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BUS348: Retail Management

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Module 5 Assignment

Short Answer (4 to 5 sentences)

1. Setting up a retail organization requires considering many needs - namely, target market needs, employee needs, and management needs. Briefly describe the considerations for one of these three.

The needs of the target market are elementary for the retailer as the market determines what should be produced and what the market expects. Accordingly, consideration should be given to whether there is enough staff to adequately offer the product and provide good customer service. In addition, it is important that the staff be knowledgeable and courteous. The customer should also expect a well-maintained facility and the store should cater to customer needs and wants. Accordingly, the customer should not wait forever for customer service and customer service should be able to respond to changing needs of the customer.

2. Briefly describe the Mazur organizational plan for department stores.

Many department stores continue to use an organizational arrangement that is an adaptation of the Mazur plan, which divides all retail activities into four functional areas. In twenty-first century terms, these are store management, communications, merchandising, and financial accounting. In the basic Mazur plan, the buyer has complete accountability for expenses and profit goals within a department. Duties include preparing preliminary budgets, studying trends, negotiating with vendors over price, planning the number of salespeople, and informing sales personnel about the merchandise purchased. Grouping buying and selling activities into one job (buyer) may present a problem. Because buyers are not constantly on the selling floor, training, scheduling, and supervising personnel may suffer.

3. Table 11-2 in the text lists the true costs of employee turnover. Discuss some of the factors in the table. Explain why turnover is ultimately so costly to retail organizations.

First of all, if you are having a turnover in the employees, you still need someone who is doing the work. Therefore, the company has to use fill-in employees until permanent replacements are found. To employ another employee, the company has to hire them first which means, that there are costs coming up like advertising, interviewing time, travel expenses, testing, screening. If the company found the fitting employee, that employee needs to be trained

which brings up even more costs for trainers, training materials and technology, trainee compensation, supervisor time (on-the-job training).

4. Table 11-3 discusses various aspects of hiring outside the company and inside the company. Compare and contrast each. What are the pros and cons of each?

Hiring outside the company can bring in fresh perspectives, new ideas, and diverse skill sets that may not be available internally. However, it can also be time-consuming and expensive to find and train new hires. Additionally, outside hires may not be familiar with the company's culture or values, which can lead to a difficult adjustment period.

On the other hand, hiring from within the company can save time and money on recruiting and training, as well as promote loyalty and motivation among current employees. However, promoting from within may also limit diversity and the introduction of new ideas, and it may not always be possible to find the right candidate with the necessary skills and experience within the company.

5. Briefly define operations management as it relates to retail management.

After devising an organization structure and a human resource plan, a retailer concentrates on operations management—the efficient and effective implementation of the policies and tasks necessary to satisfy the firm's customers, employees, and management (and stockholders, if a public company). This has a major impact on sales and profits. High inventory levels, long hours, expensive fixtures, extensive customer services, and widespread advertising may lead to higher revenues.

6. Describe the strategic profit model. It provides a relationship between what variables?

The relationship among net profit margin, asset turnover, and financial leverage is expressed by the strategic profit model, which reflects a performance measure known as return on net worth (RONW). The strategic profit model can be used to plan and/or control assets. Thus, a retailer could learn the major cause of its poor return on net worth is weak asset turnover or financial leverage that is too low. A firm can raise its return on net worth by lifting the net profit margin, asset turnover, or financial leverage. Because these measures are multiplied to determine return on net worth, doubling any of them would double the return on net worth.

7. Describe three benefits for a retailer of carefully preparing a budget.

Budgeting outlines a retailer's planned expenditures for a given time based on expected performance. Costs are linked to satisfying target market, employee, and management goals. One benefit could be, that the Resources are allocated to the right departments, product categories, and so on. Another benefit is, that spending for various departments, product categories, and so on is coordinated. The last benefit could be, that because planning is structured and integrated, the goal of efficiency is prominent.

8. Chapter 13 discusses various aspects of operating a retail business - store format and size, personnel utilization, store maintenance, store security, etc. Pick any one of these and describe why it would be important to a drugstore like Walgreens.

Store format and size would be important to a drugstore like Walgreens as it can impact the overall customer experience and sales. Walgreens stores typically follow a standardized format, making it easier for customers to navigate and find what they need. The size of the store can also impact sales, as larger stores may be able to offer a wider selection of products and services. However, maintaining an optimal balance between store size and product selection is crucial, as an overly large store may result in excess inventory and decreased profitability. Additionally, a well-designed store layout can increase customer satisfaction and encourage repeat visits, ultimately driving sales and revenue.

Long Answer (8 to 10 sentences)

1. Considering what you have learned about operations management in Chapter 12, what might be the benefits of a product like QuickBooks (<https://quickbooks.intuit.com/>) to a small retailer?

QuickBooks is a powerful tool that can offer several benefits to a small retailer. Firstly, it can help manage financial operations, allowing the business owner to track expenses, sales, and profits in real-time. This can help ensure the business is operating efficiently and making informed decisions based on accurate financial data. Additionally, QuickBooks can streamline accounting processes, saving time and reducing the risk of errors.

Another benefit of QuickBooks is that it can help manage inventory, allowing the retailer to track product levels and optimize ordering and restocking. This can help prevent stockouts and overstocking, improving overall inventory management and reducing waste. QuickBooks can also help with order management, simplifying the process of invoicing and payment tracking.

QuickBooks can also help with payroll management, automating employee payment and tax filings. This can save time and ensure compliance with labor regulations, reducing the risk of legal issues. Additionally, QuickBooks offers a range of integrations with other business software, such as e-commerce platforms and payment processors, making it easier to manage all aspects of the business in one place.

2. You own a sports goods store that sells products and services similar to Dick's Sporting Goods. In the upcoming summer, you plan to have a complete renovation of the outdoors (hunting and fishing) department. What operations decisions must you make?

As the owner of a sports goods store planning to renovate the hunting and fishing department, a range of operations decisions must be made to ensure the success of the project. This includes determining a budget for the renovation, planning the design and layout of the department, coordinating inventory management, staffing decisions, marketing and promotional strategies, and supply chain management. Firstly, the design and layout of the department must be planned to optimize the customer experience and facilitate product display and organization. This may involve consulting with store design experts or hiring a team to handle the renovation

process. Secondly, a budget must be set for the renovation, taking into account factors such as materials, labor, and equipment costs. This will help ensure that the project is financially feasible and profitable in the long run. Another big point is going to be safety and security considerations must be made to protect both customers and employees during the renovation process. This may involve installing temporary barriers or signage to direct foot traffic and prevent accidents. Finally, post-renovation evaluation and analysis must be conducted to measure the success of the project and identify areas for improvement in future operations decisions. This may involve collecting feedback from customers and employees and analyzing sales and financial data to assess the return on investment of the renovation project.