

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 an important component in building a retail business. Various aspects must be taken into account. First, the retail entrepreneur must ensure that there is sufficient staff to provide attractive customer service to customers. In addition, the entrepreneur must make sure to hire knowledgeable and courteous staff. The furnishing of the store and the associated fulfillment of specific customer needs also belong in this segment.

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

The Mazur organization chart is a form of organization in which the individual functions of a retail store are properly divided from each other. For example, as seen at FIGur 11-5 in the book, the functions are divided into, for example, management and financial accounting. There are also functional areas, such as communications or merchandising. Since retailers often have complex organizational bases, this clear division into different functional areas is a good way to have a structure and organization in the company.

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.*

Based on the table in Figure 11-2, I can say that employee turnover means that temporary employees have to be used, while the previous employees often still receive severance pay. Hiring new employees is very time-consuming, and there are additional costs, such as training costs for entrepreneurs. Due to the fact that the new employees do not have that much experience yet, mistakes occur and unproductivity can occur. This process ensures that the broad employee section loses continuity and poor morale is created. In addition, high employee turnover ensures that employees have low loyalty to the retailer and customers may be unhappy with the departure of known employees. So it's not just the financial costs of high employee turnover that are high.

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?*

When hiring employees outside the company, emphasis is placed primarily on training.

Various aspects, such as the school, the associated qualification, but also things like competitors or the corporate culture are taken into account when hiring employees outside a company. Within a company, recommendations from internal superiors are taken into account when hiring employees. Furthermore, things such as knowledge of company policy or morals also play an important role. While the hiring of employees outside a company takes place rather superficially, the hiring of employees within a company offers more profound decisions.

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

Operations management is a management area in which attention is paid to completing strategies and tasks as effectively and efficiently as possible and in the interests of customers, employees and management. It can be said that operations management is responsible for controlling and maintaining business processes and ensuring that these processes are completed as efficiently as possible. Operations management has a major impact on revenue and profit because it manages things like resource allocation, asset management, but also process budgeting. It is also important for operations management to focus on and follow profit planning. In summary, I can say that operations management has a major impact on the performance of a company.

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

The strategic profit model is a model that represents the return on net worth performance measure. This model helps, for example, to plan and/or control assets. From Figure 12-1, it can be seen that the net profit margin, asset turnover and financial leverage are multiplied and the return on net worth is obtained from this calculation. Based on the calculation of the strategic profit model, the retailer gets a good overview of the return on net worth and can plan and control its assets as a result.

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

The careful preparation of a budget is of great benefit to a retailer. This is because by drawing up the budget, resources are directed to the right departments where they are used wisely. Through this process, spending on departments and product categories is coordinated and optimized in a structured manner. Furthermore, due to the planning in advance, work can be carried out highly efficiently, as the processes are coherent with each other. In addition, a retailer can increase its productivity by preparing the budget in advance, as it can clearly see the performance in relation to the costs and revise targets.

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 security is an important aspect for the successful operation of a retail store. This is because a consumer will stay longer in a store that is safe for them, have a better attitude and mood, and consequently be more likely to buy products than in an unsafe store. Uniformed security guards are a great way to make a store safer for customers as well as employees and give them a sense of security. This also has an effect on potential thieves, as security personnel act as a deterrent to thieves and criminals, since they know of their presence. Undercover investigators or cameras are also a way to make a store safer for the customer.

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 an accounting software package that can be used by both small and large retailers. However, the QuickBooks software package is especially beneficial for small sole traders. This is because QuickBooks has several features that can be of great help to a small business. For example, QuickBooks synchronizes all bank and credit card transactions, giving the retailer an overview of digital payment methods. This feature is especially helpful for managers, because they can access this data permanently and in a structured way. Furthermore, QuickBooks helps retailers to continuously view and track profits. In addition, QuickBooks software offers the ability to record and digitally capture all expenses in a year. Because of this feature coupled with the other features, the retailer can quickly find and analyze their cash flow. Especially for small retailers the software is of great advantage, because it does a lot of important accounting tasks for you digitally for a fair price, without a lot of effort. In large companies there are extra accountants, who are hired for a lot of money and must be hired, because it is a complex construct in which no error may happen. For a small retailer, the QuickBooks software package offers a cost-effective alternative to track the finances and thus remain stable in the long term.

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?*

Since the outdoor department of Dick's Sporting Goods has no small share of the various products and services, the renovation of the department must be carefully planned and thought out. Most importantly, it is important to take a long-term view into the renovation of the department and the decisions associated with it. An operational decision, for example, is whether to expand or reduce the assortment. Also, the design of the renovation plays a role in this context.

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So the company has to decide in which direction the renovation should take place. One direction, for example, would be to build up the outdoor department of the operation with sustainable products. A company decision always carries risks, as it could be the case that some people do not support the renovation of the department in the new direction and thus leave the company. A survey, which gives information about desires and conceptions of the customers would be appropriate at this point for example. The operational decisions, which include for example the budget and resources for the restructuring of the department, must be carefully thought through by management and based on analysis. Operational decisions must include a variety of components, such as turnover, expenses, aspirations, future perspectives, and so on. Only when operational decisions take into account the different factors such as revenues, expenses, demands, future perspectives and desires, they will be successful in the long run.