

Managing the Store

CHAPTER 16



Questions

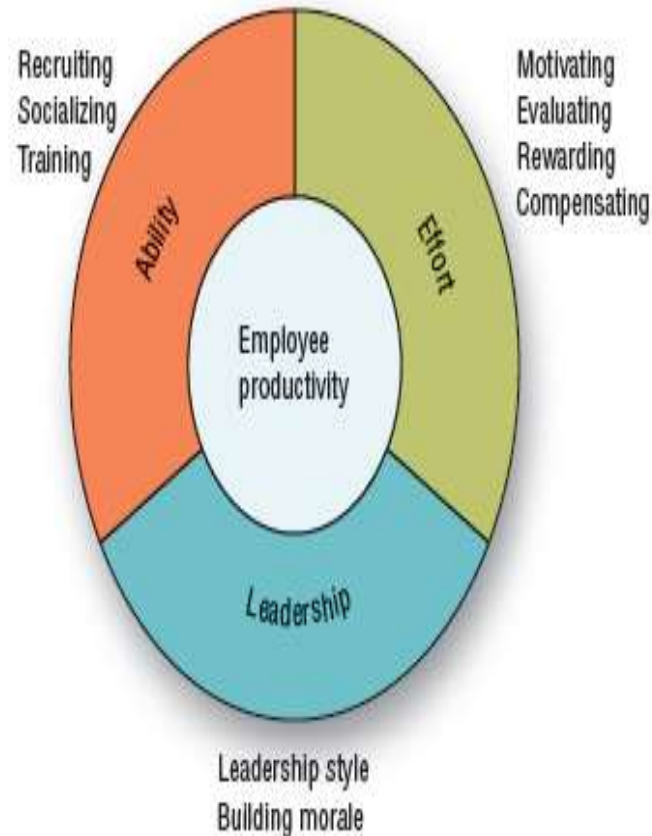
- What are the responsibilities of store managers?
- How do store managers recruit, select, motivate, train, and evaluate their employees?
- How do store managers compensate their salespeople?
- What legal and ethical issues must store managers consider in managing their employees?
- What can store managers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

Store Management

- Store managers are responsible for managing two of the retailer's most important assets: employees and real estate.

EXHIBIT 16-1

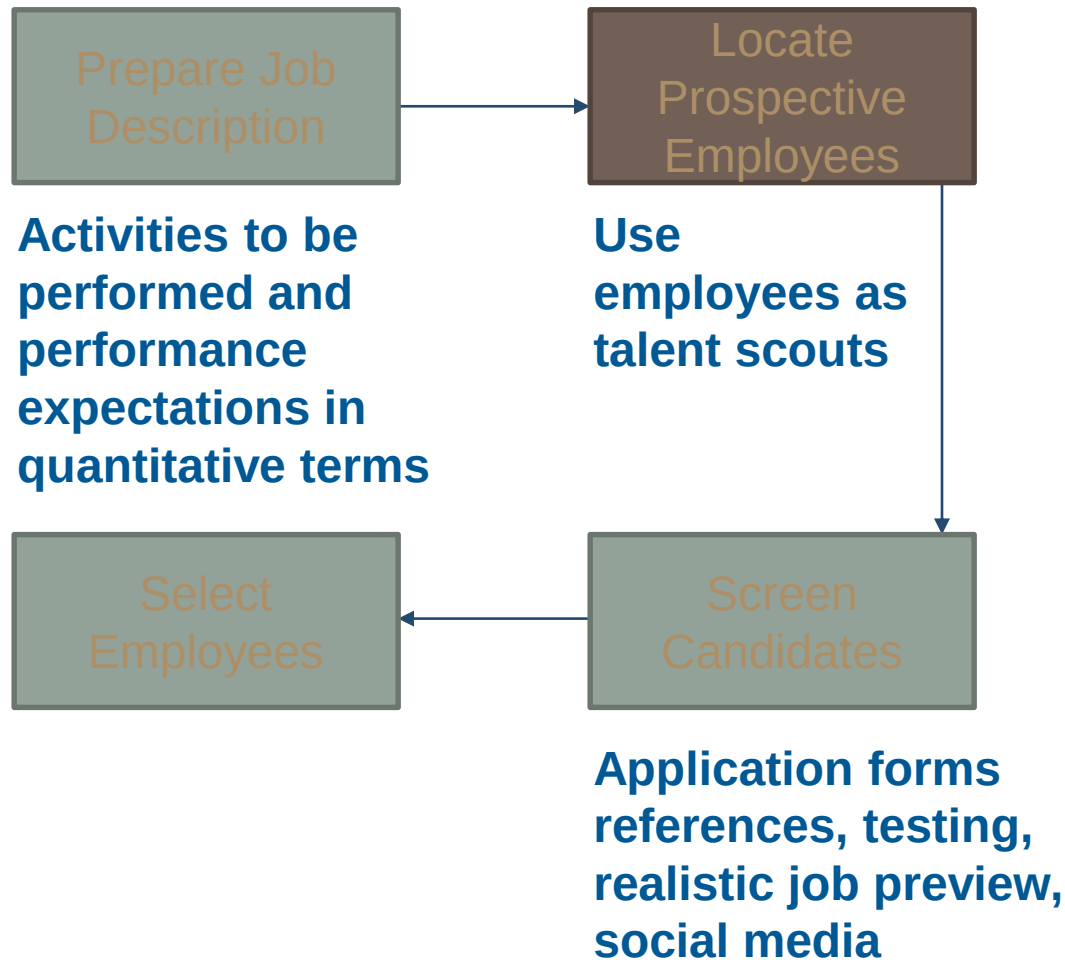
Drivers of Employee
Performance



Steps in Employment Management Process



Recruiting, Socializing, and Training Employees



Questions for Undertaking Job Description

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

Interviewing Questions

Education



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

Interviewing Questions

Previous Experience



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

Interviewing Questions

Questions that should not be asked per equal employment opportunity guidelines



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

Suggestions for Questioning Applicant

- Avoid asking questions that have multiple parts
- Avoid asking leading questions like “Are you prepared to provide good customer service?”
- Be an active listener. Evaluate the information being presented and sort out the important comments from the unimportant.
 - repeat or rephrase information
 - summarize the conversation
 - tolerate silence

Legal Considerations in Hiring and Selecting Employees

- Equal Employment Opportunity Commission (EEOC)
- Age Discrimination and Employment Act
 - Disparate Treatment
 - Disparate Impact
- Americans with Disabilities Act

Socialization of New Store Employees

- Orientation Program
- Training Store Employees
 - Structured program
 - On-the-job learning experiences
 - E-training
 - Blended approach
 - Analyzing successes and failures



Motivating, Evaluating, Rewarding and Compensating Store Employees

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



Why Set Goals?

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



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Evaluating and Providing Feedback to Employees

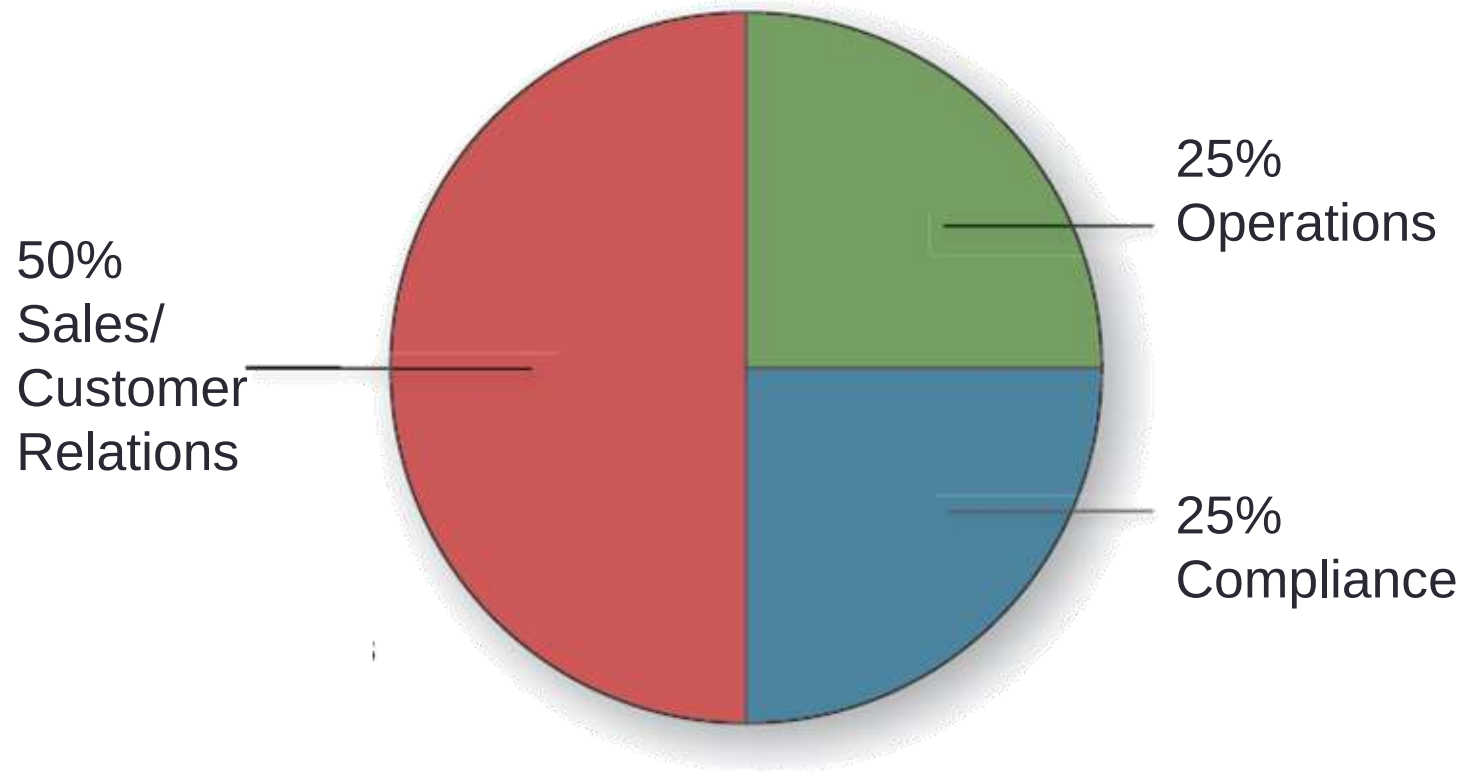
- Evaluation
 - Who, when, how often?
- Feedback
 - Performance outcome vs. process



Evaluation

- Who Should Do the Evaluation?
 - System is designed by the human resource department
 - Evaluation is done by immediate supervisors
- How Often Should Evaluations Be Made?
 - Annually or semiannually
 - Feedback from evaluations is the most effective method for improving employee skills

Factors Used to Evaluate Sales Associates at a Specialty Store



Compensating and Rewarding Store Employees

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

Compensation Programs

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



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Designing the Compensation Program

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

Individualized Motivation Programs

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



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Maintaining Morale

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



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Sexual Harassment

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



Controlling Costs



Reducing Inventory Shrinkage

Total shrinkage in the U.S. is estimated at \$40.5 billion annually

Shrinkage is the difference between the recorded value of inventory (at retail prices) and the value of the actual inventory (at retail prices) in stores and distribution centers divided by retail sales during the period

$$\text{Shrinkage} = \frac{\text{Accounting Record} - \text{Actual Inventory}}{\text{Sales}}$$

$$\frac{\$1,500,000 - \$1,236,000}{\$4,225,000} = 6.2\%$$

Sources of Inventory Shrinkage



Organized and High Tech Retail Theft

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



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Detecting and Preventing Shoplifting

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



EAS tag



Spotting Shoplifters

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

Reducing Employee Theft

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

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