

PLAYBOOK
**Upgrading Retail
Store Performance**

Retail Disruption

CRUSHED MARGINS AND HIGH EXPECTATIONS

The supply chain disruptions retailers are facing, together with the increased cost of personnel, are pushing retailers' margins to the limit.

While retailers' attention has drifted to costs, customers are still demanding a seamless, personalised, even experiential, shopping experience.

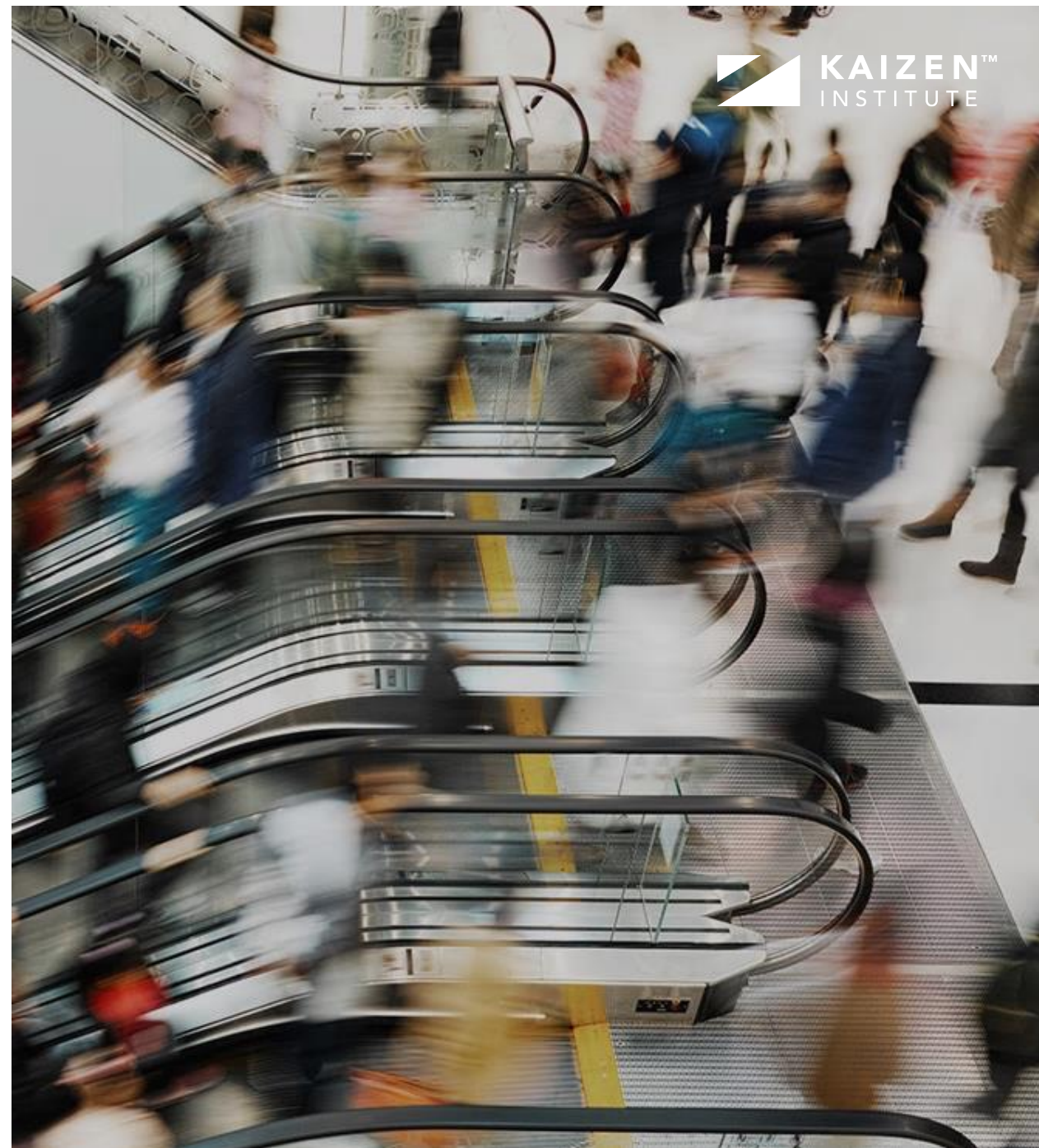
Pressure is mounting for retailers to deliver exceptional customer service across all channels while being able to reduce operating costs.

Accelerating Retail

AGILE, PERSONALISED AND LEAN

This refreshed competitive landscape calls for a reimagination of retail operations from workforce sizing and stock management to customer service and the shopping experience.

At Kaizen Institute, we work alongside retailers from all sectors to boost business performance. Together, we design and implement change that delivers operational savings and understand the customer preference.





These are the **top 6 initiatives**
to transform retail stores

WHAT WE SEE

- No stock of critical references
- High stocks of slow movers
- High warehouse occupancy
- Low forecast accuracy

IMPACT

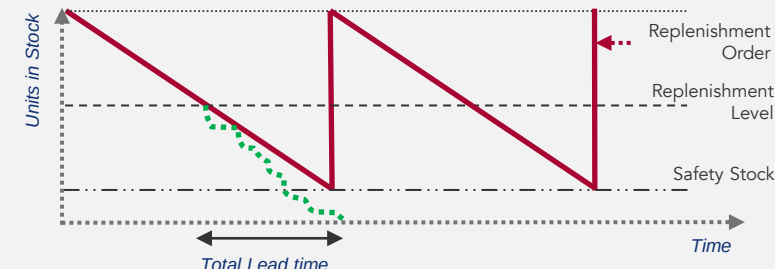
- ✓ In-store availability of key items
- ⬆ Risk of breakage and obsoletes
- ✓ No space for high-rotation products
- ⬆ Customer waiting time

IMPROVEMENT APPROACH

Refine the **stock management** policy to achieve the right balance between **coverage** levels and **stockouts** by shifting to a **paradigm** of **small batch** and **high-frequency** replenishment.

AGILE STOCK PLANNING ALGORITHM

1. COLLECT AND ANALYSE **HISTORICAL DATA**
2. ESTIMATE THE **REPLENISHMENT LEAD TIME**
3. BUILD THE **STOCK STRATEGY MATRIX**
4. CALCULATE THE **REPLENISHMENT PARAMETERS**
5. **ESTABLISH AND RUN** THE SYSTEM



	X	Y	Z
A	BTS	BTS	BTO
B	BTS	BTS	BTO
C	BTS	BTS	BTO

Excess stock in-store does not solve the **stockouts issue** and contributes to **deteriorating customer service**

53% of customers **want assistance from the store team**

To cater to their expectation, retailers need the **right team at the right time**

WHAT WE SEE

- Resource idleness in off-peak hours and lack of resources in critical peak-hours
- Team leaders are firefighting and focused on operational tasks
- Customer not being able to find assistance/waiting at checkout

IMPACT

- ⬆ Personnel
- ✓ Productivity and team motivation
- ✓ Customer satisfaction

IMPROVEMENT APPROACH

Team Multiskilling

Find the best way to execute each process, measure its execution time and resource need, and standardise it.

Train teams on the different capabilities to close knowledge gaps.

This will reduce the restrictions on the team scheduling and will deliver maximum flexibility.

Team Agility

Meet with teams daily to plan each employee's tasks and monitor KPIs.

Create a help chain to solve team scheduling constraints.

This will ensure a quick reaction to demand deviations, enabling the fast reassignment of teams.



Team Scheduling

Determine workload needs Based on standard operations for customer service, logistics needs, team productivity and other events.

Define restrictions Employee contract specifications, company policies or other.

Run the algorithm and make the necessary customisation



WHAT WE SEE

- Lack of knowledgeable assistance by store teams
- Teams lack skills for cross/up-selling products
- Customers are lost in the shopping journey

IMPACT

- ✓ Sales
- ✓ Customer loyalty
- ✓ Customer satisfaction

IMPROVEMENT APPROACH

Creating a Sales Script

1. Assess client needs
2. Explain differences between product options and associated benefits
3. Product suggestion
4. Complementary offer

Teams must improve the sales scripts with their local knowledge of customer routines and preferences.

Visual Merchandising

Teams should locally optimise product placement within the store layout to boost cross and up-sale based on customer knowledge and demand profiles.

Training and Developing the Teams

Process for training teams on product knowledge and approach techniques.

STEP 1: Validation of the Standards and Concepts to be Taught

STEP 2: Creation of the Deployment Guide

STEP 3: Team Leader Training

STEP 4: Implementation by the Team Leaders

STEP 5: Audit and Levelling



80% of customers
expect a
personalised,
seamless
experience when
visiting a retail store

WHAT WE SEE

- High waiting times in checkout queues
- Slow and non-ergonomic process from the customer standpoint
- Different cashiers follow different procedures

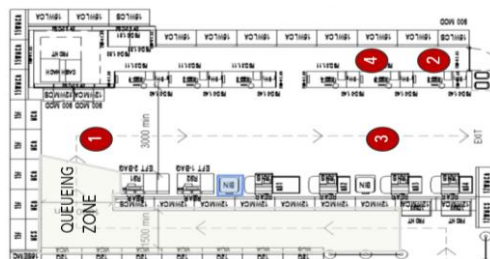
IMPACT

- ✓ Customer satisfaction
- ✓ Lost sales and footfall
- ⬆ Saturation of counters
- ⬆ Overcrowding

IMPROVEMENT APPROACH

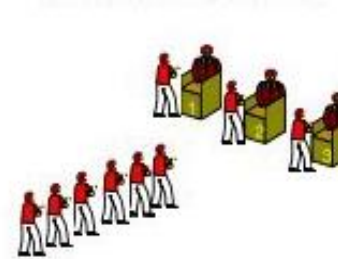
Checkout area redesign

Ease the customer flow and reduce the perceived waiting time; this may include changing the queueing system, the checkout configurations or omnichannel integrations.



Resourcing model

Perform team scheduling for a better levelling of load-capacity.
Use simulation and queue management tools.



Service scripts

Implement customer-centric behaviours.
Eliminate unnecessary tasks and need for operators to move/leave the check-out area.



If a **queue** appears to be **too long**, **66%** of customers will put their **purchases back** and **walk out the door**

Deploying processes through a complex organisation doesn't need to be a nightmare

WHAT WE SEE

- Difficulty to replicate new behaviours in multiple points of sale
- Lack of managers' ownership in the training and support of teams
- Unstructured methods to deploy new processes

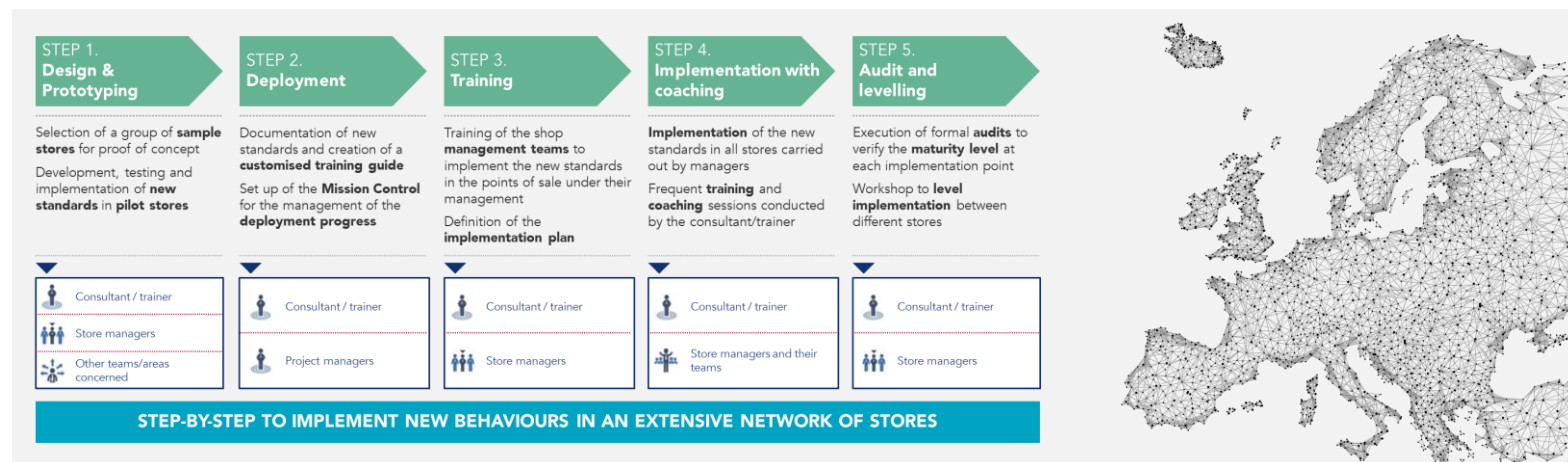
IMPACT

- ⬆ Performance variability between stores
- ❌ Clients perceive different experiences between stores
- ❌ No sharing of best practices
- ❌ Improvements not sustained over time

IMPROVEMENT APPROACH

Deploy **best practices** and **standards** amongst **teams** and **stores** in a fast and effective way in order to reach sustainable results.

Train leaders to **implement new standards** in their **own teams**.



This is the blueprint for a **retail store's transformation**

STOCK PLANNING

Refine stock management to achieve the right balance between **coverage levels and the elimination of stockouts.**

REPLENISHMENT COMPLIANCE

Set up robust **processes** to ensure that the **right product** is available in the **right place** and at the **right time** according to planograms.

TEAM SCHEDULING

Implement real-time resource sizing analytical tools to effectively **meet demand and back the analytical tools with robust processes.**

VALUE SELLING

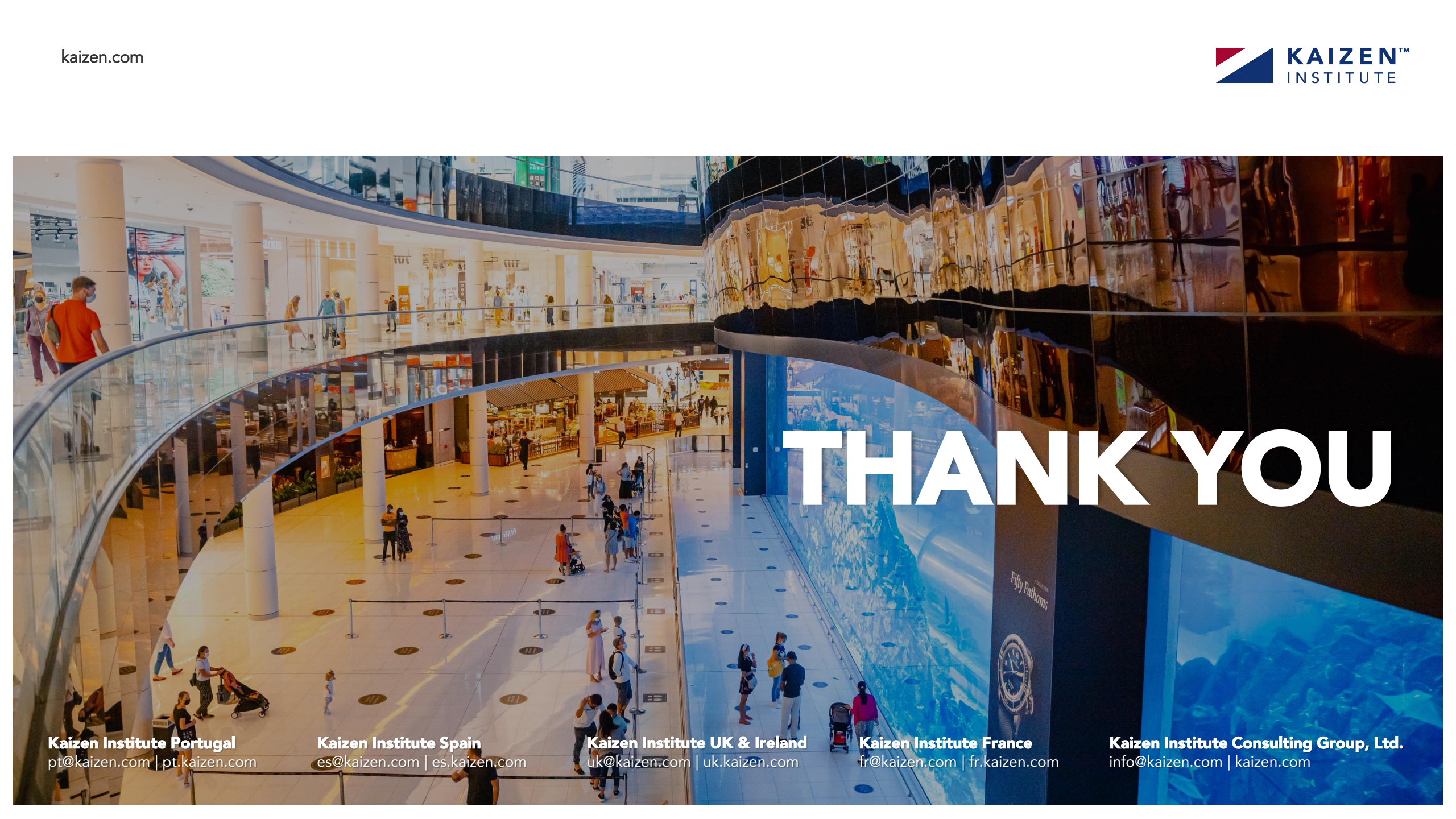
Customise the interaction between the salesperson and the customer in contrast to pre-defined and undifferentiated scripts.

LEAN CHECKOUT

Design the 'micro' **layout of the checkout area** and define the **work-station standard work** and **service scripts.**

DEPLOYMENT PROGRAMME

Deploy best practices and standards amongst teams and stores in a **fast** and **effective way** in order to reach **sustainable results.**



THANK YOU

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