts more fruitful. This outlook is expressed by one store manager as follows:

When company merchandisers combine their ideas for a spectacular selling drive, procure tons of extra goods and supply colorful point-of-sale promotional material, we believe that we should take full advantage of these to register high dollar sales.

To do this we follow through in two ways:

1. Headquarters' plans and advertising materials are put to prompt use right at the start of the sale. Merchandise is ready for the event's very first customer.
2. We use all possible extra displays, and constantly check to see that gondola, shelf, case and rack displays are maintained.<sup>1</sup>

Some retail food chain systems afford store managers greater freedom of action than others when it comes to the

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1. Wendt, Ervin, H. "Managers Make the Sales Event." Chain Store Age. 27. (February, 1951), p. 84.



utilization of materials and sales plans which are issued from central agencies. This is usually the result of specific operating problems which exist within a particular company.

It does not, however, alter the basic and elemental need for a store manager to consider company plans and policies when planning his store sales program. A great amount of time, talent, and study is expended in their formation. The store manager who ignores or operates contrary to them indicates that he does not desire to cooperate and that he lacks interest in the success of his company.

A good leader is able to interpret and follow instructions and recognize opportunities which come his way. Plans and materials, designed to stimulate sales, which are furnished by the company represent both instructions and opportunities. Thus the store manager who rejects them does not manifest certain qualities of leadership, the factor which management today places above all other considerations when making an evaluation of managers.

Whether it is titled "Follow-Through on Sales Plans", "Regard for Company Policy and Plans", or "Awareness of Company Policies and Plans", this step must be incorporated into all activities. It spans not only merchandising activities but operating activities as well.

## Display

"Display is your self-service salesman and presents a daily challenge to every store manager in search for increased volume and profits." <sup>2</sup>

Fifteen years ago, prior to the advent of the full acceptance of self-service as a method of selling merchandise at retail, a statement such as that captioned above may well have been cause for eyebrows being raised. Today it is merely a statement of fact because self-service has been accepted by the customers and retailers alike as the most efficient and convenient method of selling food products at retail.

Like most new methods, however, the self-service method of merchandising food products presented new problems for chain system management. Foremost among the new problems faced was to find a way in which to present all the various types and lines of merchandise offered for sale in the stores in a manner which would make them desired by and acceptable to the customer. The clerk was gone from behind the counter and, in fact, the counter was gone as well. Something or someone had to be found to take his place and suggest to the customer what articles were especially attractively priced that week or presented the best value at the price asked.

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2. Grand Union Operating Manual. The Grand Union Company, East Paterson, New Jersey. Section 12, Sheet 1.

Display was selected as the best substitute for the clerk behind the counter and has since proven to be much more effective in inducing the customer to select goods than any clerk of yesteryear. It has become the present-day salesman in the self-service store, and mass display has become the super salesman in the self-service store.

Before entering into a discussion of some of the possible variations and innovations which may be introduced to increase the effectiveness of displays, however, it is well to review first the principles of good display techniques.

Principles of Display. The following principles are applicable in any food store which utilizes the self-service method of merchandising.

- Shelving Display. 1. Arrange stock so that it can be seen-Labels should face the customer. Vertical display arrangement is desirable since it is easier for the customer to locate the merchandise. Build more displays at eye level to increase impulse sales. Wherever possible, private label merchandise should be placed at eye level. The width of the display should depend on the sales appeal, size of the item and size of the store.
2. Arrange stock so that it can be reached-Keep top shelf free from towering piles. Remember, the average woman's reach is five feet, six inches.
3. Arrange stock neatly-Dust and wipe items regularly, remove soiled and unattractive merchandise and mark down for quick sale.
4. Keep shelves well stocked-Mass effect and well stocked shelves sell merchandise.
5. Display for demand and profit-Give good space to profitable, fast selling, advertised items. Make sure that unprofitable and slow moving items have only minimum space.
6. Pricing of displays-All stock should be priced on moulding and also on each individual item. They should be changed effective with price changes. PRICES MUST BE RIGHT AT ALL TIMES.

7. Keep shelf locations fixed-Customers become used to finding items in certain locations; any changes should be kept within the department boundaries.

8. Rotate stock-Make sure that new merchandise is not placed in front of older merchandise.

Grocery Floor Display. Displays are designed to sell merchandise, not to serve as storage. The purpose is to induce extra sales and encourage impulse sales.

1. Building Floor Displays- Choose right locations by studying store traffic using ends of gondolas and cases where practical. Display should be kept below five feet six inches, replenished constantly, built for stability, turnover, and stocking. Related items should be grouped; plan on color blending if possible and mark price plainly on both display and individual items. Talking signs and other advertising material should be used when provided. Wherever possible, put private label displays next to less profitable, standard brands display. Make sure sufficient merchandise is ordered for both display and replenishment. Provide a good base or platform, stacking canned goods so that one rests on another.

2. Changing Floor Displays- Displays must be changed frequently to keep the store alive. Usually, it is built so that it may be dismantled easily. When displays run low towards end of sale, vary type of merchandise to type display requiring less stock.

The principles of display reviewed above are those which pertain specifically to the dry grocery department within a store and to items which are ordinarily displayed either on shelves or in floor displays.

The perishable departments require special cases for the display of merchandise such as dairy products, produce and meat. Certain of the principles of display which apply to the dry grocery department, such as arranging stock so that it can be seen and reached, keeping it neat, rotated and displayed for demand and profit, apply equally in the perishable departments.

Because of the different nature of these perishable goods, however, other considerations must be made when building a display. These considerations are illustrated in a general manner below.

Meat. 1. Build display on time-Self-service cases must be set up with complete variety by 10:30 A.M. Monday morning. During the week, cases should be prepared for the next day's business before the previous night's closing, (with the exception of ground beef). Quantity, but not variety, may be reduced after 2:00 P.M. Saturday.

2. Make displays super-A plentiful quantity of meat should be displayed with complete variety and properly identified.

3. Departmentalized display-Meat should be displayed by cooking classification, such as meat for frying, etc. Poultry, offal items and delicatessen items are displayed separately. Ground beef, chuck and round are to be separated by other cuts of frying meats and should be in selling units of  $\frac{1}{2}$  pound to  $2\frac{1}{2}$  pounds. Half hams and ham ends are separately displayed. Steaks and chops must be displayed in variety of weights and thickness in cases at all times. Regular legs of lamb and ribs of beef are always to be on display.

4. Build up special push on advertised items-Use hot selling spot to build up display of the above items on which you might be heavy.

5. Price tags and correct prices and identifying labels-Must be placed on all merchandise as it is being displayed.

6. Dramatize display-All cuts of meat must be correctly and attractively trimmed. Alternate dark and light meats for color contrast. Use tie-ins with related grocery items, such as steak with mushrooms, as much as possible.<sup>4</sup>

The principles of display which have been discussed are basic and elemental. Despite their nature, considerable space has been devoted to them. This is entirely justifiable when

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4. Ibid. Sheet 5.

it is realized that displays are the only salesmen on full-time duty in the modern self-service chain food store. They are the first line of offense in a sales campaign and must speak for themselves, the store manager, and his team as well. The message they convey depends upon the care and ingenuity which is exercised in planning and designing them to do their job--sell merchandise. Colorful, neat, attractive displays will draw attention and sell merchandise. Shoddy, run-down, unkempt displays will draw attention to the fact that the manager has expended little or no effort on them and will not sell merchandise.

It is up to the store manager to get maximum sales and profit potential out of display space through planning and supervision.

To a certain degree, shelf displays can be relegated to a position of good housekeeping techniques and application of the principles of display previously reviewed. Floor displays, however, present a greater challenge to the store manager than almost any other merchandising activity. It is in the planning and presentation of floor displays, and particularly during special sales efforts, that the store manager can exercise a greater amount of imagination and ingenuity than at any other time.

Special Displays. Special displays are usually utilized in connection with company or national advertising of a product or group of products and seasonal holiday promotions.



The alert store manager seeks to take advantage of the opportunity which such advertising affords him to increase his sales volume. In order to do this, however, he must use his salesmen--his displays. At such times he must go one step further. He must make his salesmen super-salesmen. He does this by building them bigger, better and more attractive than at any other time. The display in planning at any given moment must be better than any he has ever built before. It must be fresh, new and attractive in order to draw the attention necessary to make sales. His passwords are: Make it big! Make it attractive! Make it sell!

There is no established set of rules other than these which the store manager can follow. This is evidenced by the following reference.

How do you build a special display? From the manager down to the newest employee, the store personnel is involved in this problem. Faster price-marking; less handling; safety and appearance are the first points the new employee is taught. And from the time he has mastered the basic essentials as a new employee, to the day he retires, the store manager is looking for better methods to build displays and make displays sell.<sup>5</sup>

Thus, while there are no set rules which apply to the building of special or mass displays of every kind, there are simple principles which apply to their use. These are in addition to those basic principles, of display in general, as

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5. Anon. "How to Build Special Displays," Chain Store Age. 29. (December, 1953), p. 37.



previously reviewed. The following reference specifies the qualities of a good special display, and the basic reasons for using them as salesmen.

Massive appearance, eye-catching qualities, and signs that tell a story are the three basic elements of special-display building.

Mass displays are popular because there are few products that do not lend themselves to this type of treatment. And well-planned mass displays give the store a well stocked appearance that creates a buying atmosphere.

There is no limit to the extent to which a manager can exercise his imagination, within the light of company policy, when designing and building special mass displays. He can make them ornate and involved or simple and realize the same results. It is up to the store manager to tailor his displays to the tastes of his customers.

One caution must be exercised in the use of props and special effects to gain customer attention. It adds "Make it safe" to the list of passwords by which the manager abides when planning and designing a special display. The added sales and profit produced by a spectacular but dangerous display never cover the cost of a settlement to a customer who has been injured by a falling can or bag of sugar.

Special displays may be used to spotlight a particular department within the store. When this is the purpose, special techniques are necessary in the perishable departments because

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6. Ibid. p. 52.

of the nature of the merchandise and the display facilities. Regardless of this fact, the same basic principles, "make it big," "make it attractive," "make it safe," and "make it sell" apply. Refrigerated cases do not lend themselves readily to mass display, but the utilization of talking signs, color contrast and special effects can make them as productive as any floor display of the kind.

In the final analysis, as with all other activities in the store, display and the results thereof are the responsibility of the store manager. This is appropriately summed up below.

Getting results from special displays is the store manager's problem. Some special displays are planned in chain headquarters; others are planned by manufacturers and approved by the chains.

But over half of the displayed items are chosen by the store managers.

In all cases, it is the manager who must build or supervise the building of special displays, and in most cases he decides where the display will go, how much merchandise will be used and how the display will be built.

The decisions which the store manager makes in regard to each of these important considerations, when utilizing his self-service salesmen, will determine the sales volume and profit realized from them. This is the measure of his merchandising ability most often used by chain system general management.

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7. Ibid. p. 36.

### Ordering

The merchandise which a store manager orders into his store is the merchandise his salesmen--displays--will have to sell. The manager can make their job of selling a difficult or comparatively easy one through the ordering of merchandise.

Customer Preference. Retail food chains today regularly warehouse between 3,000 and 7,500 different items of merchandise. This vast selection is designed to satisfy the needs and demands of all the stores which it operates. No two areas, or for that matter neighborhoods, in which the company operates stores are exactly alike, nor are the people in those areas. For this obvious reason, the demand for certain types of merchandise will vary from area to area, even though they may be only a short distance apart.

A further consideration is that the size of the average store, even the newest and most modern, will not permit all of this vast selection to be displayed adequately and attractively. It is doubtful that any great benefit would be derived from building stores large enough to permit the display of 7,500 items, however, since there is no one trading area large or varied enough from which to draw customers who would provide a steady market for each of these items. Even a city as metropolitan in nature as New York is broken up into areas of distinct demands. Italian foods sell in tremendous volume in certain areas and not at all in other areas, where there is

little or no concentration of people of an Italian background. Thus, the problem of tailoring the merchandise in a particular store to the trading area and buying habits of that area is a primary consideration, not only of the chain system but particularly of the store manager.

The successful store manager is the one who serves his customers well. The best way for him to do this, and at the same time serve himself and his company well, is to stock the merchandise which they tell him they wish to buy in his store.

The store manager cannot always depend on his customers walking up to him and telling him they would like to see such and such an item in the store. A certain number of them will do so, but, even when this does happen, the store manager must not jump at their suggestions. He must first make an objective evaluation of the situation to determine whether or not this request is an isolated one or if he has actually overlooked the potential sale which would result from stocking that item.

In a short time the store manager comes to know the type of people in his neighborhood and the type of merchandise which they prefer. He learns this not only from conversations with his customers but from observations and past sales records as well. If he has not sold a case of borscht in the past six weeks, he knows there is little point in ordering more of that item into his store, or of even continuing to stock it. He may decide to keep a minimum supply on hand to satisfy a few particular customers, but it would not be wise for him to exert

any great effort toward increasing the sale of borscht. There is simply no market for this product in his area, and it would be a waste of time and effort for him to try to build one.

Thus, in light of the preceding discussion, the first rule and consideration to follow in ordering is to order only what you can sell. There is no point in allocating valuable space to merchandise which will only catch dust and crowd shelves and storerooms.

Product Information. Another very important rule to follow when ordering, particularly a new item, is to know all there is to know about the product, whenever possible.

The alert store manager will keep abreast of new product development through company bulletins and trade periodicals. If a particular manufacturer is going to release a new product on the market, it is up to the store manager to find out the details concerning its use, constituents, food value and ways to prepare it. This is important. If a new grit is to be released on the market, and the manager has customers who regularly buy and use grits, he must learn whether this new product is a corn or wheat grit. His market may be for one or the other, but not for both. It may be necessary for him to run a trial period on the product to determine this but, once he has established the preference, it would be foolish for him to try to push the grit which his customers did not prefer. They simply would not buy the item and very possibly take their business elsewhere. This is a very particular case, but it points out the necessity of product knowledge. Knowing the

full background and make-up of as many products sold in the store as possible may well be the difference between mediocrity and great success as a store manager. It not only makes possible more intelligent ordering, but affords the store manager an opportunity to pass it along to customers and thereby reassure them that he is interested in their welfare and satisfaction.

It can be seen then that if the store manager orders merchandise into the store according to customer preference, based on observations and studies he makes himself and on the suggestion of his customers, he enhances his position as a merchandiser. He also makes the selling job which his salesmen--displays--must do. It is much easier for them to sell merchandise which is adapted to customer wants, needs and desire than it is for them to push merchandise for which there is no demand. The biggest, most attractive, safest displays cannot sell customers what they do not want, but they can sell them more and more of what they do want! The store manager can help them accomplish this last goal by ordering according to customer preference.

Having made these qualifications and background a part of the ordering procedure, it is well now to review the basic considerations which must be made each time an order is written. The elemental nature of these considerations does not cause them to be of less importance than the recognition of customer preference or product knowledge, as already reviewed.

Stock on Hand. The store manager must make certain that his storeroom is not being utilized as a warehouse. For this reason he must determine just what amounts of stock are needed to conduct his weekly sales and strive to have only that amount of goods on hand after delivery has been made.

The amount of goods will, of course, vary with the size of the store, anticipated sales volume, and frequency of deliveries. The manager must take each of these factors into consideration when determining what goods are needed, in addition to the stock on hand, in order to conduct next week's sales.

It may give him a comfortable feeling to have a large supply of certain merchandise in his storeroom, and thus eliminate the danger of "out-of-stock" situations arising. He must remember, however, that he is a member of a team and that, because he enjoys this comfortable feeling, another store manager may be suffering from "out-of-stocks" on the particular merchandise he has hoarded in his storeroom.

An additional consideration to be made in this regard is that the merchandise sitting in the stockroom, in excess of that required to conduct normal sales, represents tied-up capital, whereas in another store where it could be sold it could be part of a profitable operation. The store manager has a responsibility to the company to stock and store only that amount of merchandise which he can, on the basis of past and anticipated sales, logically expect to move during the next sales period.

Most chain systems have established set ratios of stock to sales and regularly issue these ratios as quotas to the store manager. It is his responsibility to operate his store within these quotas, regardless of his personal desire for a comfortable cushion of stock.

The manager, in checking his stock on hand, is also afforded an indication as to which merchandise is moving as it should, in volume, and which is not. A consistent drop in the quantity which is moved from week to week is a warning that the merchandise is losing its appeal for some reason, or that an adequate job of display is not being directed toward that merchandise. In either case, the manager should investigate to determine the exact cause of the decreased volume and take the appropriate measures to either discontinue the item or institute a push on it.

Display Needs. Under the topic "Special Displays", it was established that a mass effect is one of the primary goals in their utilization. In order to carry out this technique it is necessary to use large quantities of the special merchandise.

When ordering, therefore, the store manager must take this fact into consideration. This means planning displays in advance in order to assure ordering the proper amounts of merchandise being on hand when the displays are built and sufficient merchandise with which to replenish them as the sale from them progresses, as stated under the principles of display.



In order to provide the merchandise needed to build special displays, ample storage, and handling room, the manager must estimate what his sales will be on the special items and order accordingly. Past experience with similar sales are his guide.

Whereas he will have to increase the quantity of the goods on special sale which he orders, more often than not he will have to reduce the quantities ordered on goods of the same kind. For example, Campbell's Pork and Beans are advertised nationally and a special display is to be devoted to them. This means a very large quantity of that item will be ordered for that sale period. It also means, however, that in all probability the sale of other brands of pork and beans will decrease during the sale period. It would be wise for the manager to reduce the quantity which he orders on these other brands, since they cannot be expected to produce the same volume of sales that they do when Campbell's are not nationally advertised and mass displayed.

Variety. Each store manager is not expected to stock every item which the chain system warehouses and, indeed, it would be impossible for him to do so.

Each store manager is expected, however, to stock the brands and types of merchandise which will sell in his particular unit, and at the same time afford his customers a varied selection of merchandise.

Cut wax beans may be the best seller in that category, but that does not mean that they are the only bean which is to be carried in stock. French style, canned limas, etc., should also be stocked and displayed regularly in order to provide the customer a wide selection from which to make her purchases. The same trend is to be followed for all merchandise wherever the space limits of the store and sale on the item will permit.

Variety is important not only in the dry grocery department but in the meat, produce, dairy and frozen-food departments as well. The store manager who wishes to serve his customers as he should, and as they desire to be served, affords them a selection of merchandise in every department in his store. This is to his advantage as well; for the greater the selection of merchandise the more opportunities there are to make sales.

Opportunities and Emergencies. There are times when the store manager is in a position to enhance the competitive position of his store over and above the usual.

Such opportunities usually arise at the time when a competitor is closing a store in the area or even when he is opening a store in the area.

At these times the store manager, through the exercise of observation and judgment, can order merchandise into his store which, because of price and appeal, can induce new customers to shop in the store or attract them away from the specials

which are being offered by the competition in connection with the new opening.

The store manager is not alone in this endeavor, however, for he will get cooperation from headquarters or division management, who must make the special merchandise he needs available to him at a price which will compete favorably with any which competition is offering.

The store manager's main job in this regard is to observe the moves of this new competition and report to general management the recommendations he has, based on these observations. General management tries constantly to keep abreast of such movements on the part of competition, but is not always in the best position to make a decision in this regard. The information which the store manager affords them can make their final decision much more correct and productive.

The store manager must also take into consideration the conditions which exist among suppliers from time to time. During times of strike among suppliers, or deliverers of merchandise, he must make substitutions when ordering, if necessary. If he cannot order a certain type or brand of merchandise from the company warehouse or other sources of supply, he must accomodate his customers with a comparable item.

Headquarters or division general management will keep the store manager informed, in such instances, of the expected duration of the strike or other cause for lack of delivery. It is his responsibility to make the modifications in his orders which

will enable him to present a varied selection of merchandise in his store.

Profitable Merchandise. It is not particularly hard to sell such merchandise as coffee, sugar, national brand vegetables, fruits, etc. This type of merchandise is typically high volume and small profit in nature. It accounts for a very substantial portion of the sales made in a chain food store, but has never been noted for producing profit of an abnormal nature.

There are many items of merchandise warehoused by chain food systems today which provide a higher profit margin than the type of merchandise referred to above. These include private-label merchandise, non-food items, candy, frozen-foods and household items. The list is far from complete and is used merely to illustrate a few of the possible sources of added profit to the store manager.

Most chain systems offer their managers assistance in ordering merchandise which provides higher-than-average profit by marking such merchandise in a separate section of the order form, or by marking it with an asterisk to indicate its high-profit nature.

It is up to the store manager to order such merchandise into his store along with the fast-moving, rapid-turnover merchandise which accounts for the largest portion of sales. There is no argument intended against national brands or staple category merchandise in this development. As stated,

they do comprise a substantial portion of the sales which are made in the chain food store and fit into the rapid-turnover philosophy of the business. There are certain items within the store, however, which do provide a higher rate of profit, and these items should be ordered into a store to afford the manager an opportunity to increase the total profit of his store.

To a certain extent, a variety of merchandise which provides a balanced selection to the customer will result in the inclusion of high-profit merchandise on the order which the manager writes. Because he has provided variety, however, does not always mean that he has provided a balance between high- and low-profit merchandise when ordering. The store manager must make a conscious effort to stock and promote the sale of highly profitable merchandise, in balance with merchandise which provides an ordinary profit.

## CHAPTER IV

### STORE CONDITIONS

Ira O. Shy, Vice President, National Food Stores Incorporated, Detroit, Michigan, made the following observation on the ranking form which he returned to the writer. "Store Conditions ranks fourth because it is actually a by-product of Leadership, Planning and Organizing, and Merchandising Ability."

The adjusted results of the survey indicate Mr. Shy's contention to be a matter of general agreement among those members of food chain management who answered the questionnaire.<sup>1</sup>

A prime objective of the store manager is to maintain a "ready-for-business" store at all times.

This "readiness" must be evidenced in both the sales area and the work area of the store. Safety in each of these

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1. The subject adjustment is as described in Chapter I, page 8, of this study.

Because of special conditions, Public Relations was relegated to a lesser consideration than third, where it ranked in total number of points. This moved all the other factors up one place in the ranking and resulted in Store Conditions being ranked fourth instead of fifth. With Planning and Organizing considered integral to Leadership and reviewed in Chapter II, Store Conditions becomes the third development in the study.

areas is an important part of their being "ready for business" and it will, for that reason, be considered in this chapter.

### Sales Area

Because Store Conditions may be considered a by-product or indirect result of Leadership and Merchandising Ability, many of the considerations made at this point overlap some of those already made. Accurate, legible price-marking, for example, was considered to be a principle of good display in Chapter III. In this chapter it is considered to be a prime factor in the "readiness" of a store as well. This overlapping illustrates the interrelationships which exist between the numerous activities which form the operations of a store.

Cleanliness. In the chain food store, or any food store, cleanliness can be subordinated to no other factor.

Customers in a food store may express appreciation toward spacious parking facilities, air conditioning, check-cashing accommodations, and all of the myriad other customer conveniences which have become a part of retail food chain store operation, but they demand cleanliness.

In the middle 1930's, Jewel Tea Company decided to find out just what qualities its customers most preferred to find in a food store. The results of the survey showed that their customers placed cleanliness above all other considerations and preferred, further, a sparkling white motif in food stores.

Today, the first of Jewel's "Ten Commandments" for doing business is: "Clean and White...Inside, outside, front and

back...Swept, scrubbed and shining." Jewel Tea Company has, on the basis of that study, designed its store fronts with white tile and has carried the "Clean and White..." theme throughout its stores in compliance with the wishes of its customers.

Stores which are built by chain food companies today are spacious, well lighted and attractively colored. More and more customer conveniences are constantly added to these stores for the purpose of making it a pleasure for people to shop in them. The most modern and efficient fixtures and equipment are used by the chains in order to make the shopping trip a more convenient one for their customers. Further, each of these factors is designed toward creating a sparkling clean atmosphere of efficiency within each store--an atmosphere in which it is a pleasure to shop for and purchase food for the family table.

The chain companies can supply the most attractive setting and equipment in their stores that it is possible for them to conceive and design, but it is the store manager's responsibility to keep the store and its equipment clean and inviting and "ready for business" at all times. This clean and inviting appeal must be extended to the sidewalks and parking lots which customers regularly use to reach the store. Though these areas are not in the store proper, they may well detract from its appeal if allowed to be disorderly and unkempt.



In order to maintain his store in a clean and inviting condition at all times, the store manager must delegate the responsibility for keeping certain areas neat and orderly to the various members of his team. For the most part, this responsibility is that of the various department heads in the store. Each of these individuals is immediately responsible for display fixtures and equipment within his particular department, but it is the store manager's responsibility to see that each of these individuals follows through and makes every effort to keep his department clean, neat, and orderly at all times. This delegation of responsibility for cleanliness in the store has a number of values. It fosters competition among the departments in regard to cleanliness, breaks the housekeeping chores into small units which provides for more direct effort, and makes it very simple to pinpoint those individual department heads who are not following through in regard to cleanliness.

It is to be remembered that neatness and cleanliness rank high as principles of display, a vital consideration in the merchandising ability of the store manager. Thus, the store manager who allows his department heads to operate their departments in a disorderly manner, not clean and inviting, places his reputation as a merchandiser, as well as a housekeeper, in jeopardy. He must be constantly on the lookout for any evidence that his department heads are not making a concerted effort to attain cleanliness in their areas and take action to see that any oversights or lack of thoroughness,

which might be the cause of an unattractive department, are corrected. One such department can ruin the appeal of the entire store and cause the other departments to lose sales because of decreased traffic. In short, the entire store, and every department within the store, is either clean and inviting or it is not. There is no tolerance possible in regard to cleanliness. A "ready-for-business" store is 100 per cent clean and inviting.

The walls and lights in a store are usually not the responsibility of a particular department head unless, in the case of lights, they happen to be a part of the display cases in a particular department.

It is the store manager's responsibility to make certain that all overhead lights and those used to highlight and draw attention to special displays are kept in working order at all times. Proper lighting adds much to the appeal of merchandise on display. When lights blow out or begin to flicker and cause distraction they should be replaced with new fluorescent tubes or electric bulbs immediately.

The walls of a store are an important part of the atmosphere and are often used for the display of special talking signs, banners, and other point-of-sale advertising. This use will cause walls to be exposed to scotch tape and glue, or other adhesive materials, which tend to leave unsightly marks on them. The store manager must make certain that such foreign materials and marks are washed or otherwise removed from the

walls when the special materials are removed, lest they become permanently discolored and unsightly.

Sidewalks outside of the store and the parking lots, which customers must use to gain access to the store, must be kept clean at all times. A dirty parking lot or sidewalk may connote a dirty store to a potential customer and cause her to decide not to do her food shopping there, without ever having been in the store itself. To overcome this possibility, these areas must be maintained according to a regular schedule in the same manner as the interior of the store.

The store manager who has a full or part-time porter on his team encounters no problem in the care and maintenance of lights, walls, sidewalks and the parking lot because the care and maintenance of those facilities are included in the porter's duties.

The manager who does not have a full or part-time porter on his store team must call on the members of his team to cooperate in the care and maintenance of these facilities. It may necessitate that he establish a rotating schedule for assigning these tasks among the various members of his team or delegate the responsibility to a single individual. Whichever path he selects, the store manager must make arrangements for the care and maintenance of the lights, walls, sidewalks and the parking lot which are integral to doing business, and a part of the establishment for which he is responsible.

Each particular chain system has its own policies and methods in regard to cleanliness in its stores. Simply stated, they add up to a clean and inviting "ready-for-business" store at all times. The store manager is responsible for the entire store and it is his responsibility, despite any delegation of immediate responsibility to department heads, to see that it is clean and inviting at all times. If it is not, then his ability as a merchandiser and housekeeper are open to question.

Price-marking. In Chapter III, under the topic "Display", it was stressed that PRICES MUST BE RIGHT AT ALL TIMES. In that development the correctness of prices--having them in agreement with the most up-to-date price list for the company--was considered as a basic principle of display.

Having correct prices may also be considered to be a principle of control, since it is the best guarantee which a manager has that he will receive the full value for his merchandise.

At this point price-marking is considered from the customer's viewpoint, a factor in Store Conditions, and a measure which the customer uses to determine the degree to which a store is "ready for business."

The correctness of price is very important to the chain system as a whole from a control viewpoint. The legibility of the prices marked on merchandise is equally important to the store manager, because illegible prices create not only a



control problem for him but a sales problem as well. The average customer is not disposed to select merchandise on which the price is not clearly marked. Even though she may have a notion that a smudged or indistinct price marking will result in her being undercharged for the item, she prefers not to take the gamble and may very well pass by such merchandise. To her, such a condition is an indication that the store is not "ready for business" when the price on an item is smudged or illegible, or when an item carries no price at all.

One store manager expresses the importance of accurate, legible price-marking as follows:

"In the first place, good pricing sells more merchandise, because customers instinctively shy away from an unpriced item and from price-markings which they can't read quickly and clearly.

Good pricing promotes confidence by removing from the customer's mind any doubt that the price she paid was correct. She doesn't start thinking: 'I wonder if the checker charged me 39 cents for this instead of 29 cents?'

Good pricing keeps the checkout crew working smoothly and in unison during peak periods. This saves five to seven minutes that would otherwise be lost if a checker had to stop to verify the price of just one poorly marked item - to say nothing of the time lost by several other employees in the process.

And finally, good pricing means a trouble-free, honest transaction for both the customer and the store."<sup>2</sup>

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2. Anon. "They'll Buy More if the Price is Right." Chain Store Age. 29. (November, 1953), p. 136.

In view of the benefits which good price-marking fosters, and of the disadvantages of poor price-marking, the store manager must render considerable attention to this process. If he does not, he stands to lose in three ways: (1) his store loses its reputation as a "ready-for-business" store; (2) sales are lost because customers bypass unmarked or not clearly marked merchandise; (3) illegible price-markings cause checkers to guess the price on some items, thus lessening his chance to receive all that he should for his merchandise. The last two possibilities are factors in promotion and control respectively, but they are mentioned at this point to illustrate the interrelationship which exists among all of the phases of store operation.

On the whole, chain food stores today are equipped with the most modern, efficient price-marking devices available. Regardless of the devices employed, however, the results which they produce can be only as effective as the people who use them.

Price-marking merchandise correctly and legibly is a comparatively simple operation, but it is an important operation and one for which employees must be trained in the proper techniques. It is the store manager's responsibility to see that team members who regularly carry out the price-marking activity are taught the proper methods and techniques which will result in good, clear, legible price-marking in the store.

A suggested checklist, designed to keep price-marking efficiency at a high level, appears below.

1. Use the best marking tool for dry groceries, bulk and packaged produce, prepackaged meats, frozen-foods, dairy products and sundries.
2. Set up a regular maintenance program to see that all marking tools are checked and cleaned regularly to be in top working condition.
3. See that proper inks are used to obtain clean, sharp figures.
4. Train and supervise price-marking employees in the proper handling of tools and light-touch method.
5. In case of label-printing machines, make sure that machine operators know how to handle and operate devices. Spot-check occasionally to see that scale readings are accurately transcribed from scales to printers.
6. Spot-check shelf goods regularly to see that price--marking is clean, legible, and accurate. Poorly marked items should be removed. They should be re-marked before they get to the checkstands.
7. See that price changes are handled promptly on products and shelf mouldings, racks and cases, and that repriced packages do not carry original price-markings.

Condition of Merchandise. Dented, leaking, or unlabeled merchandise should be removed from display as soon as it is spotted. If it is left on display it will tend to cast any merchandise displayed along side it in an equally questionable light and cause the customer to wonder if the item which she has selected might also have some hidden defect. At any rate, customers will not select such merchandise from a regular shelf or floor display and it is merely taking up valuable space which, if devoted to saleable merchandise, would produce sales and profit.



There are certain customers who look for bargains. Mark dented or unlabeled merchandise down to an attractive price which represents a bargain and get it out of the way. It is unsightly, gives the store a messy appearance, and utilizes space which can be put to better use.

Leaking merchandise is to be held for credit, or disposed of in the rubbish. It represents a health hazard and possible law suit and is not to be sold at any price.

Customer Safety. Accidents happen. Unfortunately, it is of their nature to occur when and where they are least expected, as well as in those areas which represent more of a hazard than others. They can happen anywhere inside or outside the store. There is no guaranteed program for eliminating them.

The frequency with which they occur can be reduced, however, through the simple process of eliminating anything in the store which represents a safety hazard. The store manager's first responsibility for the safety of customers is to eliminate all of the safety hazards in the store.

There are certain areas inside and outside the store which represent more of a safety hazard than others. It is in these areas that the store manager must exercise particular thoroughness in order to reduce the safety hazard to customers.

A brief discussion of the places and ways in which customer accidents more often occur, and recommended action against their occurrence, follows.

Where do you look for safety hazards in the store? Accidents can happen anywhere. There are authenticated cases of customers actually getting stuck in the turnstiles. Children actually have fallen into the pickle barrel. But there are records of the common places for accidents and here are the more important spots to check.

The parking lot is becoming a more common location for accidents with the increase in size and usage of such lots. Many managers fail to realize that "negligence" in planning traffic or maintaining a parking lot is just as much a legal liability as accident hazards which are allowed to exist in the store.

After the customer leaves the parking lot, her next accident hazard comes before she even enters the store at the front entrance. Some types of entrance paving become slippery in wet weather and must regularly be covered. Automatic doors provide their own accident possibilities. Collisions between exiting box boys and entering customers are an old story at this location.

Most customer accidents take place in the aisles of the store. Defective flooring, projecting sharp edges and objects left on the floor create their own hazards.

Carelessly built displays, particularly glass items, create another hazard. Falling carbonated drinks and bleach waters have a long record of ruined clothing and even serious injuries to both customers and employees.

The produce department is the leading cause of customer claims, primarily due to the frequent presence on the floor of fruit and vegetable scraps which result in falls. Less serious, but equally frequent, are claims for torn stockings and clothing, resulting from rough edges in produce department displays.<sup>4</sup>

Many of the safety hazards reviewed above can be eliminated through proper housekeeping. The store manager who strives constantly to keep his store clean and inviting and "ready for business" at all times automatically takes the first

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4. Anon. CSA Training Course, Session 4. "Selling Safety." Chain Store Age. 29. (December, 1953), p. 58.

steps toward the elimination of customer hazards in his store.

A safety conscious team is one which has been trained in the methods and importance of safety and constantly reminded on both counts. The store manager who is anxious to have a "ready" store will see that his team is trained and reminded of the importance of safety. It is good business for him to do so because the expense of a single claim brought against the company by a customer injured in his store may well wipe out the entire profit of his store for the year.

#### Work Area

The work area of a store is composed of those areas in which merchandise is stored and otherwise prepared for sale. It is the behind-the-scenes area of the store.

Because it is behind the scenes, however, does not mean that it can be allowed to be less clean and less safe than the selling area of the store. In this area, as in the selling area, cleanliness and safety are very closely allied.

Cellar or Storeroom. Although the bright atmosphere of the selling area is not commonly found in the cellar or storeroom of a store, the same fundamental rules of cleanliness apply in this area as in the former.

Merchandise must be clean and undented in order to attract sales. It cannot be abused when being taken into and removed from storage and be expected to make an attractive display. Employees working in this area should be trained

in the proper methods of handling merchandise. They should also be spot-checked from time to time to ascertain whether or not they understand the proper methods and apply them during their workday. If they do not, they should be refreshed and made to understand the proper methods.

Depending on company policy and availability of space, merchandise should, wherever possible, be stacked and otherwise arranged to complement the sales area. Fast-turnover goods should be allocated the most accessible locations to the selling area.

All merchandise should be marked to indicate the date on which it was received in the store. This facilitates rotation and assures the customer fresh merchandise at all times.

More often than not, the condition of the storage areas of a store will be reflected in the selling area of the store. A clean, orderly storage area makes possible rapid recognition and selection of merchandise and thereby speeds the shelf-stocking process and reduces the out-of-stock time on a particular item.

Merchandise which has been handled properly to avoid breakage, in the case of glassed goods, and denting, in the case of canned goods, lends itself to attractive display and is instrumental in fostering sales.

In short, the condition of the merchandise displayed for sale depends largely upon the conditions within the storage area, as does the speed with which the selling area can be stocked.

When delegating the responsibility of operating the cellar or storeroom, the store manager must select a well-qualified, conscientious member of his team for that position.

• After he has selected the best-qualified individual to supervise the storage area operation, the store manager must exercise constant vigilance over it and alert that individual to the changes in goods which take place in order that he may make adjustments in his system which will provide the greatest possible efficiency at all times. This flexibility is a necessity in the retail chain food store where problems and merchandise change with great rapidity.

Other Work Areas. The remaining work areas in a store fall under the immediate supervision and responsibility of the various department heads. It is their duty to maintain them in a neat, clean, orderly condition.

These areas are: (1) the cutting and wrapping room in the meat department, including all ice-boxes and other storage equipment; (2) the produce preparation area; and (3) the dairy cutting and wrapping room, including ice-boxes and other storage equipment.

The desirability and need of cleanliness in each of these work areas is obvious. The perishable nature of the merchandise prepared in them causes sanitation to be of primary importance for two reasons: (1) Protection of customer health, and (2) protection of the merchandise itself, since most of the

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products processed in the meat, produce, and dairy workrooms deteriorate if not handled in a clean manner and processed with clean tools.

The same basic principles of cleanliness which apply in other areas of the store apply in these areas. Floors, walls and worktables, including those in ice-boxes, are to be kept spotlessly clean. Slovenly habits cannot be tolerated in the meat, produce or dairy workrooms!

Equipment and Tools. The merchandise prepared for sale in each of these areas is, as stated, perishable in nature. Special refrigerated equipment is necessary to store and display them in order to insure their greater life.

Because of their perishable nature, special tools are used to process them. These tools, like the equipment in which they are stored and displayed, must be kept immaculately clean at all times to protect the public health and prevent the merchandise from deteriorating into an unsaleable condition. There is no justifiable excuse for the equipment and tools used in these work areas to be dirty or otherwise unmaintained and not usable through neglect on the part of the department heads.

As stated previously, each chain system formulates its own rules and regulations in regard to the care and maintenance of equipment in the stores. For that reason, a detailed description of the proper manner in which to care for and maintain this special equipment and tools is not included in this

study. It is well, however, to consider the effect which neglect has on such equipment and tools. This is done in the following passage:

I'm the meat grinder, and am I just about ready to stomp my stomper. With all the hamburger business I do for you I surely thought I would get much more attention. Believe it or not, it's a wonder half our customers don't walk out on us. Shall I tell you why? Well--Do you realize I haven't been taken apart and cleaned in a whole week now? I'm so clogged up with old meat particles and grease that I can't do the job I'd like to do. Gosh fellow, I'm really a simple guy to clean and oil. If you would only take a few minutes of your time, I'm sure I could do much better--especially if you have me out front some place where all the customers can see me. Just follow these simple instructions.

1. Take me apart periodically. Clean out old meat particles and grease.
2. Wash and scald me at least once a day.
3. Change my cutting knives before they get dull.
4. Check my ticker, too--it needs oil once in a while you know.
5. Keep me under refrigerated conditions.<sup>5</sup>

A "speech", such as that quoted, may be made by any item of equipment or tool in the store. It indicates the possible repercussions of improper care and maintenance of tools, such as the meat grinder, and the proper methods of care and maintenance in their regard.

Since none of the equipment utilized in a store can talk, however, the managers of the various departments should be familiar with the proper methods or, if not, be aware of the proper place to obtain such information. One such source is reviewed below:

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5. Anon. "If Meat Equipment Could Only Talk." Progressive Grocer. 33. (May, 1954), p. 122.



And how about the "labels" on the equipment in your store? Equipment manufacturers are far more concerned with the proper use and maintenance of their products than any food processor can possibly be. There is only one right way of operating and maintaining store equipment.

Usually the most vital information for the proper operation and care of equipment is that which is printed on the equipment. The frost line was painted on the frozen food case only after the manufacturer found from experience that the most common reason for unsatisfactory performance of frozen food cabinets was overloading.<sup>6</sup>

In most instances, cleanliness is a part of keeping tools and equipment in proper working order in the perishable departments. It is also the primary objective of the department heads in all of their activities, because the activities of the perishable departments must include sanitation. By coupling proper care and maintenance with this primary objective, steps are taken toward a neat, clean and orderly operation in these departments.

One department which is not neat, clean and orderly may very well destroy the "ready-for-business" atmosphere of the entire store, whether the condition exists in the selling or work area of that department.

Even though the immediate responsibility for cleanliness has been delegated to the various department heads, the condition of the over-all store is the store manager's responsibility. With these two reasons in mind, he must take constant interest

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6. Drake, Lawrence. "Do You Read Equipment Labels?" Chain Store Age. 27. (October, 1951), p. 78.

in the condition of all departments and suggest any improvements that he deems necessary.

Employee Safety. As stated under Customer Safety, a safety-conscious store team is one which has been trained in the methods and importance of safety and constantly reminded on both counts.

The store manager assumes his first responsibility for the safety of his employees when he trains them in the safe methods of performing their special tasks. This training may consist of teaching a stock hand to lift in the proper way to reduce the possibilities of strain or of teaching the novice the proper way to use a knife in the meat, produce or dairy departments in order to avoid injuring himself. These early lessons in safety become a part of the work habits of employees and are the first and most basic steps in fostering safety thinking in the store.

Department heads must also be informed and instructed, when necessary, in the proper, safe utilization of the tools and equipment which are regularly used within their departments. They, like the store manager, must exercise constant vigilance in regard to safety and instruct members of their teams in the safe methods of doing their jobs and remind them of the importance of safety.

Retail food chain systems regularly train their employees in the safe methods of doing each job during their pre-store training. It is the store manager's responsibility, however, to constantly remind his team members of these basic lessons



and of the importance of following the rules of safety in all of their activities. His tools for doing this job are the store bulletin board, store safety meetings, and constant verbal reminders to his team during the day.

Accidents hurt not only the persons who suffer them but the entire store and company. When a member of a team is out because of an injury, someone must take his place. This means that his department, or another department, must furnish his replacement and that one or both of the departments must suffer, due to the lack of an adequate work force. There is a strong possibility that sales, in turn, will suffer because the necessity of working shorthanded does not allow sufficient attention to the departments affected.

A company which has a high accident rate must pay a higher insurance premium than one which does not. This, too, eats into the profit potential of the company and causes it to use money for insurance premiums which might otherwise be utilized in the business.

There is no absolute way to put a stop to accidents and the injuries which result from them. A safety-conscious team is one which will have a low accident rate. It is the store manager's responsibility to use the tools afforded him and his own initiative to educate and constantly remind his team in the ways and of the importance of safety.

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## CHAPTER V

### PUBLIC RELATIONS

In this study, public relations is defined as "the things members of a store team do and say that make people like them and the company they represent."

It is further assumed that the store manager, in his role of team captain, is the focal point about which public relations revolve.

Many of the activities and considerations inherent in merchandising and store conditions lay the groundwork for public relations. Stocking merchandise to meet customer demand, offering customers product information, and furnishing them with spacious, convenient stores in which to shop are steps which foster customer interest and goodwill and attract them into the stores. It is logical, then, that public relations should be considered after merchandising ability and store conditions in the evaluation of store managers.

The manner in which customers are treated in the stores, however, is what, in the final analysis, decides the effectiveness of such basic steps as stocking the proper merchandise, offering product information, and furnishing spacious shopping facilities. It is the treatment of customers in the stores which forms the subject matter of the first topic of this chapter. It is most commonly identified as "customer

relations." The second consideration of this chapter, "community relations," is concerned with the degree to which retail chain food personnel contribute to the affairs and projects of the community in which they work. The last consideration of the chapter concerns "employee relations" and the store manager's responsibility for fostering a consciousness of the need and importance of good customer and community relations among his employees. Brief consideration is also given to some of the ways in which the store manager can attain this consciousness among his employees.

#### Customer Relations

The customer is your neighbor, friend and boss. She is indispensable and must be treated in such a way as to make her want to come back and shop in your store.<sup>1</sup>

The statement above provides the direction for customer relations in the store. As a neighbor in the store, the customer is to be shown courtesy; as a friend, friendliness; and, as boss, a willingness to serve and accommodate her in every way.

This is the only way to treat her and the only way in which she desires to be treated. A vast variety in assortment of goods, ornate displays, and attractive prices will attract her to the store from time to time, but only if she is treated in the manner she desires will she want to return to a

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1. The Grand Union Operating Manual. The Grand Union Company. East Paterson, New Jersey. Section 2. Sheet 1.

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particular store. She prefers a friendly atmosphere above any of the above-mentioned attractions.

The Jewel Tea Company Survey referred to in Chapter IV proved the preceding statement to be true. Friendliness ranked second only to cleanliness among the qualities which Jewel's customers desire most to find in the store in which they shop for food.

As a result, the second of Jewel's "Ten Commandments" for doing business reads as follows: "Friendliness... The deep-down kind that comes from picking nice folks to work with us, and giving them good pay, fine working conditions, and a chance to get ahead."

Most chain systems have striven, even as Jewel has, to constantly promote a courteous, friendly atmosphere in their stores. The success which they have realized from these efforts has depended entirely upon the attitude of the employees in each individual store. Good customer relations are an in-the-store problem and varies from store to store even though they may be only a few miles or blocks apart. It varies according to the job which each individual store manager has done in fostering a consciousness of the importance and practice of good customer relations among the members of his team.

Most chain companies include in their advertising references to the friendly employees and atmosphere to be found in their stores. They are proud to include this friendliness as a part of their policies for doing business.

Like all company policies which apply in the stores, however, these policies of friendliness succeed only insofar as they receive the attention and follow-through of the individual store managers. The store manager's responsibility is just as great to follow through on a plan to create and maintain a friendly atmosphere in his store as it is to follow through on the weekly sales plan from headquarters. He is necessarily allowed more freedom in building a friendly atmosphere in his store than he is in the application of a sales plan, but he is not free to ignore his responsibility to do so.

Many of the customers who shop in a particular store do so because they are friends of the store and are treated as they wish to be treated during their shopping tour. They shop in a particular store because they want to, but all of the customers in a store are not in this category. Some may have to shop there for reasons of convenience of travel and others may shop there only to take advantage of the special prices which are offered from time to time.

The store manager must take this circumstance into consideration and point his customer relations program toward making these latter groups of shoppers friendly customers who want to shop in his store because they choose to do so and for no other reason. When he does, then he accomplishes good customer relations. At the same time, he not only maintains the business of his old friends who have come to know and like him

and his team but, by making these new friends, he increases the sales volume of his store as well.

In summary, it can be said that good customer relations result from being a good friend and neighbor who treats people as he would like to be treated. When this "good neighbor" is the host at a gathering he strives to show his guests all the courtesy, friendliness, and willingness to accommodate them that etiquette and respect dictate.

The store manager is a "host" to his customers when they are in his store. He must take every possible step, and employ every means at his disposal, to afford his "guests" the courteous, friendly, accommodating atmosphere in which they desire to do their food shopping.

He must not be strictly an "office manager" who "hides" behind books and records all day. Whenever possible he should be on the floor circulating among his customers, greeting them (by name if known), and inquiring as to whether or not everything is satisfactory and, if not, why not.

He must be alert to any inconveniences or blocks in traffic which might exist and take steps to eliminate these blocks as quickly as possible. The simple act of opening one or two additional checkouts to reduce the waiting period and lines may be of tremendous importance to a customer relations program. Such an act shows the customers in his store, his "guests", that he is interested in their welfare and in doing all that he possibly can to make their shopping tour a pleasant one.

Most important of all, he must train his employees in the techniques of treating customers as they wish to be treated and constantly remind them of the importance of doing so. The best way for him to do this is for him to be a good "host" to his customers and a good example to his employees when dealing with the "guests" in his store.

### Community Relations

This phase of public relations concerns the things members of the store team do and say outside the store which make people like them and the company they represent. The community, and its civic and social interests and activities, form the setting for community relations.

One purpose of community relations is to make friends of those members of the community who do not regularly shop for food in the retail chain food store and are not, therefore, familiar with the friendly atmosphere and the friendly people who operate it. Community relations should also be aimed at fostering the idea that the retail food chain store, and the company it represents in the community, are an integral part of the community and interested in its projects and activities.

The average retail food chain will have about 20 per cent of the total food business in a community and about 30 per cent of the families represented as occasional shoppers or visitors. This means that at no time are all the families of a community represented in the retail food chain store.

Those which are not may shop in another store for the reason of convenience or because they like or know the personnel in another store better. All of this adds up to the fact that customer relations programs, which have the store as their setting, cannot reach all of the people in a community.

It is important, however, that all members of the community know and understand the objectives, programs and activities of the chain company which operates stores in the community. Not all of them shop in the chain store, however, and are, for that reason, not exposed to the customer relations programs which would cause them to know and understand the company.

It is the people of the whole community who vote on laws and regulations which affect the chain stores, and not just those people who are customers in them. Certainly, customers of the retail food chain stores would not be disposed to vote in favor of legislation which would result in higher taxes for the chain stores which might ultimately result in the prices being raised in those stores. Members of the community who do not regularly shop in these stores and who are not familiar with the objectives, activities, and programs of the chains, however, might easily be persuaded to vote in favor of such legislation. Good community relations will result in these people who are not regular customers being informed and having a favorable attitude toward these objectives, activities, and programs.

In order to accomplish good community relations, the manager and employees of the retail food chain store cannot be satisfied to be merely a good public servant in the store. They must also be interested in being a good neighbor and customer of the entire community.

A good neighbor takes interest in the activities and affairs of the community whenever possible. This may mean donating money or time to causes which he determines to be of a worthy nature. The chain store manager, or other employee who uses the excuse of long hours or low pay in the store to relieve himself of the responsibility for sharing in community ventures, does neither his community nor his company justice. While these reasons may have been justifiable or true twenty or thirty years ago when the chain system was to all intents and purposes in its infancy, they are no longer valid. The chains have made every effort to bring about working conditions in their stores which are as pleasant as, or more pleasant than, any comparable industry. The employee who shirks his duty to the community and places the blame on his company is not practicing good community relations.

Few members of a community ever participate in every activity which takes place unless they are professional joiners. The chain store employee cannot be expected to participate in every activity or venture of the community, since there will be many which he has no particular interest in for personal reasons. There will be some which he will have great interest

in for the same reasons. It is expected that he give support to such activities, whether it be monetary or otherwise. If he does not care to, or cannot for some reason, participate when asked, he is obliged to offer a logical explanation why he cannot.

By being a good neighbor and taking interest in community activities, chain store employees better not only their personal standing in the community but that of the company which they represent as well. In so doing they also contact and make friends of possible future customers for the store in which they work.

Good community relations, then, come from being a good neighbor and friend in the community, which in turn means participating in the various civic, religious and social groups of your choice. All members of the store team must manifest interest and actively participate in these activities if they are to qualify as good neighbors and stimulate knowledge and understanding of the objectives, programs and activities of the company they represent in the community.

### Employee Relations

Employee relations concern the associations which exist between the store manager and his employees and among the employees themselves. Good employee relations exist when the association between the store manager and his employees is friendly and cooperative, and yet businesslike, and when all the employees in a store work together in harmony and cooperation toward a common goal--the success of the store.

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Since, in the comprehension of this study, Leadership is the ability to build a team and friendly atmosphere in a store and teamwork is synonymous with cooperation by definition, good employees relations may be regarded as resulting from good leadership.

Before a group of employees can work toward a common objective, they must know and understand what it is. The store manager who holds periodic store staff meetings to explain these objectives fosters a knowledge and understanding of them among his employees. This knowledge and understanding makes it possible for them to be aware of the role each of them is to play in the over-all plan of action and to channel their efforts toward the attainment of this common goal. Similarly, when the manager solicits their ideas and suggestions as to how his plans can be improved upon in order to increase the possibility of reaching these objectives, he causes his employees to feel that they are important to these efforts and thereby generates interest and cooperation on their part.

The store manager further establishes the need for cooperation among his employees by delegating responsibility. This is especially true when the responsibility to train new employees is delegated to the more experienced members of the store team and it is explained to them that by doing a thorough job of training these people they enhance the position of the store and themselves as well as that of the trainees. This merely means that trained personnel are of greater value

to the store than untrained personnel, and that by training these new people the experienced members of the team have made the store a better one. Their value is increased as well as that of the people they train because they have added a new accomplishment to their record. The old idea of "I won't train him to take my job" tends to be forgotten when the preceding explanation is made to those team members to whom the training responsibility is delegated.

Finally, the store manager who accepts the responsibility for training and developing members of his team for future promotion also fosters good employee relations. In training and developing these people he shows them that he is interested in their future and is willing to cooperate with them in their efforts to improve themselves. It is natural that they reciprocate by cooperating with him and the other members of the store team in their efforts to make the store a success.

Thus, when each employee knows and understands the goal toward which he is to work and has a definite role to play in the plan of action designed to attain it, it is possible for him to apply his talents toward that goal. In order for each employee to understand his role, he must also know and understand the roles of each of his teammates. The over-all picture which is thus provided enables him to know when and how to cooperate with each teammate and makes it possible for the entire team to work together in harmony. Petty jealousies and differences among the employees are not likely to persist in such an atmosphere. It is not possible to eradicate them entirely,

since personality clashes occur from time to time in every place of business, but the store manager who has built a team in his store has taken the basic step toward keeping them at a minimum. Employees are also more inclined to go according to the judgment of a leader than they are a driver and will readily accept any ruling which the store manager may decide in a case of controversy or personality clash.

Each of the areas considered in this chapter touches closely upon developments which were made in Chapter II, for the reason that good employee relations are a product of Leadership. The store manager who has taken interest in his employees and trained them in their jobs is able to lead them because they know and understand the objective toward which they are to strive--the role which they play in the over-all plan of action--and that by doing their part they better the position of the store and themselves as well.

The full importance of good employee relations is set forth in the second of Jewel's "Ten Commandments." "Friendliness...The deep-down kind that comes from picking nice folks to work with us, and giving them good pay, fine working conditions, and a chance to get ahead." This Commandment is aimed at the public, and is a part of the customer relations program of Jewel as well, but it points out the fact that good customer relations programs, which are so necessary to getting people to want to shop in a store, start with the employee relations program in the store.

When a team has been built in the store with the resulting sense of cooperation and interest in the success of the store which it fosters, customers are then treated the way they want to be treated. When a team has not been built and confusion exists as to where responsibility begins and ends and whether or not there is a future in working in the store, it is almost impossible to expect a harmonious, cooperative staff that will treat customers in a courteous, friendly, obliging manner. The latter group of employees will be too concerned with their own problems, and the settling of personal differences as to responsibility and authority, to care how the customer is treated in the store.

Customer and community relations are important to the success of the store, but they are an in-the-store problem which is directly the result of the employee attitude. Employee attitude is, in turn, the result of employee relations. Good employee relations produce harmony and cooperation among the employees toward the success of the store. Hence, since employee relations depend for their success or failure upon the leader in the store--the store manager--customer relations programs depend upon the store manager as well.

The store manager who has built a team and friendly atmosphere in his store has laid the groundwork for successful public relations programs. If the friendly atmosphere is an objective of his team, they will make every effort to treat customers in a courteous, friendly, obliging way. When the

employees of a store do not know and understand the goals toward which they are to strive and have no plan to follow, they cannot be expected to make any special effort in regard to customer or community relations.

The success or failure of the customer and community relations programs vary greatly from store to store and in direct proportion to the store manager's ability to build a team; that is, his ability to be a leader. He is the key man in all public relations programs because the employee relations within his store determine whether or not his employees will strive to make the store a friendly one in which to shop, by treating the customers the way they wish to be treated, and make them want to come back and shop in the store.

## CHAPTER VI

### CONTROLS

This factor in the evaluation of retail food chain store managers received the smallest total number of points of any of the six factors ranked in the survey. For that reason it is the last consideration of this study.

Although Controls ranked last by the smallest possible margin, ten of the thirteen respondents ranked it from fourth to sixth position and only one of the respondents ranked it the most important factor to consider when evaluating store managers.

It is interesting to note that the respondent who ranked it the most important factor represented the management of a small chain system. Large chain management typically ranked Controls among the least important considerations to be made in the evaluation of store managers.

No general rule can be established on the basis of one respondent ranking this factor as the most important, but the fact that the one person who ranked it thus may well indicate that the larger, more-integrated chain systems are not as concerned about Controls as they are about the other factors of this study.

On the other hand, the fact that Controls was ranked the least important consideration by the majority of respondents

may merely indicate that they believe a store manager who is highly qualified in each of the other factors will qualify as well in the matter of Controls.

Ira O. Shy, Vice President, National Food Stores Incorporated, Detroit, Michigan, during a personal interview with the writer, expressed this last possibility as follows: "I rank Controls sixth because without all the other factors being exercised, an operator would have little left to control." He added further that when two managers rank about even in the other factors, the one who shows the best record of Controls will usually receive the higher over-all ranking. Thus, even though Controls may be the last factor in the evaluation of store managers, it may well be the deciding one.

Three distinct areas of control are reviewed in this development: (1) Control of variable expenses; (2) Inventory control; and (3) Cash control.

Variable expenses are those in-the-store expenses which are directly controllable by the store. They directly affect the store's profit and losses. They include Labor, Wrapping, Laundry, Lights and other miscellaneous expenses.

Inventory control is the control exercised over all of the merchandise in the store. It includes such factors as good ordering, proper receiving, correct storage, accurate records, freshness control, correct pricing and shoplifting.

Cash control concerns the safe handling of all monies in the store at any given time. Money, like merchandise which

is in the inventory, is the direct responsibility of the store manager.

It can be seen that many of the considerations made in regard to the subject, Controls, are directly related to previous developments in the study. For that reason, their coverage in this chapter will not be as detailed as it was in the earlier chapters.

### Control of Variable Expenses

Variable expenses in addition to being controllable expenses are also usually expressed as quotas for the store manager. A maximum limit in each category is established by headquarters or division management as a guide to the store manager in their regard. This limit or quota is expressed as a percentage of total sales.

Thus, a store which has a weekly sales volume of \$30,354, and a salary quota of 5.6 per cent of sales, would be allowed a total payroll of approximately \$1,700 for that week. It is the store manager's responsibility to make certain that such quotas are not exceeded in the operation of his store.

Labor. Labor is the single largest controllable expense in the retail food chain store. It has always been in that category and under present trends toward higher pay checks and shorter working hours it promises to become an ever-increasing factor in the operation of a store.



It is not a matter for alarm to so state the position of labor in the stores but, rather, a matter of recognition and planning to derive the greatest possible production from the labor which is allowed under the salary quota established for a particular store.

In order to utilize the payroll dollars allowed him to the greatest advantage, the store manager must analyze: (1) the jobs to be done; (2) the people he has to do them; and (3) the flow of business throughout the week. This last consideration will allow the manager to gage the number of people he will need working in his store on any given day of the week.

The composite of the three analyses will afford him a picture of who is to be used in each particular position and at what times he will need them most. On the basis of this information he will be able to establish work schedules which will allow him to maintain his salary rate within the quota and at the same time have his store staffed appropriately during both peak and slack sales periods.

Because the flow of business in a retail food chain store cannot be predicted from day to day, or even from hour to hour, as it depends on weather conditions, holidays and other factors of an inconsistent nature, it is not always possible for the store manager to have his store staffed to perfection in any given condition of slack or peak sales. The manager who has analyzed the jobs to be done, the people he has to do them,

and the flow of business, however, will ordinarily take into consideration normal peak and slack periods and allocate his payroll dollars accordingly.

The method of analysis will vary from manager to manager, and each may have his own tried and tested method for setting up his work schedules. The method used is not of great importance, but the result of the analysis--the work schedule--is of prime importance in allocating payroll dollars in a way that will produce maximum efficiency in the store and still allow the manager to keep his total payroll expenditure within the quota which is established for him. The manager who does not analyze and plan his work schedules cannot hope to allocate his payroll dollars effectively and stay within the limits of his quota.

One very effective way of keeping the salary rate within the quota is through the utilization of part-time help. This type of labor is not only typically less expensive than full-time labor but it also provides greater flexibility in planning and allowance for full staffs during peak periods. If, because of weather conditions, weekend business does not materialize according to anticipation, it is a simple matter to reduce the total payroll by either notifying this part-time help it will not be needed or by limiting the number of hours which it works. Caution must be exercised in such instances, however, lest weather conditions change with an accompanying uplift in business which leaves the store understaffed. It is not good practice to constantly release the same people at such



times lest they come to look upon the position as an indefinite and unimportant one. Part-time help can be very valuable to the store manager and he should take precautions against alienating it through improper employee relations.

As stated, the approach used to stay within the established quotas in regard to the labor expense in the store will vary from manager to manager. Regardless of this fact, it is of primary importance that each store manager do so. Not only is it vital for him to have his store staffed and "ready for business" at all times as a result of his analysis and planning, but his ability to operate his store within the limits of the quotas established for him is also a measure of his ability as a planner and organizer and a vital consideration in his ability as a leader.

Wrapping. Like labor, wrapping ranks among the highest of the controllable expenses in the store. As with labor, a quota is established for this expense by general management at the headquarters or division level.

Usually each department head is responsible for the wrapping expense within his particular department. Regardless of this fact, it is up to the store manager to check periodically the wrapping budget of each department and advise the department heads when corrections should be made.

The manager who has trained his team in the proper use of wrapping materials will usually experience little difficulty in operating within his wrapping expense quota. The earliest lessons in using the proper sized bag for each order, and of

substituting boxes for bags whenever it meets with the approval of the customer, pay big dividends when it comes to controlling the wrapping expense in a store.

Training in the proper use of the different sized sheets of cellophane, pliofilm, and other materials are basic considerations in the meat, dairy and produce departments and for the most part are the direct responsibility of the various department heads. There may be no profit realizable on a pound of hamburger which goes out of the store wrapped in a sheet of pliofilm large enough to hold a whole ham. It is up to the department heads to train their people in the proper use of the materials with which they work.

The store manager, however, is in most cases held finally responsible for all expense control in the store. He must be constantly alert to uncover any wasteful practices in the various departments which might result in the wrapping expense exceeding the quota established for his store.

If such wasteful practices are uncovered, the store manager may use them as an indication that he should institute added training or refresher training in the proper use of wrapping materials.

Along with the quotas which management affords to each store manager is usually provided a set of control cards. If kept up to date and accurate at all times, these will serve as a guide, supplementing the quota, as to just what the wrapping expense should be, commensurate with any volume. It is the

manager's responsibility and to his advantage to keep these control cards accurate and up to date at all times.

Laundry. Laundry is another high item of store expense which is usually supplied by headquarter's quota. Not only is the proper care in the utilization of the laundry quota important from a control standpoint, but it is also an important factor in store conditions, since clean, neat personnel are desired at all times. In order to have a neat team in the store it is necessary that they be supplied with clean uniforms.

Since laundry is supplied according to quotas established by headquarters or division general management, there is ordinarily no way of the store manager exceeding the expense established by the quota. There is a danger of all the clean uniforms being used up before the next delivery, however, and the results will be improperly uniformed personnel in the store during certain periods of the week. Such a condition reflects directly upon the manager's ability to control and plan according to quota.

In order to combat this condition the store manager must follow the procedure which the company prescribes in regard to handling the laundry supply. This may necessitate placing a member of the team in charge of the laundry supply and giving him the authority to issue clean uniforms only at certain times and according to company policy, rather than according to his judgment. Simple procedures like using both sides of the uniform and issuing clean uniforms after lunch, when the dirtier jobs in the store have been completed, may result in all

members of the team having clean uniforms at those times when they must be in the selling area meeting customers.

Lights and Miscellaneous. Lighting is essential to add color and interest to the store. It is a vital part of display. It is also essential in the work areas of the store for the health and safety of the employees. It is also an expense.

When they are being used for the purposes above described, lights are essential and add a great deal to the safety and appeal of the store and, in a sense, are an investment in both the display and safety factors of store operations. When they are merely left burning in work areas where they are no longer in use, or in the sales area after closing, they become a senseless unproductive expense. Common sense and good judgment dictate that when lights are not being used for some specific purpose they are being wasted and should be turned off in such circumstances.

Heat, light, water and ice are typically not expenses which are budgeted or established according to headquarter's quota. This does not mean that they can be ignored as items of expense by the store manager. The same rules of common sense and judgment apply to the others of this group as those which were above discussed in regard to lights. When they are not being used for the benefit of the store turn them off, or, in the case of ice, order only the amounts which can be used during a specified period.

The important role which these variable and controllable expenses play in determining a store's profit or loss is illustrated in Figure III. All figures are expressed as a percentage of total store sales for a given period and are typical operating results.

Inspection of Figure III shows clearly that over one-half the gross profit realized on the operation of a store for a given period may very well be allocated to the payment of variable, controllable store expenses.

After these variable store expenses have been deducted from the store's gross profit, there still remain certain fixed and allocated expenses which must be paid. These fixed expenses typically include rent, license fees, amortization leasehold improvements, and depreciation of store equipment. Allocated expenses include transportation and warehousing, advertising, and all other overhead. The total fixed and allocated expenses may total as much as 6.2 per cent of total store sales on the average. The remaining net profit before taxes, in the example given in Figure III, would be 2.5 per cent of sales.

These figures clearly indicate the importance of controlling variable store expenses commensurate with maximum sales and the quotas established for each particular store.

The quotas which general management establishes in each of these areas are part of the over-all plan of operations for the entire company. The manager who does not do everything in his power to operate within them, or who for no valid reason



FIGURE III  
 PORTION OF STORE OPERATING STATEMENT  
 SHOWING EFFECT OF VARIABLE EXPENSES  
 ON TOTAL GROSS PROFIT<sup>1</sup>

Total Gross Profit		17.6%
Less Variable Expenses:		
Total Wages	7.1%	
Wrapping Supplies	0.6	
Store Supplies	0.2	
Repairs and Maintenance	0.3	
Laundry	0.1	
Heat, light, water and ice	0.5	
Sundry	0.1	
	<hr/>	
Total Variable Expense		8.9
		<hr/>
Gross Profit Less Variable Expenses		8.7%

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1. Excerpt from Store Operating Statement of Kroger Company. Percentages used are Kroger Company averages for the year 1952.

operates his store on a higher ratio of expense to sales than that which has been established for him, not only indicates a weakness in planning and organizing ability but also jeopardizes the welfare of the entire company.

### Inventory Control

The object of inventory control in a retail chain food store is to make certain that the amount of merchandise in a store at the time an inventory is taken is equal to the amount with which the store has been charged and has received during a given period.

Some companies allow a percentage of "shrink" in the store inventories and others do not. The purpose of this allowance is to grant the manager a loss of merchandise sufficient to compensate for normal spoilage and breakage of merchandise. Any discrepancy over and above this allowance is considered to be a shortage in the inventory of the store.

The balance of this chapter is devoted to those factors which contribute to inventory shortages and their control. It is to be noted that certain of the factors discussed under this topic were also vital considerations in the previous developments of this study. This fact illustrates the interrelationship which necessarily exists among all the phases of store operation and the need for a store manager to be familiar with all of the phases of store operation in order that he may be able to coordinate the efforts of his team toward a common goal.

Good Ordering. In Chapter III, good ordering was considered to be a factor in the merchandising ability of a store manager. Ordering with consideration for customer preference, stock on hand, display needs, variety, emergencies and profitability of merchandise were understood to be vital to the adjustment of merchandise for sale and customer demand.

Good ordering is also a factor in control in the following sense: It is sound business to stock only those goods which can readily be sold. In the retail chain food store which is operated on the basis of volume sales producing profits from rapid turnover at low margins, rather than from high margins and low turnover, this becomes an even more important consideration.

Thus, good ordering, with consideration toward customer demand and the other considerations mentioned above, is insurance that the merchandise which is brought into the store will move out rapidly because there is an immediate demand for it and that the store will not become a warehouse for slow-moving merchandise. This insures that inventories will not become excessively high and out of ratio with normal turnover and sales volume. When these steps are followed, the first steps toward the control of merchandise in the store are taken and the amount of merchandise which must be accounted for or controlled is held at a reasonable level.

Proper Receiving. The proper receiving and handling of merchandise was considered to be a vital factor in Store Conditions in Chapter IV. It was established that it has a

direct effect upon the selling area of the store as well.

Merchandise which is not abused when being received and stored is immediately saleable and attractive when displayed.

Proper receiving methods also tend to hold breakage and denting to a minimum and this is a factor of control since it enables the store manager to sell all of the merchandise which he is charged for and receives into his store.

There are other considerations to be made concerning the receiving of merchandise into the store, however. These factors are illustrated by the following list of questions in regard to deliveries which the store manager should ask himself when faced with an inventory shortage.

1. Am I getting every bit of merchandise for which I am being charged?
2. How about invoices? Extended properly? Prices O.K.?
3. Are scales actually being used for checking weights?
4. How about direct deliveries? Who receives them? Has that person been properly trained?
5. Is he loyal to the company?
6. Am I sure that deliveries have been thoroughly checked? Or have they just been signed for?
7. Are returns which are picked up by drivers thoroughly checked? Have I made proper records of such returns? And transfers to other stores?
8. Have I checked the accuracy of my employees by spot-checking shipments.
9. Are any drivers overly friendly with my personnel? With me?
10. What do I really know about the character of the various drivers who call?
11. Do I tend to feel that everyone is essentially honest?
12. Do I carefully watch drivers who have made "honest" mistakes.
13. What drivers resent having their deliveries counted item for item?
14. Have I observed salesmen or drivers being confidential with department heads?
15. How many store keys are there?
16. Who has a key in addition to myself?
17. Do I have a regular routine that never varies in visiting various parts of the store?

18. Do stock men leave the back door open during the day?
19. Do I always go out to lunch at the same time each day?
20. Do employees park near the back door?<sup>2</sup>

A list of questions such as that above not only points out the possible sources of shortages in regard to the delivery and receiving of merchandise in the store but answers which a manager has for them may well pinpoint the cause of an inventory shortage in his store. They are at once a set of rules for the control of inventories and a stimulus to proper thinking in regard to the problem of inventory shortages.

Correct Storage and Freshness Control. Because the merchandise which is sold in the retail chain food store is subject to deterioration if stored for excessively long periods of time, chain systems utilize a system of "first in, first out" in regard to its movement within the company and the stores. Even canned and glassed merchandise will undergo a chemical breakdown if held too long, or at least become old and unattractive looking when displayed after being stored for long periods of time. The result is that it loses its appeal and will not sell. Customers demand not only fresh merchandise but fresh-looking merchandise, whether it be in the perishable or dry grocery departments, and merchandise which has been held in storage an excessive length of time is neither fresh nor fresh looking.

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2. Grand Union Operating Manual. The Grand Union Company. East Paterson, New Jersey. Section 15. Sheets 3 and 4.

To combat the possibility of merchandise becoming old or old-looking before it is displayed for sale, chain systems have established a system of rotation for the storage of merchandise both in warehouse and stores. It consists simply enough of placing the newest merchandise received behind merchandise which is already in stock in order that the older merchandise be moved out for sale first. The "older" merchandise may have been in stock only a week, but it is still older than the new merchandise which is being placed in stock and for that reason must be moved out before the new merchandise.

Correct storage also includes rotation and consists of placing the new merchandise in a position where it will not be made available for sale until all merchandise of the same type or kind which was in stock before it has been sold. This principle is applied when stocking shelves, as well as in the warehouse of the chain system and the cellar or storeroom in the store.

This principle of rotation is especially important as a control factor in the perishable departments. The nature of the merchandise processed in these departments is such that a few hours may mean the difference between it being saleable or waste. The special storage facilities provided for this type of merchandise must be kept in perfect working condition and at the correct temperature at all times in order to extend the "life" of the merchandise as long as possible and prevent spoilage. Most meat and dairy items which have reached the spoiled



stage, or even closely approach that stage, are not to be sold because of the health hazard which they represent. Certain produce items which may not have sales appeal at the full price because of their "off" condition may have sales appeal if marked down in price. Rather than throw such merchandise into the garbage, the department head should examine its condition and mark it down accordingly. This is an important factor in control since it is better to receive something for such merchandise, even though it is only a fraction of the amount for which the store was billed for it, than it is to take a total loss on the merchandise.

Correct storage and freshness control are factors in the over-all inventory control because they enable the store manager to maintain saleable merchandise in his store at all times, and reduce his spoilage total to the lowest possible degree.

Accurate Records. Because the chain system is, to a very large degree, dependent upon reports and records which originate in the stores as the basis for planning, it is of primary importance that the store manager maintain accurate and neat records at all times.

It is also important to the individual store manager to have accurate records of the movement of the merchandise which enters and leaves his store in addition to keeping payroll, withholding taxes, and other monetary exchanges controlled at all times. This means keeping records from day to day and according to company policy. It is also important for all



reports which are required by general management to be forwarded promptly.

The following list of questions indicates the possible sources of inventory shortage which may result from inaccurate or outdated records being depended upon by the store manager. It indicates as well the proper methods to employ in keeping records in the store.

1. How is my bookkeeping? Is my bookkeeper properly trained?
2. Are my bookkeeper and I thoroughly familiar with the store accounting manual? Are we following company policy in our bookkeeping manual?
3. Are all entries made daily?
4. Do we carefully check extensions? Are returns credited?
5. At the time of inventory, are all entries made prior to turning the books over to the auditor?
6. Are retails obtained from the price book?
7. Do I keep an accurate record of receipts of express shipments which may not be accompanied by an invoice? More important, do I check the invoice against the record of receipts when the invoice does arrive?
8. Are policy manuals available for personnel to study and review? Are they kept up to date and in good condition?
9. Are payroll records kept up to date?<sup>3</sup>

As was the case with the list of questions pertaining to possible inventory loss in the receiving process, this list of questions pertaining to store records may well pinpoint the source of inventory loss in their regard and, at the same time, serve as a set of rules and guides to proper thinking by the store manager.

Correct Pricing. This topic was reviewed in Chapter IV, "Store Conditions." In that development it was established to be a sales tool as well as a control factor and principle of display.

As indicated in the preceding list of questions, correct pricing is a primary consideration in Controls as well. It is the store manager's responsibility to make certain that the price placed on all merchandise is as stated in the price book at any given time. It is also his responsibility to keep the prices in the price book compatible with the latest changes which have taken place in the company and which pertain to his store. He is charged for the merchandise at the price for which he must sell it. Obviously, then, if the price book in the store is not in accordance with the latest price for the merchandise and is not used when price-marking merchandise, the store manager cannot hope to consistently receive the full value for his merchandise. Although a certain amount of overage may occur when prices are not changed on time, the trend in such circumstances is for the manager to realize a shortage in his inventory when such haphazard conditions exist in his store.

Another way in which correct pricing is a control factor concerns the clear, legible marking of merchandise as discussed in Chapter IV. A study conducted by The Grand Union Company of East Paterson, New Jersey, showed that 70 per cent of checking losses are due to guessing at prices which result from blurred,

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illegible price-marking. It is a peculiar phenomenon that when a checker cannot distinguish the exact price of an item and guesses at the price the guess made will benefit the customer and not the company. The psychological reason as to why this is true may be very interesting, but the store manager is more interested in receiving the full value of his merchandise at the cash register than he is in psychology and should therefore exercise every precaution and use every technique at his disposal to make certain that this margin for error is reduced. Clear, quickly-readable price-marking is one of the surest tools which he can employ to reduce this margin for error.

Shoplifting. This is a very serious consideration in inventory shortage. No one has ever been able to determine the exact amount of loss which is attributable to customer pilferage or shoplifting. It is estimated to amount from 0.5 per cent to 1.0 per cent of total sales. Any estimates made may be high or may be low. As stated, no one knows how much merchandise moves out of retail food chain stores without passing through the checkouts.

It is an in-the-store and a team problem. The store manager must train his team in the ways and apprehension of shoplifters, and keep them constantly alert to their duties in its regard.

Most chain systems afford the store manager mirrors and display cases with one way glass which may be utilized as vantage points from which to observe the actions of customers who seem intent on removing merchandise from the store without paying for it. These aids are good and serve a purpose in

assisting the store manager to combat this source of inventory shortage.

The most important and trustworthy tool to be used in the control of shoplifting, however, is alertness on the part of the store manager and all of the members of his team. The store manager must train his employees to be wide awake and observant when performing their duties on the floor and circulate among the customers and observe their shopping habits and actions in order to be able to recognize the potential shoplifters in his store. Familiarity with the various techniques employed by this category of customer should be established and employees trained in spotting these techniques and actions on the part of potential shoplifters.

Because shoplifting is an important cause of inventory shortage, the manager must always be on the alert to detect it in his store. There is an old saying that friends will not steal from you and that, therefore, a friendly atmosphere in the store will aid in the prevention of shoplifting. This is true and sound reasoning, but only to a limited extent. The store manager must be alert to the people who cultivate his friendship and that of his employees for the purpose of getting them to relax their vigilance so that they may shoplift in peace, without suspicion.

The following list of questions represents some of the possible causes why shoplifting may be prevalent in a store and provides a checklist of conditions to be watched for in regard to shoplifting.

1. What is the extent of shoplifting?
2. Have I run any spotchecks to determine the rate of shoplifting in my store?
3. When did I last check the number of units of a particular item on the shelf against the number paid for at the register?
4. Any blind spots that haven't been checked?
5. Are my personnel alert?
6. Do personnel habitually check shopping bags?
7. Are checking aisles locked or blocked when not in use.
8. Do I hesitate to apprehend a shoplifter when I know that she has merchandise concealed?
9. Have I thoroughly trained my personnel in preventing and detecting shoplifting?
10. Are there any customers that I trust implicitly to the extent that I never observe their shopping habits?
11. Have I inquired about the prevalence of shoplifting at other places of business around town?
12. Have I ever heard my store mentioned as an "easy mark"?
13. Is everyone in the store thoroughly familiar with the Shoplifting Manual?<sup>4</sup>

### Cash Control

The store manager is responsible for all money in his store at any given time even as he is responsible for the inventory of merchandise in his store at all times.

The first step which he must take in regard to the control of money in his store is to make certain that the money which he takes in exchange for merchandise is good money. If the store manager has any doubts whatsoever as to whether money which is offered in exchange for merchandise is good or counterfeit, he is privileged and obliged to examine such money and refuse to

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4. Grand Union Operating Manual. The Grand Union Company. East Paterson, New Jersey. Section 15. Sheets 4 and 5.

accept it. Most of the personnel in the store, the manager included, are not experts on the authenticity of money, but if there is any reason to doubt the genuineness of a particular bill they are obliged to inform the store manager who, in turn, may seek the advice of the local branch of the U. S. Secret Service for guidance as to how to determine the authenticity of all types of currency. This branch of the government is as interested in having retailers trained in the recognition of counterfeit currency as the retailers are in avoiding having such money accepted in their stores. They will do everything possible to aid the retailers in their efforts to avoid such losses as result from its acceptance.

The biggest single money loss in food chain stores is from bad checks, even though almost every chain store has a system of check approval. Most of these systems are sound, but the losses come from haste and carelessness--from ignoring the fundamental rules that govern bank employees in cashing checks.

Books have been written on the precautions that should be taken in cashing checks but strict adherence to one rule would eliminate most food chain store losses on bad checks: Never cash a check for anyone until you are absolutely certain of his identity and know where he may be located if anything goes wrong with the check.

This rule applies with equal force to government and payroll checks as well as personal checks. Currently dated, properly drawn checks from reputable companies are worthless when cashed by the wrong person.<sup>5</sup>

After good money and checks have been taken into the store there remains the problem of guarding it from robbery.

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5. Drake, Lawrence. "Store Money Management." Chain Store Age. 28. (June, 1952), p. 74.

The simplest rule to follow in regard to possible hold-ups and armed robbery is to maintain as little money as possible in the store at any one time. This means making use of the various pick-up facilities, such as Brinks Incorporated, which most chain companies employ, and of removing money from exposed positions such as cash registers as quickly as possible and placing it in the safe until the pick-up is made by the proper agency.

But money does not disappear only in large amounts at the point of a gun. It also has a tendency to dribble away as it passes from hand to hand. There is no way to establish the total of the small amounts that silently disappear, but no experienced store manager doubts that such losses occur and many believe that the total is far greater than the sum of all store robberies.

The most effective method of coping with money shortages has been found to be individual responsibility. That is the reason why the store manager is held solely responsible for the inventory of his store even though many other people are involved. And this principle can be extended through the store to everyone who handles money. It is an old axiom that when two people are responsible for the accounting of money, then no one is responsible.

Every chain has its own system of cash handling and most of these systems have been carefully developed over a period of years. The cash losses that are becoming so serious in the stores seldom result from a faulty system. In most of the serious losses it is found that someone failed to follow the system--some store manager forgot that store money management was one of the most important parts of his job.<sup>6</sup>

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6. Ibid. pp. 74, 121.



The following list is composed of those questions which a store manager may ask himself when there is any doubt in his mind as to the success of the cash control program in his store.

1. Am I thoroughly familiar with the company cash control procedure? X
2. Are my employees familiar with this procedure?
3. Are checks listed and recorded properly?
4. When a cash shortage occurs at the register, can I pinpoint this loss to one person who is responsible?
5. Does that person feel that he is responsible and that the blame can't be directed elsewhere?
6. Do I count and balance office reserve cash daily? After bank deposit is prepared but before it is deposited? Do I check deposit again if difference is found?
7. Is reserve store cash kept in a safe place? Do I have unaccounted for cash differences at the end of the day? Do I check thoroughly to determine why?
8. Are bank deposits properly checked? Are deposits made promptly? Is an excessive amount of cash carried overnight?
9. Do I honestly feel that cash control is in effect in my store? X

Constant reference has been made throughout this study of Controls to the importance of having properly trained personnel in each area where control is essential. These areas include every facet of store operation.

It can be concluded, then, that the store manager's efforts to control variable expenses, inventory losses and cash losses will be greatly fortified by his having trained, alert personnel in his store.

Accepting the responsibility to train his team was established in Chapter II to be an indication of the store manager's ability as a leader.

In this light, it can be understood that the success which a store manager realizes in his Controls program will depend directly upon the ability he has shown to build a team in his store; that is, his ability to lead, rather than drive, his team in the performance of its duties.

## CHAPTER VII

### CONCLUSION

Leadership is the factor which chain managements today regard as the most important and most desirable quality in a store manager.

Nine of the thirteen executives who returned a completed ranking form in the survey ranked Leadership as the most important factor in evaluating the operational efficiency of store managers. The factor which received the second highest total number of first place rankings received only two such rankings.

The concept of "leadership" in this study is: "The ability to build a team and a friendly atmosphere in a store."

In the study it was established that the first step which the store manager must take toward building a team is to gain the cooperation and interest of his employees. He may use such techniques as soliciting employee suggestions and holding store staff meetings during which all members of the team are indoctrinated in the current plan of action and asked to offer suggestions as to how the plan might be improved, in order to foster interest and cooperation among his employees. The manner in which different store managers

attain this objective of cooperation and interest varies, but it is a vital part of building a team.

Accepting responsibilities over and above those essential to the position, such as training the employees in the skills of their jobs and developing them for future promotion, establishes a manager as being interested in doing more than just a satisfactory job. It also identifies him as a leader.

Further, the store manager who readily delegates responsibility to his employees at the same time manifests qualities of leadership. The training which he conducts in his store enhances his ability to delegate responsibilities to the members of his team and to plan and organize store activities on the basis of this delegation.

A team spirit among the employees results from the knowledge of the jobs gained in this training. This better enables the store manager to set up over-all objectives for the team and to have each employee cognizant of the role he, as a member of the team, plays in attaining this objective.

In order for each member of the team to know and understand the role he must play in gaining the common objective, he must also know and understand the roles which his teammates play. This understanding of the interrelationships and objectives of the store, among its employees, results in harmonious, cooperative action which, in turn, generates a friendly atmosphere in the store.

Friendliness ranks second only to cleanliness among the conditions which customers most desire to find in a food store. Thus, the store manager who builds a team which works together in his store in harmony and cooperation also generates the friendly atmosphere which customers desire to find in his store. Because he has gained the cooperation and interest of his employees by sharing common objectives with them, and has trained them to do their jobs in attaining these objectives, he makes the store a friendly one in which to work. This friendliness among the employees is in turn radiated by them in their dealings with customers. When this occurs the manager has manifested the qualities of "leadership" according to its concept in this study.

The purpose in building a friendly atmosphere in the store is to assure customers that they will be treated the way they want to be treated; that is, in a courteous, friendly, obliging atmosphere which will make them want to come back and shop in the store.

In the preceding paragraph it was established that the generation of a friendly atmosphere in a store is a direct result of the store manager's ability to build a team and, therefore, a result of his ability as a leader.

This same condition of particular conditions in store operation being the direct result of the store manager's ability as leader occurs throughout the study.

The best insurance of efficiency in every phase of store operations is to have well-trained employees in every job. Whether the job be price-marking merchandise, building a display, ordering merchandise from the warehouse or keeping accurate records, greater efficiency occurs when the people who do the jobs are well trained. The responsibility for training employees in the skills of their jobs is one which the store manager who is a leader assumes voluntarily. Thus it can be said that the efficiency of operation in a store is the result of the manager's ability as a leader.

Leadership and its aspects of accepting and delegating responsibility and planning and organizing store activities encompass all phases of store operation. For that reason, it is the most important factor to consider when making an evaluation of the operational efficiency of retail food chain store managers.

The other factors of this study are also important in the evaluation of store managers, but no one of them spreads eagles the others as Leadership does. Close interrelationships exist among them, but none directly affects all of the others.

The ability to adjust the selection of merchandise offered for sale to customer demand, maintain a clean "ready-for-business" store, treat customers in a courteous, friendly, accommodating manner, and control expenses and losses are all highly desirable in a store manager.

On the basis of the survey and the frequency with which the various aspects of Leadership enter into the developments

of the other factors of evaluation in the study, however, it is concluded that none of these abilities is as important as "The ability to build a team and a friendly atmosphere in a store."

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